The Reasons Behind Corporate Philanthropy (CP). Creating Brand Value by CP.

A multiple case study from Sweden and Finland

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Dear Reader,

this Thesis is written in order to emphasize the meaning of *Philanthropy*, which originates from Greek and means the *Love* of the fellow *Human*. Love determines the fact that we, the authors of this thesis, are born on the Earth by caring *Mothers*, are able to get our academic education due the helpful *Teachers* and administrators, and are experiencing blooming spring while we are writing our Master Thesis in 2012.

Thus, our *Sincere* and *Deep Gratitude* goes to all who have shared their *Love* and *Knowledge* with us.

At first, to our very helpful, enthusiastic and inspiring supervisor Nils Wåhlin, who at the moment is Associate Professor in Management Department of Umeå School of Business and Economics (USBE). It has been a real blessing to work with him.

Second, to our parents, whose unconditional Love and Courage has no limitations and who support every main step in our lives.

Third, to our life partners, who inspire us with their Beauty, Intelligence and Care.

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Sincerely,

Anna Tretjakova and Olli Nurkkala

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ABSTRACT

Everyday Corporate Social Responsibility (CSR) plays a bigger role in companies’ work. People become more aware of how different organizations take care of their network. Certain consumer groups have expectations from companies’ CSR work, and they are willing to pay more for the brands of these firms compared to others. These facts have forced the companies to put more effort into their CSR work. On the other hand it has become an opportunity for corporations, which are forerunners in this area.

CSR can be interpreted so that communities have expectations from the firms and the work the latter do for society’s good. Corporate Philanthropy (CP) is a part of CSR and a particular form of it. The reasons behind CP are not always apparent. Brand is the bridge between consumer and the product. One motive behind CP could be creating brand value and implementing particular products for consumers who appreciate the companies’ work for society’s good. Therefore we have formulated our research question as follows:

What are the main reasons behind corporate philanthropy and how is it conducted in the firms?

Our aim in this thesis is to emphasize CP as a part of CSR, to study how it is exercised in practice and to explore how firms’ philanthropic actions add value to their brands.

We have limited our study to company perspective in order to get as accurate results as possible. To indentify the reasons to CP we have completed a qualitative study in the two Nordic countries: Finland and Sweden. The study has been done by semi-structured interviews for four companies, two in both countries. These companies are of two different sizes, large and small. Our study design is multiple-case study. Interpretivism and subjectivism constitute the philosophical basis for this research. The applied approach is deductive with inductive elements.

In the theoretical framework we discuss CSR, philanthropy and branding in their different forms. We have linked these main theories together by relating older and recent theory to each other in a natural way.

Earlier theories, which directly merge these two areas, do not considerably exist. Therefore we have had to make our own decisions to find the best path to reach our goal and find the main reasons behind CP.

In the final part, analysis, we have related theoretical framework to empirical findings. We have linked different theories together and found if there is a connection between Corporate Philanthropy and creating brand value. We have also reflected on whether there are differences in the actions and aims for CP between the companies in these two Nordic countries.

Key words: Corporate Social Responsibility, CSR, Corporate Philanthropy, CP, stakeholders, philanthropy, sustainability, social responsibility, branding, internal branding, external branding, business ethics.
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1. INTRODUCTION

“The fourth planet belonged to a businessman...

- I myself own a flower - he continued his conversation with the businessman - which I water every day. I own three volcanoes, which I clean out every week (for I also clean out the one that is extinct; one never knows). It is of some use to my volcanoes, and it is of some use to my flower, that I own them. But you are of no use to the stars . . . ”

This is how Little Prince in Antoine de Saint Exupéry’s well-known book from 1943, translated by Katherine Woods, sees his social responsibility comparing to the businessman. The latter does not reflect upon it, however he considers himself as “an accurate man concerned with the matter of consequence” while he is only keen to own as much as possible for the increased numbers sake.

Nowadays business-oriented world looks differently. The Little Prince symbolizes rather the modern stakeholder-oriented firm which practices corporate social responsibility (CSR), while the businessman from the book represents the outdated way of conducting businesses confined only to owners’ or shareholders’ wealth maximization.

CSR is a dynamic and contextual concept, which lacks a set definitions (Windell in Dobers, 2010, pp.19, 198; Abreau and David, 2004, cited in Crowther and Rayman-Bacchus, 2004, p. 131; Freeman et al., 2010, p. 235) being “essentially contested” (Europa and Europa Publications, 2002, pp. 3-5). Mirvis in Rothwell (2012, pp. 153-156) describe CSR as anything within sustainability work between corporations and stakeholders, where much attention is paid to environmental issues. European Commission (EC) and Organization for Economic Co-operation and Development (OECD) emphasize the voluntary nature of CSR and provide only guidelines and recommendations as an approach to CSR (Abreau and David in Crowther and Rayman-Bacchus, 2004, p. 113). According to Perrini et al. (2012), CSR has been studied over four decades and is becoming a mainstream (Perrini, 2007). Windell (in Dobers, 2010, pp. 19, 43), however, claims that the debate concerning appropriate corporate socially responsible behavior never ends and CSR needs to be defined, mainstreamed and developed into useful management tools. This indicates the need for further research about CSR and its practices among firms.

CSR has become an inevitable part of the business world due the increased stakeholders’ expectations, globalization, increase in non-governmental organizations (NGOs) and consumer demands (Windell, 2010, cited in Dobers, 2010, pp. 42-43; Carrol, 1991, p. 42). According to Graefström et al. (2008, pp. 121 – 122) CSR work can have two main focuses: philanthropy towards society and improvement of core business activities in a sustainable and environment friendly way. Societal problems are nowadays linked to CSR (Windell, 2010, cited in Dobers, 2010, p. 43) and it is considered that corporate world can solve them by increasing its social responsibility
and would benefit from it in form of increased competitive power (Leisinger, 2007, p. 326). Carrol (1991, p. 42) has created a pyramid of CSR where responsibility is divided into a hierarchical order as follows: economic, legal, ethical and philanthropic. The top level of the pyramid, philanthropy, can be interpreted as less crucial or less essential than the other three, but it still symbolizes the highest point of the pyramid and an example of excellence in CSR (Leisinger, 2007, p. 320). This implies that corporate philanthropy (CP) is an important part of CSR to focus on.

According to Carrol (1991, p. 42) philanthropy is actively engaging in acts or programs to promote human welfare or goodwill and taking measures that are in response to society’s expectation that businesses should be good corporate citizens. In order to live up to those expectations and to meet social needs in the society or at least remedy some of them, business world practices corporate philanthropy (CECP, 2012; Visser and Hollender, 2010). It encompasses the support in form of cash contributions, donations, grants, salary-sacrifice programs, giving products and services and investing in organizations and programs of broadly philanthropic character (Mullerat, 2010, p. 51; Ali & Siddique, 2011, pp. 150, 154). For example, despite of global financial crisis Microsoft and its employees donated $ 96 million to charity in 2010 (Non Profit News, 2011). This kind of support is crucial in the modern world full of social injustices and health concerns. According World Health Organization (WHO), approximately 20% of women reported being sexually abused as children and about 34 million people were living with HIV in 2010. The struggle against the tragedies of this size and importance requires huge resources, which CP in form of donations can provide. For example, Pfizer donated 21% of its earnings in 2003; in 2004 it was $ 1 259,7 million (Forbes, 2005). Further, in 2010, when 7.0 magnitude earthquake shook Haiti, one of the poorest countries on the planet, within 48 hours businesses responded with over $ 100 million in charitable contributions (Weeden, 2011). The sums donated by the corporate world are amazingly huge and the societal need in giving is obvious, but it is still unclear what drives businesses to conduct such philanthropic behavior in relation to its stakeholders.

Some of the reasons behind CP are known from USA “giving pledge” and “warm glow” or happiness while doing things for others (SvD, 2011). Other pull powers are more favorable legislation for making donations and a will to cause a change.

CP varies between countries. USA and UK are seen as the most charitable nations (Guardian, 2011). Donations constitute 2-3% of GDP in USA. This is partly explained by 100 year old subsidized philanthropic tradition (Dagens ETC, 2012), which has favored development of strategic philanthropy (Filantropa, 2012). According to Laakso (2004, p. 24) Great Britain is also seen as a forerunner when it comes to appreciating of brands, there it is a common belief that brands are becoming the most important equity the company owns. This suggests that CP can be seen as part of creating brand value among companies in different countries. Thus, the similar phenomena can appear in the two Nordic countries, Finland and Sweden.

In Sweden, the most of philanthropic measures taken by firms are selective and sporadic lacking continuity. That is why CSR in terms of philanthropic measures is non-sustainable, both for the firms-donors and their beneficiaries. Thus, there is a need for strategic philanthropic planning, which would assure sustainability, goodwill and public welfare as a result of corporate strategic philanthropic investments (Filantropa, 2012). This view is shared even by Swedish prominent leaders in the business world and rich
individuals such as Percy Barnevik, who is supposed to be one of the main participants at the First Stockholm Philanthropy Symposium, May 30, 2012 (Kultur och Näringsliv, 2012). Former Skype owner multi-millionaire Niklas Zennström also advocates for more developed corporate philanthropy and calls on more corporate involvement in social issues via impact investment in Sweden. This means that the potential donor invests in social entrepreneurship instead of just giving away or donating, thus remaining influence over the philanthropic projects and measuring the results as return on social investment (SvD, 2011). The donor’s revenues can be not entirely in form of financial means, but even in form of social progress (Grafström et al., 2008, pp. 124 - 125). In summary, all the abovepropagate venture philanthropy (John, 2006), emphasize the need in growing and strategic CP and refer to USA’s advancement in that area.

Further, The Confederation of Swedish Enterprise (Svenskt Näringsliv) is wondering over philanthropic pull powers and how they could be stimulated in the country’s business world, which is getting more similar to the USA’s way of looking at philanthropy (CSR i Praktiken, 2007). The Stockholm Chamber of Commerce (Stockholm Handelskammare) sees the tendency to resemble the USA philanthropic tradition in terms of state’s encouragement of firms’ charity giving via enforced 2012 new law about tax relief for donors (Stockholm Handelskammare, 2011). The academic world in Sweden is also positive to CP and claims that it is about time when universities are in need of fundraising (SULF, 2012).

However, Sweden is not the only Nordic country which propagates for increased CP towards the university world. Finland had a recent debate about universities’ funding, which changed in the beginning of the year 2010 (Tampereen Yliopisto, 2010). Previously the universities were mostly state funded. Nowadays the public funding is decreasing and the universities need to get bigger part of their financial support from non-governmental sources. There was a strong discussion in the Finnish Parliament, that the universities from southern Finland had better opportunities to find philanthropists than universities in the northern or eastern Finland. One of the subjects of discussion was also, that companies were more willing to give money to universities, which provided technical education than to universities, which educated art students (Yle, 2009). The amounts of money that universities received was not small, for example Nokia donated 1,8 million Euros to University of Oulu in October 2010 (Oulun yliopiston vuosi 2010, p.3).

In Finland donations for art, science and Finnish cultural traditions are free of taxes between the sums of 850 Euros and 250 000 Euros if a receiver of the donation is from the European Economic Area (EEA) – a state or public funded university or a university fund within EEA-area. If the receiver of the donation is named in the list of Finnish Tax Administration Authority, the donor has right to the tax-free donations between 850 Euros and 50 000 Euros. This list includes associations, foundations or funds of the aforementioned, which are working within EEA-area and their meaning is to support science, art or Finnish cultural traditions (Verohallinto, 2008).

Another fact about philanthropy in Finland is society’s scepticism towards the giver and “warm glow”. Kone is one of the biggest companies in Finland. Niklas Herlin, son of Kone’s founder Pekka Herlin, spoke out in Finnish Internet newspaper Uusi Suomi that philanthropic actions turned easily against givers in Finland, because people were not
convinced about the motives behind donations. It was in line with the example about one of the best known Finnish ice hockey players, Teemu Selänne, who after he won the NHL championship took the Stanley Cup with him to children’s hospital, in order to give joy for ill children. People in Finland saw it as a cheap celebrity trick. Niklas Herlin continued, that it did not matter if he gave 100, 1000 or 100 000 Euros to charity, the people would still think that it was too little amount of money because he was rich (Uusi Suomi, 2010). These opinions make it even more interesting to find out, how do companies motivate their decisions about their philanthropic actions and whether they consider the risk of negative reactions of the general public.

Thus, our research question is the following:

**What are the main reasons behind corporate philanthropy and how is it conducted in the firms?**

CSR and corporate philanthropy as a part of it are used to gain competitive advantage through, among other, strengthened brands, increased customer loyalty and pride with strengthened group identity for employees (Grankvist, 2009, pp.132-135). It is not about what to produce, but how to produce and how to present it, as well as about what is done by the firm to the society on the whole. Many companies regard the intangible benefits of corporate responsibility programs, such as improved brand image, as a way of gaining competitive advantage (Economist, 2005). The incorporation of philanthropy as donations to child- and health charities in a firm’s strategy can be eligible, because the majority of consumers themselves can associate with these issues. Many of them have children, relatives and friends with health problems.

This is even supported by certain criticism on Maslow’s hierarchy of individualistic needs as being naïve from a sociological point of view. According to Kornberger (2010, p.135) consumption is not only based on the pure individual’s desire or need to consume, but on need to consider social aspects around products and services and consumption of both. It is more of a collective character and encompasses social activation. This opens for philanthropic consumption or consumption philanthropy, i.e. cause-related marketing, when perceived charitable aspects is associated with purchasing a product or a service (Mooney Nickel & Eikenberry, 2009, p. 975). Consumers purchase not only the product or service of a tangible character, but also the intangible aspects around, such as brands. If the brand message incorporates philanthropy, it supports positional economy, i.e. positional social goods (Hirsch, 1976 in Clegg et al., 2011, p. 175-176). For example, if the whole point of luxury brands is to be patrician among plebeians (Clegg et al., 2011, p. 176), the reason to use ethical and social responsible brands is to be a philanthropist in the market economy jungle, full of social injustices.

Brands are the thing between consumer and the product. Ethical choices are playing bigger and bigger roles in consumers’ everyday living. Richey & Ponte (2011, p.17) claim, that the value of brands will become even more important when consumers are trying to buy more with less. Companies that can create value to their brands by highlighting the current trends are therefore in a strong position as the consumers put more effort to their choices. “Individuals may stop donating, but they will continue purchasing products” (Richey & Ponte 2011, p.17). As we see it, a new way of donating
money as a consumer, is the way of aiming the consumption to the products and brands which take care of issues that play a role in individual’s life, for example of philanthropic character. This suggests, that the donations that different companies make, play a big role in consumers’ choices.

Behind corporations image and actions are human beings. Do they encourage and exercise corporate philanthropic measures due to own personal experiences and values? Is the philanthropy among firms only a tool to make a brand more valuable or is the possible increased brand value only a side effect of actions taken by executives?

As it has been already pointed out in the beginning of this chapter many researches claim that CSR has a complex and transcendent character and should be exercised as a package of measures. This suggests that it can be difficult to distinguish corporate philanthropic practices in CSR and measure their effects to the firms’ brands separately. We would like to make an attempt and fill in this gap.

Thus, the aim of our research is the following:

To emphasize CP as a part of CSR, to study how it is exercised in practice and to explore how firms’ philanthropic actions add value to their brands.

Our study is an attempt to fill the research gap by emphasizing and concretizing the corporate philanthropy as a separate area of CSR. We also intend to learn more about corporate philanthropy, which is exercised by large and small and medium-sized enterprises (SMEs). The latter stand for 99 % of all European businesses (EC, SMEs, 2012) and 66% of total employment in Europe (Baden, 2010, cited in Louche et al., 2010, p. 84). The larger companies are more proactive in CSR (Williamson et al., 2010, cited in Louche et al., 2010, p. 48.), and, thus, presumably, are in CP as well. This makes them attractive for our study in philanthropy. Further, the CSR approach and, thus, CP approach between the SMEs and the large firms are in stark contrast (Baden, 2010, cited in Louche et al., 2010, p. 85), not least in terms of promoting social credentials and gaining strategic advantages such as in branding (Baden, 2010, cited in Louche et al., 2010, p. 86).

To summarize why the topic chosen is of interest and importance, we include the following scheme, which shows connection between corporate philanthropy and impact areas.

![Figure 1. The impact areas of corporate philanthropy.](image-url)
Acronyms

CEO = Chief Executive Officer
CP = Corporate Philanthropy
CRM = Cause-Related Marketing
CSR = Corporate Social Responsibility
CV = Curriculum Vitae
EBSCO = Emerald Business Source Premier
EEA = European Economic Area
EU = European Union
EUR = Euro
JL = Jenny Larsson
NGO = Non-Governmental Organization
NPO = Non-Profit Organization
PR = Public Relations
SEK = Swedish Krona
SME = Small- and Medium-sized Enterprise
SG = Sofia Grimhusen
WHO = World Health Organization
UK = United Kingdom
USA = United States of America
2. THEORETICAL FRAMEWORK

2.1 Theoretical Perspectives on Corporate Philanthropy

Corporate Philanthropy (CP) can be interpreted from different theoretical points of view. The main three are institutional, shareholder’s and stakeholder’s. Each of them invites to own practice of CP. The institutional perspective is determined by given common norms and sees CP as something standardized and not unique phenomenon. The shareholder perspective offers the view on CP based on individualistic ownership. The stakeholder perspective is most common in viewing CP, because it is based on joint stakeholder interest and volunteer agreements.

2.1.1 Institutional Theory

The view on CP can be formed under homogenization of institutional environments and become standardized across industries and national boundaries (Matten and Moon, 2008, p. 411). The dominant institutional logics, i.e. cultural rules and social beliefs shape the cognitions and behaviors of actors (Orlitzky, 2011, p. 410). Thus, managers, who make decisions concerning involvement in CP are influenced and shaped by institutional logics or collective cognitive structures (Orlitzky, 2011, p. 412). Their decisions about Corporate Social Responsibility (CSR) and CP as part of it can be considered as legitimacy evolving from the three key processes of new institutionalism: coercive isomorphism, mimetic processes and normative pressures (Di Maggio and Powell, 1983 cited in Matten and Moon, 2008, pp. 411–413).

The coercive character in perceiving CP is shaped with norms and laws, which the decision makers and exercisers of CP in firms are expected to obey. These norms and commitments can be incorporated in the market systems the enterprises belong to. For example, the individualistic and liberal market system in USA differs from the collectivistic coordinated market system in Europe (Matten and Moon, 2008, pp. 410-411). Consequently, the view on CP and its practice may vary between those regions due to the differences in institutional frameworks. For example, giving pledge can be viewed differently between US and European corporations.

Another determining factor of the institutionalized view on CP is the tendency to imitate the most successful examples in the corporate world searching for the best practices (Orlitzky, 2011, p. 412). The firms get involved into mimetic processes due the social and business networking chain reactions. Hence, there is a possibility for a certain common belief in how CP should be prioritized and carried out. For example, the above mentioned can be applicable after a benchmarking has been carried out.

Finally, the third, factor is normative pressures which are set by educational and professional authorities (Orlitzky, 2011, p. 412). Managers, who decide upon CP in their firms are expected to do as they have been taught and trained and lack other more “biased-like” perspectives. The normative institutional pressures lead to a standardized view on CP and its practice. For example, the traditional view on good management practices may include or exclude CP from CSR, depending on educational institutional trends. Thus, the underlying assumption of the institutionalist perspective is that
legitimate social action is not rational action, because the latter can be achieved in other more free and sometimes dubious forms (Egels-Zandén and Kallifatides, 2010, cited in Dobers, 2010, p.170). These free forms of rational action can be justified by owner’s perspective and strive to meet his/her needs of satisfaction in terms of wealth maximization in Shareholder Theory.

2.1.2 Shareholder Theory

From the Shareholder Theory perspective everything the firm does should be focused on increasing value for owners or maximizing shareholder wealth (Salazar & Husted, 2008, cited in Crane et al., 2008, p. 141). The corporation is an instrument of stockholders, who own it (Friedman, 2002, p. 135). Managers are seen as contractors to run the organization for the owners, who have delegated some decision-making authority (Atkinson & Galaskiewicz, 1988, pp. 83-84). Consequently, the executives cause agency cost and are essentially in conflict with the owners by nature of interests creating an agency problem. The latter comes from unequal access to information about the firm (Salazar and Husted, 2008, cited in Crane et al., 2008, p. 140). Thus, the executives decisions to involve in Corporate Philanthropy (CP) can be perceived as not directly beneficial for the owners, unless the philanthropic actions are taken in a way, which increases company’s earnings, for example, in form of marketing or organizational improvement. The said above is resembled in the statement of Larry Eliasson, the founder of Oracle, which is one of world’s largest software corporations (Oracle, 2012): the profit motive could be the best tool for solving the world’s problems, more effective, than any government or private philanthropy (Yanacopulos, 2011, cited in Voiculescu and Yanacopulos, 2011, p. 137). Friedman (2002, p. 133) also defends the statement above and claims that the only social responsibility businesses have is to increase their profits, “…within the rules of the game… by engagement … in open and free competition, without deception or fraud”. Atkinson and Galaskiewicz (1988, p. 82) support the shareholder theoretical view on CP by finding out that the will to charitable giving behavior of managers in 69 US publically held firms in 1979-1981 is in negative relation to their ownership. However, there is another alternative view on CP, where focus is not solely on shareholders, but on other stakeholders of the firm.

2.1.3 Stakeholder Theory

The Stakeholder Theory perspective implies firms being at service and creating value not just to its owners but to all stakeholders, without resorting to trade-off (Freeman et al., 2010, p. 28). The idea behind is to put business and ethics together (Freeman et al., 2010, p. 5) and emphasize that there is mutual influence between company and its stakeholders (Freeman, 1984, cited in Lauring and Thomsen, 2010, cited in Dobers, 2010, p. 199). The enterprise should act in a socially responsible way and take into consideration the interests of many at once. This can be difficult to balance and it is dangerously subversive to have stakeholders other than shareholders according to Friedman (1962, cited in Clegg et al., 2011, p. 398). Community, non-governmental organizations (NGOs) and society on whole has claims on businesses and compete for
managers’ attention. Thus, the firm’s stakeholder orientation justifies CP and rather encourages it from this theoretical perspective.

According the Stakeholder Theory the practice of CP should be based on joint stakeholder interests (Freeman, 2010, p.23). Pursuant to this logic, the ideal scenario for CP would be the following: measures taken to meet stakeholders’ interests in terms of CP should result in the increased shareholders satisfaction caused by achievement of sustainable profits gained through strengthened brand, employee and customer loyalty.

