

## ABSTRACT

Title of Document: A HALF BILLION DOLLARS ADDING UP TO SMALL CHANGE: THE PROMISES AND PITFALLS OF CORPORATE PHILANTHROPY TO SUPPORT GLOBAL EDUCATION

Justin W. van Fleet, Ph.D., 2011

Directed By: Professor Steven J. Klees, Department of Education Leadership, Higher Education and International Education

At the start of the 21<sup>st</sup> century, the international community pledged an increase in volume, predictability, and coordination of external financing and monitoring for Education for All goals. Yet despite, this commitment, the global community has fallen far short of mobilizing enough resources to finance basic education for all children by 2015. Estimates support an approximate \$16.2 billion in external resources needed to achieve basic education goals; the estimate increases to \$25 billion if lower secondary schooling is also included.

This study examines the role of U.S. corporate philanthropy to support

education in developing countries. The purpose is to map the volume and focus of U.S. corporate philanthropy directed to education in developing countries, highlighting the scope and the limitations of corporate resources for realizing global education goals. The study used a mix-method design combining quantitative and qualitative survey data with qualitative interview data to answer two questions:

1. What is the volume and focus of U.S. corporate philanthropy directed toward education in developing countries?
2. How do corporate contributions to education in developing countries align with the private interests of corporations?

This study finds that U.S. companies give a half billion dollars in contributions to education in developing countries annually, spanning multiple themes and targeting over 100 countries. Contributions focus heavily on emerging economies and do not target countries in most need. Additionally, U.S. companies have a variety of business motivations that drive the contributions to education in developing countries.

Despite the unique assets of corporate philanthropy which make it an interesting source of financing, there are several limitations and critiques of these contributions. The contributions are typically small, short-term grants to non-profits and very few companies coordinate with governments, donors or other corporate philanthropists. There are also contradictions in the way philanthropy is conducted

and tensions between the role of government and corporate resources for education. The study concludes that while corporate philanthropy in its current form may not be an effective source of sustainable financing for education in developing countries, several modifications can be made to improve its effectiveness as a global education financing partner.

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PITFALLS OF CORPORATE PHILANTHROPY TO SUPPORT GLOBAL EDUCATION

By

Justin W. van Fleet

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Advisory Committee:  
Professor Steven J. Klees, Chair  
Dr. Noah Drezner  
Dr. Nelly Stromquist  
Dr. Linda Valli  
Dr. Rebecca Winthrop

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## Dedication

*For guiding my academic journey and  
never allowing me to lose sight of the  
human right to an education.*

**Richard Pierre Claude**

Founding Editor, *Human Rights Quarterly*  
Professor Emeritus of Government and Politics,  
University of Maryland  
1934-2011

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*For taking me into her home and showing  
me the difference one person can make in  
the lives of many, even in the most  
marginalized circumstances.*

**Sofia Sossa de Barahona**

Mother and Entrepreneur  
Potosi, Bolivia  
1947 - 2010

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*For reading to me, making me do  
my homework, allowing me to board a  
plane solo at the age of 16, and always  
supporting me.*

**Herbert and Jeannie van Fleet**

My Parents

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*And to my family and friends,  
to whom I am indebted for their support  
throughout this journey.*

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# Table of Contents

Dedication .....	ii
Acknowledgements.....	iii
List of Tables .....	ix
List of Figures .....	x
Chapter 1: Introduction .....	1
Current State of Education Financing .....	3
Why Examine U.S. Corporate Philanthropy .....	7
Overview of the Study .....	10
Purpose of the Study.....	10
Research Questions .....	11
Significance .....	11
Limitations.....	13
Organization of Study .....	14
Chapter 2: Review of the Literature .....	16
Context of Global Education and the Private Sector .....	16
Philosophical Origins of American Philanthropy .....	27
History of Corporate Philanthropy in the United States .....	34
Present Day Corporate Philanthropy.....	41
A Critique of Corporate Philanthropy .....	47
Philanthropy and Government .....	48
Contradictory Structure of Philanthropy .....	54
Philanthropy Legitimizes Corporate Existence and Business Practices .....	58
Dependency and Inequality Perpetuated by Philanthropy .....	60
Critique Section Summary .....	63
A Theoretical Framework for Corporate Philanthropy.....	64
Motivation.....	66
Rational Decision-Making .....	67
Application of a Rhetorical Model to Complement Rational Decisions .....	69
The Resulting Model .....	71
Summary Statement .....	72
Chapter 3: Methodology.....	74
Purpose .....	74
Research Design and Rationale.....	78
Justification .....	79
Data Collection and Analysis.....	80
Survey Data Collection .....	81
Survey Data Analysis .....	91
Interview Data Collection .....	96
Interview Data Analysis.....	99
Credibility and Transferability.....	103

Ethical Considerations.....	105
Summary Statement .....	106
Chapter 4: Volume and Focus of U.S. Corporate Philanthropy .....	107
Finding 1: U.S. Companies Contribute Nearly One-Half Billion Dollars to Education in Developing Countries Annually.....	108
Finding 2: The Majority of Corporate Contributions Are Cash .....	112
Finding 3: Companies Give More Direct Cash Than Their Foundations .....	114
Finding 4: There is Little Data About Employee Contributions .....	115
Finding 5: Lots of Small Change .....	116
Finding 6: Energy and Technology Companies Lead in Giving to Education ....	118
Finding 7: There is a Lack of Employee Volunteerism Data.....	121
Part II: Geographic and Thematic Focus of Contributions.....	123
Finding 8: Emerging Economies Receive the Most Attention .....	123
Finding 9: Sectors Target Strategic Geographical Regions .....	125
Finding 10: Corporate Contributions Do Not Reach those in Greatest Need ..	129
Finding 11: Corporate Philanthropy is Not Directed Solely to Workforce Training .....	131
Finding 12: Companies Invest in Areas of Education Aligning with Business Needs .....	135
Finding 13: Even Companies without International Philanthropy Programs Give in Times of Disasters .....	137
Summary Statement .....	138
Chapter 5: How U.S. Companies Make Contributions.....	140
Internal Corporate Actors .....	140
Senior Management .....	142
Business Units .....	143
Employees.....	144
Philanthropy Directors and Staff .....	146
Communities in Developing Countries .....	146
Recipients of Corporate Philanthropy .....	147
Exploring the Non-profit Recipient Preference .....	150
Characteristics of the Education Non-profit Partners .....	153
The (In)Coordination of Corporate Philanthropy .....	158
Potential for Cross-Corporate Philanthropy Partnerships.....	162
Length of Contributions to Education.....	163
Measuring Corporate Philanthropy .....	165
Summary Statement .....	167
Chapter 6: Corporate Philanthropy and Corporate Interests.....	169
Motivations for Contributing to Education.....	169
The Concept of Global Market Opportunities .....	170
The Concept of Community Relationships .....	171

The Concept of Employee Empowerment and Engagement .....	172
The Concept of Workforce Development in Current Communities of Operation .....	173
The Concept of Brand Recognition .....	173
The Concept of Adding Value to Communities.....	174
The Concept of Product Innovation.....	174
The Concept of Greater Economic Opportunity for Consumers .....	175
The Concept of Creating Demand in Both the Public and Private Sectors.....	175
Perceived Benefits of Education Contributions.....	176
Summary Statement .....	178
Chapter 7: A Critique of U.S. Corporate Engagement in Global Education .....	180
Philanthropy and Government .....	180
Dependency and Inequality Perpetuated by Philanthropy .....	186
Contradictory Structure of Philanthropy .....	190
Is it Philanthropy? .....	195
Summary Statement .....	197
Chapter 8: Conclusion - Improving the Effectiveness of Corporate Philanthropy ...	198
Summarizing the Advantages and Disadvantages of Corporate Philanthropy ....	201
Recommendation 1: Maximize the Effectiveness of Multiple Donors in the Same Country.....	204
Recommendation 2: Broaden Areas of Strategic Investment beyond Workforce Focus .....	208
Recommendation 3: Innovate in Education .....	210
Recommendation 4: Invest in Education in Disaster Contexts for Longer-Term, Higher Impact.....	211
Recommendation 5: Incorporate Local Feedback into Philanthropy Strategies .....	212
Recommendation 6: Build Networks for Global Education & Leverage Education Expertise.....	213
Recommendation 7: Design Metrics and Invest in Impact Evaluation.....	214
Recommendation 8: Adopt Innovative Financing by Combining Brand, Business and Individual Donors .....	216
Concluding Statement.....	217
Appendix A: <i>Fortune</i> 500 Population.....	220
Appendix B: Survey Protocol.....	225
Appendix C: Interview Protocol .....	236
Bibliography .....	239

## List of Tables

Table 1. Total U.S. Giving to Education in Developing Countries by Donor Type.....	5
Table 2: Industry Sector Definitions.....	83
Table 3: A Summary of Companies’ Survey Responses .....	90
Table 4: Fortune 500 Respondents by Industry Sector.....	91
Table 5: Breakdown of Semi-structured Interviewees by Sector .....	98
Table 6: Closed Coding Protocol .....	102
Table 7: Total Value of U.S. Corporate Contributions to Education (million dollars).....	110
Table 8: Mean Contributions by Industry and Revenue Level (millions of dollars) .....	118
Table 9: <i>Fortune</i> 500 Employee Volunteerism in Developing Countries .....	122
Table 10: Companies Contributing to Education by Region .....	124
Table 11: Countries with the Highest Percentage of Companies Contributing to Education .....	125
Table 12: Countries with Most Companies Contributing to Education by Sector .....	126
Table 13: Education Poverty Compared with Percentage of Corporations Contributing to Education .....	130
Table 14: Numbers of Companies Focusing Contributions on Themes of Education.....	134
Table 15: Most Frequent Contribution Areas by Sector .....	135
Table 16: Companies’ Contributions to Education in Times of Disasters .....	138
Table 17: Recipients of Education Contributions.....	148
Table 18: Advantages and Disadvantages of Corporate Philanthropy .....	202

## List of Figures

Figure 1. Theoretical Framework for Corporate Philanthropy .....	72
Figure 2: Mixed Methods Typology - Sequential Exploratory Design.....	79
Figure 3: The Fortune 500's Global Education 89: Study Sample vs. Non-Respondents.....	93
Figure 4: The <i>Fortune</i> 500's Global Education 89: Comparison of Sample versus Population by Sector .....	94
Figure 5: Breakdown of Total Fortune 500 Contribution by Cash and In-Kind to Education in Developing Countries, 2009–10.....	113
Figure 6: Breakdown of Fortune 500 Companies' Total Cash Contribution to Education in Developing Countries, 2009-10 .....	114
Figure 7: Distribution of the Total Annual Value of <i>Fortune</i> 500 Education Contributions per Company (n=41).....	117
Figure 8: Most Resourced Thematic Focus Areas of Contributions.....	132
Figure 9: Individuals Involved in Philanthropic Decision-making .....	142
Figure 10: Coordination of Education Contributions.....	158
Figure 11: The Typical Lengths of Philanthropic Commitments .....	164
Figure 12: Benefits of Contributions to Education .....	177

## Chapter 1: Introduction

The financial support available to achieve universal, quality education for all children falls far short of what is necessary to reach global education goals. The World Education Forum in Dakar and the subsequent Millennium Development Goals have served as a catalyst for building momentum for renewed financing commitments to education from the public and private sectors. At the start of the 21<sup>st</sup> century, the international community pledged an increase in volume, predictability, and coordination of external financing and monitoring for Education for All goals (UNESCO, 2000). Despite the renewed commitment, approximately 69 million children are still without access to primary education, and, given current trends, the 2015 goal of Education For All is projected to fall short by 56 million out-of-school children (UNESCO, 2010; UNESCO, 2011). Estimates support an approximate \$16.2 billion in external resources needed to achieve basic education goals; the estimate increases to \$25 billion if lower secondary schooling is also included (UNESCO, 2010, p. 130). Although these estimates are based on many constantly changing factors and socio-political dynamics, they are the best tool available for demonstrating a tangible lack of resources to achieve global education goals set forth by the international community.

With the failure of national and donor governments to fully support their commitment to education, the focus has shifted to developing new mechanisms to increase resources for achieving global education goals. The perceived funding deficiency has led to calls for new, participatory financing mechanisms, including a proposed Global Fund for Education (Gartner, 2009; Klees, Winthrop, & Adams, 2010; Obama, 2008; Sperling, 2009). A need for innovative financing mechanisms, which may involve public-private partnerships to complement official development assistance to education, has also surfaced (Adams, 2009; B. Reynolds, 2010; Burnett & Birmingham, 2010; International Task Force on Innovative Financing for Education, 2011; Lewin, 2008; Watkins, 2010; Winthrop, 2010; World Economic Forum, 2004; World Economic Forum, 2005; UNESCO, 2011). While innovative financing includes a variety of new strategies for generating resources – such as establishing a levy on mobile phones or reforming remittance policies – many of the mentions of “innovative financing” imply engagement of the private sector in basic education resource generation. A recent report by the Overseas Development Institute on the constraints and opportunities in education donor financing cited a need “to capture the support of high-level . . . corporate leaders” and to explore the “motivation for the private sector to provide finance to . . . education” (Steer & Wathne, 2009, pp. 36, 61). Similarly, at the recent Comparative and International Education Society Annual Conference, the UNESCO Institute of Statistics suggested that tapping into



the private sector would be necessary to generate resources to help fill the education financing gap (Namura, 2010).

### **Current State of Education Financing**

Some elements of external financing for education in developing countries are clear. For instance, the volume of Official Development Assistance (ODA) to education is well documented. ODA has increased significantly, reaching US\$10.8 billion in 2007, more than double its level in 2002 (UNESCO, 2010). ODA to basic education grew from US\$2.1 billion in 2002 to US\$4.1 billion in 2007. The U.S. President's request to Congress for basic education in fiscal year 2012 is \$749.6 million, less than the current level in fiscal year 2011, estimated at \$920 million (UNESCO, 2010; U.S. Department of State, 2011). And while the aggregate level of official development assistance from all sources has increased, many argue that the power structures and mechanisms embedded in the development assistance process have hampered the realization of expanding access to quality education – and in some cases, perpetuated a lack of progress (Chabbott, 2003; Samoff, 2007; Samoff & Stromquist, 2001). For example, in some cases as much as 80% of aid to education is tied aid, allocated to technical assistance – one of the “least efficient forms of aid” (Mundy, 2007, p. 19). These arguments about the nature and structure of official development assistance are noted because of their central importance to

dictating the degrees of progress that can be achieved even when education financing is available.

