

The Benefits of Corporate Giving

Business does not live by profit alone.

Today it is commonplace that profit should not be the sole pursuit of business. Like any other sector of society, the corporate world, too, has responsibilities toward the larger society of which it is a part. Nor do companies who strive to discharge these responsibilities necessarily feel the pinch on their bottom line. In fact, the growing consensus in the corporate world is that the pursuit of profit and the assumption of social responsibilities are not only compatible, but even interdependent goals. “Doing well by doing good” is how some companies have defined this business principle.

Corporate Social Responsibility (CSR) or **Corporate Citizenship (CC)** is a business principle proposing that the long-term interests of business are best served when its profitability and growth are accomplished alongside the development of communities, the protection and sustainability of the environment, and the improvement of people’s quality of life.

CSR can take many forms. Among its more common manifestations are:

Managing Workplace Concerns. Management provides an enabling working environment characterized by programs on health and safety, family welfare, equal opportunity, rewards and working hours, and others. The logic is clear: employees who are secure and fairly compensated are more productive and supportive of the company’s goals.

Corporate-Community Partnerships. Realizing that harmonious relations with their neighbors make good business sense, companies initiate comprehensive programs intended to benefit the communities where they operate.

Environmental Stewardship. Companies take responsibility for any adverse impact their operations may have on the environment. These efforts are driven by the demand of communities for a better living environment, but equally by the awareness that a sustainable environment allows more cost-efficient business operations.

Social Investment. Companies make strategic contributions to programs that directly address social needs in the world beyond the companies’ immediate environment. These contributions take many forms and support

a wide variety of programs. Often called **corporate giving**, this demonstration of corporate citizenship is perhaps the most widely practiced.

Corporate giving provides the corporate donor many long-term benefits:

- v It produces goodwill, and enhances a company's reputation and standing in society.
- v It boosts corporate name awareness and product recognition.
- v It provides a matrix for developing a continuing relationship with community officials and leaders.
- v A reputation for social responsibility enhances customer loyalty.
- v A perception of social responsibility also improves employee commitment and productivity.

In addition, there is an immediate benefit to corporate giving. When done in the proper way and with the necessary documentation,

- v Corporate giving qualifies the corporate donor for tax benefits.

While many companies in the Philippines engage in some form of corporate giving, not many are aware of the tax benefits accruing to such activities. Even those who are aware of these benefits often forgo availing of them, under the impression that the legal and administrative process of so doing must be complicated and cumbersome. Other Philippine companies are desirous of engaging in corporate giving but hesitate because of the lack of information on qualified donee institutions. They worry about giving to institutions that might eventually show themselves wasteful or ineffective, or worse, prove to be fly-by-night operations.

It is the aim of this guidebook to provide the information needed to set these doubts to rest, and thereby encourage more instances of corporate giving.