However, it is important to point out, that stakeholders are divided into two types: primary and secondary (Lauring and Thomsen, 2010, cited in Dobers, 2010, p. 199). The first priority is given to those who have a legitimate interest in the firm, i.e. owners, employees and customers; the second - to competitors, distributors, local society, interest groups, media and society. Companies can engage in dialogue with their stakeholders in connection with selection and implementation of CSR and CP, and achieve voluntary agreements in it to tackle internal and external expectations (Lauring and Thomsen, 2010, cited in Dobers, 2010, pp. 201-203). The following model can give us a clue about how many interests that should be balanced or joint, in order to meet the stakeholder agreement:

The Stakeholder Model

Figure 2. The Classical Stakeholder Model, Freeman (1984), p. 25.

Further, the Stakeholder Theory has encouraged a birth of Corporate Social Responsibility (CSR) and Freeman et al. (2010, p. 236) see it as a foundational unit of analysis suggesting the view of company stakeholder responsibility on CSR and CP as a part of it.
2.2 Corporate Social Responsibility and Corporate Philanthropy

There are plenty of definitions of Corporate Social Responsibility (CSR) (Grafström, 2008, p. 20; Windell, 2010, cited in Dobers, 2010, pp.19), since there are many factors involved in this concept and each enterprise defines for itself what to include in CSR (Abreu and David, 2004, cited in Crowther and Rayman-Bacchus, 2004, pp. 111, 113). European Commission (2005, cited in Clegg et al., 2011, p. 397) defines CSR as existing when companies integrate “social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis”. Grankvist (2009, p. 17) identifies CSR as corporate volunteer social responsibility, which is divided into three areas: economic responsibility, environmental responsibility, and social responsibility. He claims that through balancing all these three areas, the enterprise can achieve sustainability in its work.

In the pyramid of Corporate Social Responsibility (CSR) Carroll (1991) describes that the corporate world acts responsibly in a certain order of priorities, where requirements, expectations and desires from stakeholders should be met. The basic level which should be fulfilled is economic. This embraces the firms’ obligation to be efficient and profitable and to bring growing confidence and stability to its various stakeholder groups, such investors, shareholders, employees, managers, business partners and to communities living on the firm’s prosperity.

The level above is about acting in consent with existing laws and producing goods or services which meet at least minimal legal requirements (Carroll, 1991, p. 40). Both economic and legal responsibilities are required of all corporations seeking to be socially responsible according the author.

The third level of CSR hierarchy is about ethics, which is only expected from the firm, but not required as the two previous basic levels. Ethics stands for rationalization of morality and include rules and principles that determine right and wrong above the legal framework (Crane & Matten, 2010, p. 9). Society expects corporations to be good corporate citizens or ethical. The ethical responsibility of the businesses should originate from applied good morality, i.e. norms, values, and beliefs about right and wrong embedded in social processes (Crane & Matten, 2010, p. 8).

The final fourth level of the pyramid, the philanthropic responsibility, is desired of the enterprises. However, it is less important than economic, legal and ethical views, since it is either required or expected by the society according Carroll. Thus, CSR may include it, but is not limited to it (Caroll, 1991, p. 42). Philanthropy originates from Greek and means “the love of the fellow human” (Crane & Matten, 2010, p. 54). According to Carroll (1991, p. 41), the top of his CSR pyramid can be achieved by meeting desired philanthropic and charitable needs of society in form of: assisting arts and educational institutions; involving managers and employees in voluntary and charitable activities within their local communities, and supporting projects that enhance a community’s quality of life.

It is important to note, that Carroll’s pyramid is in strong bias to US context and lacks to give a solution in case the levels of responsibilities happen to be in conflict with each
other, for example economic and ethical (Crane & Matten, 2010, p. 55). Consequently, the universality of the pyramid can be questioned in application to other geographic contexts, for example to Sweden and Finland. The view on the philanthropic responsibility level as being less important can also be modified in the Nordic context, where overall people’s welfare is of high priority (Norden, 2012). This is consistent with Matten’s and Moon’s (2008, pp. 410-411) findings about the explicit and stakeholder oriented character of CSR in USA and the implicit and institutionalized character in Europe. Crane and Matten (2007, cited in Visser, 2008, p. 490) also suggest differences in CP between these two regions. They claim that philanthropic responsibility in Europe tends to be more compulsory via legal framework than discretionary acts of successful firms or rich capitalists in USA.

![The Corporate Social Responsibility Pyramid](image)

**Figure 3. The Pyramid of Corporate Social Responsibility. Carrol (1991), p.42.**

Another pyramid, suggested by Leisinger (2007, p. 320), offers a different view on CSR. The main point with it is that Corporate Philanthropy (CP) does not imply essentials or enlightened self-interest of the firm, thus, it is not a part of CSR. CP belongs to “can” level and is not bound to produce any direct company advantage or a measurable financial return (Leisinger, 2011, cited in Crouch and Maclean, 2011, pp. 106-107). Leisinger (2007, p. 320) sees philanthropy practice as sign of corporate responsibility excellence, which towers above the level of good management practices. He emphasizes importance of corporate coalition with other social actors to cooperate and compile the “solution mosaic” against extreme poverty on Earth (Leisinger, 2007, p. 317) and seriously questions the Prahalad’s suggestion, that poverty problems can be tackled *solely* by high technological market-based global corporations (Leisinger, 2007, pp. 321-322), which Friedman (2002, p.133) argued for earlier. Consequently, corporate philanthropy becomes an inescapable issue to scrutinize and reconsider.

Leisinger (2007, pp. 325-326) defines Corporate Philanthropy (CP) as donation of resources to support organized efforts intended for defined beneficial social purposes. The resources donated can be *money, goods, time, training, and use of facilities or services* usually over an extended period of time and with regard to a defined objective.
The author suggests the main difference between philanthropy and charity, defining charity as unconditional short-term relief and philanthropy as attempt to investigate and address the underlying causes to make a tangible positive change in the social conditions that cause the problem. CP can be managed directly by the corporation through own foundations or through specialized non-profit organizations (NPOs).

Figure 4. The Hierarchy of Corporate Responsibilities. Leisinger (2007), p. 320.

Kotler & Lee (2005, p. 144) define Corporate Philanthropy (CP) as a “direct contribution by a corporation to a charity or cause”. They emphasize that the character of CP has changed over time, from cash donations to creative giving strategies, as response to pressures from shareholders, stakeholders on whole and competitors (pp.144, 146) and the five main characteristics of modern corporate philanthropy can be identified (p. 145).

The first is a strategic approach in selection of social issues that strives to tie philanthropic activities to firm’s goals and objectives. The second is establishment of long-term relationships and partnerships with non-profit organizations (NPOs). The third is diversity of donation options. The fourth is the employee involvement in decision making regarding selection of recipients of philanthropic programs. And the final fifth is the enterprises’ strive to measure outcomes and determine return on contributions.

Futher, Kotler and Lee (2005, p. 146) do not differentiate charity from philanthropy as Leisinger does and present the list of main corporate philanthropic actions as following: providing cash donations, offering grants, awarding scholarships, donating products, donating services, providing technical expertise, allowing the use of facilities and distribution channels, and offering use of equipment.

The Observatory of European SMEs (Observatory of European SMEs report, 2002, pp. 22 – 23; see Appendices) with help of ENSR’s Enterprise Survey 2001 identified the
firms’ main philanthropic activities as follows: sponsorships, donations, cause-related marketing (CRM), employee- and employer involvement. The grade of involvement differed between EU countries, where Sweden and Finland were close only in percentage of enterprises practicing sponsorships, 57% respectively 62%. However, in Finland 61% of enterprises made donations, while in Sweden only 26% did it. Sweden even was after in CRM with only 9 % comparing to Finland’s 22 %. These facts may suggest that the corporate philanthropy not only differs in its types and amount of companies involved in each country. The enterprises in both countries may also differ in their decision-making, communicating, implementation and evaluating processes as it comes to philanthropy.

Finally, according to Baden (2010, cited in Louche, 2010, pp. 85-86), SMEs and large firms differ in their approaches to CSR and, thus, to CP. The large firms promote their social credentials, since they are more reliant on brand image. The SMEs tend to not realize the strategic advantage of their CSR and CP activities, which they still have, particularly in form of community support. While exercising CP, the smaller firms are more reliant on personal relationships with their primary stakeholders, i.e. how they are perceived by own employees, local governments and key customers.

2.3 Criticism on Corporate Philanthropy

The initial meaning of philanthropy is not consistent with shareholder theoretical view. The known adherer of the shareholder perspective Friedman (2002) is skeptical to that businesses should contribute to the support of charitable activities. He interprets corporate philanthropy (CP) as “inappropriate use of corporate funds” and connects it to the agency loss, because the individual stockholders are prevented from themselves deciding how they should dispose their funds when a corporation makes a contribution (Friedman, 2002, p. 135; Orlitzky, 2011, p. 414). Leisinger (2007, pp. 325 – 326) determines CP as “ideally a conscious choice of top-management”, and, thus, confirms the above mentioned Friedman’s criticism. The philanthropic decisions of firm’s managers can be seen as more of a kind of moral hazard problem, since owners - principals are exploited by the managers-agents for either selfish or unselfish purposes (Friedman, 1970, cited in Salazar and Husted, 2008, cited in Crane et al., 2008, pp. 140-141). Further, the advocate of owners’ rights finds that permitting corporations to make contributions for charitable purposes and allowing deduction for income tax is a step to separate control and ownership even more and to turn USA from an individualistic society to a corporate state (Friedman, 2002, p. 136).

Another criticism about CP is the fact that companies practice the “scatter gun approach to philanthropy” and lack sustainable solutions often (Warhurst, 2011, cited in Crouch and Maclean, p. 58). Wedeen (2011, pp. 48-49) also pays attention to the need of an effective set of corporate giving guidelines. He claims that, if employees are involved in decision making about donations, they easily can act contrary to corporate interests being less cognizant of business priorities (p. 52). The author suggests a more strategic approach through wider involvement of company’s most intelligent and experienced leaders and engagement of managers from finance and marketing and sales departments (pp. 55-56). Further, Yanacopulos (2011, cited in Voiculescu and Yanacoupulos, p. 138) argues that there is a need for not-for-profit world to inject business practices,
namely efficiency and sustainability. Porter and Kramer (2002, p. 6) emphasize CP being not connected to well-thought-out business and social objectives, but being unfocused and reflecting individual beliefs and values of executives or employees. For example, companies may have matching gift programs, but only 10% employees participate in them (Wedeen, 2011, p. 219). Additionally, the Observatory of European SMEs (Observatory of European SMEs report, 2002, p. 25; see Appendices) reports that the corporate philanthropy encompasses mainly occasional activities, unrelated to business strategy. In Sweden 58% and in Finland 64% SMEs confirm it. 23% of Swedish SMEs even has regular philanthropic activities, but still unrelated to business strategy.

Further, corporate philanthropy, and charity in particular, can be seen “as a red flag to a bull”, because “…much that passes for charity is merely repairing the damage or salvaging the wreckage for which industry is the chief responsible cause; the same industry which distributes the dividends out of which charity funds so freely come” (Clark, 1916, cited in Leisinger, 2007, p. 319). According to Leisinger (2011, cited in Crouch and Maclean, p. 107) civil society personalities and institutions see donations as being a “buy-out” of necessary reforms in business models and dismiss it.

Kotler and Lee (2005, pp. 18–21) and Porter and Kramer (2002, pp. 11-16) find that CP is determined by many factors, which are often not easy to predict. The companies face a challenge in choosing a social issue, selecting an initiative to address and issue, developing and implementing program plans and in evaluating the latter. They are asking themselves whether their CP supports business goals, stockholders would approve the philanthropic choices, the employees would get excited about the chosen philanthropic projects, and others involved would bug the firm for funds and whether competitors are already in similar CP.

Managers have particular difficulty to track the firm’s philanthropic activities and measure outcomes (Kotler and Lee, 2005, p. 163). This often depends on feedback from nonprofit co-partners, which may lack appropriate measurement systems. Another challenge for the firm can be to assign values to in-kind contributions, not least in terms of time, in national and international companies. The authors claim, that, if a firm does not have a guideline and targets for giving, it will bring managers to a challenge of struggle for direction and consensus on levels and types of giving.

2.4 Corporate Philanthropy as Conditional Giving

Leisinger (2007, p. 326) suggests that the main motives behind CP are the following: “to enhance overall corporate image, improve relations with political stakeholders, and foster brand recognition for corporate goods and services, as well as benevolent motivations of management”.

There are some similarities with the Mc Kinsey & Co (2007) survey disclosing what 721 executives in USA find as main reasons to the corporate philanthropy. 70% believe that it enhances reputation for the company, brand or both. 44% expect it to bolster employee skills. 42% believe that it brings improved employee respect and pride for the
company and 38% see it as a good way to differentiate from competitors (Wedeen, 2011, p.4).

Kotler’s and Lee’s (2005, pp. 10-18) statement about benefits, which the corporations get from taking corporate social initiatives are also similar to the already listed above. The authors claim, that firms can gain the following: increased sales and market share; strengthened brand positioning; enhanced corporate image and clout; increased ability to attract, motivate and retain employees; decreased operating costs; increased appeal to investors and financial analysts. With other words, a firm practicing philanthropy looks better, feels better, does better and lives longer according Kotler and Lee. They also state that community volunteerism “puts a face” on company’s contributions and often creates strong goodwill and personal relationships (Kotler and Lee, 2005, p. 162).

The Observatory of European SMEs (OE SMEs, 2002, p. 28; see Appendices) presents the following reasons to corporate philanthropy or external social activities: ethical reasons (mainly altruistic); improve relations with the community/public authorities; improve customer loyalty; improve relations with business partners and investors; improve employees’ job satisfaction; pressure from third parties; improve economic performance; apply code of conduct; use existing public incentives. In Sweden corporate philanthropy is exercised mainly due to the ethical (altruistic) reason (44% of SMEs), to improve relations with community/ public authorities (28%) and to increase customer loyalty (18%) and employees’ job satisfaction (15%). To apply a code of conduct only 6% of the Swedish SMEs marked this as a reason to philanthropy.

In Finland the picture is different. There the main reasons to take corporate philanthropic measures is to improve customer loyalty (67%), to improve employees’ job satisfaction (57%) and to improve relations with business partners and investors (51%). The ethical/altruistic reasons are not of highest priority as it is in Sweden, but 44% of SMEs gave it as a reason as well as an application of the code of conduct.

Both Sweden and Finland (69% vs 67%) showed a will to continue with corporate philanthropy further in same degree (Observatory of European SMEs report, 2002, p. 34). The main benefits drawn from philanthropy, which the companies in Finland reported were: customer loyalty (73%), employee satisfaction (59%) and improve business relations (57%). Surprisingly, 54% of SMEs in Sweden reported no benefits, 25% mentioned customer loyalty and only 9% employees’ satisfaction (Observatory of European SMEs report, 2002, p. 30). These results suggest that the mechanisms behind philanthropy may differ significantly in both countries. It also raises the question about possible reasons to those differences.
2.5 CP and Social Identity Theory. Employee Engagement and Loyalty.

According to Wedeen (2011, p. 40) the primary reason for carrying out a corporate contribution program is to build and sustain employee morale and to make her/him feel good about the firm, which in turn creates *raison d’être* for corporate philanthropy. Participating in employee volunteer programs and corporate product and service giving can be one way of justifying, that “business as a human endeavor is in the service of humans” (Solomon, R., 1993 in Hoivik, 2002, p. 107) and people want to be perceived as contributing to the general good of society (Hoivik, 2002, p. 108). If it is seen as a “working together for the common good (society)”, it contributes to build and sustain ethical capacity in firms, integrate teams and strengthen the cooperation and participation in the work place (Hoivik, 2002, p. 108). These processes are assured by social identity building through strong identification with an organization (Tyler & Blader, 2000, cited in Hogg & Terry, 2001, pp. 155-164). The belongingness to the organization enhances and maintains the employee self-worth and self-esteem, which she/he gains through pride (Tyler & Blader, 2000, cited in Hogg & Terry, 2001, pp. 157-161) over collectively shared philanthropic values and the possibility given to live up to them professionally. The positive feelings of pride bring the employee loyalty to the organization. According to Dion (2001 in Andriof and McIntosh, p. 121) originally loyalty had a meaning of conformity to an implicit contract. In the business area it was found in the midst of discourses of chief executive officers (CEOs) and in most cases it is described as one-sided – employees towards their organization.

The importance of CP and its positive impact on employee engagement and loyalty is observed both on European Union (EU) level and national Swedish level. European Commission (EC) works for increasing the sustainable and responsible businesses among SMEs in Europe. To raise SMEs awareness about CSR and, CP in particular, it asks in its published material on the EC official site questionnaire about philanthropic engagement in the following: Are your employees encouraged to participate in local community activities (e.g. providing employee time and expertise or other practical help)? Does your enterprise give regular financial support to local community activities and projects (e.g. charitable donations or sponsorship)? (EC, 2012). In Sweden, according to Grafarström et al. (2008, p. 156) firms, which show clear moral values, practice CSR including employee volunteerism are perceived as more stimulating and attractive employers than those, which do not. Grankvist (2009, pp.132-135) states that CSR and, thus, CP as part of it, increase customer loyalty and pride with strengthened group identity by employees.

Further, Page Winterich and Barone (2011, p. 856) emphasize that social identification processes influence donation-based promotions and consumer social identity affects evaluation of charitable appeals. Consequently, CP has impact on social identity building and sustaining internally in form of employee identity as it was discussed above and externally in form of consumer identity.

In summary, CP can be interpreted from different theoretical points of view, encompass diverse corporate activities with different reasons to those. It also can differ between countries. The benefits CP can induce to the firms which practice it are various, mainly
concentrated in employee loyalty and increased brand value. The issue of the brand value and branding will be discussed further in next chapter.

2.6 Introduction to Branding

The further part of theory consists of branding. We will discuss about the definition of branding, furthermore the consequences we assume that Corporate Social Responsibility has to branding and the phenomenon the companies are aiming at with their donations. Brand building is nowadays one of the companies’ main actions, which play a huge role in firms’ everyday work.

In this thesis we highlight the main things that we see necessary to our work in relating philanthropy to branding. Internal branding is the bridge between these two areas of science and a natural continuation to the first parts of theory, which consist of CSR and philanthropy inside the companies. We will move inside the company to branding and emphasize the importance of internal branding. Getting talented people to work and maintaining the current employees can be seen as a part of internal branding. From this we will continue to external branding and its different aspects.

After the definition of branding we discuss about brand image and the main actors of creating brand value. Furthermore positioning, differentiating and target marketing, which we assume are proper tools to use philanthropic actions to find the best possible market for the brand. Companies are not giving any money away just for making good for others, they also want to benefit of it and are aiming to get competitive advantage. Philanthropy, as we see it, is also a good way to get media space through certain happenings and events. Also, we discuss about the matters by which companies can get advantage of each other by taking part in same kind of occasions. The theory of branding is related to the main things we assume are important when companies are trying to get the most out of their money by their donations to philanthropy.
2.6.1 Branding

*Internal branding*

Most of the theory of branding is part of external branding, which shortly means how the people outside the company see the brand. Internal branding means the associations that the company and its employees have about the company and what its brand represents (Keller, 2003, p.156).

The consequences of internal branding can be staff’s will to stay and give their best performance for the company. That is, if the employees have a positive overall picture of the company. Every year the studies of best working places in each country are published. This does not only affect internally, but it creates a positive image of the company outside.

The best company to work within in Finland among the biggest companies year 2011 was Ikea. The survey is done by the company Great Place To Work every year and in the focus of the investigation is trust, which we can see from the picture below, which is taken from their website.

**The Best Place to Work**

![Diagram](image-url)

Figure 5. The best places to work. (Great Place To Work, 1, 2012).

According to the Great Place To Work company website (1, 2012) the best places to work do not separate from others by only listing the benefits and processes, the
employees feel that they are in a good place to work, if they trust the management, are proud of what they are doing and enjoy working with the other employees.

As mentioned before, this is internal branding, but most of the theory and also the actions of companies are concentrated to external branding. The philanthropic actions, which firms take, do have effects to both internal and external branding. Now we will discuss about brands in common and the actions that companies take to create value to their external brands.

**Brand**

According to Kotler, a brand can be seen as a name, term, sign, symbol, or design, which distinguishes one particular product or service from another, which fulfills the same need. (Kotler, 1997, p.443)

As Martin Kronberger states, products are created to fulfill needs, but brands are there to create desire (Kronberger, 2010, p. 8). All the actions that managers take influence the brand image, for example, the distribution channels, the sponsorships, the product itself and also the philanthropic work that the company does. The first signs of branding can be noticed from craftspeople that put their signs to the made by themselves products, in order to differentiate from others (Keller & Kotler, 2006, p. 274).

In the traditional economic manager’s mind the machines and the buildings owned by the company were seen as the main equity of the firm. There is also a common belief that brands soon are seen as the most important equity, which a company has (Laakso, 2004, p. 24). It is also supported by Temporal (2010, p. 8), who claims that products are nowadays easily being copied and all the companies can create a product, which fulfills the same need. One of the main reasons is that new technologies have enabled this kind of actions. Therefore the brands become more and more important in making better profits (Temporal, 2010, p. 8).

There are also some areas of business where brands are not a big matter, for example, consumers do not pay so much attention to brands when purchasing photocopy paper or sugar. Of course the brands exist in these areas too, but they are not as relevant as they are in some other areas of business (Kapferer, 2004, p. 20).

**Brand image**

Brand image encompasses all the things that the consumers have in their minds about one particular brand (Keegan et al., 1992, p. 448). Keegan et al. continue that the term brand image includes its identification symbols, its physical attributes and the emotions and associations, which the brand awakes for consumers. Sometimes the brand image can be related to the self-image of one consumer. The consumer sees the brand in some sense in similar ways as he/she sees him/herself (Keegan et al., 1992, p. 450). Also Martin Kronberger claims in his book, that brands can be seen as ready-made identities (Kronberger, 2010, p. 7). The comparison to customers that make donations to some
funds and companies that make donations with same kind of purposes is maybe not too far away taken. People see that the brands have similar ways of acting as people themselves and it is therefore easy to identify with one or more certain brands.

The problem of relating personality and brands is due to the fact that the latter only is linked to people’s attitudes and does not resemble whole relationship between consumer and brand. Blackston (1993, cited in Aaker, 1993, pp. 114-117) claims that people do not see interaction with other people only as a process of evaluating of characteristics and personalities. People form relationships with other people and, according to the author, they establish similar relationships also with brands.

Plenty of studies have been made about the relationship between brand image and consumers’ buying habits. Chen et al. (2012) found in their study, that brand image and the purchase intention of consumers are positively correlated, which means that when consumers has the fitting brand image of the product it is more obvious that the consumer is also willing to buy the product (Chen et al., 2012, p. 112).