In addition to ODA, other forms of philanthropic giving to education have also been tracked. Table 1 depicts information from various sources about the philanthropic flows to education using the donor typology for private philanthropy utilized by the Index for Global Philanthropy and Remittances (Center for Global Prosperity, 2010).

**Table 1. Total U.S. Giving to Education in Developing Countries by Donor Type**

	Type of Financing	Total to Developing Countries	Total to Education in Developing Countries
Government Aid	U.S. Official Development Assistance	\$26.8 b	\$920 m
Private Philanthropy	Corporations	\$7.7 b	?
	Foundations	\$4.3 b	Less than \$290 m
	NGOs	\$11.8 b	~\$216 m
	Religious Organizations	\$8.2 b	\$2.9 b <sup>1</sup>
	Universities and Colleges	\$1.7 b	N/A
	Volunteerism	\$3.6 b	-
Individual Transactions	Remittances	\$96.8 b	-

*Sources: Adelman, 2009; Center for Global Prosperity, 2010; Foundation Center, 2009.*

*Note: Total to developing countries is based on the 2010 Index of Global Philanthropy and Remittances for 2008, while the total to education in developing countries is aggregated based on various sources to depict the most recent data.*

According to the Foundation Center (2009), U.S. foundation giving to education abroad is \$290 million. This number overestimates the amount dedicated to developing countries, as it does not distinguish between giving to education in *developed* countries versus giving to education in *developing* countries. U.S. non-governmental organizations also report investing heavily in developing countries,

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<sup>1</sup> Estimate does not disaggregate direct funding of programs in developing countries from the funding of mission agencies located in developing countries, short-term service trips for congregation members, and longer-term mission trips for congregation members.

giving \$11.8 billion in private aid in 2008; the most recent estimate of non-governmental contributions to education by Adelman (2009) was \$216 million. University and college philanthropy flows are limited to funding students from developing countries to study in the United States; therefore, these numbers are not relevant to direct giving to support education systems within developing countries. Religious organizations report giving nearly \$3 billion to education in developing countries each year (Center for Global Prosperity, 2009). Yet it is unclear how much of this goes directly to education in developing countries, as the estimate does not disaggregate direct funding of programs in developing countries from the funding of religious mission agencies located in developing countries, short-term service trips for congregation members, and longer-term mission trips for congregation members.

Other channels of education financing through philanthropy are even more opaque: in particular, corporate giving. Of the \$7.7 billion philanthropically directed by U.S. corporations to developing countries (The Center for Global Prosperity, 2010), it remains unclear what portion of this money is allocated to education, as there has been no attempt to measure its volume or focus. And while the \$7.7 billion estimate is a best guess given the current data limitations, it is not a comprehensive estimate of all corporate flows to education (Metcalf & Adelman, 2010). This estimate is based on \$7 billion documented for the global health sector,

the only sector disaggregated in the study. This suggests a remaining \$700 million directed from U.S. companies to other sectors, such as education, disaster relief, democracy and governance, environment, etc. through philanthropy. Yet no one has examined what proportion is dedicated to education.

### **Why Examine U.S. Corporate Philanthropy**

The U.S. corporate sector has been selected as the focus of this study in educational philanthropy for five primary reasons. First, there is a growing interest in the private sector as a potential source of funding for the education financing gap. Aside from hopes of leveraging a Global Education Fund to draw in private sector funding for education, UN agencies such as UNESCO have made statements about the potential for private sector engagement and started to look at ways to engage corporations through its Office on Global Partnerships for Education For All (Namura, 2010; Watkins, 2010); the United National Economic and Social Council's Department for Economic and Social Affairs' highlighted the education sector as the theme of its annual philanthropy event (ECOSOC, 2011); the Fast Track Initiative – a global partnership launched in 2002 to help low income countries achieve Education For All – is seeking ways to engage private sector collaborators (Fast Track Initiative, 2010; "Rwanda: Private Sector and Donors Working Under FTI Umbrella," 2009); the World Bank and the Academy for Educational Development each convened recent conferences on private sector support for education (The World Bank, 2010;

Academy for Educational Development & The Conference Board, 2010); the World Economic Forum has developed an initiative focusing solely on global education (World Economic Forum, 2010); and the Clinton Global Initiative has mobilized several public-private partnerships to support global education (Clinton Global Initiative, 2010).

Second, private citizens in the United States are the most generous individuals in the world as a percentage of gross domestic product; in 2009, Americans gave \$227.41 billion to charity (Giving USA Foundation, 2010). Additionally, as mentioned above, the global health sector has been successful in galvanizing significant U.S. corporate resources in the magnitude of billions. Therefore, it is logical to assume that the U.S. corporate sector may be generous in other international development causes.

Third, corporate philanthropy may be an important complement to official development assistance. Some research suggests that U.S. corporate philanthropy may rebound more quickly than official development assistance in the post-recession period, making exploration of corporate philanthropy even more timely (Roodman, 2008; van Fleet, in press).

Fourth, major actors in the global education community, including the World Bank, U.S. Agency for International Development, and U.K. Department for International Development, are emerging with new education strategies. These

targeted efforts place special emphasis on public–private partnerships to mobilize resources in education.

Fifth, despite the efforts, interests, and urgency related to the engagement of the corporate sector to support education, the current scope of U.S. corporate participation in educational philanthropy in developing countries is unknown. The data on U.S. corporate giving that are already being collected by several key sources—including Giving USA, the *Chronicle of Philanthropy's* Annual Survey of Corporate Data, the Conference Board, the Committee Encouraging Corporate Philanthropy's Corporate Giving Standard, and the Center for Global Prosperity's Index of Global Philanthropy and Remittances—are limited in various ways. Giving USA aggregates data from various survey sources; however, the information collected in these surveys is rather general and poses several problems when one tries to develop an aggregate depiction of giving to education globally. For instance, all five key sources use different survey questions, and their somewhat dissimilar definitions of giving to “education” and how it is tracked make it difficult—if not impossible—to develop any reliable understanding of giving to education outside the United States. For instance, Giving USA tracks giving to “international affairs, development and peace,” which aggregates education with other humanitarian and development efforts. The Corporate Giving Standard makes a distinction between giving in the United States and giving to developing countries, but it does not

disaggregate international giving by type (e.g., education or environment). And the Center for Global Prosperity combines multiple sources to capture the best total value estimate of corporate contributions to developing countries, but its data are only disaggregated for health. Overall, the current data fail to provide adequate insight into the relationship between corporate philanthropy originating in the United States and education in developing countries.

### **Overview of the Study**

The introduction served as a contextual frame justifying the study in light of global education goals and the existing data about the current resources that have been mobilized to support these goals. The overall research design is situated in a sequential-exploratory mixed methods study, which allows the two paradigms of research – quantitative and qualitative – to complement each other while “the different methods are characteristically planned and implemented as discrete separable sets of activities” (Greene, 2001, p. 255). While chapter 3 will further elaborate on the study design and modes of inquiry, this section will provide an overview of the study purpose, research questions, and significance.

### **Purpose of the Study**

The purpose of the study is to map the volume and focus of U.S. corporate philanthropy directed to education in developing countries, highlighting the scope and the limitations of corporate resources for realizing global education goals.



## **Research Questions**

The following research questions will guide the study:

1. What is the volume and focus of U.S. corporate philanthropy directed toward education in developing countries?
2. How do corporate contributions to education in developing countries align with the private interests of corporations?

## **Significance**

The current state of research provides little or no insight into the volume of private sector support to education, its geographical or thematic focus, or its relationship to corporate interests and goals. The study will add to the body of research on education financing and philanthropy by mapping the volume and focus of U.S. corporate philanthropy to highlight the scope and limitations of corporate resources in support of education in developing countries. This research comes at a time when various organizations and institutions are looking to the private sector to help bridge the financing gap for global education. Additionally, a corporate giving literature review by the University of Notre Dame's Science of Generosity project suggested that future research on corporate giving is needed to provide clearer measurement-criteria, study industry-specific and firm-specific factors and attain better data as existing databases are severely limited (Vaidyanathan, 2008). The recent World Bank meetings in April 2010 on leveraging the private sector also

pointed to a general lack of philanthropy data, noting that filling this void was a necessary precursor to productive discussions about private sector engagement in education (King, 2010).

In addition to the study's significance in light of the current state of philanthropy research, this study has personal and moral significance. Having lived in developing countries and grown up in a marginalized region of the United States, I have witnessed the benefits and implications that quality education can have in the lives of children and youth. In fact, I am the beneficiary of corporate philanthropy: I received a scholarship from our local paper mill – a *Fortune* 500 company – to attend college. In the 21<sup>st</sup> century, I consider it a moral obligation to examine what actions on macro and micro levels contribute to the perpetuation of inequality, particularly those affecting children and vulnerable populations. Thus, this research is significant on a moral level, as it will address both negative and positive capacities of corporate philanthropy for education, hopefully instigating discussion, debate, and behavior change to positively affect the educational opportunities of children and youth. In the words of my mentor for the past decade, Richard Pierre Claude (2011),

education is humankind's most effective tool for personal empowerment and as such is essential to the enhancement of human dignity through its fruits of knowledge, understanding and wisdom. Moreover, education has the status

of a multi-faceted social, economic and cultural human right. It is a social right because in the context of the community it promotes the full development of the human personality. It is an economic right because it can lead to economic self-sufficiency through employment or self-employment. Because the international community has directed education toward the building of a universal culture of human rights, it is also a cultural right. In short, education is the necessary condition for the individual to function as a fully human being in modern society.

The data collected from this study establish a point of departure for conversations about the appropriate role of corporate philanthropy in education financing and the degree to which it supports or inhibits the economic, social, and cultural dimensions of the right to education. It provides concrete data on current corporate philanthropy activities and situates these data within corporate philanthropy's limitations. The results are relevant for practitioners, policymakers, researchers, and corporations in forging a dialogue about how to best mobilize and distribute resources to reach global education goals.

### **Limitations**

This study is affected by several limitations. First, the study explores the donor behaviors in corporate philanthropy. I acknowledge that philanthropy is a transactional social phenomenon between a donor and a recipient. This study will

not examine the recipient perspective of corporate philanthropy. Because of this, I will not be able to speak to the degree of local ownership and participation in educational policies and programs supported by corporate philanthropy. Second, in order to make the study manageable, it will focus on the U.S. *Fortune* 500 and several other non-*Fortune* 500 companies with a history of giving to education, who are the most likely to be engaged in corporate giving to education in the United States. This study will not examine the practices of corporations based in other countries which may be active in this area. Third, this study is examining corporate philanthropy from the perspective of direct corporate interests. It will examine direct corporate gifts and corporate operating foundation<sup>2</sup> gifts; it will not examine the actions of private foundations founded by wealthy individuals benefiting from corporate profits.

### **Organization of Study**

In chapter 2, I explore the literature used to frame the context and conceptual framework for the study. In chapter 3, I outline the specific methods

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<sup>2</sup> Corporate operating foundations are independently incorporated foundations that are typically housed within a company to carry out the company's philanthropic activities. These foundations are treated like any other internal corporate budget item and are defined in more detail in chapter 2. The study does not examine private non-corporate foundations such as the Bill and Melinda Gates Foundation or the Ford Foundation.

utilized in the study, including the mixed-methods typology and the methodological strategies. The latter chapters will address the study's findings. In chapter 4, I discuss the findings regarding the volume and focus of U.S. corporate philanthropy to education in developing countries. In chapter 5, I examine how companies make contributions to education in developing countries. In chapter 6, I address in detail how corporate contributions to education align with corporate interests. In chapter 7, I revisit the critiques of corporate philanthropy in the literature review and apply them to my data. In chapter 8, I conclude and make policy recommendations based on my interpretation of the data to improve the effectiveness of corporate philanthropy, making the assertion that despite limitations and assuming all parties have a full understanding of corporate interests, improved corporate philanthropy practices are better than no corporate contributions to education or corporate contributions continuing in their current format.

## Chapter 2: Review of the Literature

To better situate the study, this chapter reviews the literature surrounding global education, philanthropy, the evolution of corporate philanthropy, and its associated critiques. I will start with a review of the global education goals and the recent engagement of the private sector in reaching those goals. Next I will situate the private sector's involvement in global education in the literature of philanthropy, examining philanthropy's philosophical origins and evolution into corporate business practices in the United States. I will then provide a critique of corporate philanthropy as it relates to education and construct a theoretical model to demonstrate how corporations engage in philanthropic activities. This model will situate the explanation of the study design in chapter 3.

### **Context of Global Education and the Private Sector**

Support for the expansion of educational access has become a cornerstone of the international development agenda since the middle of the twentieth century. Along with global declarations, covenants, conventions, forums, and frameworks about the importance of education access and quality in developing countries, there has been a desire to provide financial support for educational expansion as well. Still lagging in comparison to the goals they aim to achieve, philanthropy and direct financing of education in developing countries have nonetheless increased in the past fifty years.

By 1940, just before the post-colonial era, 80% of independent countries in the Americas and Europe had established compulsory education laws with little expansion of mass education rights to colonial territories (Chabbott, 2003; Ramirez & Ventresca, 1992). In 1948, at the conclusion of World War II and the beginning of the international wave of colonial independence, the Universal Declaration of Human Rights codified basic education as an inalienable right for all citizens of the world (United Nations, 1948). According to Article 26 of this non-binding international agreement, everyone has the right to a free and compulsory primary education; technical and professional education should be generally available and accessible to all; and higher education should be available based on merit (United Nations, 1948). These education-based rights were available to all on a non-discriminating basis, and states were to ensure these rights on a progressive basis (United Nations, 1948). The legally-binding Covenant on Economic, Social and Cultural Rights (1966) made the education rights articulated in the Universal Declaration of Human Rights legally binding in 161 ratifying states (UNESCO, 2010). By the late 1980s, over 80% of national education systems had instituted compulsory rules (Ramirez & Ventresca, 1992).

