

Philanthropie



EDITORIAL

Dear readers,



The primary objective of a company is to achieve monetary gain. As a consequence, a company is always focused first on itself and its own ability to survive. However, companies

also make an important contribution to a functioning community through taxes on income, and capital. The importance of this contribution can be seen in countries where these taxes are not paid or are paid unreliably. The consequences are unstable political conditions, insufficient social systems and often a weak civil society.

One might well ask why, in addition to these services, companies should also become involved in society, e.g. through the activities of a corporate foundation. In financial terms, these contributions are negligible compared to the annual tax burden, and there are considerably more efficient instruments for image objectives, such as sponsoring or cause-related marketing.

The reason for such contributions lies in social cohesion. The charitable activities foster links between business and nonprofit organizations, which in turn not only create a special added value in the sense of social capital but also contribute to mutual trust.

Especially for multinational corporations, it holds true that a rapture from society also harms one's own business in the long run.

Wishing you a pleasant read!

Georg von Schnurbein

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Center for Philanthropy Studies (CEPS), University of Basel
 Steinengraben 22, CH-4051 Basel
 Tel.: +41 61 207 23 92, Fax: +41 61 207 23 93, E-Mail: ceps@unibas.ch
www.ceps.unibas.ch

What can Corporate Foundations do better?

From a business perspective, corporate foundations are frequently explained by communication and reputation – a fact often criticised. But corporate foundations offer a lot more to enterprises and to society. By Georg von Schnurbein

Corporate foundations find themselves falling between two stools. They are a legal entity of their own, yet, they belong to the donating enterprise. As such, they make up part of the economy but through their charitable purpose, they build a bridge to civil society. Many corporate foundations act as grant-making foundations, others take on operative tasks or create other NPO. Despite this almost paradoxical position, many corporate foundations have been founded in recent years. This comes unexpectedly, as there are other possibilities for companies to engage socially, for example, through direct donations, sponsoring or corporate volunteering.

However, in comparison to above mentioned alternatives, corporate foundations offer a number of advantages, relevant for the enterprise and for society alike. Among them are goals in reputation, orientation of purpose, structural clarity and mutual learning.

Reputation is not everything

In creating a corporate foundation, the founding enterprise makes a voluntary social contribution that is not directly profitable – and in return the enterprise wants to earn recognition. However, the reputation effects are often overestimated. If a multinational generating billions of turnover distributes a few million annually through a foundation, this will only be a minimal countermeasure in the case of a reputation crises. Especially the mass audience is barely aware of any acti-

vities of corporate foundations. Nevertheless, corporate foundations can make a difference in the view of important target groups of an enterprise. For example, the staff of corporate foundations can easily get in touch with critical stakeholders like pressure groups or other NPO – with whom they can interact on a continuous basis and thus help to communicate the corporation's positions.

Long-term perspectives

Another advantage is the determination of a purpose in the foundation charter. This – and the provision of the capital – expresses the long-term commitment of the founding enterprise towards a specific social topic. The commitment helps the foundation to act long-term and makes it less prone to changing trends or economic shifts. At the same time, the goals of the foundation are also communicated easily internally within the corporation and, consequently, more social activities such as corporate volunteering can be implemented.

Since the foundation has its own legal entity, clear organisational structures can be established. For civil society actors, a corporate foundation is a «single point of contact», able to receive requests, initiate projects or provide contacts to corporation staff. Duplication and incoherent procedures within the corporation can be prevented allowing for an improved choice of partners. Saying «no» is often easier in the foundation than in the corpora-

on, as the foundation is aware of its limited resources and the social purpose it works towards. Over time, the foundation accumulates competence and experience in the design of grant-making processes, knowledge on evaluation and impact measuring of projects, which ultimately heightens the professionalism of its social engagement.