Building brand image encompasses not only the actions that the company takes, but also the competitors’ as well as the changing minds of customers (Fischer et al., 2010, p. 823). Without following the overall market, a successful company may not be successful in the future. Companies must follow the trends that are important for consumers, but also the movements which the competitors make. This can be done through benchmarking the rivals’ actions or finding out the ways to gain competitive advantage by some kind of new way of doing business.

Nowadays it is quite common to support different brands through forming sponsorships of different happenings. When two or more brands can be seen at the same time, consumers form their own perceptions of these brands through relating the latter to the happening sponsored (Carrillat et al., 2010, p.110). Therefore the company, which does not have so strong brand, can get advantage of the happening and its other sponsors. The happening itself can also benefit of the good reputation of their sponsors (Carrillat et al., 2010, p.110).

When it comes to NPOs, charity funds and their sponsors, all of them can at least in theory benefit from each other. For example, Red Cross has a strong brand image, so the companies which donate money to this organization, can get advantage of the already existing Red Cross’ image. In their article Carrillat et al. (2010) studied the each other’s impact of brands, which were sponsoring the same event. The authors found out, that there is an image transfer between two brands, which are connected to the same event in consumers’ minds (Carrillat et al., 2010, pp. 120-121). This indicates that the brands can also benefit from each other, not only from the happening they sponsor.

Good brand image also makes the purchase easier for the customer. When customers find a product which carries a trusted name, it is easier to make the purchase decision. Consumers identify the brand from its symbols, which are for example name, logo or package design (Keegan et al., 1992, p. 450).
Creating brand value

Companies are willing to create brand value to get better profits. Creating brand value can also be seen as creating brand equity, so marketing money spent to building brand value should be seen as an investment. Every euro or krone, which develops consumers’ knowledge of brands, is at the same time equity (Keller & Kotler, 2006, p. 278). From consumer’s perspective the brand’s equity is the value that the brand itself adds to the product or service (Aaker, 1993, p. 2). Often the terms brand value and brand equity are used wrongly. Brand value is the financial value of the brand, while brand equity is more like the consumer’s subjective and intangible perceptions. In other words, companies make money with brand value, but they build brand value by creating more brand equity (Temporal, 2010, p. 5). According to Temporal (2010), the elements of brand equity are price premium, satisfaction/loyalty, perceived quality, leadership, perceived value, brand personality, mental associations, brand awareness and recognition, market share, market price, and distribution coverage. Measuring brand value is its own special topic, which we will discuss later in this thesis, but the above mentioned elements play role when calculating the brands financial values.

From consumer’s point of view, the brand value is the promise that is made for consumers about the product. Normally the promise of brand value can be seen as a positive aspect, but sometimes it can also be negative. Nowadays many of the companies have expanded their products from their usual ones to new non-related markets. For example, sometimes car manufacturers create their own cloth lines. In this kind of situations the brand promise can be seen as positive in car industry, but the same brand and its promise in clothing can be seen negative (Keegan, 1992, p. 451).

According to Kapferer (2004, p. 61) there are two ways to create a strong brand. Either to build a superior product implying that the brand can get reputation at the same time; or when the brand is already well-known, the company must make decisions about what kind of products they are able to get under their already strong brand. Using a poor product under a premium brand can make the consumers confused and the strong brand weaker.

A strong brand is one of the main things when building the future of companies. For example Coca-Cola has been in the market for 120 years, and is valuated as the strongest brand in 2011. On the other hand, Nokia, which was among the 10 most valuable brands a few years ago and the strongest European brand in the global list, is now at place 14 and lost 15% of its brand value only in year 2011. Mercedes-Benz is the strongest brand among European companies nowadays (Interbrand, 2011). Based on the discussion above we can conclude that building a brand value is an ongoing process, where mistakes can easily ruin much of the brand value, even though it has taken much of time to build it. Under the next heading the information about how to measure brand value is coming.

Measuring brand value

Measuring weight or length is easy. If something weights 50 kilograms, it is easy to measure. Likewise the development in child’s length is also easy to measure, for
example, in centimeters, because it is commonly known how much these units of measures are. Measuring brand value is not so simple.

According to Aaker (1993, p.7) the strong brands, which have a complex structure are safer protected from competitor attacks than the brands with a simple structure. Thus, the brand complexity is resembled in the measurement process. Below the example how Interbrand (3, 2012) measures brand value follows. The first thing is the financial aspect, i.e. how much money does the brand earn for the owners. The second thing is to find out the role of brand in purchase intentions. The third dimension is the brand strength, which is evaluated in comparison with the other brands in the industry. To sum up, Interbrand is seen as the most valuable brand every year. For other companies this is a good place to find out which areas in their brand need more development.

**Positioning and differentiating**

Branding is about using money to build brand equity, which can also be seen as spending, if the money are not spent wisely (Keller & Kotler, 2006, p. 278). There are different ways to find out the best fitted target market. One of these ways is positioning. The latter can also be seen as differentiation, i.e. when a company tries to create an image of its brand, which distinguishes the firm from its competitors. As Temporal (2010, p. 48) says, managers try to create a space in consumer’s minds for one particular brand.

Positioning is one of the basic things in marketing strategy. In the beginning of brands’ life it is easy to create the own kind of brand, hence the brand awareness is usually low at that point of time. However, when it comes to a brand, which has existed on the market for a longer time, the changing of people’s perceptions is not so easy to influence without getting them confused. One of the ways to position some of the company’s products is to make a sub-brand, which we will discuss later in this paper. Some changes in positioning are possible by advertising without doing changes to the products physically. In the case of differentiation of one particular product or brand to the best-fitting position the functional changes are needed. This is, in particular, if the gap to the desired market is too big.

As Becker-Olsen et al. (2011, pp. 31-32) have declared in their article, there are plenty of consumers, who make their purchase decisions grounded in desire to cause good to the social environment by following the companies, which put effort on their CSR work. Therefore the companies are also trying to find ways to satisfy the consumers through differentiating the brand to fit the desired position. The authors have found in their study the proofs that people have expectations from companies in terms of CSR, and the consumers are also willing to reward by purchasing the companies’ products, which refer to the matters of CSR (Becker-Olsen et al., 2011, p. 38). Even though the study has been made to compare attitudes about CSR in Mexico and USA, we assume that this can also be applied for Europe. Therefore we may expect that a proper CSR work, and CP as part of CSR, is one of the powerful attributes when it comes to differentiating the brand to the wanted position.
From another perspective an already strong brand itself can be seen as a differentiation tool. When two similar products with similar characteristics go to the new market, the consumers form the picture of the product before even noticing the similarity of those two. With a strong brand there is not so much need for positioning it again, even though if it goes to totally new markets. Before the prices are even given everyone knows that, when Mercedes-Benz has brought their new A-series to the small car class, the car is not available for every income class.

Brand positioning also depends on the country. Hiroshi Takada, the president and chief executive officer of Toyota, says that, for example, their model Corolla can be seen as a popular car or a luxury car depending on the country (Interbrand, 2, 2012).

**Target marketing**

The main purpose of branding is to create differences compared to competitors (Keller & Kotler, 2006, p. 275). Due this fact of differentiation, one market can include potential buyers that have interest, income and practical opportunity to buy one particular product (Keller, 2003, p. 120). Corporate philanthropy can be seen as a way to support the differentiation, since it may play various roles in consumers’ minds from, for example, different income classes. Keller (2003, p. 123) claims, that market segment can also consist of same kind of motivations behind the interest to the product itself. This is more a behavioral consideration, which is used as a market segment, in order to complement demographic segmentation. The latter is easier to accomplish as well as buying targeting media (Keller, 2003, p. 123).

Corporate philanthropy can be used in target marketing as well. For example, donating money to charity and getting company logo on the charity’s web site can be an effective way to address media actions to the target market and meeting a broader customer group, which shares philanthropic values. Reaching the right customers can be secured due the fact, that people who donate money to philanthropy follow this kind of Internet sites and other charity-related happenings. These people are also consumers from various income classes and may have different ethnical and cultural backgrounds.

**Cause-Related Marketing**

Sometimes the companies use Cause Related Marketing (CRM) to get consumers’ attention to choose their product instead of others’ due to the fact of philanthropy involved. This kind of actions take place when, for example, a gas station donates 1% of its sales to a children hospital or supports some kind of charity. According to Kotler et al. (2005, p. 111), the situations where companies should use CRM are suggested to be the ones when companies already have good brand awareness, powerful distribution channels and a mass market product. The authors claim, that CRM in this case could be a really good way of differentiating the brand. Creating a marketing plan which is based on CRM does not really have anything special compared to the normal marketing mix. CRM can be used as a tool, if a company sees that it would fit to their target market and give them competitive advantage.
2.6.2 Summary of branding

As mentioned in the text above, branding nowadays play bigger and bigger role in consumers’ everyday life. A strong brand is a sign of trust, inside and outside the company. Employees can trust the company, which has a good brand. It means that they are treated equitably and everything works as they expect. Consumers can trust that the strong brand usually sells, for example, safe products with a well working guarantee system. Copying the products with the newest technology can be easy, but creating a brand is an ongoing process, where the building process of it can be slow, but the ruining one can be sudden.

2.7 Summary of Theory

Theory consists of philanthropy as part of CSR and branding. To relate the theory to practice, we have formulated four themes, which give the reader clear picture of how to follow the thesis.

Table 1. Summary of theory.

<table>
<thead>
<tr>
<th>Theme</th>
<th>CP definition and theoretical perspectives</th>
<th>The reasons behind CP</th>
<th>CP in action</th>
<th>Branding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Institutional point of view</td>
<td>Background to philanthropy in companies</td>
<td>Philanthropic activities, guidelines and targets within companies</td>
<td>Role of philanthropic actions in branding</td>
</tr>
</tbody>
</table>
3. METHODOLOGY

3.1 Theoretical methodology

3.1.1 Choice of subject

We, the authors, have studied different areas of Business Administration, Management and Marketing at Umeå University. To combine those two areas has not been really hard in the end, but challenging in the process. On the other hand it has given this thesis a more comprehensive view, because the whole work is built up by complementary perspectives. One of us has been interested in writing a thesis about charity foundations and another about branding. Therefore we have found out that corporate philanthropy (CP) is the subject, which encompasses the interests of both of us. It has become clear that CP as a part of Corporate Social Responsibility (CSR) and companies’ brand building through it have not been studied much. Since we both have showed enthusiasm about the topic during our discussions and expected to learn from each other during the process, the choice of CP as a subject of our thesis has come out naturally.

We presume the subject is something to consider for companies, when they make strategic decisions about their philanthropic actions. The firms may start thinking more about the precise effects of their CP work as part of CSR.

3.1.2 Preconceptions

As Bryman and Bell (2007, p. 30) claim “research cannot be value free”. This suggests that the authors’ preconceptions affect the research work. Johansson Lindfors (1993, pp. 76-77) points out that preconceptions can be divided into primary and secondary groups. The primary group is based on the authors’ personal experiences, education and the influences of the societies they live in. The secondary includes the authors’ preconceptions about epistemology, i.e. how the knowledge is constructed (Johansson Lindfors, 1993, p. 37) and ontology, i.e. how the reality is constructed (Johansson Lindfors, 1993, p. 39), as well as the theoretical preconceptions, which originate from interdisciplinary theories. The latter are brought by the authors from the textbooks, scientific research and lectures (Johansson Lindfors, 1993, p. 76).

Authors

As Metsämuuronen (2006, p. 198) claims, the researchers must tell about their relationship to the subject of research openly, in order to increase validity of the research.

We have studied Business Administration on Master level. One of us has studied Management and the other Marketing. This has given us complementary perspectives when discussing the findings about CP. We come from Finland and Sweden, which are both Nordic countries. Therefore we may have different preconceptions about social
phenomena than people coming, for example, from Southern Europe or Asia. Additionally, both of us have working experience. This fact could have also affected our view on the subject of interest in terms of mature and critical interpretation of the information received throughout of this thesis.

Anna Tretjakova, who comes nowadays from Sweden, has a multicultural background. She was born in Russia and grew up in Estonia. She is familiar with the philanthropic world in terms of Swedish NPOs working for the rights of disabled people. Her passion to philanthropy has been developed gradually through her childhood and youth period, which is characterized both by stability and love, but also by social injustices and abuse addressed to women and children in patriarchal and militaristic Soviet society in 80s and the unlimited immoral capitalism in Estonia of the 90s.

Olli Nurkkala is a Finnish student living in Sweden at the moment. His experience of philanthropy comes mainly from sport organizations, which need donations from companies, in order to reduce the amounts of money that, for example, junior ice-hockey players’ parents need to pay for their children’s hobby. He is interested to study the overall sensitivity of company’s brand to its activities.

Our study is about Corporate Philanthropy (CP), which is not a subject that we discussed in lectures or other happenings directly. However, Anna has encountered CSR in the studies presented during the courses in Management on Master level and in the Corporate Governance course, which she has taken in 2011 and 2012. In general, we do not have many preconceptions about the subject, but as mentioned before, everything that the authors have experienced and learned earlier may have affected the study.

**Epistemological considerations**

The big question is: should social sciences also be investigated within the same principles as natural sciences? The epistemological position positivism claims that social sciences also should use same kind of investigation processes as natural sciences (Bryman and Bell, 2007, p.16). The opposite of positivism is interpretivism, which implies its own way of investigating social sciences.

**Positivism**

In positivism there are some principles which can be seen as guidelines for working within this perspective. Positivism makes a quite sharp definition on how theory should be developed and how research should be conducted (Bryman and Bell, 2007, p. 16). The aim is to form hypotheses of phenomena and either reject or admit them. One of positivism’s principles is also, that researchers’ values do not affect under investigation (Bryman and Bell, 2007, p. 16). The researcher is ontologically objective, i.e. applies an external viewpoint (Bryman and Bell, 2007, p. 25) and generates measurable results, where validity and reliability are marked (Wallén, 1996, pp. 26-27). Positivism is a good way of doing science in natural sciences, because of its sharp link between observations and theory. This is also easy to accomplish, because tests and experiments
in, for example, physics can be seen quite simple compared to social sciences when it comes to researchers’ values and research methods.

**Interpretivism**

Interpretivism as a term can be seen as opposite to positivism. It implies that researchers’ values affect their interpretations of the study under investigation (Bryman and Bell, 2007, p. 17). In social sciences it seems obvious, that all the things researchers’ have gone through in their earlier life are related to the study and can play some kind of role in the research.

It is also widely accepted, that the strategy of the study in social sciences must differ from the strategy in natural sciences (Bryman et al, 2007, p. 19). Bryman and Bell continue that strategy must be planned specifically for social sciences. More commonly, positivism tries to find facts in the world, but interpretivism tries to find the facts about how people interpret different phenomena in the world. Therefore the study methods cannot be exactly similar.

Business studies belong to the social sciences. Thus, it is necessary that our study also follows interpretivism as epistemological consideration, because we try to get some interpretations of certain phenomena. CP is highly social phenomenon, which is exercised by people working in firms and for people. Thus, CP implies the interpretation of human actions - the hermeneutics (Bryman and Bell, 2007, p. 17; Wallén, 1996, p. 33). The aim with the latter is to carry out a deep study, in order to obtain thorough understanding of phenomenon (Patel and Davidson, 1994, p. 25). Hermeneutics also implies the exchange of general and detailed perspectives (Wallén, 1996, p. 33). In our case we apply hermeneutics as epistemological direction, because it assures a detailed study of CP and can lead us to a clear entire picture of our subject of research. Further, we apply subjectivism as ontological direction in our research. This implies that we believe that the reality of CP can be understood only from the point of view of our interviewees, who are directly involved in it (Bryman and Bell, 2007, pp. 25-26).

**Theory search**

In our search of theory, we have used several databases: Emerald, Business Source Premier (EBSCO), Google Scholar, and the European Commission’s. We have applied the theory from the acknowledged scientific magazines, primarily in Business Ethics and Marketing Research. We have also examined in detail different international textbooks and handbooks about our subject of research as well as used official websites with the updated information. The anthologies of known European and American researchers on CSR, Business Ethics and sociology have been used here. The lectures given at the course in Management, Marketing and Corporate Governance at Umeå University have also been employed in the building process of theoretical framework for this study and the interpretation of results. The entire aspects mentioned above have built our theoretical preconceptions, which have guided us throughout of our research on CP.
3.1.3 Research perspective

The study is made by semi-structured interviews with the companies’ executives. Thus, the thesis is based on the firms’ perspective and on how they see the aims of their philanthropic actions. When discussing about branding, it is also obvious that the consumers’ perspective has to be visible. Nevertheless, as the purpose of the study states, the main aim is to find out the reasons behind corporate philanthropic actions and the perspective is therefore the companies’ perspective.

3.1.4 Research approach

Our research approach is of a mixed character. We have connected theory and the reality to each other in this work (Patel and Davidson, 1994, p. 20) by at first creating theoretical framework, deriving the interview questions from it and then comparing it with our empirical findings (Bryman and Bell, 2007, pp. 11, 16; Arbnor and Bjerke, 1994, pp. 107-108). This indicates that our approach is primarily deductive. Later we have moved to inductive approach, which is characterized by the researcher’s attempt to extract new theory from the empirically obtained information findings following the “hermeneutics spiral” that symbolizes the need for extended constant study of phenomenon to generate profound knowledge (Johanson Lindfors, 1993, pp. 57-58). In our study the latter has been necessary to apply, because a CP phenomenon is not studied much at all and there is an obvious need for enriched views with unique findings in order to gain knowledge about it. Conclusively, our research approach is the interaction of both deductive and induction approaches, i.e. from theory to empirics and then back to theory (Johansson Lindfors, 1993, pp. 59-60). Since this combination is typical for hermeneutics-oriented research in particular (Johansson Lindfors, 1993, p. 60), it is very suitable for our study of CP in Swedish and Finnish firms.

3.1.5 Research method

The research method we have applied in our thesis is explorative, because it is based on how much we as researchers know about the investigated subject in advance. According Patel and Davidson (1994, p. 11), if there are notable gaps in knowledge about the subject of interest, the study is considered to be explorative. With our research we hope to explore new things and generate deeper understanding of the phenomena by keeping the exploration of CP in firms as an aim of our study and gathering much data about the subject of our interest (Jacobsen, 2002, p. 71). The explorative method predisposes that the research issue is presented as many-faceted (Partel and Davidson, 1994, p. 11) and the aim of such method is to pin down the problems for further research (Johansson Lindfors, 1993, p. 23). The method in our case meets the both of the mentioned requirements. According to Lundahl and Skärvard (1999, p. 47) the most usual feature of explorative method is expert interviews. In our study we have taken interviews from CP and CSR experts in each studied firm.

Another type of research method can be descriptive. Usually this is applied when there is rich existent knowledge about the subject of interest before even the research has
started (Patel and Davidson, 1994, p. 11). The descriptive method is aimed to provide a narrow description of the research subject and its characteristics (Johansson Lindfors, 1993, p. 23). We believe, that in our case, the study has generated a deeper knowledge due the CP experts’ information and a ground for growing further research. It has not only described the problem of CP. Furthermore, we have also possessed the limited theoretical preconceptions before our research due the fact that CP, according to our experience, belongs to the poorly researched topics. Thus, the explorative research method has been most appropriate to apply in our study.

3.1.6 Research strategy

There are two ways to collect data. In quantitative study the researcher transforms facts into numbers of the respondents’ answers and creates a hypothesis which can be either rejected or confirmed (Bryman and Bell, 2007, pp. 632, 634) and has more precise form (Holme and Solvang, 1997, pp. 80, 83). In qualitative study the respondents answer in their own words and the researcher makes interpretations of it. It is associated with subjectivism (Bryman and Bell, 2007, pp. 25-26), which is characteristic for hermeneutics and implies the researcher’s ability to influence the results of the study (Holme and Solvang, 1997, pp. 78-79). The quantitative research is poorly related to people actual behavior (Bryman and Bell, 2007, pp. 174, 632), while the qualitative one “entails the examination of behavior in context” (Bryman and Bell, 2007, p. 632). This is more appropriate in the case of our study of CP which is based on people’s behavior. As it mentioned before, CP is the phenomena that requires to be studied in depth. It is also highly dependent on its context, because each firm exercises its own way. We are aware of the fact of being inevitably subjective in our interpretations, even though we have strived for as much objectivity as possible.

Sampling in these two described methods differ quite much. In quantitative study the sample usually should represent the whole population of people/companies the researchers are investigating (Bryman and Bell, 2007, pp. 180, 182). In qualitative studies the sample is normally much smaller and leads to the lack of generalizability being not a “reliable indicator of the reactions of wider population” (Bryman and Bell, 2007, p. 512).

Criticism of qualitative research

According to Bryman and Bell (2007, p. 423), qualitative research can be too subjective. They claim that qualitative research sometimes can be too close to researchers’ relationships and their overall connections to the subject.

We have tried to reduce the risk of being too subjective and avoided to influence the findings of our work by any expectations or beliefs. We also have intended to be as transparent as possible when it comes to our preconceptions, so the readers can form their own picture about the provided information in this thesis.
Bryman and Bell (2007, p. 423) continue that one problem of qualitative study can also be the difficulty to replicate the study. Some researchers in the same study may concentrate more on some things that others may not emphasize. There can also be some things which do not get enough attention. There are not any standard procedures to be followed in a qualitative study (Bryman and Bell, 2007, p. 423). In our case, we try to bring up all the matters we think play role in this study. We try to pick up every aspect, which can somehow affect the findings.

3.1.7 Secondary sources

Our research is based on both primary and secondary sources (Lundahl and Skärvad, 1999, p. 224). The primary sources have provided us the specifics for our case information and secondary constituted the previously collected and analyzed by the researchers data, which we have re-used and re-analyzed from the chosen perspectives and in a new context (Johansson Lindfors, 1993, pp. 117-118). In our study the obtained interviews are primary sources. Our secondary sources are already mentioned in 3.1.3 Preconceptions under Theory Search. For the methodological part we have used the text books which are written by the best experts in the area of business research methods. To find those text books we have used the search motor Album at the Library of Umeå University. Some trusted Internet pages of different organizations and companies have been used for the search of the information needed to precede the interviews. Thus, we have tried to use the best possible sources for every theoretical and practical aspect in our study.

3.1.8 Criticism on secondary sources

In our study the theories used in the theoretical framework and analysis are based on previous research, which contains not gathered and scrutinized by us originally data. Thus, a certain criticism about the secondary sources that we have used has been carried out.

According to Johansson Lindfors (1993, p. 87), the researcher has to be very critical in her/his choice of sources, which are used for study implementation. The criticism of the sources implies the reader’s constant judgment of the reliability of the statements presented in them (Hultén et al., 2007, pp. 40-41). Also, according to Patel and Davidsson (1994, p. 25) the researcher has to be critical to the studied material. The printed literature is judged from the perspective of objectivity (Ejvegård, 2003, p. 62). Further, according to Thurén (2005, p. 30) and Eriksson and Wiedersheim-Paul (2006, pp. 166-168) the four main criteria of reliability of the sources should be applied: authenticity, i.e. the source should be real; contemporariness, i.e. the source is in suit with the time of the research; independence, i.e. the source is original and does not constitute a copy of something else; and tendency freedom, i.e. the source is unique and trend free.