At the end of the twentieth century, world leaders came together on two distinct occasions to again declare the importance of education and develop frameworks for expanding and financing its mass expansion. In 1990, prompted by

the leaders of UNESCO, the World Bank, and UNICEF, a World Conference on Education for All was convened in Jomtien, Thailand (Chabbott, 2003; Inter-Agency Commission, 1990). Resulting from the World Conference was a commitment by 155 state participants to the importance of education through the *World Declaration on Education for All* and an accompanying *Framework for Action*. Among the goals were a call for expanded early childhood care and development, universal access to basic education by 2000, improvement of learning achievement, increased adult literacy, expanded access to skills training, and an increased “acquisition . . . of the knowledge, skills and values required for better living and sound and sustainable development” (UNESCO, 1990, p. 18). In 1999, the World Education Forum, held in Dakar, Senegal, reaffirmed the global commitment to education set forth in 1990. The resulting *Dakar Framework for Action* resulted in six new education goals, including a fifteen year postponement of the goal to reach free and compulsory primary education – now set at 2015. Other education goals in the *Dakar Framework for Action* included: expansion and improvement of early childhood care and education, access to life skills programming for young people and adults, 50% adult literacy by 2015, the elimination of gender disparities in primary and secondary education by 2005, and quality improvements in literacy, numeracy and essential life skills (UNESCO, 2000). In this same declaration, the international community pledged an increase in volume, predictability, and coordination of external financing as well as more extensive debt relief and monitoring of Education



for All goals (UNESCO, 2000). President of the World Bank, James Wolfensohn (2000), renewed the World Bank's commitment to education and pledged that the donor community would be ready to respond more quickly to a fast-track action plans for countries when they are committed to achieving Education for All prior to 2015.

The commitments from Dakar were the precursor to the Millennium Development Goals, which have served as global development policy goals to rally advocates, practitioners, and governments at all stages of economic and social development. These eight goals serve as a framework for international cooperation on development issues. Of the eight, goal two and three are related to education and goal eight relates to developing a global partnership for development. Millennium Development Goal two, to achieve universal primary education, has the target of ensuring that by 2015, “children everywhere, boys and girls alike, will be able to complete a full course of primary schooling” (United Nations Development Program, 2000). Goal three aims to reduce gender disparity at all levels of education. Goal eight, to develop a global partnership for development, focuses primarily on addressing macro-economic issues affecting least-developed countries, including: debt sustainability, development assistance, and market access. The private sector is mentioned in target 8(e) and target 8(f). Target 8(e) refers strictly to cooperation with pharmaceutical companies for access to affordable drugs, while

target 8(f) aims to make available “the benefits of new technologies, especially information and communications”; the sub-targets focus specifically on telephone lines, cellular telephone subscribers, and internet usage (United Nations Development Program, 2000). From the Millennium Development Goals themselves, there is little – if any – direct statements encouraging private sector engagement for the achievement of educational goals and targets.

Despite the declared commitments for educational rights at national and international levels, the goals set forth throughout the previous sixty years still remain more aspiration than reality. A recent Education for All Global Monitoring Report indicates that early childhood malnutrition impedes the learning of nearly 178 million children and causes severe inequities in the provision of early childhood education (UNESCO, 2010). Approximately 69 million children are still without access to primary education, and, given current trends, the 2015 goal of Education For All will fall short by 56 million young people (UNESCO, 2010; UNESCO, 2011). Although progress toward gender parity in education has been made on a global scale, extreme levels of gender discrimination exist in all parts of the globe, primarily in sub-Saharan Africa and the Arab states (UNESCO, 2010, p. 64). Recent data also suggest that one in five of all youth at the secondary school level are out of school (UNESCO, 2010, p. 74). These statistics are even more pronounced in the margins. For instance, in Sub-Saharan Africa, estimates suggest that only 17 percent of girls

enroll in secondary school (Rihani, 2006). Almost half of all children who are out of school today live in low-income countries affected by conflict, and these countries receive much less funding and are much less equipped to reach global education goals than other low-income countries (UNESCO, 2011). Cultural and linguistic minorities, children with disabilities, and rural youth are just some of the children most affected by poor educational opportunities. It is important to remember that these statistics represent human beings and correlate to the health, livelihoods, and well-being of an entire generation of young people.

While there has been an increased mobilization of government support for meeting these education goals, as detailed in chapter 1, the world has fallen far short of harnessing enough resources to make education rights from the 1948 Universal Declaration of Human Rights a reality. To fill these perceived gaps in financing education, alternative mechanisms aside from the traditional donor-recipient country relationship, which involve the private sector, have been endorsed by the global community (Brown, 2006).

Some argue we have moved into a new era of resource mobilization, "global development 2.0," a time when venture capitalists, corporations, celebrity activists, technologists, the global public, and emerging global powers must join forces with traditional bilateral and multilateral donors (Brainard & Chollet, 2008). Tens of thousands of new foundations and non-governmental organizations have joined

traditional donors and developing country governments to promote development; however, the proliferation of new donors and implementers has come without standard methods for reporting or harmonization of activities (Kharas, 2008). While small projects can seed innovation and experimentation, there is extensive literature about the implications of fragmentation of development aid in this new era of development (Fengler & Kharas, 2010). Some of the consequences of highly fragmented aid include multiple requests for studies, inability to identify and scale best practices, and distortions between country development priorities and where funding is directed by donors (Fengler & Kharas, 2010). Take, for instance, the example of Tanzania, where a large share of aid takes place through more than 700 projects managed by 56 parallel implementation units; half of technical assistance provided to the country is not coordinated with the Tanzanian government (OECD, 2007). The same effects of donor fragmentation can impact the effectiveness of non-profit organizations, causing them to dedicate significant time and resources to oversight and administration rather than project implementation. The uncertainty of financial resources for projects can also render contributions less effective; on large scales, this is referred to as with aid volatility through official development assistance, but it also impacts smaller scale grants with lower levels of certainty or unpredictable financing schedules (Fengler & Kharas, 2008).

One such "global development 2.0" initiative of the United Nations is the Global Compact. The UN Global Compact brings together six UN agencies in support of a membership organization, encouraging businesses to support broader human rights goals and initiate several principles in their daily business practices based on human rights, labor standards, the environment, and anti-corruption (United Nations, 2009). The UN Global Compact claims to be the "largest corporate citizenship and sustainability initiative in the world with over 5,200 corporate participants and stakeholders from over 130 countries" (United Nations, 2009). Although the Global Compact does not specifically mention education, its principles focus on the realization of human rights, therefore encompassing the right to education.

Although UNESCO is not one of the six organizations working directly with the Global Compact, it has cooperated with the private sector to meet education objectives. UNESCO announced that it sees promise in cooperating with the private sector on the broad issues of Education for All, literacy, teacher training, reducing the impact of HIV/AIDS through education and media, and sustainable development (UNESCO, 2006). It has also established an Office for Global Partnerships for Education for All. The organization publicly acknowledges sharing the same perspective as the World Economic Forum in regard to the need to encourage global and local private sector companies to partner with governments in developing

countries to achieve development goals (UNESCO, 2006). The former Director General of UNESCO, Koïchiro Matsuura, emphasized the importance of partnering with the private sector to meet the goal of achieving universal primary education in all countries by 2015 (UNESCO, 2006). Likewise, the current Director General, Irina Bokova (2010), recently stated, "both the private sector and civil society organizations have determining roles to play in . . . expanding access to learning."

The engagement of the private sector in global education goals at UNESCO is also supported by the broader United Nations Office for Partnerships, serving as a gateway for partnership opportunities between external constituents and UN agencies. As the UN point of contact for private sector entities interested in working with the United Nations, the office screens external and internal inquiries and advises on the development of creative financing mechanisms to design and implement projects according to UN procedures and practices (United Nations Office for Partnerships, 2009). Its function appears to be similar to that of a development office at a non-profit organization – seeking to find external corporate support for international institutional initiatives.

In 2002, the United Nations International Conference on Financing for Development concluded with statements of support for public/private partnerships and financing mechanisms for development. This recommendation was part of the final text of agreements and commitments commonly known as the Monterrey

Consensus on Financing for Development. In the follow-up to this conference, the World Economic Forum has continued a dialogue alongside UN agencies to explore public-private partnerships for development. Following this, in 2004 the World Economic Forum's Global Institute for Partnership and Governance and the UN Department of Economic and Social Affairs established a series of multi-stakeholder roundtables to determine the best opportunities for harnessing such partnerships to advance development objectives (World Economic Forum, 2004). The roundtable discussions focused on what works and does not work in the design and management of public-private partnership arrangements in education and developed a series of recommendations for improving capacity, access, and quality in basic education and for examining the special role of the private sector in delivering basic education efficiently and effectively. These outcomes have been strongly criticized for their preferences toward education privatization and the profit-generating interests underlying their development (van Fleet, 2010).

The World Economic Forum also engaged in other basic education activities integrating the private sector. The World Economic Forum launched the Jordan Education Initiative (2003), the Rajasthan Education Initiative (2005), and the Egyptian Education Initiative (2006), in which partners from governments, international organizations, the private sector, and the NGO community were brought together to address educational challenges in local contexts. In 2007, the

World Economic Forum's Global Education Initiative partnered with UNESCO to launch the "Partnership for Education," aimed at creating a global coalition of partnerships to achieve the Education For All goals and the Millennium Development Goals (Bhanji, 2008).

Additional efforts are being made by an International Task Force on Innovative Financing for Education to identify potential private sources of financing for education. In its nascence, the most recent meeting in February 2011 brought together representatives from various developed countries, UNESCO, UNICEF, the Fast Track Initiative, and various nongovernmental organizations (International Task Force on Innovative Financing for Education, 2011). However, the results have yet to bear new active models of private sector engagement.

Additionally, major donors are embracing the potential for private sector engagement in education. New education strategies emerging from the World Bank (December, 2010), U.S. Agency for International Development (February 2011), and U.K. Department for International Development (Colenso, 2011) highlight the need for private sector engagement to mobilize and utilize resources more effectively in education.

With the proliferation of multiple activities involving the United Nations, the private sector, and other actors to support education, a greater exploration of the literature surrounding philanthropy and the evolution of corporate philanthropy



needs to be explored. The next section will focus on the philosophical and practical groundings of corporate philanthropy. Following this, I will critique the notions of philanthropy to education and introduce a theoretical model to connect the current private sector initiatives to the literature in philanthropy and the larger purpose of my study.

### **Philosophical Origins of American Philanthropy**

To build a conceptual framework for understanding corporate philanthropy in the United States, I first turn to the philosophical roots of the term philanthropy itself and its evolution in the initial stages of American society in the “New World.” Of Greek origin, “philanthropy” literally translates to “love of [hu]mankind,” derived from “philos,” love, and “anthrōpos,” mankind. In examining Greek history, evidence of philanthropic behaviors may be as old as Greek mythology itself. In a myth dating back to 2000 BCE, Prometheus, a Titan god, witnessed the suffering of humankind. In order to alleviate human suffering, he stole fire from Zeus and gave it to humans so that they could be warm; thus, in mythology he was known as the benefactor of humanity (Dougherty, 2006). Over 1,500 years later, Plato (380 BCE/1987) echoed the social role of looking out for the common good of the community in *The Republic*. “Rulers” and “guardians” in society have the role of “always doing what is best for the community”; he believed that leaders should not have private property, as it would cause them to sacrifice the public interest for

private gains (Plato, 380 BCE/1987, pp. 118-126). Plato is believed to have been the first educational philanthropist in history: he left an endowment of land upon his death to the Plato Academy – which he founded – sustaining the Academy for 900 years (Lasher & Cook, 1996; MacLellan, 1936).

On the North American continent, there is evidence of philanthropic ideals manifested by Native Americans and European settlers. The tradition of generosity was central to many indigenous Native American cultures prior to the arrival of European settlers (Jackson, 2008). The Winnebago tribe of the Midwestern region often spoke of giving and greed in the stories passed from generation to generation. One traditional story about a man hoarding food from a coyote concludes with a lesson about greed, cautioning that while deception may earn one more food – a metaphor for wealth – it will only cause misfortune (D. L. Smith, 1997/2008). The themes of generosity, class structure, common humanity, giving, and greed appear throughout stories documented from the early Native American tribes, including the Oneida, Northwest Native Americans, and the Cherokee, among many others (Jackson, 2008).

Influences encouraging a culture of generosity for early European settlers were primarily grounded in religious teachings about giving, poverty, and wealth. The Old Testament of the Bible frequently alludes to charity: for instance, “thou shalt open thine hand wide unto thy brother, to thy poor, and to thy needy, in thy

land” (Deuteronomy 22:4) and “the righteous sheweth mercy, and giveth” (Psalms 37:21). The New Testament cautions against publicizing acts of charity in the book of Matthew: “when thou doest thine alms, do not sound a trumpet before thee” (Matthew 6:2). In Calvinist writings, there is a notion that the church should not accrue wealth, but instead use wealth to “relieve distress” (Calvin, 1536/2008, p. 50). This Calvinist idea mirrors Greek thinking from over one thousand years earlier, as Aristotle, Plato’s protégé, cautioned about the accrual of wealth. Aristotle believed that the exchange of goods for limitless money making is not natural and leads to unwise choices and an unsustainable state. He illustrated this by saying in this state of wealth a man may have plenty of money and not enough food to eat (Aristotle, 350 BCE/1962, pp. 38-43).

The Calvinist and Aristotelian concept of encouraging philanthropic giving of wealth to alleviate poverty and suffering in lieu of continued wealth accrual manifested itself in the American colonial political landscape. Fifty years prior to the end of colonial rule and the birth of the United States, there are examples of communities founded on the concept of egalitarianism. The last of the original British colonies in America, Georgia, was founded using the resources provided by the British to establish a place without poverty or privilege. One of its founders, Oglethorpe (1733/2008), writes:

and his majesty farther grants all his lands between Savannah and  
Alatamaha, which he erects into a Province by the name of Georgia, unto the  
trustees, in trust for the poor . . . the money being laid out preserves the lives  
of the poor, and makes a comfortable provision for those whose expenses  
are by it defrayed. (p. 85)

Thus, the founders envisioned a society where wealth was used to sustain  
livelihoods and the government was the trustee for social welfare and wealth  
redistribution.