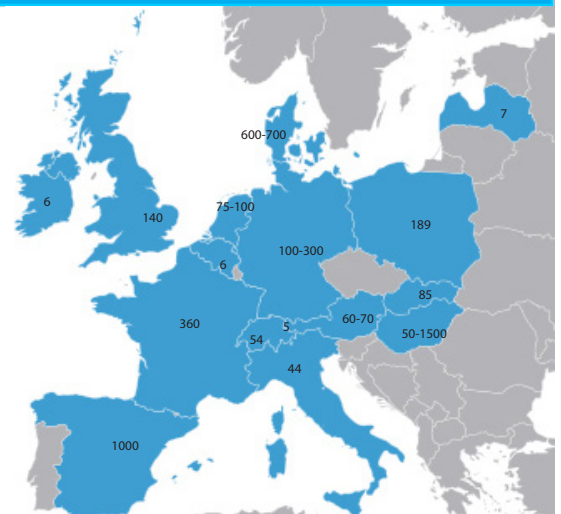
Corporate foundations as future labs

It is often overlooked that corporations can also learn from their foundations. With the digital revolution, many industries such as the automotive industry, insurances and banks, among others, find themselves confronted with profound change. This is when the corporate foundation can also serve as a future lab – especially because it is linked to the core business of the corporation and at the same time acts as nonprofit. Particularly the social changes following the digital revolution can be much better understood by members of the corporation thanks to their corporate foundation. The emphasis should not be on topics like market development or an outsourced research department, but rather, the examination of socially relevant topics (climate change, migration, starvation) in the

Corporate Foundations in Europe

For the first time, CEPS has compiled an overview of the number of corporate foundations at European level. Data have been collected for a total of 16 countries. For most countries the numbers shown are first rough estimates and lower limit values.

It can be assumed that the actual number of corporate foundations is considerably higher, however reliable data collection is not yet available for most countries.



contexts of new technologies, innovative service structures or changed social values. Corporate foundations are therefore advised to not only communicate the fulfillment of their purpose, but to also demonstrate the learning that can be achieved in the corporation.

Corporate foundations fulfill their purpose not despite but because of

their founding corporation. Due to their special features, corporate foundations are predestined to take more risks and, thus, to offer themselves as future labs to their corporation.

Georg von Schnurbein

Suggested reading:

[Bethmann, S. / von Schnurbein, G. \(2015\). Effective Governance of Corporate Foundations. CEPS Working Paper Series No. 8.](#)

2nd European Corporate Foundations Knowledge Exchange

About 96 representatives from corporate foundations, national foundation associations and research institutes from eleven European countries came together on November 21st and 22nd 2017 in Rüschtikon/Zurich to discuss in depth the relationship between corporate foundations and their funding companies as well as contemporary challenges and opportunities.

Following the first edition in December 2016 in Fontainebleau, DAFNE, the Donors and Foundations Networks in Europe, and SwissFoundations, the association of Swiss grant-making foundations, invited to a second conference in Switzerland, hosted by the Swiss Re Foundation in Rüschtikon. Again, two researchers from the CEPS participated in the conference: Georg von Schnurbein presented academic insights into the internal and external influences that help or hinder effective work of corporate foundations. Theresa Gehringer reported for the Alliance magazine and DAFNE.

Corporate foundations in Europe share many communalities although they are very different individually. The idea was to have a platform for an honest and reflective knowledge exchange as well as mutual learning about the role of corporate foundations for the company and their contributions to society.

Several speakers from corporate foundations, for example from the C&A Foundation, the Credit Suisse Foundation, the Lloyds Bank Foundation England and Wales or the BGZ BNP Paribas Foundation gave fascinating insights on how their foundation is perceived, their best practices in dealing with important stakeholders and new approaches in managing a corporate foundation. Other topics that were discussed during the conference were, for example, the challenges of corporate foundations in playing an advocacy role, their contribution to the Sustainable Development Goals, the positive or negative effects of the corporate brand as well as the potential reputational risk for the foundation or the company through the close connection between the two.

Two aspects kept coming back in the discussions and talks during the two days: first, the image of corporate foundations as bridge builders bet-

ween the corporate world and society, and second, the question of how to effectively use corporate resources such as money, knowhow and people. As one participant said: "The risk of not aligning the foundation's mission with the firm's core business and competencies means to lose a big opportunity".

Participants can take home a whole series of new contacts to like-minded foundation representatives, many examples of successful foundation work and inspiring questions that help reflect on one's own way of working.

Since pleasant anticipation is known to be the best kind of delight, the Associazione Italiana delle Fondazioni ed Enti della Filantropia Istituzionale (Assifero) has already offered to host next year's Knowledge Exchange in Italy.