To meet the above mentioned criteria is important, but is associated with challenges (Thurén, 2000, p. 11). In our study we have strived to use the variety of most recent
peer-reviewed articles, the latest text- and hand books and the newly updated official websites, in order to meet authenticity, contemporariness and independence criteria. Some of the sources we have used are from older times. This is partly because we have critically checked the originality of the sources and tried to track the known and widely used theories to its roots. Also, it is partly because there has been a limited access to some internet data bases and to some literature at the library of Umeå University, so we have been forced to use the available for us sources, which are not necessarily most modern.

In order to meet objectivity, reliability and tendency freedom criteria, we have tracked whether the sources followed certain trend. We have applied peer reviewed and quality tested sources of different authors from different countries, sciences and times. Doing this, we have also faced the dilemma of translation, and, thus, interpretation of the sources. This problem has been unavoidable due the fact of multicultural character of Business Administration as the discipline, which our study belongs to, as well as of Corporate Philanthropy as the topic chosen for the study. The three languages - Finnish, Swedish and English - were employed in the information search and processing. We have done our best to not jeopardize the reliability of our study due the language issue by using trusted dictionaries on Internet, corrections from our supervisor and checking the reciprocality in the understanding of the obtained information with each other.

3.1.9 Summarizing table

<table>
<thead>
<tr>
<th>Choice of subject:</th>
<th>Corporate Philanthropy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Epistemological view:</td>
<td>Interpretivism/ Hermeneutics</td>
</tr>
<tr>
<td>Ontological view:</td>
<td>Subjectivism</td>
</tr>
<tr>
<td>Perspective:</td>
<td>The firm’s</td>
</tr>
<tr>
<td>Approach:</td>
<td>Deductive with inductive elements</td>
</tr>
<tr>
<td>Method:</td>
<td>Explorative</td>
</tr>
<tr>
<td>Strategy:</td>
<td>Qualitative</td>
</tr>
</tbody>
</table>
3.2 Practical methodology

3.2.1 Multiple case study and semi-structured interviews

In our work we have applied multiple case study as research design, in order to investigate particular cases with broad problem definition and the focus on the issues, which concern business administration in several companies (Solberg Sóilen & Huber, 2006, p. 9). The multiple case study is usual for the qualitative research (Bryman and Bell, 2007, p. 480) and it improves theory building (Bryman and Bell, 2007, p. 63). However, this kind of research design is not without challenges: there can be a difficulty to evaluate the reliability (Wallén, 1996, pp. 115-117) and to generalize the findings extracted from the research (Solberg Sóilen & Huber, 2006, p. 31). We have studied how CP is conducted in practice in four firms, two large and two small from Finland and Sweden. This has allowed us to carry out a more complex and deep study of a specific character (Wallén, 1996, pp. 115-117). The specificity of our research is determined by the chosen firms and their execution of philanthropic measures. Due the differences among our respondent firms, in terms of branches, sizes and geographical positions as well as due the poor volume of empirical findings from Finland it has become very challenging to determine the reliability and generalizibility of the carried out research.

The problem definition in our thesis is broad and quite complex, as well as the whole research, because the latter is conducted with the help of semi-structured interviews, which have been already mentioned in the 3.1.4 Research perspective. In order to obtain the maximum information about our subject of interest with clear character, we have assisted the interviews by series of questions in general form of the interview guide and the ones derived from the interviewees’ significant replies to further questions (Bryman and Bell, 2007, pp. 213, 474, 479). The interview guide design has been based on the theoretical findings presented in the theoretical framework chapter. Also we have applied introducing and specifying questions in our interview guide (Bryman and Bell, 2007, p. 486). For example, the main part of the questions are open-end questions, which respondent has to answer with own words. This creates possibility for us to get the respondents’ own thoughts and reflections without her/him being interfered or guided to the set answers (Andersson, 1994, p. 198).

We consider that our study of the multiple cases with the help of the semi-structured interviews is the optimal solution to extract the new knowledge about CP phenomenon.

We have used the semi-structured interviews, because we have seen ourselves as quite inexperienced researchers and wanted to be sure that we have asked the right questions and have not forgotten anything important. At the same time the respondents have answered to many questions at one time sometimes, so it has not been necessary to ask all of the questions in the interview guide. On the other hand, the researchers must be aware that some corrective extra questions may be needed. The respondents are not necessarily familiar with some theories or definitions. Therefore, if any things have not been understood by the interviewees, the interviewer has explained the issue or asked the question in a more comprehensive way.

Further, Bryman and Bell (2007, p. 480) claim that, if more than one person is working as an interviewer, it is also recommended to use the semi-structured interviews instead
of unstructured. The reason behind it is obvious: to avoid the error of incomparable information provided by the interviewees due the inconsistency in the asked by the interviewees questions.

It is necessary to record the interviews, in order to be able to go through the gained information as many times as needed and reduce the risk of misinterpretation. Nowadays the recording of interviews is not a problem due the access to technologies, such as lap-tops with recording function and I-phones, which we have used for the carried out interviews.

3.2.2 Selection of participants

Our aim has been to get two respondents from both countries, Finland and Sweden. They also represent one large and one small company. The theoretical research has indicated the significant differences in CP practice and the reasons behind the latter between these two countries (OE SMEs report, 2002, pp. 28 - 34). Also the view on CP may vary between large firms and SMEs (Williamson et al., 2010, cited in Louche et al., 2010, pp. 48-49; Baden, 2010, cited in Louche et al., 2010, pp. 84-87). Our sample consists of two large and two small firms in each country. The small firms can be seen as representatives of SMEs, which stand for 99 % of European businesses (EC, SMEs, 2012). The large firms possess more resources and can generate the more profound and representative information on CP and its best practices (Williamson et al., 2010, cited in Louche et al., 2010, p. 48).

Further, our respondents represent different industries: recruitment-, marketing, jewelry, and car service industry. This choice was determined by our will to get as broad and deep picture on corporate philanthropy in practice as possible. This picture, is not supposed to be limited to the specific branch of the firm, which exercises CP. Another factor has been a practical availability of the respondents.

We have attempted to overcome the risk of shortcomings, such as risk of obtaining poor data. This has been done through a detailed study of opportunities to choose the most interesting cases in Sweden and most willing respondents in Finland. We have booked personal interviews with our respondents and have made sure that they have received and gone through our question guide, in order to better plan the interview and its efficiency.

However, in our case we have faced problems to fit our schedules with the possible participants, also the subject has made some companies to decline from an interview, especially among the large companies in Finland. We have not expected it to be so hard to find participants to our interviews.

In order to identify the sample to be researched qualitatively in Sweden, we have been looking for most interesting cases using Internet as a source of access to the information about CSR work in Sweden and Corporate Philanthropy in particular. Besides, we have got a tip from CSR competent Ingemar Olsson, who is a private management consultant in gender equality as a part of CSR work in larger organizations, including Göteborgs Stad. He has been working with many companies and is also an active member of non-
profit organization Män för Jämställdhet (MFJ), which works for gender equality and violence prevention (MFJ, 2012). One of the authors has met him personally on the yearly meeting of MFJ and asked for the advice in finding the most interesting cases for CP research. He has recommended CSR Västsverige, the Public & Private Social Responsibility Initiative and the non-profit organization that was formed in 2008 and has 124 member organizations nowadays (CSR Västsverige, 2012).

Thus, the digital member list of CSR Västsverige has been used to identify the firms of interest as most exemplary to be interviewed. The description of firms’ CSR areas presented on the website of the association and the firms themselves which have chosen to be most prominent in their CSR work have given us a clue where in terms of Corporate Philanthropy they are positioned. The first choice has fallen on Proffice Group. It is a large international recruitment group with the widest operations in Sweden, where its net turnover was 3,667 MSEK in 2011 (Proffice, 2012). The second choice has fallen on Activema AB/Föreningssstödet i Sverige, which is a small-sized sales agency operating on digital and social markets in Sweden (Activema, 2012).

The choice of companies in Finland has showed to be more difficult than we have originally thought. Arranging times has been one problem, because the companies’ representatives have been really busy with their work. Another problem has been that some companies have not wanted to give any information about their CP work outside their company. One of our Finish companies is Sunkoru, which is among SMEs with its annual 2.8 million Euro turnover. The really good point in Sunkoru is that their CEO has worked before as chain manager charging retail shops in Finland in Kultajousi Oy, which is part of the Scandinavian-wide Iduna-group. Iduna-group owns also Guldfynd, Imme My and Albrekts Guld in Sweden. Therefore the CEO has wide knowledge of overall business life in Finland. The second company has not wanted their name to be published. The company works in the car service industry and its annual turnover is about 40 million Euros. We have interviewed the company’s area manager in Northern Finland. The company has about 320 employees. The area manager has made long career in different business areas, so he has been also able to compare situation on CP between different decades. This thing also has given us more in-depth information about our subject of research.

As Bryman and Bell (2007, p. 497) claim in their book, representativeness does not play so big role in a qualitative study as it does in quantitative study, because the researchers aim to do in-depth analysis in their study. In our case the companies had to fulfill the fact that they do Corporate Philanthropy (CP), even though the amount and form of it can differ. Two of the respondents were from the Northern Finland’s biggest city, Oulu, which is also called as the capital of Northern Scandinavia. The two other are from the city of Gothenburg, which is second largest city in Sweden. This selection has been done more or less because of practical reasons.

The presentation of participants to our interviews is given in each part of the empirical chapter and short descriptions of their companies can be found in the empirical part 4.1 Review on companies interviewed. We have done the interviews by visiting the companies and the discussions have been made face-to-face. We have found it as necessary to make the interviews face-to-face, because we have assumed that the respondents then arrange more time and can speak with us without any disturbances.
We have believed that we would have got more out of our interviews when meeting the people ourselves compared to, for example, telephone interviews.

All our interviewees have been given informed consent due the ethical reasons. The interviews have been recorded and transcribed for easier more detailed analyzing, transparency and systematized comparisons. The respondents have been luckily interested in our subject. Before we have even mentioned that we can send copies of the interpreted interviews and of whole thesis as gratitude to their help, they have already asked for one copy. Even though the finding of respondents who are willing to help has been hard, after all we have been lucky to find the respondents who have been anxious about our subject.
The Table 3 below presents an overview of the technical details of the carried out interviews: date and time, the name of the company of interest, the interviewee’s name and official position in the company, the place and the way the interview was taken, and the time spent on interview implementation.

Table 3. Summary of technical details of interviews

<table>
<thead>
<tr>
<th>Date and time</th>
<th>Company name</th>
<th>Size</th>
<th>Interviewee name</th>
<th>Interviewee position</th>
<th>Place</th>
<th>Interview form</th>
<th>Interview duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-05-11</td>
<td>Proffice</td>
<td>large</td>
<td>Jenny Larsson</td>
<td>Chef Proffice Responsibility (Proffice Responsibility Executive)</td>
<td>Östra Hamngatan 23, 411 10 Göteborg</td>
<td>Oral, face to face, iPhone 4 record. E-mail contact for final approval of the interview interpretation and more information for contact in Marketing.</td>
<td>1 h 15 m 5 s</td>
</tr>
<tr>
<td>2012-05-09</td>
<td>Activa AB/ Förenignsstödet i Sverige</td>
<td>small</td>
<td>Sofia Grimhusen</td>
<td>Operativt verksamhetsansvarig (Operations Manager)</td>
<td>F.O. Petersonsgata 32, 421 31 Västra Frölunda</td>
<td>Oral, face to face, iPhone 4 record. E-mail contact for final approval of the interview and more information about educational and professional background of the interviewee.</td>
<td>1 h 20 m 58 s</td>
</tr>
<tr>
<td>2012-05-07</td>
<td>Sunkoru Oy</td>
<td>small</td>
<td>Aki Keisu</td>
<td>CEO</td>
<td>Kirkkokatu 10, 90100 Oulu, Finland</td>
<td>Oral, face to face, Windows 7 record application</td>
<td>32m 51s</td>
</tr>
<tr>
<td>2012-05-11</td>
<td>A company in car service industry</td>
<td>large</td>
<td>Anonymous</td>
<td>Area Manager of Northern Finland</td>
<td>Northern Finland</td>
<td>Oral, face to face, Windows 7 record application</td>
<td>36m 40s</td>
</tr>
</tbody>
</table>

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3.2.3 Analysis of the interviews

We see that the time spent to build our interview-guide has been really important when analyzing the interviews. It has provided us with clear structure, so it has been possible to sort and analyze the received information in logical order and come up with important findings. The biggest challenge in multiple case study is to identify most significant information and important patterns in often large volume of data without having any given rules on how to interpret the gathered qualitative data and draw conclusions on it (Lundahl and Skärvad, 1999, p. 194). The structurally obtained data has made it possible for us to extract the common patterns for all four cases and identify the main differences, so to some extent comparative analysis has been carried out. Additionally, we have done a qualitative study and therefore some answers have been already given by our respondents while answering the earlier questions. This has been not intended initially by our structure, but we do not see this fact as a problem. Also, the clear structure and dividing the interview in four parts has been really important for the interviewees to better follow the overall picture of our interview.

Summarizing our Methodology chapter, both its theoretical and practical parts, we can apply the Bryman and Bell’s model on the main factors, which influence business research.

![Figure 6. Influences on business Research, Bryman and Bell (2007), p. 30.](image-url)
3.2.4 Trustworthiness in qualitative research

The trustworthiness in qualitative study consists of four different factors. According to Bryman & Bell (2007, p. 411) these factors are credibility, transferability, dependability and confirmability. These factors are shortly described below and related to our study.

**Credibility**

According to Bryman & Bell (2007, p. 411), the study needs to be done within good practice and the findings and the interpretations of researchers must be submitted to the interviewees. These actions reduce the risk of errors and create credibility for the study.

Patton (1990, p. 472) gives an example of doing a study of some particular health issue, in that case it would be compulsory to tell if the researcher him-/herself has suffered at the moment of the study from the same disease under investigation. Patton continues, that even though it is possible that this has not influenced the study, it still must be told openly to the reader.

In our study we have done the interviews within good practice. We have provided as much as possible information about our study and ourselves for the respondents, when they have required it. We have presented our interpretations of the interviews and empirical findings to the respondents, in order to avoid any misunderstanding or mistake between our writings and their thoughts. We have got approval from our respondents about our interpretation of their interviews.

**Transferability**

In qualitative study the descriptions of culture and time should be wide. The authors must tell everything they find important information about these things. This is prominent for example to other researchers to compare their findings with one particular study. For example same kind of study made in same place can be different if it is done in different time. As Bryman & Bell (2007, p. 413) claim in their book, the uniqueness of study depends on the context of the ambient world. Furthermore Marshall & Rossmann (1999, p. 193) write that by giving the information of every matter related to the study, researchers of a new study can form their opinion if it is relevant to transfer the findings of this particular study to the new one.

According to Daymon & Holloway (2011, p. 85) it is the authors’ responsibility to help the readers to form their conclusions of the surrounding factors of the study.

In our study we increase the transferability by telling every possible thing, which may have something to do with above mentioned. These things are the interview situation, background of the respondent, background of the companies and background of the interviewer. We also tell about our perspective of the study, which in this case is company’s perspective. The time of the study can also be found in this paper.
Dependability

Dependability in qualitative study can be related to reliability in quantitative study. It shortly means that every step taken and every action made has to be stored so, that they are available to examine again. This is necessary due the same reason as in transferability: the study needs to be able to compare with other similar studies (Bryman & Bell, 2007, p. 414).

As Daymon & Holloway (2011, p. 86) describe dependability, it means that “the study is carried out in a stable and consistent manner”.

We have tried to record every possible thing during our work. We can be sure, that this could not have been done any better under the circumstances we have had.

Confirmability

According to Bryman & Bell (2007, p. 414), the researchers must work without allowing own values or believes affect the work. They continue that even though total objectivity in business studies is almost impossible, the researchers must try their best and work in good faith. According to Robson (1993, p. 407) the researcher must ask him-/herself if it is possible to show for an outside person the relation between findings and the data collected. Marshall & Rossman (1999, p. 193) describe confirmability as when data needs to help confirm the findings and interpretations made by the authors.

Everything can affect the interpretations of findings, but in our work we try to work in good faith. We have also written about our backgrounds, so the readers can form their own picture of which things can have affected our findings. We have also based our findings on the collected data, not on our own assumptions or preconceptions.

Criticism on primary sources

According to Ghauri & Grönhaug (2002, p. 81) when we need information to our study which is not available from secondary sources, we need to collect the data by ourselves. The authors continue that there are still some disadvantages also in primary data, the biggest one is that it takes time and may cost money. Furthermore, it may not be easy to find proper target group to interview, the difficulty can be, for example, that they are not keen on giving an interview.

Primary sources in this case are the interviewees, with whom we have made our interviews. We have to keep in our mind that the interviewees have told their information from their point of view. On the other hand, they do not have any reason to tell anything other but the truth. The interviewees have volunteered to our work without salary or other benefits. Therefore we can assume that the respondents’ main goal has been to help us with our scientific work. Our primary sources have been also keen to get the ready work to read, so we can also assume that they are also quite interested in the subject and that is one of their pull powers to take part in this work.
4. EMPIRICAL FINDINGS

4.1 Review on companies interviewed

Below is the table on short presentations of the firms which constitute our research sample for our multiple case studies:


<table>
<thead>
<tr>
<th>Firm’s name</th>
<th>Proffice Group</th>
<th>Activema AB/ Föreningsstödet i Sverige</th>
<th>A company in car service industry</th>
<th>Sunkoru</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established:</td>
<td>1960 as firm Snabbstenografen, recruitment agency for secretaries</td>
<td>1994 as a subsidiary company to Activema AB, which was also established 1994.</td>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td>Business Idea:</td>
<td>To give people and firms an opportunity to develop via Proffice, the committed, responsive and solution-oriented recruitment company.</td>
<td>To build and sublimate markets for customers. To assist non-profit organizations in search for sponsors and donors via digital and social markets.</td>
<td>Business among car services.</td>
<td>Jewelry retailer</td>
</tr>
<tr>
<td>Number of employees:</td>
<td>8 607 (5 919 in Sweden) in 2011</td>
<td>6 in 2010, 15 in 2011</td>
<td>320 in 2012</td>
<td>8 in 2012</td>
</tr>
<tr>
<td>Geographic regions of operations:</td>
<td>Sweden, Finland, Norway, Denmark</td>
<td>Sweden</td>
<td>Finland</td>
<td>Area of Oulu in Finland</td>
</tr>
<tr>
<td>Earnings:</td>
<td>154 MSEK (in 2011)</td>
<td>none</td>
<td>unknown</td>
<td>unknown</td>
</tr>
<tr>
<td>Turnover:</td>
<td>In 2011: 4 770 MSEK (in Sweden 3 667 MSEK)</td>
<td>2 811 000 SEK (in 2010). No available information for 2011.</td>
<td>Approx. 40 million Euros</td>
<td>Approx. 2.5 million Euros</td>
</tr>
<tr>
<td>CSR definition:</td>
<td>Sustainability focus and responsibly done work.</td>
<td>The term, which “sprawls” with focus on sustainability and economic responsibility</td>
<td>Social responsibility in terms of not just salaries, but culture.</td>
<td>Something important</td>
</tr>
<tr>
<td>CP definition:</td>
<td>At first hand money donations to different projects.</td>
<td>Sharing in outside direction via projects on non-profitable basis.</td>
<td>Part of CSR, donation of money.</td>
<td>Part of CSR, donations of money and products.</td>
</tr>
<tr>
<td>Firm’s name</td>
<td>Proffice Group</td>
<td>Activema AB/ Föreningsstödet i Sverige</td>
<td>A company in car service industry</td>
<td>Sunkoru</td>
</tr>
</tbody>
</table>
The matrix of topics offered below would summarize main features of the interview carried out.

**Table 5. Summary of interviews.**

<table>
<thead>
<tr>
<th>Theme</th>
<th>CP definition and theoretical perspectives</th>
<th>Stakeholder point of view</th>
<th>Shareholder point of view</th>
<th>Institutional point of view</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theme 2</td>
<td>The reasons behind CP</td>
<td></td>
<td></td>
<td>Background for philanthropy in companies</td>
</tr>
<tr>
<td>Theme 3</td>
<td>CP in action</td>
<td></td>
<td>Philanthropic activities, guidelines and targets within companies</td>
<td></td>
</tr>
<tr>
<td>Theme 4</td>
<td>Branding</td>
<td></td>
<td></td>
<td>Role of brand in philanthropic actions</td>
</tr>
</tbody>
</table>
4.2 Proffice

Background of the interviewee

Jenny Larsson (JL) is economist from Kalmar Business School, and has been an owner of a small recruitment firm and later working in sales and as chief for employed consultants in Proffice Group in Sweden. After six-seven years she had been selected to be a participant in internal Proffice Entrepreneurial Program, led by the eminent consultant and mentor Björn Larsson from ForeSight Group (ForeSight Group, 2012). JL had succeeded with presentation of own ideas on company development. Through this she has become Proffice Responsibility Executive and nowadays is officially considered as most competent in CSR issues within the whole Proffice Group. She has showed sincere enthusiasm in giving her interview. Jenny Larsson has focused mainly on corporate philanthropy, which is exercised by Proffice Group in Sweden, because the Group has main volume of its businesses in this country (Proffice, 2012).

Theme 1: CP definition and theoretical perspectives

Our respondent, Jenny Larsson (JL) from Proffice finds Corporate Social Responsibility (CSR) as a too tight definition. She interprets “corporate” as something to be done on strategic and top-managers’ level, and “social” as only concentrated on social issues. She prefers to be called “Proffice Responsibility Executive” and not to be limited to the words corporate and social, because she believes CSR should mean sustainability and responsibly done work.

Corporate Philanthroy (CP) is more about donating money and monetary support of different projects according to her. JL refers to known rich entrepreneurs as Bill Gates and those who give half of their fortune away. She does not exclude that CP may encompass donating the competence, but it is not what she associates CP with at first.

JL points out the influence of stakeholder and institutional perspective on the perception and the implementation of CP. Among primary stakeholders are investors or owners. Capman is the main owner, approximately 20 %, and is an investment company which came out with its first Responsibility Declaration the 21 st of February 2012. The owner firm claims that those companies it invests in should be good for society and should take responsibility for good development of society. The other main owner is Swedbank Robur Fund. It made a sustainability analysis of Proffice. This analysis constituted an interesting dialogue for our respondent.