The Judeo-Christian values of philanthropy were woven through the fabric of  
the colonial American culture through stories and literature. An early story describes  
how Rose, a young girl of a meager upbringing, was later rewarded in life for her  
kind heart towards a poor man; she earned the admiration and hand in marriage of  
a young wealthy farmer from a neighboring town for her generosity (Anonymous,  
n.d./2008). During the eighteenth century, newspaper articles and commentaries  
further advanced the notion of philanthropy. Echoing the children's story above, a  
poem appearing in the *Herald of the United States* (1793/2008) entitled  
"Philanthropy," suggested that rewards are in store for those who act charitably. An  
article in the *Middlesex Gazette* rated generosity as an admirable characteristic in a  
person, stating that it "elevates the [wo]man of liberal education and polished  
manners to a degree little below the angelic race" (Unknown, 1787/2008, p. 76). An

essay published in the mid-eighteenth century noted the social burden of wealth and the social responsibility of alleviating poverty through charity. The anonymous essay cautioned how poverty in the Americas was circumstantial, noting, “our affluence is not our virtue, nor is their poverty their crime” (1753/2008, p. 96). This concept makes philanthropy a societal duty based on the notion that wealth is circumstantial rather than the outcome of an individual’s actions.

The value of philanthropy perpetuated itself from stories and literature into the political philosophy of the early United States. In his autobiography, Benjamin Franklin (1766/2008) developed a philosophy on philanthropy, stating that its purpose should be to lead people out of poverty and not make them comfortable in it. In his writings about the purpose of the newly found independent country, George Washington (1789) specifically mentioned the role of philanthropy: in his letter to the General Assembly of Presbyterian Churches, he stated, “the general prevalence of piety, philanthropy, honesty, industry and economy seems, in the ordinary course of human affairs, particularly necessarily for advancing and conforming the happiness of our country” (G. Washington, 1789/2008, p. 114). Five years later, Washington (1794) reiterated that philanthropy should be a pillar of United States philosophy in a letter to the Earl of Buchan, stating that the strife of nations should be to “excel each other in acts of philanthropy, industry and economy” (p. 115). It should be noted that upon his death, Washington bequeathed

his fifty shares in the Potomac Company to the endowment of a university to be established in the District of Columbia – committing, like Plato, another early act of educational philanthropy (G. Washington, 1799). Unfortunately, this bequest was left to the government, and Congress never took action to utilize his contribution (Science, 1889).

In the very same year that Washington articulated philanthropy as one of the pillars of the newly established United States, a U.S. Senator, DeWitt Clinton (1794/2008), spoke about applying benevolence to the ways in which nations operate. This is the first time philanthropy and benevolence were integrated into the discourse on international relations; these statements may have been a precursor to the Wilsonian concept of international cooperation, which encouraged nations to convene to solve challenges in a peaceful manner. In a speech in New York, Clinton (1794/2008) alluded to the United States engaging in philanthropic activities abroad: “after viewing this sublime prospect of a nation happy in itself, let us behold the sublimer spectacle of all the nations of the world happy in each other” (p. 101). As part of his speech, Clinton (1794/2008) suggested ideas such as a Congress of Ambassadors from all nations of the world and a global university to store the knowledge learned throughout all of the nations. Clinton linked benevolence to the way in which nations should conduct their policies and cited knowledge and learning as a key component of such a world system.

Jefferson's theoretical approach to philanthropy also assumed it to be a duty that the American citizen owed to society (Jefferson, 1812/2008). Jefferson (1823) cautioned against giving to unfamiliar organizations or countries where the donor has no account of the uses of his or her philanthropy and instead suggested giving "to objects under our eye, through agents we know, and to supply wants we see" (p. 195). Jefferson, in a way, is encouraging local philanthropic acts for the betterment of one's own community. This implies that philanthropic actions have a visible and tangible impact on the community of the giver.

During the first full century of the United States, the rhetorical portrayal of philanthropy as acts of kindness rooted in Christian heritage permeated literature and media. Walt Whitman's (1855/2008) preface to *Leaves of Grass* suggests that people should give alms, income, and labor to others. Articles in the *Baltimore Patriot* and *Farmer's Cabinet* frequently spoke to importance of charity ("Charity the Best Fruit of Faith," 1836/2008; "On Charity," 1829/2008). An article in the *Boston Commercial Gazette* ("Private Charity," 1819/2008) echoed the New Testament value of not advertising acts of benevolence, while another article from the previous year spoke of the relative value of what those with riches give to the poor, as opposed to what those who are poor give to one another. Many charities developed during this time, reinforcing the growing rhetoric of philanthropy's importance in American society. Examples include women's organizations, social care

organizations, volunteer fire departments, the American Red Cross, and religious charitable organizations such as the Knights of Columbus and B'nai B'rith (Jackson, 2008).

An interesting philosophical shift about philanthropy also took place during the 1800s in the United States. At this time, the philosophy of philanthropy deviated from a purer, altruistic meaning rooted in Greek, Native American, and Judeo-Christian history. De Tocqueville (1835/2003) made new sense of American philanthropy by calling it “enlightened,” suggesting that Americans know when to sacrifice some of their private interest for the public good and when not to do so. He noted that the philosophy of philanthropy in the United States is to pursue one’s best interest, noting that at times, it may “prove to be in the interest of every [wo]man to be virtuous” (p. 610). Therefore, a general principle of American philanthropy observed by de Tocqueville was that private interest and public interest can indeed merge at a certain point. This concept is an important basis for this study, as the notion of philanthropy for private gain will be central to the theoretical framework developed later in this chapter.

### **History of Corporate Philanthropy in the United States**

Starting in the mid-1800s, with the rise of scientific understanding and capitalism in the United States, philanthropy was no longer restricted to moral and religious domains (Jackson, 2008). Although corporations would not have a legal



precedent to formally implement acts of philanthropy until 1953, philanthropy was not disconnected from corporate actors and interests (The A.P. Smith Manufacturing Company v. Ruth F. Barlow, 1953). During the last decade of the nineteenth century, values shifted from giving to “charity” to a larger-scale, systematic giving process of “philanthropy” as a new group of philanthropists emerged, consisting of “modern businessmen committed to notions of rationality, organization and efficiency,” who were “making money faster than they could give it away” (Karl & Katz, 1981/2008, p. 242). Given the strong connection between these wealthy individuals and the corporate world, the philanthropic actions of wealthy industrialists are the predecessor of formal corporate giving as we know it today. The philanthropy of wealthy individuals was sometimes questioned and criticized for potential conflicts of interest between philanthropic and corporate interests. In the late 1800s it was observed that social opportunities often aided in the creation of private wealth for these individuals, leading to assertions that society has claims over this “social wealth” and that it is an obligation of private millionaires to provide this wealth for social institutions (Review of Reviews, 1893/2008). This section will explore the historical underpinnings of corporate philanthropy rooted in the giving practices of wealthy industrialists, eventually leading to formal corporate giving practices in the mid-twentieth century.

One of the first wealthy philanthropists emerging from the private sector was George Peabody. Born in 1795, Peabody became wealthy by founding a successful dry-goods company in the early 1800s. Called by many the “father of modern philanthropy,” Peabody followed the Franklinian protocol of investing in the poor to provide pathways for self-improvement. His primary philanthropic initiatives included giving to education and housing (Jackson, 2008). In the years following Peabody, other wealthy corporate philanthropists connected their philanthropic activities to their personal philosophies of wealth, capitalism and redistribution. There were two emerging paradigms of corporate wealth redistribution. One paradigm saw wealth generated through the corporation as an opportunity to increase employee salaries and benefits, thus improving the lives of the employees and their families. The other saw wealth accrued by the corporation as a justification for the individual wealthy industrialist to act as a trustee for the poor. In this paradigm, philanthropy takes over the role of social well-being and trusteeship, mirroring the role of the state in the formation of the colony of Georgia, more than a century earlier. Carnegie, Rockefeller, and Cooper illustrate how early wealthy individuals engaged in philanthropy through this model.

In the early years of the U.S. corporation, Andrew Carnegie (1889/2008) saw philanthropy as an activity reserved only for those few individuals fortunate enough to benefit from the profit of corporate activities. He argued:

the laws of accumulation should be left free; the laws of distribution left free. Individualism will continue, but the millionaire will be the trustee for the poor, [e]ntrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have been done for itself. (p. 19)

Carnegie's perspective on the role of the corporation in philanthropic behavior was based on the belief that the capitalist system was the most appropriate economic system for global stability, despite the fact that not everyone stands to become prosperous. According to Carnegie's world view, while society as a whole is better off in a competitive market system, wealth is only distributed to a few.

According to Carnegie (1889/2008), administering wealth through the hands of a few for the common good "can be made much more potent for the elevation of our race than if it had been distributed in small sums to people themselves" (p. 17). These few individuals accumulating wealth must take on the obligation to be the trustees of the poor through philanthropic endeavors. This is an important concept, as it alludes to the relationship between capital and labor in a corporation. By withholding the redistribution of wealth to individual laborers in smaller sums, aggregated philanthropies directed by the wealthy are deemed more effective forms of charity and social good. Carnegie, in essence, supports profit maximization at the expense of increased salaries for labor because he, as the trustee of wealth, is better

able to distribute wealth for the betterment of humanity than if wealth were to be distributed to the individual workers in a corporation.

The trustee model of corporate wealth redistribution led to the creation of several foundations in the early 1900s, including the Carnegie Corporation of New York (1911), the Rockefeller Foundation (1913), and the Ford Foundation (1936). These foundations, bearing the names of corporate leaders, were born out of the profits of the corporation but theoretically operated as independent institutions and were never under direct legal control of the corporations themselves.

John D. Rockefeller's philanthropic investments during his lifetime followed the trustee model and were largely driven by an efficiency movement of the late 1800s and early 1900s – a philosophical quest to eliminate waste in all areas of society (Raitt, 2006, p. 836). The efficiency movement created a greater need for social science research to better understand how to make human systems more efficient. Perhaps influenced by the growing need for expert research into various facets of American society, Rockefeller contributed significantly to founding and supporting universities and research institutes (Karl & Katz, 1981/2008). However, Rockefeller's transfer of wealth to a private foundation came under significant scrutiny by society, as it coincided with the questionable business practices of Standard Oil in regard to labor and the suppression of miners (Karl & Katz, 1981/2008; Micklethwait & Wooldridge, 2005). Rockefeller was susceptible to the

criticism that one who has a poor record of treating labor should have little or no credibility in the distribution of wealth for philanthropic purposes. This was not the first time Rockefeller's contributions came under scrutiny. Some revisionist historians would later assess his contributions to education for African Americans living in the South as hegemonic manifestations promoting industrial and agricultural skills (Anderson, 1978; Gasman, 2002).

In 1915, Senator Frank Walsh of the United States Commission on Industrial Relations conducted a wide-ranging inquiry on the impact of the industrial system on labor. The Senator concluded that leveraging industrial wealth through trustee models allowed philanthropists like Rockefeller to “mold public thought,” which was a matter best left to the work of the state (Karl & Katz, 1981/2008; “Walsh Again Tilts with Rockefeller,” 1915).

Other wealthy industrialists opted to redistribute wealth through their employees. Peter Cooper, a wealthy New York businessman, opted to utilize a dual-paradigm philosophy for redistribution of corporate wealth. Cooper was a proponent of two forms of wealth redistribution: (1) charitable giving and (2) providing higher wages for employees. Carnegie (1889/2008) had a clear opinion about the effectiveness of Cooper’s wealth redistribution practices: he believed that providing higher wages to workers cut into profits which could be redistributed through charitable giving. He argued that Cooper’s redistribution of wealth through

higher wages for workers was largely “wasted in the indulgence of appetite, some of it in excess” and was much less effective than Cooper’s use of wealth to establish institutions (Carnegie, 1889/2008, pp. 17-18). Carnegie’s perspective on wealth redistribution to workers asserts that the wealthy industrial philanthropist knows what is best for society and that individuals are unable to make proper decisions on how best to utilize additional wealth.

Julius Rosenwald, then partner in Sears-Roebuck, was also a proponent of the second paradigm of corporate wealth redistribution. In 1916 he developed a pension fund for its employees, with the belief that the institution of a pension fund was not philanthropy, but a good business practice (Micklethwait & Wooldridge, 2005, p. 75).

Philanthropy directed by the corporation itself did not emerge in American philanthropy until the post-World War II era (Gasman & Drezner, 2008). This marked an important shift in American philanthropy. Until this point, all philanthropy based on corporate wealth was administered by individual industrialists. As corporate philanthropy became a standard corporate activity, a philosophical disagreement emerged, best summarized by the economist Milton Friedman. Friedman (1962) stated that corporations should not engage in philanthropy because the responsibility of business is to increase profits; if the

corporation makes charitable contributions, individual shareholders are prevented from deciding how to dispose of their funds (pp. 133-135).

Friedman's position was more than rhetoric, as it became the premise for legal discourse challenging the notion of corporate philanthropy. A New Jersey Supreme Court decision in 1953 responded to allegations whereby several shareholders of the A.P. Smith Manufacturing Company questioned the legality of the company's donation to Princeton University as a misuse of shareholders' resources. The court held that "corporations were permitted to make contributions where the activity being promoted by the gift promoted the goodwill of the business of the corporation" (Gasman & Drezner, 2008; *The A.P. Smith Manufacturing Company v. Ruth F. Barlow*, 1953). At this point in history, corporate philanthropy was officially legitimated as a legally acceptable practice in corporate governance.

### **Present Day Corporate Philanthropy**

From 1953 onward, corporate philanthropy had an increasing presence in major companies in the United States. Several different terms have been used to describe the in-house act of corporate philanthropic engagement, including social responsibility, global citizenship, and public-private partnership. The practice of corporate philanthropy was initially termed social responsibility, referring to the "obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values

of our society” (Carroll, 1999, p. 6). Any corporate activities balancing multiple interests beyond those of the shareholder, using social programs to enhance profit maximization, or engaging in social programs for utility maximization were considered socially responsible behaviors (Carroll, 1999, pp. 273-274). Global corporate citizenship developed as a term decades later to describe the philanthropic activities of the corporation, evoking the early rhetoric of philanthropy as a duty of American citizenship and thus an obligation of the corporation. According to Schwab (2008), corporate citizenship means that companies are stakeholders in the global society along with governments and civil society. Public-private partnership is a term used to describe business ventures in which some philanthropic interest organized by company marketing or other business departments in a corporation are coordinated with the state (Bhanji, 2008). Corporate philanthropy has evolved to embrace de Tocqueville's notion of enlightenment in what has recently been termed "shared value," the potential of corporate activities to have a mutual benefit to create business success and address societal challenges (Porter & Kramer, 2011).