Theresa Gehringer

<https://dafne-online.eu/>

<http://www.alliancemagazine.org/blog/>

LEGO Foundation: Activities, Challenges and Relationship to Parent Company

Founded in 1986, the LEGO Foundation has set its sight on empowering children by learning through play. CEPS was able to talk to vice president Mirjam Schöning about the relationship between the LEGO Foundation and the LEGO Group, current opportunities and focus areas for the LEGO Foundation and what different types of foundations can learn from one another.

CEPS: You worked at the Schwab Foundation for a long time and you are now at the LEGO Foundation. How does your work today differ from your work at the Schwab Foundation?

M.S.: Both foundations are similar in that they place a strong focus on leveraging their assets to advocate for a specific cause. In the case of the Schwab Foundation, this is advocating for social entrepreneurship as an important route to innovation and sustainability in many different sectors, such as health, education, environment and economic development. The Schwab Foundation's primary asset is the connection to the World Economic Forum and its unique network to investors and decision makers.

The LEGO Foundation advocates for the importance of learning through play for children to grow up to be creative, engaged and lifelong learners. We aim to re-imagine learning, so that essential skills such as creativity, complex problem solving and emotional skills are taught, and re-define play by emphasising playful characteristics as part of the learning process. The LEGO Foundation can leverage several decades of expertise on play, creativity and learning, a growing network and a very strong brand. In addition, the Foundation uses its financial assets to provide grants to selected partners.



Since 2016 Mirjam Schöning is vice president of the LEGO foundation, where she also served as Global Head of Programs and Partnerships from 2013-2016.

CEPS: What role does the LEGO Group play in your daily work in the LEGO Foundation?

M.S.: The LEGO Foundation's focus is to empower children through learning through play thus enabling them to succeed in life. And that is our focus on a day-to-day basis. But we cherish our LEGO heritage and seek to collaborate and build synergies where appropriate for example with the Group's Social Re-

sponsibility and Employee Engagement programmes.

The LEGO Foundation owns 25% of the LEGO Group.

CEPS: What are currently the biggest challenges for the LEGO Foundation?

M.S.: The LEGO Foundation is growing fast at the moment, so a key challenge is building the organization. When I joined in 2013, the Foundation employed less than 20 employees. We are now close to 50. In addition, the Foundation is opening offices in countries like Mexico and South Africa, where we have strong traction in our programmatic work, and closing the subsidiary in Switzerland.

CEPS: What can other foundations learn from Corporate Foundations, and vice versa?

M.S.: It is very difficult to generalize the nature of corporate foundations. They vary tremendously in terms of size, relationship with the "mother" company and the role they seek to play in society. The LEGO Foundation, for example, can be seen as a mix between a private and a corporate foundation. The stability of having one owner family allows the Foundation to have a long-term focus that is rather unique for corporate foundations. Corporate Foundations, maybe more than other foundations, tend to know the importance of partnerships to leverage their impact.

CEPS: Can you tell us about a particularly exciting project you are currently working on with the LEGO Foundation?

M.S.: There are many! I just returned from Bangladesh, where we are working with BRAC (Bangladesh Rural Advancement Committee) to develop an affordable early learning model for children aged 3-5. Seeing how the children enjoy playing, gain self-confidence and build their vocabulary in the course of a year in these Play Labs is very encouraging. More and more children around the world at this age are starting to attend kindergarten or pre-primary, which are often highly

academic and discourage children from truly learning the breadth of skills they need. That is why we seek to provide an age-appropriate, play-based curriculum that ensures children can foster creativity and develop a love for lifelong learning. Our goal with this initiative, which also spans additional countries and partners, is to address the global learning crisis by starting with early opportunities that develop and nurture the cognitive, but also the social, emotional, creative and physical competences of a child.

CEPS: Many thanks!

CEPS INSIGHT

First CSR seminar a success

In the autumn semester 2017, the CEPS offered the Master's seminar on Corporate Social Responsibility (CSR) for the first time. The interest in a critical examination of the concept of CSR was high, as shown by the number of 21 participating students.

<https://www.ceps.unibas.ch/en/studies>

New CEPS publications

In addition to the Yearbook of Charities (see article on p. 4), the CEPS is happy to present two additional new publications. On the one hand, a new working paper by Prof. Dr. Georg von Schnurbein on the topic of NPO growth. And on the other hand, a scientific contribution by Dr. Marybel Perez on hybrid organisations.