Besides the owners, present employees and future employees are the stakeholders of importance. They also are customers for recruitment Group. That is why it is important to work with values for future generations, so Proffice will have enough labor to keep business going on and can encourage pride in the organization. Trade unions are also mentioned as stakeholders, which are in direct connection to Proffice employees.

When it comes to the institutional perspective and mimicking corporate behavior, such as benchmarking, Proffice sees the trend that firms try to avoid the donation of money
and donate services and work, so the philanthropic work is as close as possible to the firms’ core activities. Proffice follows this trend as well, which got also approval from one of the main investors Swedbank Robur. This owner likes sustainability in Proffice’s CP: donating services and work in form of CP projects would not be influenced by weakening market as it would be if CP was exercised in form of donating money and Proffice had stopped doing it due to the worse earnings.

Theme 2: The reasons behind CP

JL points out that CP is an integrated part in CSR, which in turn constitutes a big circle where everything rotates, including economic, environmental and social aspects. CSR cannot be seen as a pyramid, where CP is supposed to be a top. It is not a meeting point of three main areas: economy, ecology and social health either, but is one big circle. All things are connected and should work at the same time to achieve sustainability. Social problems involve too high costs, which also affect corporate world. A better society is important, not least when all curves in forecast graphs indicate that there will be a labor deficit, especially when people born in 40-s will be retired. Philanthropic work in schools will attract future Proffice customers and employees, she believes. Its CP also increases the pride within the organization, which favors employee identification with the Group.

Besides the increased pride, Proffice hopes that CP helps to improve the employee group integration and cooperation, which are seen as challenges in the organization. The employed consultants in Proffice are usually working alone. Further, being employed by a recruitment company is not seen as high status and Proffice is not seen as an attractive employer according internal managerial screenings. However, the office employees and the employed consultants are enthusiastic about social work and are partly involved in decision-making about who will receive philanthropic support from the Group. In a pilot study carried out by JL 70% of just over 150 employees have answered that they would see Proffice as a more attractive employer, if it has been more socially responsible and they themselves can think to be socially committed through Proffice activities. JL points out that donating the employee work is most important within their CP. Management strives to keep CP tied to Proffice businesses to maximum, to donate what the Group is best at, and to involve the employees into philanthropy. That is why the donation of money is not of priority and is practiced very little.

The commitment to CP is even mentioned in the Group’s mission, which JL presents as the following: Proffice has an ambition to help people develop themselves and grow. She also thinks that Proffice involves into CP due the ethical reasons (altruistic), code of conduct and pressures from third parties, strive to improve relations with the community/public authorities/politicians and with business partners and investors, to improve customer loyalty, employees’ job satisfaction and the Group’s economic performance and to use public incentives.

JL claims that ethical reasons are in positive relation with economic performance. She believes that diversity, which is more seen as an ethical consideration, generates wide labor basis and thus, improves economic performance. As it comes to public authorities, Proffice has an own PR Responsible who works specially with politicians and Minister
of Labor and shows that the Group’s work in the recruitment branch is good. The improved customer loyalty is also what Proffice cares a lot about while exercising CP, because the Group’s main customers Ericsson and Astra Zeneca are also involved in CP and CSR and some customers’ procurement instructions imply CSR and CP. The improvement of relations with investors is what Proffice finds as a strong reason to CP. The Group’s fourth main owner Swedbank Robur Fund has always approved Proffice sustainability work and this year the investor refers to the recruitment Group as a good example. The latter is because Proffice has increased the ambition level on CP issue. This can lead to that the Group will be mentioned in Swedbank’s Annual Report in a positive way. Another reason is that employee job satisfaction becomes more and more important, particularly for future generations in form of meaning of what is done at work. The competitors such as Manpower and Adecco also do care about it, but it is important how Proffice does it in its own unique way. Beside the competitors, the pressure from third parties is associated with suppliers, who set stricter requirements and it can be related to CP as well. The code of conduct, which is addressed primarily to suppliers and employees, also encourages CP. Usage of public incentives is somehow a weaker reason to CP compared to other, but still is present in Proffice arguments for working on CP and can be stronger in future, for example, in terms of incentives to encourage participation of disabled people in working life. To summarize, JL believes that all the mentioned reasons to CP are connected to each other and she has already seen the positive effect of it.

However she emphasizes that there are still members in Proffice organization who do not understand the importance of CP and the sustainability it contributes to. They believe that this work is done only in order to look more attractive to business partners. That is why JL tries to market the idea of better and sustainable society internally, which can be achieved among other things by practicing CP. The communication of CP and its results is done via the Group’s intranet. She works with integrating sustainability thinking on the level of business units, and not only at the higher Group Board- and top-management level. She also tries to make sure that CP is tied to business objectives and strategies of Proffice Group. Still, among some of her colleagues the acquiring of deeper consciousness on the CP subject and sustainability, which philanthropy contributes to, takes time.

CP is exercised by Proffice due some strategic reasons: such as to build and sustain employee morale and ethical capacity through paying the employees and employed consultants for their philanthropic work that is addressed to Proffice’ non-profit partners among NPOs.

Theme 3: CP in action

Proffice applies a strategic approach in CP. The Group has guidelines on CP and certain criteria for choice of NPOs and cooperation with them to be met. They should be active in the following three areas: working life and diversity, children and youth, and environment (ecological consideration). The Group strives after the long-term relationship with its beneficiaries, who come themselves with suggestions how Proffice can benefit them.
The respondent has studied twenty to thirty NPOs in order to identify the most suitable partners and have selected Transfer, Göteborgs Räddningsmission and Plan. With the latter Proffice has had cooperation since 2009. This is the oldest project, since the Group is quite “green” (new) in sustainability work, including CP.

According to JL the Group searches for mutual cooperation, which at first hand encompasses donation of the Proffice employees’ and consultants’ competences and possibility for those to build up more attractive CVs as well as to keep fit professionally. So, the consultants are not booked for any kind of NPO, but the work they do for the non-profit sector is for free. Additionally, Proffice does not donate money on principle, (except giving money for paying some of organizational cost in the children and youth project Transfer), but competence, because this is what the Group is best at and it keeps employees actively participating for social change via Proffice core activities. This decision has been also approved by the fourth main owner Swedbank Robur Fund.

The Group’s CP is exercised towards schools in the frame of project Transfer, where Proffice’ employees keep lecturing about working life and requirements to various professions. This philanthropic work is carried out during office hours, which Proffice’ employees get paid for. Pupils are the Group’s potential customers in the future and they also have parents and social networks where a word about this philanthropic work can be spread and it gives a “positive spiral” (JL). Other CP projects are connected to Plan in Stockholm, the children rights organization and to Räddningsmissionen in Gothenburg, which is aimed to counterwork the social alienation and vulnerability (CSR Västsverige, 2012). One project, which originates purely from employees’ initiative and decision making in the Norwegian part of Proffice Group is the philanthropic project Doctors Without Borders (Läkare Utan Gränser, 2012). Another is cooperation with Myrorna in Skövde, which is aimed to help the alienated and poor people (Myrorna, 2012).

The Group practices the following philanthropic activities: sponsorships, employee and employer involvement via donating services, providing technical expertise like creating websites, allowing the use of distribution channels and equipment. Cause-related marketing (CRM) is nothing the Group uses as far.

When it comes to communication of CP to stakeholders in general, beside what has been mentioned above Proffice uses its career website “dagensmöjligheter.se”, public media and the PR responsible. The effective communication of CP to employees is seen as a challenge, since Proffice consists of seventeen business units. JL finds it easier to reach shareholders with the CP issues as part of the sustainability work, because the Annual Report and the annual shareholder meeting are effective means, which are used specifically for the stakeholder group for giving a message on CP.

Further, while Proffice makes business planning CP is also included in form of simple targets, such as having five interns and donating 100 working hours, for example. She doesn’t find this too complicated. The Group appreciates the long-term cooperation with the chosen NPOs, but keeps on the evaluating of CP projects and doesn’t want them to be static. JL also claims that Proffice is open for new projects with new actors in the charity area and has even announced about it on Proffice official website. Also, Proffice has no own CP foundations and works with NPOs and some state- and
community projects, such as “Ung-in”, which is aimed to help Swedish young people to increase awareness about recruitment and future professional life. In future, JL plans to make this project known for whole Norden and involve neighbor countries in it as well as to show it for the media in general.

However, JL emphasizes that it is very difficult to assign monetary value on the effect CP has on Proffice. This is despite of a strong culture within the organization to generate profits and set numbers quarterly due to the fact that the Group is listed on the stock exchange market. The main reason is that it is very difficult to separate CP from other factors to generating profits and assign the exact portion of the effect. Although CP is perceived as a diffused profit generator, it is also widely seen as promotional opportunity for Proffice in terms of marketing and branding.

**Theme 4: Branding**

The brand plays a very important role in the recruitment business. Proffice’s intention is to be the best job provider, thus, employer brand and internal branding are of special importance for the Group. The latter is exercised through research and evaluation of the employees’ values and needs among other earlier described measures. The successful internal branding plays a strategic business role and it decreases personnel turnover. The competitions like “best company to work in” are very important, even though those who analyze the results make an impression of being delimited due to their economist background. Unfortunately, lately Proffice showed a negative trend in the issue of being the best attractive employer. This is seen as a serious signal and push for improvements. The personal relation between the Proffice brand and its customers is established through employees who are also seen as customers in the of recruitment branch. JL believes that, if the Proffice brand sits in the employees’ minds deeply, they are the best ambassadors for this brand. She describes this process as from inside out. CP is strategically important for indication that Proffice does good things by participating in it. This fact awakes the customers’ pride in the Group.

Since the Group exercises CP, it gives a good image to Proffice brand. Otherwise, the Group does an overall good job by providing people employment. However, often the media doesn’t give constructive criticism to the Group and can influence the brand negatively. That is why it makes it even more important for Proffice to be involved in CP and remain the good name of the Group, so people associate it with something positive.

Furthermore, JL finds that it is possible to copy the concept of some Proffice’s businesses and activities, for example, green jobs. At the same time it is difficult to copy when it comes to their services. In spite of that, the Group is trying to catch main steps in CP, which are made by the competitor from recruitment and consultancy branch named Accenture.

Proffice considers to achieve mutual brand image transfer between the Group and its business partners Aztra Zeneca and Ericsson, when it comes to CP. JL believes in useful work via participating in common philanthropic events and making collective contributions, in order to create positive “brand transfer”. Here belongs even Proffice
branding work in meeting with known politicians and being seen with them by media, for example during “Almedalsveckan in Gotland” (Almedalsveckan, 2012).

When it comes to the brands of NPOs, Proffice is rather after what these organizations do in real and their openness and willingness to innovativeness, than their brands. The evaluation of NPO-partners has not been carried through, but it is planned to be done every year.

Proffice communicates its brand via intranet, Group’s official website, career site and overall media to all the stakeholders. By practicing CP, it expects to attract own employees and customers at first hand and to gain competitive advantage in terms of acquiring new customers and winning new procurements through standing out as philanthropic. The increased grade of philanthropic involvement would not lead to the loss of some customers.

According JL, Proffice measures its brand value, but she cannot answer how. This belongs to the competence of Marketing Managers (MM). (Note from the author: I was kindly provided contact with MM by JL, but MM Sibel Wolff could not answer my e-mail with questions concerning branding topic due to unknown reason. However, JL has emphasized, that the Marketing Department was overloaded with work at the moment when the interview was taken).
4.3 Activema AB/Föreningsstödet i Sverige

Background of interviewee and the company.

Sofia Grimhusen (SG) from Activema AB/Föreningsstödet i Sverige has a pedagogical background from Sweden and has been working with philanthropic projects in Africa. The organization she represents works as an agency for three large NPOs in Sweden. They have assigned the responsibility to take care of business contacts to Activema AB/Föreningsstödet i Sverige. The two first cases originated from Activema AB’s own initiative and offer to assist as an agent between NPOs and businesses. The firm’s services contain the following: contacting business world with an offer to support the NPOs and providing the information which can be used in marketing purpose for the potential sponsor in terms of exposing a philanthropic value-system. The interviewee firm provides digital advertising for two of its customers. Sofia’s work includes the leading of the employed communicators, advertising campaigns, budgeting, relations and operations with the NPOs. The company’s main business focus is on SMEs in Sweden, which want to be involved in CSR and CP, but do not possess personnel for organizing it in contrast to large firms, which have own philanthropic projects and/or are after sponsorship cooperation.

Theme 1: CP definition and theoretical perspectives

CSR is companies’ social responsibility, which includes different parts: economic responsibility, sustainability for the society, firms, employees, customer etc. and for environment (ecological aspects). CSR is a term, which “sprawls”.

CP means the sharing, i.e. support for some organization or some work, not the focus on your own firm, but in outside direction, to the society via support of existent different projects or to create own – all this on non-profitable basis.

The interviewee firm’s perspective of CP is not based on norms and influences/trends from outside. The company is pioneer in its perspective on philanthropy and has existed since 1994 and worked with Heart and Mind as a value-system. It has educated the firms not only in taking social responsibility issues, but also in how to emphasize that CP leads to win-win situations. So, the companies can learn that they must make the facts that they are doing something good and it has a visual value, not only donate in the typical for Swedes quiet way.

The respondent doesn’t think that her firm has a shareholder perspective on CP and, thus, wealth maximization as the central point. It is more about to generate something good in the firm’s spirit and to manage the existent within the firm human potential. It is about trust maximization. The interviewee’s company works in the branch, where wealth maximization is not working, since it tries to reduce agency costs for the NPOs as much as possible. This is done partly in order to keep the employees in their own organization proud of their ability to make philanthropic inputs and partly that the firm wants to help NPOs more.
Activema AB/Föreningsstödet i Sverige is quite unknown, because it works in the name of its customers, the NPOs. That is why the company’s goal is not to grow in order to be seen and it doesn’t communicate the idea about own wealth and growth to the business world.

The firm is owned by Ingmar Greep and he is also CEO of the respondent firm. He had this idea of supporting NPOs from the beginning. The employees are not the owners. Some of them work for free in the company. The fact of contributing to the philanthropy constitutes the main incentive for them. The firm is driven with strong will to generate goodness. Colleagues are very important here.

The respondent finds that the Stakeholder perspective on CP suits best in the case of her firm. She points out that sometimes it is difficult to separate stakeholders, such as their customers NPOs, from the own firm, because as it was previously mentioned Activema AB/Föreningsstödet i Sverige works in the name of them. So, the company’s own work helps NPOs in a way, but it gets paid for this work and at the same time it tries to keep costs for customers as low as possible. So the agency makes philanthropic contributions to own customers as well. This is one of the proofs that the interviewee’s firm acts as it says while encouraging the business world to do the same.

The stakeholder groups for the interviewee are the following: customers, owner, and employees.

The character of the firm is of unique kind, which motivates no efforts in gaining new business partners and customers. The firm prefers to focus deeper on the existent three NPOs as its customers only.

There are also secondary stakeholders such as community and state employment agencies. The firm has had a project, when the community has been involved, for example, in helping socially alienated people to get a foothold on the labor market. As it comes to trade unions, Activema AB/Föreningsstödet in Sweden has very little to do with.

Theme 2: The reasons behind CP

CP is something that should be the beginning of any business activity and pervade whole organization and its actions. If there is philanthropic thinking and acting, all the levels such as economic, legal, ethical are filled with satisfaction. The main reason behind CP in Activema AB/Föreningsstödet i Sverige is that it wants to help vulnerable groups of the society. The more it helps the more trust it gains and the better business goes.

The respondent firm practices CP due the ethical/altruistic reasons. It also has cooperation with third parties such as the state itself. For example the firm is involved in a philanthropic project with the NPO Räddningsmissionen in Gothenburg, state employment agencies and community. The firm has had two employees as representatives from socially alienated groups and one is still working as the employee at the respondent company.
One very strong reason to practice CP is to improve employees’ job satisfaction. The latter would keep employees integrated and proud over what the company does. It is most significant to do the firm’s best in CP, because the personnel would feel pride, inspiration and the deep meaning of work done. In fact the personnel are the people who sought the firm due their initial interest in philanthropy. It creates loyalty and eliminates risk of high employee turn-over, which is always very costly for companies. As an example of what the firm does extra to keep its staff motivated is the employees’ possibility to participate in voluntary projects and remunerates them in form of paid vocation and salary. The latter is done above the core activity as the charity agency.

One of ways to maintain loyalty and cooperation within the organization is the above mentioned Christmas charity actions what employees do together with Räddningsmissionen in Gothenburg. The integration, cooperation and loyalty are very important for the respondent firm, since every NPO customer has an own individual agent employed in the firm, who works mainly for only this NPO’s best. So, the agent may consider own devotion and NPO as most important than the one of his/her colleague and this may create obstacles in the decision-making about CP projects as well as in integration and cooperation.

The other reasons to CP according SG are: improve relations with the community/public authorities; improve customer loyalty; improve and sustain employee moral and ethical capacity. As it comes to the improvement of relations with business partners and investors, the respondent does not see it as a reason, but a consequence of the work her firm does. For example, Activema AB/Föreningstödet i Sverige may pay lower rent due the philanthropic character of firm’s work.

**Theme 3: CP in action**

As it was mentioned before philanthropy pervades everything the respondent firm does. Before it used to have different NPO customers and changed them from year to year. Nowadays the company has chosen to work with CP in a sustainable way, which constitutes in a way the firm’s mission. The striving after sustainable CP is especially resembled in the case of cooperation with Räddningsmissionen in Gothenburg and is a very important part of the interviewee firm’s work. The latter is the charity foundation, which works to help homeless people. The sustainability in the respondent firm’s work is of importance even for the employees who can see the clear development of own employer.

Strategically it is important for the respondent firm to look for new ways of exercising its CP work, because it has lived on the established contacts and ideas from the previous owner for a while. The leader role and strong personal engagement is strategically significant in CP work of Activema AB/Föreningstödet i Sverige. Nowadays, the firm does not have guidelines and targets for giving in the firm.

The respondent company strives after new long term relationships in various ways, for example it finds the firms, which can donate money to this NPO and besides that provides own employees for this charity fund’s voluntary field-work. The interviewee firm buys products such as handicraft from the socially alienated people who have
difficulties to get a job and who are supported by Räddningsmissionen. The respondent company’s employees donate private stuff to this NPO during Christmas. Those presents go among other to homeless people and “paperless” children, the children to refugees in Sweden.

Another philanthropic activity is renting out for free a place in their office to the charity Foundation MinStoraDag (My Great Day) (Stiftelsen MinStoraDag, 2012), which helps heavily sick children.

SG names the following when it comes to what CP incorporates in her firm: sponsorship, donations, employee-and employer involvement, allowing the use of facilities and distribution channels for Räddningsmissionen in Gothenburg and CSR Västsverige.

The CP is communicated internally and via own website.

Challenges in the firm’s CP work is maintaining of high engagement of the employees and making the time consuming planning of customers’ orders more effective.

The respondent thinks that it is very difficult to assign value to in-kind contributions.

Theme 4: Branding

Activema AB/Föreningsstödet i Sverige considers its brand as something that follows the NPOs, which it assists in contacts with business organizations. There is a problem to make the respondent’s own brand seen, because it easily disappears in this kind of agency work.

The interviewee promotes the NPOs names by including them on the own firm’s signboard. It also makes advertising in the Central Gothenburg, for example at Korsvägen, near the known Svenska Mässan and Liseberg, the known entertainment park. The reason to getting such an attractive place for a promoting campaign is the firm’s philanthropic engagement. The client’s name Räddningsmissionen in Gothenburg is also included in this advertising signboard. The cooperation with reliable brands of NPOs the agency works with plays an important role for the respondent. Transparency and reliability are of highest significance.

Activema AB/Föreningsstödet i Sverige sees the fact of own transparency as well as the wide range of its unique services of high quality as something not easy to copy. It sees itself as well differentiated and niched as a business. The respondent firm doesn’t benchmark or follows its few competitors and it doesn’t measure their own firm’s brand value.

Ergonomic working places, shorter working days, group events and involvement in decision making as well as general striving after being the best employer constitute the internal branding.
4.4 Sunkoru

**Background of the interviewee and the company.**

Sunkoru is a jewelry retail company, which has two stores located in northern Finland. The geographical situation of the stores is good. They are situated in the best business area of Oulu, in the shopping center Zeppelin in Kempele. Also, this fact makes the firm’s brand better protected, because the company owns its business premises.

The company’s annual turnover is about 2,5 million Euros and it has 8 workers, included the CEO. So, the company is among the SMEs and belongs to small businesses because the turnover is under the 10 million limit. The company is fully owned by Aki Keisu, who is also the CEO of the company. Our interviewee is Aki Keisu himself, who was before a Chain Manager charging retail shops in Finland in the company Kultajousi, which is part of Iduna Group, (the same group also owns Guldfynd, I me My and Albrekts Guld in Sweden).

Therefore his knowledge of philanthropy can be seen extensive. Keisu has graduated with the degree of eMBA from the university of Oulu. Sunkoru was founded in 2007.

**Theme 1: CP definition and theoretical perspectives**

Aki Keisu sees philanthropy as necessary to his company, because the company’s both stores are located near to each other and he knows that people know the company and they follow all their doings. He emphasizes the fact, that Sunkoru is a local company owned by him. Therefore he sees it as a possibility to take part in CSR actions, because the competitors are not doing it in this particular area.

Sunkoru makes mostly small philanthropic actions, but points them directly to some young skier or a team, to be sure in how the money is used. Sunkoru can be seen as market-oriented philanthropist, because the donations are given only to the target group. In their case the target group is selected by gender and age. Most of their customers are women between the ages of 15 and 35. Therefore the company sees that they must also aim their CP towards the same group.

When it comes to stakeholder theory, Keisu claims that the most important stakeholder group is the customers. From a shareholder point of view, he is an owner and he perceives the philanthropic action not as an agency cost. He sees it as a way to get awareness and more customers, even though he emphasizes the fact that the amounts of money are not so big. In Keisu’s mind, the ability to create value for the customers, at the same time creates value to the company.

Sunkoru does not take any CP actions because some people might think that the firm should do it. The respondent firm does it in its own way and does not need anyone else to make a comment about it. The actions are not learned from the point of theory of good management, more from the years of experience as an entrepreneur.
Theme 2: The reasons behind CP

Keisu continues that the decisions that the company makes are not made beforehand, every case is individual but in the background exists the fact about the target group, which has been discussed earlier in theme 1.

Because the company works in a quite small area, only near to Oulu, Keisu says that it is necessary to be involved into CP because of the facts that they want to show outside that they care about the community. Meanwhile they have made a decision on how they aim their CP, as told before it is targeted to the same group as their target customers are.