The federal government recognized the increasing charitable acts of corporations and established tax incentives encouraging corporate philanthropy. These incentives legitimized and rewarded corporate engagement in philanthropy. The Economic Recovery Tax Act of 1981 increased the maximum deduction for



charitable donations from corporations from 5% to 10% of net income. Although it theoretically provided incentives for additional corporate giving, the increased deduction was speculated to have only a small effect because few companies actually reached these large giving levels (Clotfelter, 1985).

Porter and Kramer (2003) assert that corporations see little tax advantage from giving to charity, arguing that corporations receive no benefit from philanthropic expenses because all business expenses are deductible. Additional initiatives by the federal government have attempted to instigate corporate philanthropy through tax incentives. For instance, the Katrina Emergency Tax Relief Act of 2005 suspended the corporate charitable giving limit and allowed corporations to deduct up to 100% of taxable income in disaster contributions ("Katrina Emergency Tax Relief Act of 2005," 2005).

Corporate philanthropy is carried out either through a department within a company or by a corporate operating foundation. If carried out by the company, contributions may come from a corporate social responsibility, community relations, or marketing budget. Corporate operating foundations and trusts are independently incorporated foundations that are typically housed within a company and thus are treated like any other internal budget item. They are used primarily for tax purposes, allowing companies to write off financial profits as charitable contributions. These entities tend to share the same name as the company, have

corporate senior executives as the majority members on the board, be housed within the company's headquarters, and have a mission to carry out the company's philanthropic activities.

It is important to distinguish these corporate operating foundations from traditional private foundations. Corporate philanthropy is distinct from private foundation philanthropy – “a type of philanthropic organization set up with the purpose of distributing grants to support causes in line with the goals of the foundation or as a charitable entity that receives grants in order to support a specific activity or activities of charitable purpose” (Bhanji, 2008, p. 58). Private foundations that are founded using the profits of corporate endeavors but operate independently of business interests (e.g., the Bill and Melinda Gates Foundation, the Hewlett Foundation) are not corporate operating foundations. For example, the Ford Foundation, founded in 1936, has no link to the Ford Motor Company. However, the Ford Motor Company Fund, founded in 1949, is a company-sponsored foundation, carrying out the philanthropic work of the Ford Motor Company.

Distinct from all other forms of philanthropy, such as individual giving, foundation-based philanthropy, or government aid, corporate philanthropy is a unique form of giving based on an institutional structure that employs millions of people in a context where charitable giving can “reinforce or stimulate voluntary activity of all kinds” (R. Levy, 1999, p. 16). Valor (2007) suggests that corporations

have three types of assets which in turn produce three “objects of contribution.”

The assets are financial, real, and intangible. Financial assets allow the firm to contribute money; real assets allow the firm to contribute tangible property to the community; and intangible assets include contributing employee time and expertise (Valor, 2007, p. 290).

Corporate engagement in philanthropy has evolved based on distinct corporate advantages, leading to several mainstream approaches to giving. These approaches include donations of cash or cash equivalents, in-kind donations of products or services, volunteerism, employee match programs, and cause-marketing. The donation of cash or cash equivalents can take place through grant programs, matching grant programs, or challenge grants, all of which transfer cash to a charitable cause (Rubenstein, 2004). In-kind donations consist of the donation of tangible products or services from the company or its employees to a charitable cause. In education, these could include contributions of books, school supplies, technology equipment, etc. Volunteerism can take many forms at the executive level or the employee level: some companies may allow paid time off for employees to volunteer, while others may encourage employees to use their skills for pro-bono services to the community. Caprara and Litow (2010) contend that "mid-career employees at corporations[,] particularly large, globally-integrated enterprises . . . have what is most required for a successful international service engagement:

cutting edge skills, deep expertise and relevant strategic knowhow" (p. 1). Employee matching programs are one of the most popular programs and leave charity up to the individual worker and aim to enhance employee morale by allowing them choice in the company's social impact programs. However, such programs are, in essence, no different than giving employees a raise from a corporate tax perspective (Porter & Kramer, 2003, p. 30). In matching gift models, when an employee gives to a charity, the employer matches the gift, typically with a limit for maximum amounts. These contributions are typically limited to non-religious charitable organizations with Internal Revenue Service 501(c)(3) status. The final type of philanthropy involves cause-marketing, which takes on a variety of forms but generally promotes a company's brand or image through the sale of particular products, sponsorship of events, or paid advertising linked to a cause (Porter & Kramer, 2003; Rubenstein, 2004). An example of a cause-marketing approach is the Product (RED) campaign in which twelve companies joined together to sell products with a portion of proceeds directed to the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Alongside these forms of corporate philanthropy is the emerging presence of "philanthrocapitalism." Philanthrocapitalism takes place when an individual attempts to apply business concepts to social issues and the operation of philanthropy (Bishop & Green, 2008). It is typically driven by successful entrepreneurs who take on big social programs "because they believe they can, and

because they feel they should” (Bishop & Green, 2008, p. 30). The philanthrocapitalism movement coincides with a new generation of corporate wealth infused into philanthropic purposes from actors such as Bill Gates and Warren Buffett, echoing Carnegie’s “trustee” model, whereby those who gain through private enterprise subsequently engage in the distribution of wealth to alleviate the world of its injustices and inequalities, based on their personal priorities and interests. Ravitch (2010) points out that these "billionaire boys" have come to have great influence over education policy in the United States; by 2002, the Bill and Melinda Gates Foundation and the Walton Family Foundation made up 25% of the total contributions from the top 50 donors to primary and secondary schooling. Joined by Eli Broad, Gates and Walton became the "big three" of domestic education philanthropy. The alignment of their education philanthropy policies have come to exert unusual power over the U.S. urban school system (Ravitch, 2010). These activities are philanthropic but separate from present-day corporate philanthropy, as there are no legal links between the missions of corporations and the philanthropic actions of these individuals.

### **A Critique of Corporate Philanthropy**

Despite philanthropy’s core role in American society, it does not come without critique. Furthermore, although businesses can expand access to goods and services, relying on their philanthropic endeavors to cure all social ailments is

dangerous (Edwards, 2008b). This section reviews the critiques of philanthropy, specifically applying the critiques to corporate philanthropy directed towards education. The critiques are categorized into four conceptual areas: philanthropy and government; the contradictory structure of philanthropy; self-legitimizing nature of philanthropy for business; and the dependency and inequality perpetuated by philanthropy. Each will be explored to highlight philanthropy's limitations as it relates to education.

### Philanthropy and Government

There are various models depicting philanthropy as a social interaction between several sectors of society (S. Mertens, 1998; Paton, 1991; Schuppert, 1991; D. Smith, 1991; Van Til, 1988). A compelling model for situating corporate philanthropy is Pestoff's Triangle, shown in figure 1, indicating a third sector of activities at the intersection of the state, community, and the market, which interact in formal, informal, public, private, for-profit, and non-profit ways (Pestoff, 1998 & 1999; Van Til, 2000/2008). The triangle depicts the complexity of actors and society who form the framework for corporate philanthropic activities. At the intersection where "third sector" activities take place, there is an inherent tension between the provision of public goods and promotion of welfare by the state, community, and market forces. This space and its tensions are central to the heart of the argument between Carnegie (1889/2008), ascertaining that wealth should be redistributed by

wealthy capitalists as trustees for the poor, and Senator Walsh ("Walsh Again Tilts with Rockefeller," 1915), critiquing philanthropic activities as an attempt for corporate wealth to mold public thought.

The critique follows the line of argument of Senator Walsh ("Walsh Again Tilts with Rockefeller," 1915), suggesting that philanthropy encroaches upon a government's ability and duty to provide public goods. The critique at the intersection of philanthropy and the government's provision of public goods will be explored along three main lines of argument, which maintain that the provision of public goods by corporate philanthropic activities is morally problematic, instigates a lower degree of government accountability, and interferes with the democratic nature of public education.

*Morally problematic tensions between the government and corporate philanthropy*

A philanthropic activity providing essential services to citizens is morally problematic according to some scholars (Alperovitz, 2005; Edwards, 2008a; Giroux, 1998; N. Levy, 2006; Shiva, 2003). Levy (2006) argues that essential services should be provided by the government and not by philanthropy, as it will favor particular countries, interests, and regions, as opposed to society at large. The favoring of particular interests at the exclusion of others through philanthropy is a similar argument made by Edwards (2008a) about markets, suggesting the dichotomous roles of markets and civil society: "in markets, we are customers, clients or

consumers, whereas in civil society, we are citizens, and each has very different implications” (p. 82). Combining the two concepts of markets and philanthropy as morally problematic in the equal provision of public goods, both Levy (2006) and Giroux (1998) caution against the argument that corporate engagement through philanthropy leads to more efficient services for society, as many of its proponents suggest. Giroux (1998) suggests that corporations are essentially amoral, as corporate culture respects few boundaries and social needs when left to its own devices. Shiva (2003) concurs with Giroux (1998) and criticizes the marketization of goods necessary for survival, such as water, food, health and knowledge. Extending Shiva’s (2003) argument that public goods have been co-opted by market forces and corporations, Alperovitz (2005) suggests that there can be a tipping point of corporate interference in public policy whereby a society depends on a corporation’s success without viable alternatives for sustainable livelihoods. All of these arguments suggest that reliance on corporate philanthropic endeavors for services such as education, which should instead be provided by the government, is morally problematic due to the nature of corporate culture and the implications that come with a world treating citizens as clients and consumers.

#### *Accountability tensions between the government and corporate philanthropy*

Further arguments point out that as the proliferation of corporate activities in the third sector increases, governments no longer view themselves as fully



accountable for the provision of public goods. When a government provides services such as education, the government is accountable for its action to the community. Citizens can protest, engage in decision-making processes, and participate in elections – all as ways of holding the government accountable for the provision of quality education. However, as corporations become engaged in the provision of public goods through their philanthropy initiatives, lines of accountability become unclear and leave little recourse for civil society. Valor (2007) suggests that corporations have no legitimacy in the provision of public goods, “given their obvious democratic deficit and their lack of accountability” (p. 281). When a corporation’s ultimate accountability lies with its shareholders, society’s concerns over education provided by corporate philanthropy are less likely to be heard.

Perhaps even more complicated is the scenario in which corporate philanthropy leads to public-private partnerships. As these initiatives multiply in the field of education (Bhanji, 2008; World Economic Forum, 2004; World Economic Forum, 2005; King, 2010) and the roles of the public and private sector are blurred, Edwards (2008b) suggests that citizens’ groups are no longer able to promote a system of checks and balances with their own government. According to the World Economic Forum, partnerships

can be particularly important as mechanisms to help address market failures or failures in governance and weak public administrative or infrastructure capacity – where neither the market nor government is able, on its own, to deliver public goods or meet crucial social and environmental challenges (Nelson & Prescott, 2005, p. 11).

However, in public-private partnership arrangements, it may be easy to shift blame to one actor or the other when initiatives do not lead to beneficial results for the citizens. This lends itself to the question of who is ultimately responsible for the provision of education and what role does civil society have in ensuring accountability in public-private partnerships. To counter the blurring lines of accountability, Hahnel (2005) suggests that governments should stand up to corporate engagement by demanding responsibility while at the same time holding themselves accountable to the public interest. But at the same time, when the private sector engages in supporting education, the government inherently relinquishes its sovereignty over the provision of education as well as its accountability to the public.

### *Democratic tensions between the government and corporate philanthropy*

The third tension between government and corporate philanthropy goes to the heart of the conversation: what is the purpose of education, and who makes decisions about the purpose of education in a democratic society? Some of the

functions of education in a democratic state include cultivating character and developing skills to participate in democratic politics, establish a livelihood, and share in communities (Gutmann, 1987). Although corporations are not the enemy of democracy, according to Giroux (1998), their engagement in education is only plausible with the presence of “a strong democratic civil society that limits the reach of corporate culture” (p. 15). Edwards (2008a) cautions that the concentration of corporate wealth has already reached a point that endangers democracy. Alperovitz (2005) goes even further to suggest that corporations are incompatible with democratic practices. In this vein, they would also be incompatible with the democratic principles of education. If a corporate entity engages in education through its philanthropic endeavors, to some degree it becomes a decision-maker in education policy. Giroux (1998) proposes that allowing corporations to have any influence in the management of public schools or the content of the curriculum enables corporate values to threaten the democratic purposes of public education. Therefore, corporate engagement in education may push an agenda that supports corporate goals of profit with little incentive to promote an agenda of democratic participation, especially if this aim is at odds with corporate goals. The tensions created between democracy and the role of corporate philanthropy has become an emerging issue in higher education in India when demand exceed public supply (Levy, 2008). For instance, consider the role of large corporate gifts to public universities from which the corporate hires graduates: these contributions can

influence the curricular content to serve the needs of the company over the needs of society. When the goals of education shift to fulfill corporate labor needs, the role of education in developing a vibrant democratic civil society is compromised.

### Contradictory Structure of Philanthropy

Corporate philanthropy exists within structural contradictions. The structure in which corporate philanthropy takes place contradicts the altruistic rhetoric that accompanies corporate philanthropy; this allows corporations to use philanthropy for private means and often through “tainted money.” The contradictory structure allows for a system whereby the motivations and interests do not match the rhetoric used to describe philanthropic behaviors. Yet, philanthropy is often regarded as a positive gesture in society. Henry David Thoreau (1852/2008) notes the contradiction between philanthropic motivations and interests and the perception of philanthropy; he suggests that human selfishness has overrated the role of philanthropy in society. Consider the contradictions within the example of Philip Morris USA (2011), part of a *Fortune* 500 company whose purpose is to generate profit through the sale of cigarettes: one of their social endeavors “works to help adult smokers who have decided to quit be more successful.” This same company spent \$75 million in charitable contributions in 1999 and \$100 million on an advertising campaign in the same year to promote these contributions (Porter & Kramer, 2003).