<https://www.ceps.unibas.ch/en/publications/>

CEPS in the media

Among others, due to the upcoming holidays (relation to donations), discussions surrounding the „Crypto-Valley“ in Zug, and the publication of the Yearbook of Charities the CEPS featured prominently in the media in November and December. We are happy to offer you an overview of media coverage on our website:

<https://ceps.unibas.ch/en/about-us/media-report/>

Corporate Foundations in Switzerland

Since the 1990s, the number of corporate foundations in Switzerland has been growing steadily. CEPS is currently investigating the philanthropic commitment of the largest 200 Swiss companies.

With a foundation density of 15.8 foundations per 10,000 inhabitants, Switzerland is one of the countries with the highest number of foundations in Europe. However, the exact number of corporate foundations is not yet known.

CEPS' latest research results on the philanthropic commitment of the 200 Swiss companies with the highest turnover (according to Handelszeitung) shows that these have founded 54 corporate foundations. At least four other foundations could be identified as controlling foundations which, in addition to their main task of operating a company or their significant participation in a company, support charitable purposes. Eleven other companies have not established a corporate foundation in Switzerland, but in the Group's respective home country – most of them in the USA or Germany.

The oldest corporate foundation in Switzerland was founded in 1943, the most recent one in 2017, and the number of corporate foundations has grown steadily, especially since the 1990s. Most companies establish only one foundation, but one company in the pharmaceutical industry clearly stands out with six corporate foundations. Looking at the distribution of founda-

tions by sector, it becomes clear that the chemical and pharmaceutical industries in particular have the majority of corporate foundations, followed by the mechanical engineering and watch-making industries. The banking sector is not yet included in the Handelszeitung ranking, which is why the number of corporate foundations is expected to increase significantly once included in the analysis.

Further results of the research project will be published in 2018.

Theresa Gehringer

Did You Know?

54

The 200 companies with the highest turnover in Switzerland have founded a total of 54 Corporate Foundations since 1943. However, it is highly likely that the actual number of corporate foundations will exceed this figure, as soon as the number of companies examined is increased and the banking sector becomes part of the analysis.

Yearbook of Charities

CEPS is first-time co-editor of the Yearbook of Charities.



In early December, the CEPS published the third edition of the Yearbook of Charities in cooperation with PPCmetrics. It is based on publicly available annual accounts of 437 of the 506 Zewo-certified organizations and presents figures of charitable fundraising NPO.

The results show, among other things, how NPO hold less borrowed capital (21% of total capital) and a higher proportion of liquid funds (56% of total capital) than business enterprises. NPO tend to invest with caution, not least due to reasons of risking their reputation. Organizations working in humanitarian work abroad and the environment cover the largest part of their funding through donations and bequests while those in other areas fund themselves through income generated from assets or services and public funding respectively.

The Yearbook of Charities offers operative NPO a benchmark for their financial figures. In addition, three extra contributions offer tips on Investment Controlling, Financing Mix and Bank Mandates. A free download is available on the CEPS website.

Sara Stühlinger

Download (in German): www.ceps.unibas.ch/de/publikationen

CALENDER

Executive Education (IN GERMAN)

Philanthropie am Morgen

February 8th 2018, Basel
From vision to everyday work

Intensiv-Lehrgang Stiftungsmanagement

March 5th - 9th 2018, Sigriswil

CAS Nonprofit Governance & Leadership

Module 1: Apr. 9th - 12th 2018, Sigriswil
Module 2: May 14th - 16th 2018, Basel
Module 3: June 4th - 7th 2018, Basel

Philanthropie am Morgen

June 21st 2018, Basel
Talking about impact

CAS Kommunikation & Wirkungsmessung in NPO

Module 1: Aug. 20th - 23rd 2018, Oberhofen
Module 2: Sep. 10th - 12th 2018, Basel
Module 3: Oct. 22nd - 25th 2018, Basel

FURTHER DATES

Influencing Policy Environment

European Democracy Network
January 11th 2018, Brussels

Social Impact Bonds Expert Conference, SECO

January 18th 2018, Zurich

Social Innovation Expert Conference, FHNW

February 2nd 2018, Olten

Foundation Endowment 2.0 Conference, PPCmetrics

Mai 15th 2018, Zurich

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University
of Basel



Center for Philanthropy Studies,
Steinengraben 22, 4051 Basel
www.ceps.unibas.ch

EDITOR

Nicholas Arnold (n.arnold@unibas.ch)

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<https://ceps.unibas.ch/en/philanthropie-aktuell/>