The experience of long-term involvement into business life has obviously made the CEO to think about the pros and cons of the private company and bigger, Scandinavian-wide companies. As a smaller company’s CEO he cannot go behind the decisions of the shareholders or bigger bosses. Therefore he can also see it as a problem that he must say no to many people. In this case he brings up clearly the decision that his company has made about the target group of their philanthropic actions.

The main reason behind the philanthropy is that he can say to people in this particular area that his company does good things for some groups. He sees it fulfills the people’s needs that the firm is involved in it somehow and the company can show that it cares about the community.

When discussing about employees and their identification through philanthropy, Sunkoru’s CEO does not see it as a part of employee identification. Employees get part of their salary as percentage from the operating profits and therefore most of them see it just as a waste of money. Internal branding is seen in a bit different way in this case, but it is discussed later in this thesis. When asked about if it is possible to improve group identification through CP actions, he comes up with a quite interesting idea, that one part of their philanthropy is that they want to support their workers’ hobbies and it commits them better to the company. Furthermore these actions also integrate the whole working community, the employees are conscious that the company cares about their well-being.

Sunkoru uses Facebook and their own Internet-pages to inform people about their discounts etc. The philanthropic work that the firm does is quite small, but it gets the most benefit out of CP when it tells on its own web-page or Facebook page that the firm has given new skis to a local talented young female skier. Through this the firm can multiply the positive effects of the quite small donation, which on the other hand can play a huge role in the young skiers’ economy.
Theme 3: CP in action

Sunkoru’s CEO tells that his company does not have any precise programs for doing philanthropic work. He sees that for some people it may be difficult to understand that the firm cannot give money to everyone who is asking. It is easier to say “no” if Sunkoru has reached this year’s budget limit of 2800 euros as it comes to some particular targets.

It is interesting that the company wants to give its small amounts of money to some local sports, because it wants to see the direct impacts of the money. His opinion is that big organizations cannot get the money to the place where it is needed. This can be interpreted so, that he sees these big well-known organizations as too complicated and too big. Also, the company can see the effects immediately when it gives money to some local skier or sport organization.

Sunkoru does not measure the impacts of CP, but on the other hand the CEO is really satisfied with the feedback that the firm gets from the targets of the CP work. It is easily communicated, for example, when the local skier makes reports of her results in competitions and so on.

Theme 4: Branding

When it comes to importance of branding in this branch, Keisu sees that it is important to build the brand awareness in his area and give people a picture of a local entrepreneur in contrast to big chains.

Sunkoru works in jewelry business, and it is a retailer of different brands. Keisu sees this thing more so, that the firm can benefit from the good brands that it is retailing. Anyway, the image transfer takes place here at least from his company’s point of view, even though Keisu sees that there is no image transfer between his company and other retailers in the market. The CP actions, which competitors take, do not interest Sunkoru at all.

Sunkoru’s aim is to build a brand to which its target market can form a personal relationship. As mentioned before the firm’s target group is women between the ages of 15 and 35. Therefore the company uses for example flowers and red colors in its visual image. It tries to establish friendship between a customer and the store. This is done mostly in social media and through the simple actions in the store implying that the sales people are polite and friendly. They answer in social media to people’s questions and so on. Keisu sees that this also can be risky, because people then come to the store and ask money to philanthropy because they see Sunkoru as their friend.

Sunkoru measures its brand value only through the size of sales. It does not see it necessary to measure it in any other way. This fact is obvious due the size of the company. When it comes to how CP adds value to its brand, he sees that only the philanthropic actions themselves cannot add value to the brand. The company’s brand can only benefit of these actions if it makes noise about them. The firm exercises CP and tells about it in the magazines, in social media and on their web-page.
So, Sunkoru’s CP only affects current customers, who receive information about the CP from the company. Keisu’s opinion is that Cause-Related Marketing (CRM) would not work in the case of his company.

The CEO of Sunkoru sees internal branding as interesting thing, because normally companies only concentrate to external marketing. He claims that the employees are the best value for the company, but he does not see how CP can create more of internal brand value.
4.5 A company in car service industry

Background of interviewee and the company.

The company works all over Finland and is the second largest chain in its industry in the country. Company’s annual turnover is approximately 40 million euros and the chain has about 320 employees in Finland. Our interviewee is area manager for Northern Finland. The company’s business is car services.

Theme 1: CP definition and theoretical perspectives

Kalle (name invented by authors) (K) from the company in car service industry thinks that companies must carry their responsibility to the society. This is not only about salaries, but also about culture, hobbies and that kind of things. He finds, that companies, which work in smaller areas or smaller cities, are maybe more responsible of society there, than in big cities. When it comes to philanthropy, he points out that it is part of CSR and capital directed to philanthropy is getting smaller every year. He compares the situation to the 80’s when companies had more money for philanthropy than they do nowadays. K continues that wherever the company puts its money, it must also have good return. On the other hand K says that the benefits from philanthropy are not so direct, and there must also be a will to support mainly local activities. He also sees that owner’s wealth maximization comes not in front when we are discussing philanthropy. K thinks that the owners do not have so many expectations in the return to giving money, so they may see it as agency cost somehow.

When it comes to benchmarking of other companies’ philanthropic actions, the area manager of the company working in car service industry takes an example of Audi, which has done good job in taking part in, for example, Alpine Skiing World Cup. He thinks that part of the philanthropic actions can be a result of benchmarking of some other companies, which have had a great success in this area.

Theme 2: The reasons behind CP

The decisions and aims of philanthropic actions in this company are made by the area manager. The company does not have direct guidelines, targets or goals for its money giving. However K sees that the overall things, which are doing something good for the whole society, are important, for example, for health, culture and young people. He does not see that employee morality or ethical capacity depends on the actions the company takes in connection to CP. In the future the company can make some adjustments to the aims of its CP, but has not made any strategic decisions about it yet. Because the company works with car services, it take part in some philanthropic happenings in favor of traffic safety.
Theme 3: CP in action

The backgrounds of different happenings or projects are really important for the company working in the car service industry. It is willing to know all the information available in these cases. The company’s main philanthropic activity is sponsorships and the different ways of it. The firm does not give any guidelines for giving. The donated money goes normally directly to the target, but area manager K does not see any reason behind it, it has just been so. The corporation values do not play any role in the decision making on CP targets. In this case the values come from the manager. The company tries to benefit of their CP through their advertising, where they mention the things they have supported.

There are problems in evaluating the different CP targets. If all the things would be clearer it would be easier to evaluate different organizations. K says that many organizations which are willing to get money from his employer do not emphasize enough the meaning of co-operation. They are willing to take money, but they do not give anything back. Furthermore, the different potential beneficiaries do not understand that the companies get several of these requests daily and it is impossible to get into every of them. Some of these applicants may also have their feelings hurt, because they do not understand that companies cannot give money to everything.

Overall area manager K sees that the most common problem in CP is the lack of feedback and co-operation. He thinks that it does not necessarily mean really difficult things. It can be enough with only some information, for example, about how the happening went and how many people took part in it.

The company working in the car service industry has some co-operation with some sports organizations, with who it has created a system where these organizations sell gift cards for receiving the respondent firm’s services. The company pays for the organization by the amount of sold gift cards. K has found this as a good system, because he gets the reports regularly on how much money his company owes to this particular organization and it is possible to measure how many people are willing to use the firm’s services through the actions of this particular organization.

Theme 4: Branding

K sees that the brands play an important role in their business and the company makes an investigation about their brand awareness and brand perceptions annually. The firm follows other companies, which take part in same CP happenings. K assumes that his firm may benefit of the other companies’ good brands when it takes part in same happenings with them. He finds it also as a good way to build networks with other companies.

On the other hand, if there has been negative news about the aim of company’s possible CP, the firm working in car service industry does not consider taking part in this CP due the risk of negative image transfer between the company and the money receiver.
The company follows also competitors’ ways of taking part in CP, but it mainly makes their own decisions without following too much what the others are doing.

K says, that his employer tries to form a personal relationship between the customer and brand by giving a message mainly through its advertising that the firm does not fail the person, even though it must sometimes fail his/her car.

The company does not measure the brand value, but it has been considering taking an initial step to it. At the moment it seems like it does not take it yet. On the other hand the area manager has said earlier that the firm measures, for example, brand awareness. However, the brand value is more complicated to measure.

In the area of car service industry in Finland, some companies have strong brands, so the benchmarking and the following other successful companies are part of nowadays’ business and in the area of the interviewee’ branch.

The firm does not have big expectations for the issue of how CP affects the company’s position in the market. One thing which K mentions is that the firm tries to position a company for which children, health and well-being are important. On the other hand he sees that making changes to its market position is not possible by CP. They have not considered Cause-Related Marketing and he is not really interested in trying it either. He does not think that the company can get masses of new customers by exercising CP. There are other things than CP marketing play more important roles.

K says that particular business customers of his firm are somewhat loyal to one company. However, he continues that he cannot distinguish how CP affects their current or potential customers. There has been a strong debate in Finland about some companies giving money for politicians to support the latter’s recent selection campaigns. K mentions that his employer does not take part in any of this kind of CP, because he believes it would be one reason to why some companies could lose customers by practicing CP.

The term internal branding is not really familiar for K, but when discussing it, he mentions that in the business area, where his employer operates, there is a lack of employees. Therefore it is important for workers to be aware of that the company carries its liabilities properly.
5. ANALYSIS

5.1 Proffice

5.1.1 CP definition and theoretical perspectives

During the interview the Proffice CSR Executive Jenny Larsson (JL) has explained that in her own eyes CP is initially about the donating money, however she has not excluded the possibility of donating competence. Later on it has shown that CP includes much more activities for Proffice, so the answer has been extended and is presented in the theme below about CP in action. JL has also pointed out that CSR, which includes CP, has to be a wider definition than what the words Corporate Social Responsibility literally mean. The complex and unclear nature of CP and CSR is also mentioned in the theory and the fact of the variety in definitions is mentioned (Grafström, 2008, p. 0; Windell, 2010, cited in Dobers, 2010, pp. 19).

When it comes to theoretical perspectives on CP, JL has shown the tendency to take institutional perspective. She has said that Proffice uses benchmarking to identify the best CP practices and follows the overall trends, such as the donating services and products instead of money. This fact advocates for institutional view on philanthropy, where mimetic process are involved (Di Maggio and Powell, 1983 cited in Matten and Moon, 2008, pp. 411 – 413). At the same time this perspective implies normative pressures set by educational and professional authorities (Orlitzky, 2011, p. 412). In our interview with the Proffice CSR Executive we have found that her educational and professional background as economist and manager in recruitment has not formed her view on CP initially. The perspective has been developed recently due her own entrepreneurial interest and the individual support from her employer in form of Internal Poffice Entrepreneurial Program and from the program leader, consultant Björn Larsson from ForeSight Group.

Another theoretical perspective, which can be tracked in the case of Proffice CP is of shareholder’s. JL emphasizes the shareholders as the main stakeholders and stresses that Proffice is listed on the stock exchange and dependent on quarter reports, which should indicate profitability of the Group. The respondent sees CP as an integrated part of CSR, which should result in wealth maximization sooner or later. There is explicit belief that CP and economical benefits are compatible. JL’s statements are consistent with Salazar & Husted’s (2008, cited in Crane et al., 2008, p. 141) that all the firm does should be focused on increasing value for owners or maximizing shareholder wealth.

The stakeholder perspective on CP is predominant in the case of Proffice Group. JL stresses that, according to the Group’s main owners Capman and Swedbank, Proffice’ philanthropic activities should lead to good development in the society and to overall sustainability. The latter is in line with the definition of philanthropy, provided by Leisinger (2007, pp. 325-326), who points out the difference between the unconditional short-term charitable relief and the philanthropy as a strategic attempt to make tangible positive change in social conditions, which cause problems.

Continuing on the stakeholder perspective, the respondent points out the importance of primary stakeholder groups - the employees, who are also customers - in the Proffice’
perspective on CP. When JL presents the reasons to CP and reflections around Proffice’
branding, she considers the secondary stakeholder groups: suppliers, competitors,
interest groups, media and society. These groups are emphasized even in the theory on
pp. 201-203). The entire above mentioned indicates that Proffice CP includes joint
stakeholder interests (Freeman, 2010, p. 23) and the Group is at service and creating
value not just to its owners but to all stakeholders, without resorting to trade-off
(Freeman et al., 2010, p. 28).

However, we should keep in mind that the specifying questions on different theoretical
points of departure in viewing CP in our interview guide may have helped the
interviewee to develop and present a many-sided answer on this topic. This could have
affected the grade of the interviewee’s individuality and even cognitive independence in
her reflections shared with us. This in its turn could have somehow influenced the
answers on the next following topic about the reasons behind philanthropy exercised by
Proffice.

5.1.2 The reasons behind CP

According to our overall impression, the respondent has presented a unique view on CP
and many reasons to the latter. JL explains that philanthropy is an important integrated
part of CSR, which cannot be seen as a pyramid, where CP constitutes the top. This
contradicts Carrol’s pyramid (1991, p. 42), where philanthropy is only something what
the company practices, because it is desired from the stakeholders. It also does not
comply either with Leisinger (2011, cited in Crouch and Maclean pp. 106-107), who
claims that CP belongs to “can” level and is not bound to produce any direct company
advantage or a measurable financial return, or with Leisinger (2007, p. 320), who sees
philanthropy practice as a sign of corporate responsibility excellence, which towers
above the level of good management practices. Thus, JL have provided us an exclusive
view on CP and its unique wide reason to philanthropy.

Among the main reasons to CP in the Proffice case are to increase the employees’ pride
and identification with organization (Tyler & Blader, 2000, cited in Hogg & Terry,
2001, pp. 155-164); Wedeen, 2011, p. 4), to improve the employee group integration
and cooperation (Hoivik, 2002, p. 108) as well as to assure the sustainability of the
business (Wedeen, 2011, pp. 4, 40). These reasons originate from challenges that
Proffice faces as organization. Due to the specifics of the recruitment industry the
employees, particularly the employed consultants, do not interact much with each other
and it is seen as lower status to be employed by a recruitment firm. A new finding, what
the case has generated, is that CP is used by Proffice to attract new employees and can
be seen as a promotional reason, which has sustainability in focus. This issue will be
additionally scrutinized in the analysis part of branding.

Another reason that is given by Proffice is to increase the employee and customer
loyalty. As it is mentioned previously in the empirical findings chapter, the employees
and customers are often the same people for the recruitment firm. Thus, by stimulating
the growth of the employee’s loyalty via CP, Proffice would stimulate their customer
loyalty at the same time. This is consistent with the theory, presented by Grankvist
(2009, pp. 132-135), who claims that CP as a part of CSR increases customer loyalty and pride.

JL has named and explained other reasons to CP, which all are also listed in the theory provided by the Observatory of European SMEs (OE SMEs, 2002, p. 28), Leisinger (2007, p. 326), and Kotler and Lee (2005, pp. 10-18). She has pointed out that all the reasons are connected to each other and assure the sustainability of Proffice businesses from different perspective of the Group’s stakeholders. The CP is also connected to the Group’s mission due to strategic reasons. This is contrary to the statements made by Warhurst (2011, cited in Crouch and Maclean, p. 58), Wedeen (2011, pp. 48-49), Porter and Kramer (2002, p. 6) and the Observatory of European SMEs report (2002, p. 25) about the lack of strategic approach to CP among the firms.

In summary, Proffice exercises CP, because the Group believes that it provides sustainability to the business and its stakeholders, but not for the reason of repairing any damage (Clark, 1916, cited in Leisinger, 2007, p. 319) or of directly buying out necessary business reforms (Leisinger, 2011, cited in Crouch and Maclean, p. 107). Now, it would be useful to see how the above mentioned reasons are resembled when Proffice adheres CP in its actions.

5.1.3 CP in action

Proffice CP is exercised strategically. There are clear requirements on the NPOs, which the Group should cooperate with in practicing the philanthropy. It has simple targets and guidelines for giving and CP is communicated regularly to stakeholders via their career website, annual reports, shareholder meetings, and intranet. This strategic communication of CP is resembled in the emphasized by Baden (2010, cited in Louche, 2010, pp. 85-86) theory, which says that the large firms promote their social credentials, since they are more reliant on brand image. However, the Proffice CSR executive has stressed, that the communication of philanthropy constitutes sometimes a challenge in terms of effectiveness. At the same time, according to JL, the Proffice’ CP creates a “positive spiral” and attracts more customers. The entire mentioned above constitutes the fact that Proffice applies strategic approach to CP. This contradicts the theory, which is provided by Warhurst (2011, cited in Crouch and Maclean, p. 58), who stresses the problem of “scatter gun approach to philanthropy” and the lack of sustainable solutions for it, and by Wedeen (2011, pp. 48-49), who emphasizes the need of effective guidelines for companies’ philanthropy. Further, JL reports that the employees are partly involved in decision making about CP actions, but this is done at a modest level. Therefore, they cannot jeopardize the meeting of business objectives with social ones – the worry Wedeen (2011, p. 52) reveals - and the crucial decisions are made by the competent in firm matters in a well-thought-out way. The importance of the latter is stressed by Wedeen (2011, pp. 55-56) and by Porter and Kramer (2002, p. 6).

Furthermore, according to Kotler and Lee (2005, pp. 18-21) and Porter and Kramer (2002, pp. 11-16) the companies face a challenge in choosing a social issue, selecting an initiative to address and issue and developing and implementing program plans. As it can be shown from the arguments above, the Proffice case disapproves this theory.
Proffice is involved in most philanthropic activities, which are listed by Kotler and Lee (2005, p. 146) and the Observatory of European SMEs (Observatory of European SMEs report, 2002, pp. 22 – 23). These activities are sponsorships, employee and employer involvement via donating services, providing technical expertise like creating websites, allowing the use of distribution channels and equipment. However, the Group almost does not provide cash donations. This is consistent with the Kotler & Lee (2005, p. 144), who claim that the character of CP has changed from cash donations to creative giving strategies. Proffice excludes also the mentioned in the theory, presented by Kotler and Lee (2005, p. 146) and in the Observatory of European SMEs (Observatory of European SMEs report, 2002, pp. 22 – 23) the following activities: offering grants, awarding scholarships, and cause-related marketing (CRM). The exclusion of the latter, the CRM, as a philanthropic activity can be explained by the lack of mass market product, which Kotler et al. (2005, p.111) refer to.

The measuring of CP effects and presenting them numerically is something JL finds difficult, due the complex and intangible nature of philanthropy and involvement in the marketing activities, which together with CP may increase brand value. This finding is consistent and emphasized by Kotler and Lee (2005, p.163) as the challenge of evaluating the CP effects and the outcomes of philanthropic actions.

Analyzing Proffice’ CP in action, we can see that four of Kotler and Lee’s (2005, p. 145) five main characteristics of modern corporate philanthropy can be applied on Proffice case almost entirely. Namely, there is evidence of strategic approach in selection of social issues that strives to tie philanthropic activities to firm’s goals, however, not directly the objectives. There is also evidence of Proffice’ attempt to establish long-term relationships and partnerships with non-profit organizations (NPOs). Proffice does apply a certain diversity of donation options. The enterprise strives to measure outcomes and determine return on contributions. There is to some extent employee involvement in decision making about CP, but not regarding the concrete selection of recipients of philanthropic programs. Now, it is interesting to see how Proffice’ CP in action can be tied to branding of the Group.

5.1.4 Branding

JL sees that brands play a really big role in their business. As Kapferer (2004, p. 20) claims, products where brands are not so important are for example products like sugar. In Proffice’ case, they are providing services, which naturally cannot be seen as mass-market products and, thus, the Group is depending on the brand issue. JL believes that, if the Proffice’ brand sits in the employees’ minds deeply, they are the best ambassadors for this brand. This justifies that Proffice’ business needs to have good internal branding.

Internal branding means what associations the employees have about their company and what its brand represents (Keller 2003, p. 156). Proffice sees internal branding the same way and considers the latter as necessary. The Group uses different channels to communicate with their employees. To some extent it can be seen as a forerunner because unlike other companies, it has familiarized itself with internal branding and they are trying to create value to their internal brand through CP.
The Group improves its brand not only as employer, but even as service provider through CP. The customers are often the employees due to the specifics of recruitment industry. CP is strategically important as the indication that Proffice does good things by participating in it. This fact awakes the customers’ pride in the Group and leads to customer loyalty, and, thus to the increases brand value at the means of increased brand equity, which Temporal (2010, p. 5) and Aaker (1993, p. 2) have emphasized and discussed. The CP, which Proffice exercises towards schools and NGOs is a sign of the Group’s behavioral consideration of its target market. Thus, CP is included as important customers’ motivation behind their purchases of Proffice’ services. This aspect is also emphasized by Keller (2003, p. 123).

Another brand related issue is image transfer. Carrillat (2010, pp.110, 120-121) says that image transfer can occur between different brands when they are in the same context. Proffice tries to benefit from their partners’ image, if they take part in the same CP related events. This increases competitiveness of the Group.

JL sees it can be easy to copy some of their activities, but on the other hand says that some of them are more difficult. She does not separate them more precisely, just mentions that they are services. According to Aaker (1993, p. 7) the products which have a complicated brand structure are safer when it comes to competitors’ attacks, therefore the services must be one of the things by which Proffice creates competitive advantage.

JL has limited expertise in branding issues, therefore our conclusions of Proffice’ branding may not be as accurate as expected. The strongly desired availability of Marketing Manager Sibel Wolff and her competence could have helped a lot in the analysis of the branding related issues.
5.2 Activema/Föreningsstödet i Sverige

5.2.1 CP definition and theoretical perspectives

Sofia Grimhusen (SG) defines CP as sharing in outside direction on non-profitable basis. CSR is something what “sprawls” and concerns diverse groups of stakeholders, taking in consideration economy, ecology and society as a whole. These statements are in harmony with Abreu and David’s (2004, cited in Crowther and Rayman-Bacchus, 2004, pp. 111, 113) claim about flexibility of CSR and CP definitions. Sofia’s CSR definition resembles the European Commission’s (2005, cited in Clegg et al., 2011, p. 397) and Grankvist’s (2009, p. 17) theory. The sources claim that CSR is combination of economic, environmental, and social responsibility and is practiced in the interactions with stakeholders on volunteer basis.

The empirical findings about Activema AB/Föreningsstödet i Sverige indicate that the firm excludes the institutional and shareholder perspectives on CP. This is explained by the philanthropic concept of the firm and the uniqueness of its mission. Thus, coercive isomorphism, mimetic processes and normative pressures, which Di Maggio and Powell (1983 cited in Matten and Moon, 2008, pp. 411 – 413), Orlitzky (2011, pp. 410, 412) and Matten and Moon (2008, p. 411) claim about institutionalized perspective on CP are not used in the case of this respondent. However, the educational and professional background of the respondent could have had its effect on seeing the CP. Further, Friedman’s claim (2002, p. 133) about wealth maximization as the only social responsibility and the agent problem associated with CP in firms according to Atkinson and Galaskiewicz (1988, p. 82) are not of question in the case of our respondent firm. It is very specific to the case of Activema AB/Föreningsstödet i Sverige, whose main mission consists of helping the NPOs by attracting the support from the business world and of overall trust maximization inside and outside the firm.