At the macro-level, corporate philanthropy goes against the neoclassical capitalist structure and economic theories under which the corporation exists. On the neoliberal end of the neoclassical economic spectrum, Friedman (1962) argues that only capitalism can provide economic freedom, allocate resources efficiently, and motivate people successfully while at the same time eradicating inequality through market forces of supply, demand, and price equilibrium. Hahnel (2005) reminds us that this perspective is intended to reward “people as fairly as can be hoped for, and [capitalism] is a necessary condition for political freedom” (p. 75). The neoliberal perspective argues that government intervention only creates inefficiencies and that markets naturally resolve equity and efficiency issues. However, more liberal views of neoclassical economics would suggest that the market does not always allocate resources efficiently and, at times, governments should intervene for the provision of public goods, such as education. According to both of these frameworks, the private corporation would never philanthropically provide for education unless it was in its interests, resulting from the market forces of supply, demand, and price. Corporations would certainly not engage in pure, altruistic giving to education, as it contradicts the inherent basis of corporate survival: the maximization of profit. According to Garriga and Mele (2004), the corporation is an instrument of wealth creation, and its social activities are a means to achieving profit. Because corporations operate under the profit motive – and are legally accountable to their shareholders to do so – their self-interest cannot be

removed from any type of giving deemed “philanthropic.” If a corporation were to do anything other than maximize profit, its officers would then be subject to legal action by shareholders (Hahnel, 2005); this is consistent with the New Jersey Supreme Court ruling on the conditions under which corporations can make philanthropic contributions (*The A.P. Smith Manufacturing Company v. Ruth F. Barlow*, 1953).

Given that a profit motivation – short-term or long-term – must legally be at the heart of any philanthropic giving by the corporation, it is important to consider the other unspoken motives providing philanthropic assistance. Radelet (2006) points out that in international development, only some motives are directly related to economic development. The use of educational philanthropy as a guise for the expansion of self-interest is not new: in the post-1945 era it was observed, “foundation overseas programs and development strategies . . . were frequently coordinated by intermediate organizations established or funded by one of the foundations, and . . . these programs and strategies were neither exclusively humanitarian in purpose nor apolitical – foundation disclaimers notwithstanding” (Berman, 1982, p. 48). The motivations of the corporation shape its dealings with its external environment (Nagel & Snyder, 1989), and corporate donors benefit from philanthropy, which enables them to better integrate into society (Levy, 2006). Therefore, philanthropy may be another way for a corporation to better integrate

into society by “us[ing] a fig leaf to hide embarrassing or dodgy business activities, . . . [or] boost[ing] social status out of overweening vanity” (Bishop & Green, 2008, p. 31). According to Krygier (2003), “any philanthropic activities in which . . . [corporations] engage ought to be seen as merely a part of their advertising budget and corporate image presentation . . . therefore worthy of neither reward nor praise” (p. 2).

When a corporation participates in philanthropic giving, it uses wealth that it has generated through other means and allocates the wealth to initiatives it deems important for one reason or another. However, many question the means by which the wealth was initially generated. According to Aristotle (350 BCE/1962), because corporate profit accrues in excess of levels necessary for personal survival, the wealth is deemed “unnatural.” Gladden (1895/2008) does not condemn all wealth but suggests that money is never just a material entity. Money instead represents either reward for honest labor or commerce, or is symbolic of injustice and fraud; therefore, it is impractical to separate money from the historical processes by which it is won (Gladden, 1895/2008). Gladden (1895/2008) calls money obtained from injustice or fraud and then used for charitable purposes tainted money; he asserts that it is unacceptable in any form of donation. Thoreau (1852/2008) concurs, pointing out that there is “no odor so bad as that which arises from goodness tainted” (p. 200). This framework can be used to question the legitimacy of

Rockefeller's philanthropy: his philanthropic giving coincided with his questionable business practices, poor treatment of labor, and motivations for supporting black education in the South (Anderson, 1978; Gasman, 2002; Karl & Katz, 1981/2008; Micklethwait & Wooldridge, 2005). Philanthropy in this model contradicts its structural existence, as wealth used to assist one group of people often comes at the expense of practices exploiting another.

### Philanthropy Legitimizes Corporate Existence and Business Practices

Corporate philanthropy has a self-legitimizing purpose for businesses in its current structure. According to Schumpeter (1942), the "fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates" (p. 83). A primary way that corporations enter new markets is through philanthropic activities to improve its competitive context, i.e., "the quality of the business environment in the location or locations where they operate" (Porter & Kramer, 2003, p. 31). Improving the competitive context is most closely linked to the attraction and retention of labor. For example, using philanthropy to increase the skills of labor, improve a community to attract labor to a particular location, or provide higher compensation in the forms of wages or benefits, such as health services (Committee for Economic Development, 2003), legitimates the company's existence in a community in each



instance. But the integration of the corporation into society through philanthropy carries certain risks. As Hahnel (2005) reminds us,

contrary to the teachings of Adam Smith, many of the most effective ways to increase corporate profits is to do so at the expense of the public interest and the environment, as well as at the expense of employees and consumers, so it is naïve and foolish to expect corporations to behave in socially responsible ways. (p. 305)

Philanthropy can also be used as a tool to legitimate the corporate existence by neutralizing a business's negative externalities in society. A study conducted by Godfrey, Merrill, and Hansen (2009) found that when companies experienced negative events, those engaging in philanthropic activities had a social "insurance policy" that protected the stock price during these periods. Additionally, philanthropy can legitimate business practices by attempting to solve problems that are caused wholly or in part by the corporation itself (Carroll, 1999; Fitch, 1976). For example, in the aftermath of the 2010 BP Gulf of Mexico oil spill, the company announced "block grants of \$70 million to help promote tourism and mitigate the economic impact of the oil spill in Louisiana, Mississippi, Alabama and Florida" (BP, 2011). If corporations can solve social problems in which they are intimately involved, they also stand to profit by such ventures and preserve their public image (Fitch, 1976). Thus, if corporations cause social problems, this notion proposes they

can then profit from resolving them through profit-generating activities under the umbrella of philanthropy. This legitimates the corporate actor in society, neutralizing any negative externalities exerted by its business activities through new profit-based activities.

Some argue that international institutions are endorsing socially-based, profit-generating behavior and providing even greater legitimacy to corporations seeking profit through business practices related to social causes. Whitehouse (2006) argues that the embracement of corporate philanthropy by international institutions, primarily through the United Nations Global Compact, “does more to enhance the image and legitimacy of big business than to improve social and environmental standards” (p. 309). Through the establishment of philanthropic social activities in a community, a corporation can justify itself outside of its profit-based activities and gain further legitimacy in the community.

#### Dependency and Inequality Perpetuated by Philanthropy

Corporate philanthropy is a social relationship based on a dependency in which a recipient often acts as an implementer of donor priorities. The policies and activities developed through philanthropy are further legitimated through this dependency relationship and at times can perpetuate inequality in society.

Ostrander and Schervish (1990/2008) observe that the common language of philanthropy looks at the giver in a one-way, giver-receiver relationship and fails to

acknowledge the “social relationship of giving and getting between donors and recipients” whereby the recipient takes part in “defining what goes on in the world of philanthropy” (p. 84). In this view, philanthropy is a social relationship extending beyond an organization or institution; it is a transactional relationship in a social structure whereby donors have more active choice and agency than recipients about how to define philanthropy. In an unequal social relationship of philanthropy, recipients rely on donors for funds and recognition of legitimacy (Ostrander & Schervish, 1990/2008), and donors tout their recipients as entities operating in their image and likeness. In order to receive funds to achieve their agenda, recipients often cater their operations to donor preferences. The resulting philanthropy is a loyalty-based giving system that largely makes results-driven philanthropy based on need and impact the exception instead of the rule (Goldberg, 2009).

These power relationships manifest themselves in the interests of philanthropic projects in education by creating a sense of dependency on the donor and at times perpetuating inequality in society. Franklin’s notion of philanthropy, was that it can weaken motivations and encourage begging, and thus should only be directed towards moving people towards self-sufficiency (Jackson, 2008). Education is seen as one way of promoting self-sufficiency in society as Booker T. Washington (1910/2008) agreed and suggested that giving resources to educate marginalized youth was the way to “accomplish the greatest good in this generation” (p. 25).

However, many examples from philanthropy demonstrate that giving towards education can have the opposite effect: perpetuating or increasing inequality.

Arnové's (1980) assessment of international technical assistance to education demonstrates this phenomenon in the earlier years of corporate philanthropy. He notes that philanthropically motivated reforms provide "nonconventional, technologically sophisticated ways of reaching, credentialing, and sorting out marginal populations on the basis of different types and amounts of education . . . [and] previously isolated or excluded individuals can be mobilized for multiple purposes . . . [including the] fulfillment of economic plans" (p. 53). Thus, education functions as a tool for creating a workforce serving corporate interests, contrary to any democratic aims of education for building a society.

The most striking example of educational philanthropic engagement in the perpetuation of social inequality occurred within the past century in the United States. In the early 1920s, major foundations – such as Carnegie and Rockefeller – funded Edward L. Thorndike's studies. Thorndike claimed that "knowledge of pupil's nature was vital to determining an appropriate curriculum" (Marks, 1980, p. 97). His research was legitimated and accepted through publications and conferences; soon, his method of sorting individuals into narrow categories affected the curriculum and life opportunities of African Americans (Marks, 1980). This led to permanently segregated education for African Americans until the 1950s and 1960s (Spring,

2004). Andrew Carnegie supported these initiatives through his philanthropic giving because “he believed that educating black workers was necessary to maintain the United States’ position in the world economy . . . [stressing] the importance of maintaining proper work habits among the black southern population” (Spring, 2004, p. 53). In this situation, mirroring colonial education policies of marginalization, philanthropy led to findings which were legitimated through academia and additional philanthropic support, leading to decades of perpetuated inequality and educational tracking.

### Critique Section Summary

Many would argue that because corporate philanthropy is self-interest driven, self-legitimizing, and unfocused, it will never reach a point of advancing social progress. Nelson and Prescott (2005) suggest that corporate philanthropy will not mobilize a large amount of funds for basic education. This concern does not seem unique to education. According to Porter and Kramer (2003), a majority of corporate philanthropy programs are diffused and unfocused, consisting of small cash donations to aid local civic causes or general operating support to charities and universities in hopes of generating goodwill. Despite the hopes for corporate philanthropy’s contributions to global education, the critiques provide more balance to a viewpoint that philanthropic resources can solve global education challenges. Like most policies, philanthropy has both an agenda and private interests that

accompany this agenda. Philanthropy poses moral, accountability, and democratic conflicts with the role of governments. The contradictory structure in which it exists justifies wealth generated at the expense of one for the social gain of another. Moreover, in its current structures, philanthropy from corporate entities can legitimate business practices and, based on the interest of the firm, purposefully or incidentally perpetuate dependency, inequality, and marginalization in society. All of these aspects must be considered when assessing philanthropy's impact in education.

### **A Theoretical Framework for Corporate Philanthropy**

While the use of the word "philanthropy" is associated with charity, benevolence, and the love of one's needy fellow [wo]man without thought of personal advantage (Brockett, 1864/2008; Curti, 1958), the theoretical framework in which this study is framed draws upon a deeper philanthropy literature rooted in philosophy, sociology, and economics. With the concept of philanthropy rooted in philosophical literature, such as Aristotle's philosophical concept of "good to promote the common interest" (Lohmann, 1992/2008), corporate philanthropy may operate in a more rational paradigm rooted in economic thought, ranging from Friedman's (1962) concept of philanthropy as a rational action strictly for private gains and more liberal neoclassical views of investment in public goods to benefit society. Corporate philanthropy may also have societal implications, expressing

itself through social relationships that occur within governments and corporations, or between families and neighbors or donors and recipients in the process of giving for common good (Ostrander & Schervish, 1990/2008).

Based on the review of the literature, it is clear that philanthropy poses both promise and potential peril for the support of global education goals. I will now apply several policy-making theories from various disciplines to build a theoretical framework explaining the process of corporate philanthropy to education. This model will serve as the basis for the study in chapter 3 and is grounded in Washington's (1794/2008) assertion that philanthropy, industry, and economy are pillars of American society and De Tocqueville's (1835/2003) notion of "enlightened philanthropy" as an action benefiting one's self interest as well as the public interest. For the purposes of the construction of this framework, the corporation is the policy actor. The term "corporation" is defined as a group of individuals seeking to engage in commerce, with profitability being the long-term, objective principle for operation (Drucker, 1946). In line with de Tocqueville's (1835/2003) concept of enlightened philanthropy, the private interest of the corporation in the theoretical framework is the maximization of profit. The theoretical model consists of three components: motivation, rational decision, and rhetorical application.

## Motivation

In order to utilize a rational lens for developing corporate philanthropy policies, a corporation must first have a motivation for engagement: a mission to advance or a problem that can be solved through corporate philanthropy. Several factors, both internal and external to the corporation itself, may influence or explain how and why a corporation decides to engage in direct philanthropic giving. The most typical motivations surfacing in the literature include (1) positive brand identification or social reputation insurance (Committee for Economic Development, 2003; Godfrey et al., 2009; Kolb, 2004); (2) improving the corporate context, i.e., “the quality of the business environment in the location or locations where they [the corporations] operate (C. f. E. Development, 2003; Porter & Kramer, 2003, p. 31); (3) meeting a social demand for corporate responsibility (Brudney & Ferrell, 2002; Whitehouse, 2006); (4) enhancing reputation of leadership (Brudney & Ferrell, 2002; Navarro, 1988; Williamson, 1963); and (5) taking advantage of tax incentives (Bremmer, 1960; Gasman & Drezner, 2008; G. Reynolds & Steuerle, 2008). Among the environmental factors making the time ripe for businesses to engage with the “poor” in developing countries are: a need to break out of mature market sectors into new markets; the advancements in communications technology making fast and inexpensive cross-border business possible; an increase in the public’s social expectations of corporations; and an economic environment whereby aid and investment are beginning to reinforce one another (Churet, 2004). With one or



more of the above motivations instigating the process, the corporation then engages in a rational decision-making process.

### Rational Decision-Making

Based on the motivation or motivations instigating a merge between the public good and the private interests of the corporation, the rational perspective can then be applied to this model. The corporate entity engages in a process whereby it solves a problem by identifying the most appropriate solution, based on a cost-benefit decision-making process; this solution is an optimal, value-maximizing choice in a “narrowly constrained, neatly defined situation” (Allison & Zelikow, 1999, p. 17). Drawing heavily from the discipline of neoclassical economics, the rational model constrains and defines a situation by assuming that the actor – in this case, the corporation – operates as a single actor, and the action – a philanthropy policy – is a calculated solution based on perfect information and common [corporate] values (Allison & Zelikow, 1999, p. 1515; Malen & Knapp, 1997, p. 424). Drawing from foreign policy, the value of the rational perspective is that it provides rational discipline in action and creates continuity in policy, making it appear intelligible and situating it in a rational continuity of previous policy, regardless of motives, preferences, and intellectual and moral qualities of different individuals making policy (Allison & Zelikow, 1999, p. 14). This perspective is very appropriate for examining corporate decision-making as the outcome of decisions that can be

measured in potential gains or losses in profit, consistent with the neoclassic model upon which it is based.

De Tocqueville assumes that there is a point where public and private interests are mutually beneficial; corporate philanthropy can be described in this context as an action by a corporation which may perceptually do good for the public while at the same time maximizing a profit-goal of the corporation. A model proposed by Porter and Kramer (2003) applies this rationale as it considers philanthropic behavior of the corporation to be the convergence of two interests: business and philanthropy. In this model, business interests are driven by the generation of economic benefit, while the philanthropic interests are driven by the generation of social benefit. The model depicts the reality of CEOs finding themselves caught between calls for corporate social responsibility and investors looking for the maximization of short-term profits (Porter & Kramer, 2003, p. 27). The model allows for an infinite number of possible functions by defining corporate philanthropy as a hybrid of philanthropic and business aims; the model never allows for solely one of the two goals to prevail. Some may suggest that as the function selected by a corporation approaches the end of business aims over philanthropic aims, the philanthropic elements become more symbolic references instead of elements of a mutually beneficial arrangement between the social and economic

tensions of corporate philanthropy. The process by which a corporation mitigates this decision point is elaborated upon in the next section.

By using the rational perspective described above, a corporation can make a data-driven rational decision that takes into account any tradeoffs between the purely business or purely social benefit model and maximizes the profit goal while pursuing a simultaneous social goal through the philanthropy policy. This “enlightened” philanthropy policy represents philanthropy at an intersection of mutual public and private benefit.

#### Application of a Rhetorical Model to Complement Rational Decisions

As noted above, the rational decision output may be more philanthropic or more business-oriented. This model does not explain how a company justifies this decision point of corporate philanthropy to its shareholders and the greater society in which it operates. As it is evident in the literature review, shareholders have not always been supportive of corporate operations in philanthropy. Defining a corporate philanthropy action based solely on the social benefit would not appease shareholders; at the same time, a pure business rationale would not appease consumers or society. Thus, explaining a corporate philanthropy activity to these sets of shareholders is a challenge. The missing link in the model is a simultaneous output that accompanies an act of enlightened philanthropy: rhetoric and discourse.

Rhetoric refers to a symbolic choice of language to represent a given idea and serve as an instrument of political persuasion or causation (Raymond & Olive, 2009). Applying a symbolic perspective to the development of corporate philanthropy “casts policy as imagery,” using symbols – images conveyed by gestures, visual means, or verbal cues – to shape conceptions and commitments by key actors and audiences (Malen & Knapp, 1997, pp. 430, 436). The symbols used in the policy process evoke feelings, values, emotions, and sentiments; they reflect a “mesh between social norms and values and the norms and values perceived to be reflected” in a policy (Airasian, 1988, p. 302). In the theoretical framework for understanding the corporate philanthropy process, the philanthropy decision-making process, initially defined as a rational process, is then transitioned to a policy communication process. In the public disclosure of the philanthropy policy, the action taken by the corporation is defined as a solution to a perceptual challenge aimed at one or more of six goals:

1. Legitimizing the institution in the eyes of relevant public;
2. Celebrating key virtues and values;
3. Demonstrating concern for issues or constituencies;
4. Focusing attention on some conditions rather than others and developing a common understanding of those circumstances;
5. Encouraging support of or mobilizing commitment to particular courses of action; and
6. Presenting a façade of action (Malen & Knapp, 1997, p. 430).

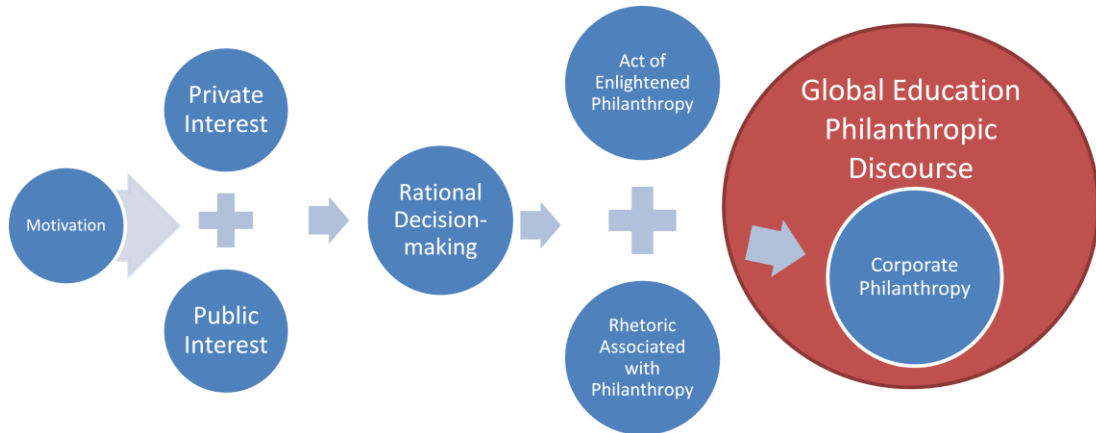
The rhetoric from acts of enlightened corporate philanthropy then create philanthropy discourse – an ensemble of ideas that are broader than rhetoric itself

(Raymond & Olive, 2009). A relevant example of this policy approach is provided by Mawhinney (2010), describing how the rhetoric used by the World Economic Forum surrounding its engagement of entrepreneurship education leads to a broader discourse, thus creating a storyline of salvation for its philanthropic engagement.

### The Resulting Model

The three components described above – motivation, rational decision-making, and rhetorical framing – together create a theoretical framework for understanding the process of corporate philanthropy to global education. The model, depicted in figure 1, assumes that the philanthropic decisions create a point of intersection between the public and private interest based on a rational model, by maximizing and favoring private profit interests, while simultaneously integrating a public interest.

**Figure 1. Theoretical Framework for Corporate Philanthropy**



The result is an act of enlightened philanthropy, accompanied by a rhetorical agenda, which situates corporate philanthropy in a larger world of global education philanthropy discourse. The enlightened philanthropy may have actual public benefit but at minimum has a *perceived* public benefit. This discourse is the ensemble of ideas from various instances of rhetoric; the broader discourse returns to the initial philosophical origins of philanthropy: love of [hu]mankind. This model will be the basis for the study design in the next section.

### **Summary Statement**

It is clear that if there is to be a global commitment to education that is based on the progressive realization of human rights and consistent with international goals, additional resources will be needed. However, their source remains controversial. Philanthropic activities may have some role in supporting education and closing perceived financing gaps, and corporations may be one of the

actors able to make a large-scale contribution. If we understand how corporations participate in educational philanthropy, then we can either make sense of how to better utilize these philanthropic endeavors or determine whether the nature of corporate participation is problematic for the public interest.

To enhance an informed discussion about the potential role of corporations in supporting global education, this study explores how corporations currently participate in education through their philanthropic endeavors and how their participation relates to their private interests. The next section will discuss the methods I utilized to examine this phenomenon.

## Chapter 3: Methodology

This chapter builds on the theoretical framework for corporate philanthropy, as well as the review of the literature demonstrating the philosophies, motivations, and critiques surrounding corporate philanthropy that were explored in chapter 2. This chapter revisits the purpose and research questions relevant to the study. Following the definition of the study population and a discussion of the research design and rationale, the chapter details the data tools, collection, and analysis used in this study. I then address issues of credibility and transferability. The chapter concludes by addressing ethical considerations associated with the research methods.

### **Purpose**

The purpose of the study was to examine the volume and focus of U.S. corporate philanthropy directed to education in developing countries, highlighting the scope, limitations and nuances of utilizing corporate resources to realize global education goals. The study was based on two core research questions:

1. What is the volume and focus of U.S. corporate philanthropy directed toward education in developing countries?
2. How do corporate contributions to education in developing countries align with the private interests of corporations?



The first research question was designed to contribute to a useful mapping of U.S. corporate philanthropic education activities in developing countries, setting a baseline of data for future research. The second question built upon the literature on corporate giving motivations and the critique of corporate philanthropy by attempting to uncover the implicit and explicit purpose of corporate contributions to education. This question acknowledged the philanthropy rhetoric and discourse outlined in the conceptual framework and attempted to go beyond the rhetoric to understand the purpose of corporate giving during the rational decision-making phase of the process.

The study population consisted of U.S. corporations who, either due to their scale or previous philanthropic activities, were the most likely U.S. corporate donors to education in developing countries. Focusing on corporations based in the United States allowed the study to concentrate on a discrete corporate population with previous evidence of giving to causes in developing countries (Coady, 2008; Center for Global Prosperity, 2009). Limiting the study to companies based in the United States also held constant any government regulations or tax incentives which may complicate the analysis of corporate giving behavior in an international corporate survey. The study population was defined by corporations that met one of the two criteria set out in developing the population pool.

The primary population pool for this study consisted of U.S. corporations ranked in the 2010 *Fortune* 500 list compiled by *Fortune Magazine*. Published since 1955, the *Fortune* 500 is an annual ranking of U.S. incorporated companies filing financial statements with a government agency, ranked according to total revenue for the respective fiscal year (Fortune Magazine, 2009). The list includes both publicly owned and privately owned companies and cooperatives. Using the large revenue-generating companies for philanthropy surveys has been cited as a useful unit of analysis because the companies (1) have a sizeable workforce; (2) generate large profits; and (3) are global in scale (Coady, 2007). Within this population, an extensive review of materials was conducted to identify the philanthropic contribution habits. The corporate social responsibility reports, annual reports, Web sites, and profiles in the Foundation Center's National Directory of Corporate Giving of each of the *Fortune* 500 companies were reviewed. This literature review established a population of 89 *Fortune* 500 companies making contributions to education in developing countries. The definition of education was broad and companies were included in this population if they mentioned education activities of any scale in the context of developing countries.

The secondary population pool consisted of 19 U.S.-based entities, which, due to their membership in a global philanthropy affinity group or recent media attention, appeared to possibly make contributions to education in developing

countries. Including these corporations in the study ensured the inclusion of corporations who may have smaller revenue totals but are actively engaged in corporate philanthropy relevant to this study. Their inclusion also aided in obtaining a more accurate estimate of the total sum of corporate giving flows directed to education in developing countries. The secondary population was identified as non-*Fortune* 500 companies involved in education in developing countries through (1) the World Economic Forum's Global Education Working Groups; (2) the Clinton Global Initiative Education Working Group; (3) the United Nations Office for Partnerships; (4) key informants in the corporate relationships office of the U.S. Fund for UNICEF; or (5) other key informants in the global education community.

In the study, philanthropy referred to any philanthropic, corporate social responsibility, citizenship, grant making, or community involvement activity or investment implemented by a U.S. company or an associated corporate foundation or trust. The unit of analysis in this study consisted of U.S. companies, therefore encompassing contributions made by the company or on behalf of the company by an operating foundation and trust. The operating foundations and trusts shared the same name as the company, tended to have corporate senior executives on the board, were typically housed within the company's headquarters, and had a mission related to carrying out the philanthropic activities of the company. The study did not include private foundations established by the profits of corporate endeavors

but operating independently of business interests (e.g., The Bill and Melinda Gates Foundation). The study also did not include the expenditures of 501(c)(3) public charities created by some companies to implement their philanthropic visions alongside other donors - an emerging model for social investment for some companies (e.g., Avon Foundation, Discovery Channel Global Education Partnership, Toys R Us Fund, etc.). However, the contributions from the company to these non-profits working on education in developing countries was included in the total contribution amounts.

### **Research Design and Rationale**

The overall research design, shown in figure 2, was a sequential-exploratory mixed methods study. The design was sequentially coordinated, allowing the two paradigms of research – quantitative and qualitative – to complement each other, while “the different methods [were] characteristically planned and implemented as discrete separable sets of activities” (Greene, 2001, p. 255). First, a quantitative survey component was utilized to develop a series of descriptive statistics about the population and a general understanding of any present interactions between variables (Onwuegbuzie & Teddlie, 2003). Second, a series of interviews was conducted with 15 corporate philanthropy decision-makers at companies making contributions to education in developing countries to explore the results of the quantitative data in more detail and complement the initial quantitative findings.

The complementary rationale used of the results from one method – the interviews – “to elaborate, enhance, illustrate, or clarify results from the other” – in this case, the survey (Greene, 2001, p. 253).

**Figure 2: Mixed Methods Typology - Sequential Exploratory Design**



Consistent with the typology and nomenclature of Tashakkori and Teddlie (2003), "qual" and "QUAN" were used to refer to the method domain; the use of capitalization demonstrates the priority associated with the method. Emphasis was placed on a dominant quantitative paradigm with the qualitative paradigm serving a supplemental role. In this design, quantitative data collection was conducted through a survey, and the data was then analyzed. The data collected from this stage informed the subsequent qualitative component, in which qualitative data was collected through interviews and subsequently analyzed. Both of the analyses were combined in the final stage of interpretation and analysis.

### **Justification**

A mixed method research design assumes that “each of our ways of knowing offers a meaningful and legitimate view of what we are striving to know and . . .

incorporating multiple ways of knowing will enable us to know better and more fully” (Greene, 2001, p. 251). A mixed methodology incurred several advantages for this particular study. For instance: (1) while all methods have disadvantages, systematically combining both qualitative and quantitative methods neutralized each tradition’s limitations; (2) different kinds of methodologies provided insight into the complex social phenomena of corporate giving; (3) mixed methods research answered the research questions in a way that single methods methodologies could not by allowing exploration of the purposes and processes of corporate giving; (4) mixed methods provided better and stronger inferences through multiple data sets; (5) mixed methods allowed to present a greater diversity of divergent views on corporate philanthropy than either the quantitative and qualitative perspectives; and (6) qualitative research, increasingly seen as a legitimate form of social science inquiry for obtaining detailed contextualized information, complemented the quantitative observations from the survey (Creswell, Clark, Gutman, & Hanson, 2003, p. 211; Tashakkori & Teddlie, 2003, p. 15).