In general, the whole interview with SG is characterized with the focus on stakeholder perspective on CP. This is consistent with the theory of Freeman et al. (2010, p. 236), who suggest the view of company stakeholder responsibility on CSR and CP as a part of it. The firm’s existent customers, the three known and nation-wide large NPOs, are seen as the most important primary stakeholders. The employees come next. The focus on the attempt to increase their loyalty and pride is very obvious in the case of Activema AB/Föreningsstödet i Sverige. The owner perspective in terms of expectation on wealth maximization is totally rejected, but is emphasized in terms of to strive to encourage philanthropy.

Notably, the respondent excludes other primary stakeholders, such as business partners and potential customers. This is done, because of the firm’s view on sustainability and the focus on local cooperation with existent customers, the three NPOs. The respondent’s own view on stakeholders is unique and differs from the number of stakeholder groups, suggested by Freeman’s (1984, p. 25) Stakeholder model. Community and employment agency are the only once, who constitute a secondary stakeholder group. This is only a part of the suggested by Lauring and Thomsen (2010, cited in Dobers, 2010, p. 199) list of members in secondary stakeholder group, which a firm should have.
The main reason to CP in the case of Ativema AB/Föreningsstödet i Sverige is the philanthropic values, which pervade the firm’s employees and owner and all what the company does. Philanthropy is a starting point for the firm’s existence and generates trust among the customers and other stakeholders. The more trust the respondent firm gains the better business goes according to SF. The importance of trust is stressed by Baden (2010, cited in Louche, 2010, pp. 85-86), who claims, that SMEs tend to be more reliant on personal relationships with their primary stakeholders, for example, how they are perceived by own employees and key customers. At the same time, nothing in the presented theory has claimed that the philanthropic values are the main reason to business activities. The case of Ativema AB/Föreningsstödet i Sverige seems to be very unique.

SF also presents the strong reason to CP – the improvement of employees’ job satisfaction. This is even mentioned in the list, which is provided by the Observatory of European SMEs (OE SMEs, 2002, p. 28). The respondent emphasizes the challenge in improving the employee group integration and cooperation, but sees CP as a good reason to meet this challenge. This is even stressed in Hoivik’s (2002, p. 108) theory.

Ativema AB/Föreningsstödet i Sverige has strong intention to be a good employer and to maintain the high engagement of its employees through CP. This has support in theory provided by Grafström et al. (2008, p. 156), who claim that the Swedish firms, which show clear moral values, practice CSR including employee volunteerism are perceived as more stimulating and attractive employers than those, which do not.

Further, the increasing of employees’ pride and identification with organization is another reason, which the interviewee presents. Tyler & Blader (2000, cited in Hogg & Terry, 2001, pp. 155-164) and Wedeen (2011, p. 4) also bring up these issues as determinant for philanthropic activities among the firms. Kotler and Lee (2005, pp. 10-18) suggest the increased ability to attract, motivate and retain employees as a pull power behind CP. This is even emphasized by our respondent, who sees that the gained through the philanthropic actions employee loyalty decreases the risk of high turn-over of staff. However, the named by Kotler and Lee (2005, pp. 10-18) other reasons - the increased sales and market share, the decreased operating costs, and the increased appeal to investors and financial analysts – are not relevant to the Ativema AB/Föreningsstödet i Sverige case at all.

The respondent from Ativema AB/Föreningsstödet i Sverige mentions the other reasons, which are also listed by the Observatory of European SMEs (OE SMEs, 2002, p. 28): improve relations with the community/public authorities and improve customer loyalty as well as to improve and sustain employee moral and ethical capacity. However, she points out the unique feature about her firm is that the improvement of relations with business partners and investors is not seen as a pull power behind CP, but a consequence of the company’s philanthropic work. This statement is in contrast to the Observatory of European SMEs (OE SMEs, 2002, p. 28), which identifies the improvement relations with business world and investors as an incitement to involve into philanthropy.
In summary, the interviewee firm sees the reasons connected to employee job satisfaction and increased loyalty and integration as predominant. Anything, which is characteristic for the wealth maximization and the competition in business environment, is not relevant for the respondent company. This constitutes the unique finding and contradicts Leisinger’s (2007, p. 326) theory, which stresses the enhancement of corporate image and brand recognition as well as the improvement of the relationship with political stakeholders as main reasons to exercise CP.

5.2.3 CP in action

In the case of Activema AB/Föreningsstödet i Sverige the CP is automatically connected to the interviewee firm’s mission, because the company works in the name of NPOs, for which it acts as an agent. Thus, the philanthropic work has a strategic character from the beginning. This is contrary to the statements made by Warhurst (2011, cited in Crouch and Maclean, p. 58), Wedeen (2011, pp. 48-49), Porter and Kramer (2002, p. 6) and Observatory of European SMEs report (2002, p. 25) about that firms lack strategic approach to CP.

The respondent firm strives to be sustainable in its work with customers and internal work with its employees. On one hand, the respondent firm can be perceived as applying the stressed by Wedeen (2011, pp. 55-56) strategic approach in its philanthropic work. On the other hand Porter and Kramer (2002, p. 6) scepticism about the challenges the firms may face in strategic leadership in exercising and evaluating of CP can be referred to Activema AB/Föreningsstödet i Sverige as well. For example, the firm is missing the guidelines and targets for giving as a part of its philanthropic work. Wedeen (2011, pp. 48-49) also pays attention to the need of an effective set of corporate giving guidelines. Kotler and Lee (2005, p. 163) claim, that, if a firm does not have a guideline and targets for giving, it will bring managers to a challenge of struggle for direction and consensus on levels and types of giving. The latter is resembled in the challenges associated with each employee’s loyalty to own particular customer and with time consuming planning of customers’ orders.

Activema AB/Föreningsstödet i Sverige includes in its philanthropic work sponsorship, donations, employee-and employer involvement, and allowing the use of facilities and distribution channels. These activities are even presented in the theory that is provided by the Observatory of European SMEs (Observatory of European SMEs report, 2002, pp. 22 – 23). The philanthropic activities which the respondent firm reports are mentioned by Kotler and Lee (2005, p. 146), who among other emphasizes that CP includes providing cash donations, donating products, donating services, providing technical expertise, allowing the use of facilities and distribution channels, and offering use of equipment.

This is obvious that the interviewee firm strives to make tangible positive change in social conditions through its unique philanthropic character of the business. It is not after giving an unconditional short-time relief, which constitutes charity according Leisinger (2007, pp. 325-326).
Finally, the respondent thinks that it is very difficult to assign value to in-kind contributions. This problem is even stressed by Kotler and Lee (2005, p. 163), who claim that managers have particular difficulty to assign values to in-kind contributions.

5.2.4 Branding

Activema AB/Föreningstödet i Sverige sees their brand easily disappears among the others. Maybe this is because they mainly work as an agent for bigger organizations. The interviewee firm uses their partners’ logos also in their own company’s signboard. Therefore this can be interpreted so that the company sees there can be image transfer, mainly with the NPOs they work with. Carrillat (2010, pp. 110, 120-121) supports this in his theory of brand image.

The company somehow concentrates on branding, because it sees that its brand is not easy to copy. The firm has special knowledge, which gives unique competitive advantage. On the other hand the interviewee has said in the beginning that the firm’s brand is not really strong. It is quite obvious that the company of this small size does not measure own brand value at all. In internal branding the firm mostly concentrates on employee well-being, which it does not relate to CP. The interviewee from Activema AB/Föreningstödet i Sverige is not really aware of its brand building, therefore it is not really easy to identify direct connections to our theory. Maybe brand is just not a really big thing for the company, because the latter works as an agent for bigger NGOs/NPOs.

At the same time the company is determined to work with reliable brands. This fact can be seen as an indicator of brand evaluating work.

Finally, according to Baden (2010, cited in Louche, 2010, pp. 85-86), SMEs and large firms differ in their approaches to CSR and, thus, to CP. The large firms promote their social credentials, since they are more reliant on brand image. The SMEs tend to not realize the strategic advantage of their CSR and CP activities, which they still have, particularly in form of community support. While exercising CP, the smaller firms are more reliant on personal relationships with their primary stakeholders, i.e. how they are perceived by own employees, local governments and key customers. This also explains why the Leisinger’s (2007, p. 326) theory, which stresses the enhancement of corporate image and brand recognition as main reasons to CP, does not concern Activema AB/Föreningstödet i Sverige.
5.3 Sunkoru

5.3.1 CP definition and theoretical perspectives

The CEO of Sunkoru sees that his firm can gain a competitive advantage from their Corporate Philanthropy (CP) because their competitors are not concentrating on it at all. The company does not follow the theory of Orlitzky (2011, p.412) where he says that one thing which is included in the institutional theory, is the phenomenon of benchmarking successful companies’ work in some certain areas. On the other hand, The CEO does not mention if they benchmark what successful companies in other business areas are doing with CP.

The Stakeholder Theory perspective implies firms being at service and creating value not just to its owners but to all stakeholders, without resorting to trade-off (Freeman et al., 2010, p. 28). Sunkoru’s CEO sees that their most important stakeholder group is their customers and does not define any other groups particularly.

The amounts of money spent on their CP are small, but the company aims them at its target market. According to the Stakeholder Theory the practice of CP should be based on joint stakeholder interests (Freeman, 2010, p. 23). Pursuant to this logic, the ideal scenario for CP would be the following: measures taken to meet stakeholders’ interests in terms of CP should result in increased shareholders satisfaction caused by achievement of sustainable profits gained through strengthened brand, also employee and customer loyalty. Because the company aims their CP to their target group, this is in line with the above mentioned theory. The company tries to benefit by giving support to their target group, which is even in accordance with the Observatory of European SMEs (OE SMEs report, 2002, pp. 30, 34) about the benefits gained by SMEs in Finland from CP.

From the Shareholder Theory perspective, everything the firm does should be focused on increasing value for owners or maximizing shareholder wealth (Salazar & Husted, cited in Crane et al., p. 141). Sunkoru’s entrepreneur does not see philanthropy as an agency cost. He sees it more as an investment to get more customers and awareness. At the same time he mentions that the amounts of money they are giving to philanthropy are not really big. The CEO’s opinion is that when the firm creates value for its customers, at the same time it creates value for the company. In this case the CEO is at the same time the owner, so there are not any interpretation errors between the management and the owner.

Sunkoru’s CEO does not see their philanthropic work as the best management practices or as corporate excellence (Leisinger, 2007, p. 320). The firm just does it without really planning CP, even though the targets of their donations are considered in advance.

5.3.2: The reasons behind CP

In the pyramid of Corporate Social Responsibility (CSR) Carroll (1991) describes that the corporate world acts responsibly in a certain order of priorities, where requirements, expectations and desires from stakeholders should be met. Sunkoru’s CEO has said that
his firm does not have any program for its CP. Every CP action the firm takes is an individual case. It only keeps in mind its target group and the amount of money, which is planned to be donated. The only kind of CP the company has are donations and sponsorships. Because the company works in quite small areas, like the Oulu region in Northern Finland, the CEO of the company sees it is necessary to show that the company cares about the community. The above mentioned reasons are even presented by Kolter and Lee (2005, pp. 10-18), for example, the improvement of the relationship with the community.

Sunkoru’s CEO compares the situations between big chains and his own company, and says that it can also be seen as a difficulty when he cannot go behind higher bosses’ backs when he has to decline CP. Therefore, he sees it as important that he can say the firm has made a decision to give money only to the target group and to follow a certain CP budget.

The main reason behind Sunkoru’s CP is to show that it practices CP, even though the amounts of money aren’t very large. This indicates that the firm strives to attract customers and increase sales as well as to strengthen brand positioning. Those reasons are also mentioned among other by Kotler and Lee (2005, p. 10-18).

According to Wedeen (2011, p. 40) the primary reason for carrying out a corporate contribution program is to build and sustain employee morale and to make them feel good about the firm, which in turn creates raison d’être for corporate philanthropy. CP does not increase employee group identification in Sunkoru’s case. The company’s CEO sees that the only way when it can be part of it, is the situation when the company aims its CP to the employees hobbies. This is how the entrepreneur can show that he cares about the well-being of his employees.

One reason behind the company’s CP is that they can use social media and advertising to show customers that they have exercised CP. The increase of presence in social media as a reason to CP is not mentioned in theory. This constitutes a kind of unique finding.

5.3.3 CP in action

As it was previously mentioned in 5.3.1 the firm exercises CP without really planning, but considers the targets of its donations. This justifies the criticism on CP as lacking sustainable solutions and a strategic approach (Wedeen, 2011, pp. 48-49; Porter and Kramer, 2002, p. 6). However, the owner’s main reason is to attract and maintain the target group of customers. This is in accordance with the Observatory of European SMEs (European Commission, OE SMEs, 2002, p. 28), which says that in Finland the main reasons to take corporate philanthropic measures is to improve customer loyalty (67%).

The company’s CEO wants to see the effects of the firm’s CP. Therefore, he believes it is easier to follow the effects while giving money to those who can be easily followed by the firm in terms of how the given money is used. The CEO believes it would not be so easy to see the effects if he donates money to some big NPO. The tendency to
exercise CP to smaller familiar actors than to large NPOs is not covered in the theory presented in this thesis and can be an issue to be discussed further in the following chapters.

In the above chapter it is discussed that the biggest aim in Finnish companies’ CP is to create customer loyalty. This can be interpreted so that Sunkoru sees the easiest way to do so is by giving donations to some customers from the target groups.

The company does not measure the effects of its CP, but on the other hand it is willing to get feedback about how its CP work helps the receiver.

5.3.4 Branding

The CEO of the company sees that brands play a somewhat large role in the jewelry business. As Kapferer (2004, p. 20) claims, normal products where brands are no so important are, for example, products like sugar.

Sunkoru’s CEO sees the brand can have image transfer mostly between the brands, which are retailed by the firm. This is supported by the theory, where Carrillat (2010, pp.110, 120-121) says that image transfer can occur between different brands when they are in the same context.

Even though Fischer (2010, p. 823) claims that brand image is not only the things that the company does, but also the actions of their competitors, Sunkoru does not follow the competitors’ philanthropic work.

The company’s CEO also sees it possible for customers to form a personal relationship with the firm’s brand, the jewelry brands and the company itself, in particular considering engagement in social media. It is quite obvious that a company of this size does not measure its brand value. The CEO of the company sees that the best way to measure is by the size of sales.

According to Aaker (1993, p.7) products, which have complicated brand structure are safer when it comes to competitors’ attacks, in this case the brand’s structure can be seen as quite simple. On the other hand, the CEO has mentioned the geographical situation of the stores as a part of the firm’s brand. They are in the best possible places in Oulu and in the shopping center Zeppelin in Kempele. Also, this fact makes the brand better protected, because the company owns its business premises.

Even though the company uses only small amounts of money for the philanthropic purpose, it tries to multiply the effects by stating in its advertising campaigns that it supports some certain groups or individuals. According to Keller & Kotler (2006, p. 278) every Euro spent to gain more knowledge about one’s brand builds the brand equity. They claim that every Euro which is not spent wisely can be seen as spending. As mentioned before, the company does not spend a lot of money for philanthropy, but tries to benefit from it as much as possible.
As Keller (2003, p.123) claims, the market segment can have the same kind of interests and motivations as the product. This is used in Sunkoru’s philanthropic actions so that the firm aims its donations to the individuals representing the target group. Therefore it can be seen that the company tries to use the philanthropic work to get more attention within the target group.

The CEO’s belief is that Cause-Related Marketing would not work in his area of business is supported in theory, which says that it is more suitable to mass-market products (Kotler et al., 2005, p. 111).
5.4 A company in car service industry

5.4.1 CP definition and theoretical perspectives

Kalle (name invented by the authors) (K) believes companies must take care of their society and show that they care. He mentions salaries, hobbies, culture and these kinds of things. K believes the smaller the city is, the bigger the role of the company is for the well-being of the area.

The Stakeholder Theory perspective implies firms being of service and creating value not just to its owners but to all stakeholders, without resorting to trade-off (Freeman et al., 2010, p. 28). K sees that the company must get something in return of their CP. On the other hand, he continues that benefits that companies get from their CP are not really that big, therefore it is important to aim the money donations or sponsorships to local well-being.

From the Shareholder Theory perspective everything the firm does should be focused on increasing value for owners or maximizing shareholder wealth (Salazar & Husted, cited in Crane et al., p. 141). In this case the area manager assumes that the owner sees CP somehow as an agency cost and it is not something just for improving owner’s wealth maximization. K’s opinion is that owner’s wealth maximization is not the most important thing in CP, but he sees the latter as an agency cost.

When it comes to benchmarking, K mentions that the firm follows what other companies do, but only the ones which have been doing well in certain business areas. It does not necessary need to be related to the firm’s industry. According to Orlitzky (2011, p. 412), another determining factor of the institutionalized view on CP is the tendency to imitate the most successful examples in the corporate world searching for the best practices. So the theory and practice are in line in this issue.

5.4.2 The reasons behind CP

The company takes its decisions on CP targets only due to area managers’ own values and their convictions that doing good for the whole of society is important. This can be seen as ethical (mainly altruistic) reasons, which the Observatory of European SMEs (OE SMEs, 2002, p. 28; see Appendices) presents, among others. The company does not have any guidelines for its CP work. The area manager sees the overall health maximization as an important issue when he makes the decisions. Due to the fact that the company works in the car service industry, it aims part of the donations to further traffic safety and things related to the car service industry. The company does not relate its CP to any kind of the management practices; it is just something that the firm does. The above mentioned is resembled in the theory of Porter and Kramer (2002, p. 6), which emphasizes CP as being not connected to well-thought-out business and social objectives, but being unfocused and reflecting individual beliefs and values of executives or employees.
5.4.3 CP in action

The company’s main CP activity is sponsorship. It prefers to receive accurate information of the happenings or target of the firm’s CP. On the other hand, the company does not have any specific guidelines to their CP. Money goes usually directly to the target, but the area manager does not have any strategic planning for it. The firm plans its targets case by case and as mentioned before, does not have precise guidelines for CP. The company tries to benefit from its CP via its advertising campaigns.

Kotler and Lee (2005, pp. 18–21) and Porter and Kramer (2002, pp. 11-16) find that CP is determined by many factors, which are often not easy to predict. The companies face a challenge in choosing a social issue, selecting an initiative to address and issue, developing and implementing program plans and in evaluating the latter. They are asking themselves whether their CP supports business goals, stockholders would approve the philanthropic choices, the employees would get excited about the chosen philanthropic projects, and others involved would ask the firm for funds and whether competitors are already in a similar CP. K sees it as a problem to evaluate different aims of CP. He continues that forming co-operations with different organizations would do them well. He emphasizes the meaning of feedback, which has not played big role so far. The feedback does not necessary need to be complicated, only short descriptions of how the given money has been used would be enough. Thus, the CP in action constitutes charity rather than philanthropy, because, according to Leisinger (2007, pp. 325-326), the charity is CP with a character of being unconditional short-term relief. Sponsorship is just one type of CP, which is listed by the Observatory of European SMEs (Observatory of European SMEs report, 2002, pp. 22 – 23; see Appendices) and Kotler and Lee (2005, p. 146). In this case CP is a kind of old fashion, which is emphasized by Kotler and Lee (2005, p. 144).

5.4.4 Branding

K sees the brands as playing a big role in the car service industry. The respondent firm is willing to know more about own brand awareness and brand perception. As Kapferer (2004, p. 20) mentions, this is not an industry where brands normally do not have a big role.

K assumes that it is possible to gain advantage of other companies’ brands, which take part in the same CP events. Related to this, the firm also tries to investigate accurately if the event has a negative image. Thus, the company is aware of the risk of negative image transfer, which is emphasized by Carrillat et al. (2010, pp.110, 120-121), who say that image transfer can occur between different brands, which are in the same context.

The company follows other companies’ CP, but mostly makes own independent decisions on CP. One form of generating a personal relationship between their brand and customer is the firm’s attempt to give a nice image through advertising. The firm
also reports its CP actions in the media. Considering the fact that the respondent firm is the second largest in its industry in Finland, we can connect the basis of advertising of CP to Baden (2010, cited in Louche, 2010, pp. 85-86), who claims that large firms promote their social credentials, since they are more reliant on brand image. According to Keller & Kotler (2006, p. 278) every Euro spent to get more knowledge of the brand builds the brand equity. They continue that every Euro which is not spent wisely can be seen as spending. Therefore, the company tries to benefit from its CP by informing different consumer groups about its CP in the advertising campaigns.

The company does not measure brand value accurately, it has been discussing about taking the initial step, which has not been taken yet. The company does not have expectations that its CP would somehow change its market position; K believes that other actions play bigger role in this matter.

K says that Cause-Related Marketing (CRM) may not fit to the firm’s branch very well; therefore it has not tried CRM. This is supported in theory, and Kotler et al. (2005, p. 111) claim that it is more suited to mass-market products.

K says it is not easy to distinguish how CP affects the company’s current customers or possible new customers. The firm’s area manager is not familiar with the term internal branding, but says it is important to form a good reputation among employees, not least because of the lack of employees in the industry, in which the firm operates. He continues that CP may not play such a big role when it comes to internal branding. Thus, the latter statement is somewhat in contradiction with Kotler and Lee (2005, pp. 10-18), who claim that CP generates benefits in terms of increased ability to attract, motivate and retain employees.

In summary, a company working in the car service industry does not generate a profound picture of CP and of the reasons to the latter.
## 5.5 Summary on the analysis

Below is Table 6 which presents the most important findings discussed in the analysis chapter about every respondent firm in the main themes of our research work.

Table 6. Summary on the analyzed findings.

<table>
<thead>
<tr>
<th>Name of the interviewed company</th>
<th>Theme 1: theoretical perspective on CP</th>
<th>Theme 2: reasons behind CP</th>
<th>Theme 3: CP in action</th>
<th>Theme 4: branding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proffice</strong></td>
<td>Institutional and stakeholder</td>
<td>Sustainability goal with focus on primary stakeholders: employees/customers and owners.</td>
<td>Strategic approach, schools deliver new customers, NGOs keep Proffice’s staff enriching their CV through donation of competences.</td>
<td>Internal branding of highest importance and is basis for external branding. Difficulty to measure CP effects. Image transfer.</td>
</tr>
<tr>
<td><strong>Activema AB/Föreningstödet i Sverige</strong></td>
<td>Stakeholder</td>
<td>Initial philanthropic values, overall trust, employee job satisfaction</td>
<td>Strategic sustainable cooperation with three known NPOs, local focus.</td>
<td>Internal branding is most important. External branding hardly exists. Transparency and unique services are main features of brand. No measuring of CP effects. Image transfer.</td>
</tr>
<tr>
<td><strong>Sunkoru</strong></td>
<td>Stakeholder</td>
<td>Improvement of relations with community, attention in social media, target marketing and customer loyalty.</td>
<td>Budgeted money donations to a determined target group.</td>
<td>External branding only. Image transfer. Brand value is measured by amount of sales.</td>
</tr>
<tr>
<td><strong>The company in the car service industry</strong></td>
<td>Shareholder</td>
<td>Managers individual values, ethical (mainly altruistic).</td>
<td>Sponsorship</td>
<td>Advertising of CP as external branding; image transfer; no existent practice of measurement of brand value, but plans to have one.</td>
</tr>
<tr>
<td><strong>Common for the all four firms:</strong></td>
<td>Varying perspectives on CP: institutional and stakeholder in Sweden; shareholder and stakeholder in Finland</td>
<td>NONE in common for all four. Except for Sweden: focus on employees’ satisfaction and integration.</td>
<td>Somehow planned actions; donation of own services (except for Sunkoru).</td>
<td>Image transfer takes place when exercising CP.</td>
</tr>
</tbody>
</table>
6. CONCLUSIONS

Each of the four interviewed companies has presented its own unique view on corporate philanthropy for us. They have described and explained their own reasons behind this phenomenon and the unique activities the latter consists of. Conclusively, a fair comparative analysis of the all four respondent firms and their CP is impossible to carry out due to the significant differences between them and all possible various factors, which may have caused this diversity. Therefore, we can mostly draw conclusions on each respondent separately. This would be consistent with the presented in introduction part aim of our study, which is supposed to emphasize CP as a part of CSR, to explain how the latter is exercised in practice and to explore how firms’ philanthropic actions add value to their brands. With reservation to the above mentioned limitations this qualitative study also answers our research question: what are the main reasons behind corporate philanthropy and how is it conducted in the firms?

Considering the evidence of diversity among our respondents and their CP in actions as well as in some of the reasons to the philanthropy exercised, we have come to the following main conclusions about each of our respondents.

**Proffice** has a clear strategic approach to CP. This contradicts the criticism about the ascribed to CP sporadic actions that characterize philanthropy among companies. There is an explicit belief that CP and economical benefits are compatible. Proffice CP includes joint stakeholder interests. A new finding, which the case has generated, is that CP is used by Proffice to attract new employees and can be seen as a promotional reason, which has sustainability in focus. This has a direct connection to the Group’s extensive branding activities. To exercise CP is a clear certain way for the interview firm to achieve its goal of overall sustainability and to strengthen the Proffice brand both internally and externally. The Group does not face difficulties in choosing a social issue, selecting an initiative to address and issue and developing and implementing philanthropic program plans. CP is conducted in a diverse, innovative and unique way by Proffice, which generates an enriched knowledge about the phenomenon studied.

**Activema AB/Föreningssstödet i Sverige** shows that the philanthropic values are the main reason for its business activities. This is a unique situation, which justifies the firm’s position of the NPOs’ agency on the market. The firm totally excludes the characteristic for the business world effort to wealth maximization and the competition in a business environment as the main reason to be considered when conducting own business and CP. The firm’s main incitement to CP is employee satisfaction. When it comes to branding, the most important indicator of the company’s CP is the gained trust through transparency and devotion. This is even determined in the firm’s strategic approach to CP and in the firm’s intention to keep sustainable business relation to the three large NPOs.

**Both Swedish respondents** emphasize the challenge of improving the employee group integration and cooperation. This fact is an indicator of a consistent organizational challenge and effort to improve the group work in the interviewed Swedish firms. Using CP as one of the means for improvement shows that our Swedish respondents tend to be more internal branding oriented than our Finnish respondents.
**Sunkoru** aims to stimulate customer loyalty through money donation to targeted market groups. The firm, of a very small size, believes that CP also helps to keep good relations with the community and to increase positive image in social media. It prefers to make donations to the local beneficiaries instead of larger NPOs motivating it with easiness to track the usage of the donated money. The identification of this preference constitutes a new finding, which is not discussed in the theory obtained. The firm has a partly strategic and branding-oriented approach to CP. There is no explicit brand value growth due to the exercised CP. Brand is measured in terms of increased sales.

**A company in the car service industry** is large enough, but its CP work is not profound. The main reason behind it is the managers’ own values and beliefs that CP can generate a better image for the company and the improved brand value, but would not influence the firm’s market position. CP is mostly exercised in the form of sponsorship and lacks an explicit strategic approach in the company. Considering the size and importance of the firm on the Finnish market, CP is very poorly practiced.

**Both Finnish respondents** emphasize the CP role for external branding, in order to meet market target groups and increase customer loyalty. This fact is an indicator that the Finnish market may encourage CP in a particular way and our respondents from Finland are more external- than internal branding oriented in comparison to our Swedish respondents.

There are a few common features among **all four firms** interviewed when it comes to CP in action or its conduction. None of the companies practices the offering of grants, awarding scholarships, and cause-related marketing (CRM). The latter, the absence of CRM, can be justified by the fact that our respondent firms are not involved in mass market production and do not need powerful distribution channels.

Among the smaller companies in both countries, (in our case Activema AB/Föreningssstödet i Sverige in Sweden and Sunkoru in Finland), they are not interested at all in competitors’ actions concerning CP. Larger companies, on the contrary, follow their main competitors’ steps on that issue. This contrast suggests also significant differences in view on CP and its practice depending on the company size group.

The example of the four researched firms supports the theory, which indicates differences in terms of incitements to CP in Finland and Sweden. The interviewed Swedish firms are more oriented on corporate moral values as well as on a sustainable and better society while the Finnish are more concerned about improvement of brand value at the means of CP.

Our Swedish respondents indicate that the firms in Sweden can be more optimistic about CSR and CP and accept that the latter can create economic profitability and sustainability while among the Finnish respondents shows that certain skepticism around this belief prevails.

All the researched companies in this thesis are facing difficulty in evaluating and measuring the effect of CP on firms’ profitability and results. This fact requires further
scientific investigation, in order to obtain a deeper understanding of CP benefits and to find out the best solutions to measure and quantify them.
7. DISCUSSION AND FURTHER RESEARCH

As it has been highlighted in the conclusions, the interviewed Swedish firms have shown concern and desire to improve the group integration and cooperation. The effort to achieve this positive change constitutes one of the main reasons behind their CP work. The interviewed firms in Finland, however, have not presented the same interest to this issue. This may be due to multiple factors, among which the cultural differences which may take place. Thus, it would be good to do further research on the reasons behind the differences of the views on the need of group integration and cooperation at the means of CP practice among these firms in particular and even other firms.

The Swedish respondent Activema AB/Föreningsstödet i Sverige emphasizes employees’ job satisfaction as one very strong reason to exercise CP. The study provides only the employer perspective. In order to get a more detailed justification of CP as being the way to increase employee satisfaction the employee perspective is necessary. Thus, further research including the interviews with the firm’s employees would be a good way to increase the value of the research, the awareness on CP and to obtain a deeper insight of reasons to it.

Proffice emphasizes the growth in CP thinking and practicing during this year when comparing to the previous “passive” years and the significant changes it has been through the recent months. This opens up for further studies of how the recruitment branch treats the CP question. It also invites research about CP development, periodic review of CP work and evaluation of CP effects within this recruitment Group and on its stakeholders. The way how the firm assesses the input such as CP exercised by the employees during paid hours and output in terms of improved reputation, strengthened brand and giving co-operations is still unknown in the case of this interviewee. Thus, the further research on how the firm matches the CP in terms of input and output is required. This can be investigated in the case of the other three of our respondents and their branches as well.

Activema AB/Föreningsstödet i Sverige showed quite a vulnerable economic position in 2010 with a negative result (-350 000 SEK) (OnetoOne, 2012), which may reflect the firm’s philanthropic devotion. It would be interesting to investigate factors behind the negative economic result and identify whether CP was one of them. It would be also of concern to follow Activema AB/Föreningsstödet i Sverige in the future and see if it succeeds in keeping its uniqueness in terms of competition and the business devoted to philanthropy; and also if it can encourage further growth of strategic CP among the diverse enterprises in Sweden. This may open new thinking in the business world about CP and the alternative ways to carry out philanthropic co-operations.

Another issue to be discussed and researched further is the lack of CP actions such as offering grants and awarding scholarships. In the case of Proffice, both alternatives could be very interesting, since the firm deals, among others, with the delivery of diverse competences in terms of recruitment services. The other respondent, the firm in the car service industry from Finland could have obtained a more valuable competitive advantage if it attracted “new brains” and philanthropic image through the above mentioned missing CP actions. In fact, this firm is the industry’s second largest in Finland and should possess enough resources in offering grants and scholarships, for
example, in order to encourage more qualitative research in service management and in traffic safety at the University of Oulu. As we can see from the introduction part of this thesis, another Finnish company, Nokia, exercises active philanthropy towards the academic world in Oulu.

The next issue, which requires further research, is the view on branding and its implementation at the means of CP among the firms in both countries. Peculiar enough, both of our Finnish respondents see CP at first hand as a way to exercise branding, in particular externally. The Swedish respondents do not emphasize the role of CP in marketing on the same level as the Finnish do when it comes to brand issues. However, Proffice from Sweden stresses the importance of brand in the recruitment business. It would be interesting to conduct further research in order to provide deeper insight in the reasons to varying emphasis on branding issue among these firms and other firms in both countries. This is of importance, especially considering the Observatory of European SMEs (2002), which presents the differences and commonalities concerning CP between SMEs in both countries, and reports that Finland sees customer loyalty as a main benefit of philanthropic activities while a majority of Swedish SMEs sees no benefits from CP. Consequently, a new study on differences between the SMEs in relation to CP in both countries should be carried out.

Furthermore, as it has been mentioned in conclusions all the researched companies in this thesis are facing difficulty in evaluating and measuring the effect of CP on firms’ profitability and results. Consequently, further scientific investigation is needed in order to obtain a deeper understanding of CP benefits and to find out the best solutions to measure and quantify them.

It is also interesting to be able to study the tendency among larger firms as Proffice to avoid cash donations, when it comes to CP. At the same time a small firm from Finland, Sunkoru, stresses the importance of donating money to small beneficiaries, who can be easier followed than large known NPOs. This opens for further research on how the choice of beneficiary is made by these diverse companies and which factors on both sides determine the CP addressees.

The above mentioned in conclusions to poor practice of CP in the case of the firm working in the car service industry in Finland draws special attention. The significant actor on the Finnish market is expected to be involved in a larger variety of CP actions, especially considering the firm’s size and direct connection to services. It would be useful to study in detail the company’s relative passivity in CP. This may open for discoveries in CSR implementation and the peculiarities in the issues of strategic management.

It has been emphasized earlier that all the four respondents believe that image transfer may take place while participating in CP projects together with other business partners and NPOs. This fact indicates the need of further study of the image transfer process in connection to CP and involvement of several business partners in one and same CP project.

Finally, CP seems to be an under-researched topic among business students, at least in the case of Umeå School of Business and Economics. When it comes to the corporate world, philanthropy suggests rather a peculiar direction for the business-, competition-
and wealth maximization-oriented world. The “love of the fellow human” is more
typical for another kind of education, such as Social Care and Religion. Business
Administration is in fact interdisciplinary, but has its own truth to consider when it
comes to philanthropy. The market economy jungle does not inspire to the tradition of
giving, sharing and caring.

The truth about human beings, who are facing injustice daily in all possible forms, is
historically strong. Often the corporate world directly and indirectly keeps this truth
alive in terms of unfair competition, bad salaries, tough working conditions, and
dangerous products, triggering consumerism, materialism and simple greed and myopia
among humans. This truth of injustices has moral power. It is important to be patient in
propagating for a more philanthropy-oriented corporate world, because this utopian
project, viewed by many, may take a long time. Still, we can see positive results which
were unthinkable only ten years ago. However, donations in USA and Finland have
decreased compared to the 80s.

Drops of water create lakes and oceans. In a similar way, the solitary signs of
philanthropic thinking and acting in the business world, as it is partly present in case of
our respondents in Sweden and Finland, and further research on CP, may inspire to
create if not an ocean, but a lake of philanthropically thinking leaders of diverse
enterprises.
REFERENCE LIST


Proffice (2012, May). *Proffice Year Report* <http://feed.ne.cision.com/wpyfs/00/00/00/00/18/6B/D8/wkr0001.pdf>. [Retrieved 2012-05-14].


APPENDICES

Appendix A

Tables

Table 7. SMEs characteristics.

<table>
<thead>
<tr>
<th>Company category</th>
<th>Employees</th>
<th>Turnover or</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 m</td>
<td>≤ € 43 m</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>≤ € 10 m</td>
<td>≤ € 10 m</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ € 2 m</td>
<td>≤ € 2 m</td>
</tr>
</tbody>
</table>


Table 8. SMEs main philanthropic activities in Sweden and Finland, percentage of enterprises.

<table>
<thead>
<tr>
<th>Type of philanthropic activity</th>
<th>Sweden</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsorships (regular, or continuous)</td>
<td>57 %</td>
<td>62 %</td>
</tr>
<tr>
<td>Donations (ad-hoc or once only in cash or kind)</td>
<td>26 %</td>
<td>61 %</td>
</tr>
<tr>
<td>Cause related marketing/campaigning</td>
<td>9 %</td>
<td>22 %</td>
</tr>
<tr>
<td>Employee involvement in community activities (on behalf of the enterprise)</td>
<td>11 %</td>
<td>8 %</td>
</tr>
<tr>
<td>Employer involvement in community activities (on behalf of the enterprise)</td>
<td>11 %</td>
<td>16 %</td>
</tr>
<tr>
<td>Other</td>
<td>9 %</td>
<td>2 %</td>
</tr>
<tr>
<td>Do not know/No answer</td>
<td>1 %</td>
<td>0 %</td>
</tr>
</tbody>
</table>

### Table 9. SMEs strategic approach to philanthropic activities in Sweden and Finland, percentage of enterprises.

<table>
<thead>
<tr>
<th>Strategic type of philanthropic activity</th>
<th>Sweden</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occasional activities, unrelated to business strategy</td>
<td>58 %</td>
<td>64 %</td>
</tr>
<tr>
<td>Occasional activities, related to business strategy</td>
<td>5 %</td>
<td>13 %</td>
</tr>
<tr>
<td>Regular activities, unrelated to business strategy</td>
<td>23 %</td>
<td>8 %</td>
</tr>
<tr>
<td>Regular activities, related to business strategy</td>
<td>9 %</td>
<td>6 %</td>
</tr>
<tr>
<td>Do not know/No answer</td>
<td>5 %</td>
<td>8 %</td>
</tr>
</tbody>
</table>


### Table 10. Main benefits derived from philanthropic activities by country, percentage of enterprises.

<table>
<thead>
<tr>
<th>Benefits from philanthropy</th>
<th>Sweden</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relations with community</td>
<td>7%</td>
<td>25%</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>25%</td>
<td>73%</td>
</tr>
<tr>
<td>Relations with business partners</td>
<td>7%</td>
<td>57%</td>
</tr>
<tr>
<td>Employees satisfaction</td>
<td>9%</td>
<td>59%</td>
</tr>
<tr>
<td>Economic performance</td>
<td>12%</td>
<td>52%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>4%</td>
</tr>
<tr>
<td>No perceive benefits</td>
<td>54%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Table 11. Main reasons and motivations for carrying out philanthropic activities by enterprise, percentage of enterprises.

<table>
<thead>
<tr>
<th>Type of reasons</th>
<th>Sweden</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical reasons (mainly altruistic)</td>
<td>44%</td>
<td>44%</td>
</tr>
<tr>
<td>Improve relations with the community/public authorities</td>
<td>28%</td>
<td>39%</td>
</tr>
<tr>
<td>Improve customer loyalty</td>
<td>18%</td>
<td>67%</td>
</tr>
<tr>
<td>Improve relations with business partners and investors</td>
<td>14%</td>
<td>51%</td>
</tr>
<tr>
<td>Improve employees’ job satisfaction</td>
<td>15%</td>
<td>57%</td>
</tr>
<tr>
<td>Improve economic performance</td>
<td>9%</td>
<td>46%</td>
</tr>
<tr>
<td>Apply code of conduct</td>
<td>6%</td>
<td>44%</td>
</tr>
<tr>
<td>Pressure from third parties</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Use existing public incentives</td>
<td>3%</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Appendix B

Interview Guide Questions

**THEME 1: CP definition and theoretical perspective on it.**

1) How do you define Corporate Social Responsibility (CSR)?
2) How do you define Corporate Philanthropy (CP)?
3) Which point of view do you take when you look at CP?

3.1) Do you consider **Stakeholder point of view**, i.e. CP is important as a part of sustainable CSR in interest of various stakeholders?

3.1.1) Which groups of stakeholders does your CP concern?

3.1.2) Do you involve into CP, because you see it as a part of CSR and you intend to meet various stakeholders’ interests?

3.1.3) How do you combine the stakeholders’ interests and achieve agreement with them on the issue of CP?

3.2) Do you consider solely **Shareholder point of view**, i.e. CP should lead to owner’s wealth maximization?

3.2.1) Do you involve into CP, because you believe it maximizes the owner’s wealth at first hand?

3.2.2) How is your CP interpreted by the owners? Can your CP be perceived by the owners as a cost related to management, which is seen as an agency cost?

3.3) Do you consider **Institutional point of view**, i.e. CP is a consequence of corporate obligations, of best practices among competitors within your branch (benchmarking) and of managers’ education and culture in your firm?

3.3.1) Do you involve into CP because there is any kind of an obligation (somehow coercive) for your firm to do it? For example, because of giving pledge? If yes, describe how. If no, explain why.

3.3.2) Do you involve into CP, because you mimic some successful companies, which practice CP as well? For example, as result of benchmarking? If yes, describe how. If no, explain why.
3.3.3) Do you involve into CP due your executives/managers have been taught to do it and see it as a part of given best management practices? If yes, describe how. If no, explain why.

**THEME 2: The reasons behind CP.**

4) Do you see CP as something the firm is obliged to, expected to or desired to practice for stakeholders?

5) Do you see CP as good management practice or as a CSR excellence (anything outside the good management practice)?

6) Why do you involve into CP?

ethical reasons (mainly altruistic); improve relations with the community/public authorities; improve customer loyalty; improve relations with business partners and investors; improve employees’ job satisfaction; pressure from third parties; improve economic performance; apply code of conduct; use existing public incentives.

Explain why for every choice...

6.1) Do you find CP as a way to build and sustain employee morale and ethical capacity? If yes, how? If not, why?

6.2) Do you think CP strengthens employee identification with organization through pride?

If yes, how? If not, why?

6.3) Do you think CP can improve employee group integration, cooperation and participation? If yes, how. If not, why?

7) Is your firm planning to be involved in CP in the same grade in the future as it is now?

Why, if yes and why, if no?

8) Is commitment to philanthropy mentioned in your firm’s mission? Why, if yes and why, if no?

9) Is your CP tied to business objectives of your firm? Why, why if yes, why if no?

10) Do your firm’s philanthropic activities relate to your business strategy? Why, if yes and why, if no?

11) Is CP a sign of bad conscience of your industry/company towards certain groups which may have suffered direct or indirect harm from your business activities?

Why, if yes and why, if no?
THEME 3: CP in action

12) Do you apply strategic approach in selecting a philanthropic project/program? Why, if yes and why, if no?

13) Do you face challenge in selecting a social issue and initiative to address that issue? Why, if yes and why, if no?

14) Are the employees in your firm involved in decision-making about who will receive philanthropic support from the company? If yes, how? If no, why?

15) Which philanthropic activities is your firm involved in and how would you assign the grade of engagement among them? Explain HOW is your firm involved in the respective activities!

In general: sponsorships, donations, cause-related marketing (CRM), employee- and employer involvement (Observatory Survey of SMEs, 2002)

In particular: providing cash donations, offering grants, awarding scholarships, donating products, donating services, providing technical expertise, allowing the use of facilities and distribution channels, and offering use of equipment (Kotler and Lee, 2005).

16) Do you have guideline and targets for giving in your firm? If yes, how effective are they?

17) Do you manage CP directly by the corporation through own foundation or through specialized non-profit organizations (NPOs)? Describe why in any case?

18) Do you have long term philanthropic relationship with NPOs? Why, if yes and why, if no?

19) Does your firm’s CP reflect beliefs and values of your executive and/or employees? Why, if yes, why, if not?

20) How giving and grant making are communicated to shareholders, employees and other stakeholders?

21) Do you face difficulty in developing and implementing a philanthropic project/program? Why and how, if yes? Why, if no?

22) Do you face difficulty in evaluating a philanthropic project/program? Why and how, if yes? Why, if no?
23) Do you face difficulty to assign values to in-kind contributions? Why and how, if yes? Why, if no?

24) Do your non-profit co-partners in philanthropic projects provide enough feedback to measure the outcome of your philanthropic inputs? Why and how, if yes? Why, if no?

25) How do you measure return and outcome of your CP?

**THEME 4: Branding**

*Brands:*

What kind of role the brands play in your area of business?

*Brand image:*

When exercising CP, how do you investigate the other companies that are also involved in same CP projects?

How do you think your company can benefit from the other companies' brand image when taking part in the same philanthropic project?

What kind of role does brand image of a NPO or a charity fund play in the company's decision to exercise CP towards to it?

If the competitors exercise CP, how do you respond to it or do you respond at all?

How are you trying to create a personal relationship between your brand and the customer? What are the main actions that you take to make it happen?

*Brand value:*

How does your company measure brand value or do you do it at all?

What kind of difficulties do you face when measuring brand value?

What are the main expectations to how CP adds value to the brand?

How do you see the ability to copy your product relates to branding?

*Positioning, differentiating and target market:*

When exercising CP, what are the main expectations about the groups of people which your firm wants to get in touch through the corporate philanthropic actions?
Your company is exercising CP, what kind of change to the market position of your product are you trying to achieve through this action?

How do you think your brand would benefit of cause-related marketing (marketing while helping some philanthropic case) actions?

Do you think your philanthropic actions will give you competitive advantage compared to other companies? If yes, why and how? If no, why?

How would you describe the market segment where the philanthropic work is appreciated?

How would you describe your assumptions on how does your CP affect to current customers compared to new customers?

What do you think about the theoretical possibility that you may have lost some customers due to your philanthropic work?

Internal branding:

What kind of role do the employees’ values play when you are exercising CP?

How important do you find the reputation that some companies get, for example, in competitions like “the best company to work in”?

Do you think there are any companies that find CP important for the creating of internal brand value? If yes, why and how do they do it? If no, why?