### **Data Collection and Analysis**

This subsection reviews the data collection and analysis strategies employed in this mixed-methods design. The fundamental principle of mixed methods research is to complement methodological strengths and minimize overlapping weaknesses in the methods (Johnson & Turner, 2003, p. 299). The use of these two

particular methods, surveys and interviews, aimed to meet this principle. As the design is sequentially constructed, the first section addresses the survey component, and the second section addresses the interview component.

### Survey Data Collection

The purpose of the survey instrument was to obtain data to describe the philanthropic activities of U.S. corporations directed towards education in developing countries. Due to the limited size of the population of interest, a census technique was used as opposed to random sampling: thus, the survey was administered to the entire population described above, based on the assumption that members of this population best exemplify U.S. corporate giving to education. The goal of conducting a census as opposed to randomized sampling was to identify information-rich cases that would allow for in-depth study of corporate philanthropy to education in developing countries (D. Mertens, 2005). Additionally, an attempt was made to capture as much data as possible about the nature of U.S. corporate contributions to education in developing countries by soliciting a response from all of the members of the population. Only 89 companies were identified through the literature review as making contributions to education; however, the surveys were distributed to the entire *Fortune* 500 population to ensure no one was omitted from the population of companies making contributions to education.

Surveys are the most widely used method of collecting data in the social sciences (Bradburn & Sudman, 1988, p. 61), and according to Robinson (2008), one of the primary strengths of a survey is to collect data relevant to describe a population. The survey component was direct and used factually-based questions to ascertain information about giving trends from the study population. The survey questionnaire can be found in Appendix B.

In the survey instrument itself, the typologies utilized for collecting data had several important features. First, to define a corporation's industry sector, I utilized a common typology of industry sector, the Standard & Poor Global Industry Classification Standard. This is a commonly utilized taxonomy and divides corporations into ten industries. For this study, the traditional consumer discretionary and consumer staples were collapsed into "consumer," and information technology and telecom services were collapsed into a single "technology" industry sector to create eight industries which were sufficiently descriptive yet manageable for comparisons between sectors. The utilized categories included energy, materials, industrials, consumer, health care, financials, technology, and utilities. Table 2 below outlines the definitions of the sectors used to categorize companies in this study.



**Table 2: Industry Sector Definitions**

<b>Sector</b>	<b>Definition</b>
<b>Energy</b>	Engaging in the construction or provision of equipment and the exploration, production, marketing, refining and/or transportation of oil and gas products.
<b>Materials</b>	Manufacturing of chemicals, construction materials, glass, paper, forest products and related packaging products, metals, minerals and mining.
<b>Industrials</b>	Manufacturing and distributing of capital goods, such as aerospace and defense, commercial services and supplies (e.g., printing, employment services), providing transportation services (e.g., airlines, couriers, marine, road & rail and transportation infrastructure).
<b>Consumer</b>	Including both discretionary and staple products and services, such as automotive, household durable goods, textiles, apparel and leisure equipment, food and drug retailing companies hotels, restaurants and other leisure facilities.
<b>Health care</b>	Manufacturing health care equipment, supplying or providing services related to health care, or producing pharmaceuticals and biotechnology products.
<b>Financials</b>	Involving activities such as banking, mortgage finance, consumer finance, specialized finance, investment banking and brokerage, asset management and custody, corporate lending, insurance, financial investment and real estate.
<b>Technology</b>	Including information technology and telecommunications, such as software and services, information technology consulting and services, technology hardware and equipment and telecommunications services.
<b>Utilities</b>	Operating electric, gas or water utilities, or independent producers and/or distributors of power.

Source: The industry sectors are largely based on the Standard & Poor's GSIC Sector Definitions, [www2.standardandpoors.com/spf/pdf/index/GICSDef.pdf](http://www2.standardandpoors.com/spf/pdf/index/GICSDef.pdf).

Second, to define the broader categories of corporate giving to developing countries, I utilized the annual Committee Encouraging Corporate Philanthropy survey's philanthropy category typology (Coady, 2009). Third, when asking corporations to indicate the types of education initiatives they support through their

philanthropic giving, I created a taxonomy based on cross-referencing the list of paper presentation topics discussed during the past three years' meetings of the Comparative and International Education Society (2008, 2009, and 2010), the World Economic Forum's education focus areas, and UNESCO's education themes as articulated on their website. The taxonomy, detailed in the survey instrument in Appendix B, includes a consolidated list of education areas I deemed as "fundable" by closely assessing the themes and drawing upon my previous knowledge of educational philanthropy. There is an open response "other" category to capture any additional educational philanthropy which may not be included in the taxonomy. Fourth, when developing a series of response categories to assess how private interests are incorporated into a corporation's giving practices, I drew from the literature on corporate philanthropy motivations detailed in chapter 2.

Prior to the distribution of the survey, the survey instrument was pre-tested with a group of individuals exhibiting expertise in philanthropic giving. The survey was pre-tested by nine individuals representing U.S. corporations, U.S. private sector industry groups, philanthropy survey experts with experience surveying this population, and several academics familiar with the global education or philanthropy dimension of the study. The pre-testing was conducted to clarify any misconceptions or misunderstandings in the instrument, including word choice, implied biases, relevance of typologies, or ordering and context effects. In

particular, pre-testing was important for evaluating the effectiveness of the education taxonomy and corporate philanthropy channels, which were both modified based on the results of the pre-testing and prior to the survey's administration. For instance, the category of "employee giving campaign" was added to the contribution typology to capture non-matched employee contributions endorsed by a company.

A second round of pretesting was conducted. Nine theoretical profiles were developed describing a possible respondent to the survey. Interns and staff at the Brookings Institution and a colleague studying philanthropy at Harvard University agreed to utilize the profiles to complete the revised, online version of the survey. This pre-testing allowed for an overall clarity and logical flow assessment of the instrument based on all of the anticipated respondent types: companies with and without associated foundations, companies contributing and not contributing internationally, companies contributing and not contributing to education globally, and companies with various giving channels, including cash, volunteerism, campaigns, and employee matching.

Prior to distributing the surveys, each survey was tailored to each individual company with information found in the public domain, including demographic information about the company and its philanthropy program. Surveys directed at companies identified as making contributions to education in developing countries

were personalized accordingly and prioritized in the distribution process. This was done to demonstrate that an effort had been made to understand the company's contribution portfolio in advance and to pre-populate sections of the survey, allowing the respondents to skip sections if they are accurate or make corrections as needed.

### *Distribution Process*

The survey was distributed to 517<sup>3</sup> individuals familiar with the education portfolios in corporate giving offices of the corporations in the population. The relevant individuals were identified by using Foundation Center's *National Directory of Corporate Giving*, searching the corporate citizenship sections of the corporate websites, examining the attendee lists of corporate philanthropy events, searching in a subscription contact database, *Jigsaw.com*, and by contacting the companies directly via phone, email, and postal mail. Initially, surveys were distributed to 315 individuals at companies with an available email address and mailed to 56 companies with a physical mailing address and no initial email address. An additional 133 companies were contacted via telephone. Contact information was not available for 13 companies.

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<sup>3</sup> The *Fortune* 500 only consisted of 498 companies as two companies merged and were no longer in existence at the time of the survey.

### *Response Process*

All efforts were made to obtain as large of a response from corporations as possible to create the most comprehensive data set. As a benchmark, the *Chronicle of Philanthropy's* corporate survey was administered to 300 companies, with 105 respondents completing the surveys (Barton, 2009). With this in mind, the goal was to develop a dataset consisting of a minimum of 50-100 responses. Given the difficulty of soliciting responses from U.S. companies, it was decided that in order to obtain as much data as possible to answer the research questions, all companies would be pursued for responses with multiple follow-up requests, but special effort would be exerted to garner a response from the 89 companies identified as giving to education.

To maximize the response rate, I developed relationships with partners who had strong ties and personal contacts in corporate giving offices. These relationships were leveraged to increase the response rate and included: the Brookings Institution, Clinton Global Initiative, U.S. Fund for UNICEF, Institute for International Education, Room to Read, World Fund, Boston College Center for Corporate Citizenship, United National Economic and Social Council's Department for Economic and Social Affairs, UNESCO, the Documentary Group, Weber Schandwick, and Discovery Communications.

Potential respondents were contacted multiple times via mail, email, and phone to enhance the response rate (D. Mertens, 2005). After the first contact was made, efforts were made to send periodic reminders via email or telephone to as many companies as possible in order to increase response rate; priority was given to contacting companies that appeared to be the most likely contributors to education in light of the public information available about their philanthropy portfolio or information from key informants in the global education and philanthropy community. When possible, a personal introduction was made from one of the individuals assisting with outreach from the relationships I developed.

To enhance the response rate, a multi-modal survey methodology was utilized, allowing for mail-in, online, fax, email, or telephone voice responses. This is consistent with social science practices in survey methods and can be designed to have little or no effect on survey response quality (Meckel, Walters, & Baugh, 2005). As an incentive, in return for participating in the survey, each respondent was told they would receive: (1) a copy of the findings and (2) an invitation to attend a presentation and expert roundtable discussion about the results of the study at the Brookings Institution.

Of the *Fortune* 500 companies contacted, 83 responded with regrets and did not participate in the study. The most frequent reasons for not participating included a lack of staff time, the fact that survey participation was against company

policy, or a statement that participation was not relevant for the company because their contributions were not directed to developing countries. Ten companies responded indicating that they had no philanthropy or corporate social responsibility program. It was not possible to contact 13 of the companies due to a lack of contact information. A total of 266 companies did not respond to requests for survey responses.

The response rate was 27.3 percent (n=136 out of 498) for *Fortune* 500 companies and 46.1 percent (n=41 out of 89) for *Fortune* 500 companies identified as making contributions to education in developing countries based on a review of corporate social responsibility and philanthropy reports.

Responses were also solicited from nineteen non-*Fortune* 500 companies identified as having made contributions to education in developing countries based on global philanthropy affinity group participation and information from key informants. Nine of these companies responded; eight provided answers to questions about financial contributions to education and all nine provided trend data on geography, themes, and motivations. For a summary of survey responses, see table 3. Of the 145 respondents, 21 responded via telephone; 7 faxed their responses; 55 responded via email; and 62 completed the online version of the survey.

**Table 3: A Summary of Companies' Survey Responses**

Company	Response	Total
<b>Fortune 500</b>	Participating in survey	126
	No philanthropy / corporate social responsibility program	10
	Regrets	83
	No contact information	13
	Mergers / no longer existing	2
	No response	266
<b>Total</b>		<b>500</b>
<b>Non-Fortune 500</b>	Participating in survey	9
	Regret	9
	No response	1
<b>Total</b>		<b>19</b>

The companies were asked to complete the survey using the most recent data they had from a 12-month period. Given different fiscal year periods, companies completed the survey with data about financial contributions during a 12-month period between during 2009 and 2010. All sectors were represented in the response pool; the chart below outlines the response rate by industry sector. The number in parentheses indicates the number of companies in each industry sector making contributions to education in developing country contexts.



**Table 4: Fortune 500 Respondents by Industry Sector**

Industry	Respondents
Consumer	33 (7)
Energy	6 (3)
Financials	30 (6)
Health care	8 (2)
Industrials	29 (6)
Materials	7 (4)
Technology	16 (12)
Utilities	16 (1)

The breakdown of the sectors of the non-*Fortune* 500 companies is not provided, so as not to compromise the identity of the companies when reporting financial trends in subsequent chapters. The individuals responding to the survey were managers, vice-presidents, directors, assistants, officers, and presidents of the respective departments of the corporations in charge of philanthropic contributions, such as community relations, public affairs, community investment, corporate social responsibility, corporate citizenship, corporate philanthropy, metrics and reporting, and the corporate foundation.

### Survey Data Analysis

Once a dataset was constructed from the survey responses, analysis of the survey results took place. While non-response bias is unavoidable, given the responses from the census, I examined the data to determine if there were any population segments who appeared to be missing or underrepresented and then

attempted to solicit a response prior to starting the analysis. In each of the *Fortune* 500 tiers, defined by groups of 100, there were a minimum of 15 companies represented, and in some tiers, over 30. This demonstrated a diversity of companies based on revenue. Additionally, companies responded to the survey from all eight industry sector categories, and a subset of respondents in each sector made contributions to education. Data in the larger *Fortune* 500 respondent pool was biased towards companies making contributions to education because these companies were prioritized in the response solicitation process; however, this data was needed to answer the research questions.

As mentioned, the sample of interest consists of respondents who make contributions to education in developing countries. To assess the representativeness of the sample of *Fortune* 500's companies making contributions to education in developing countries (n=41), a population comparison was made based on two criteria: revenue and industry sector.

**Figure 3: The Fortune 500's Global Education 89: Study Sample vs. Non-Respondents**

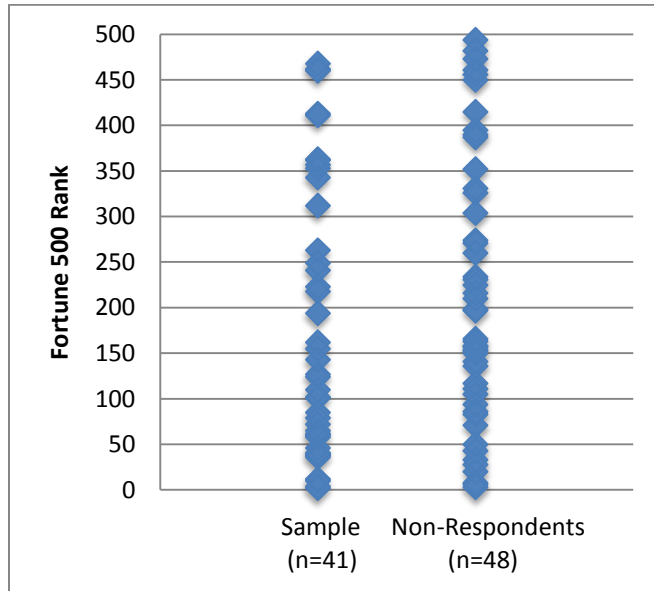
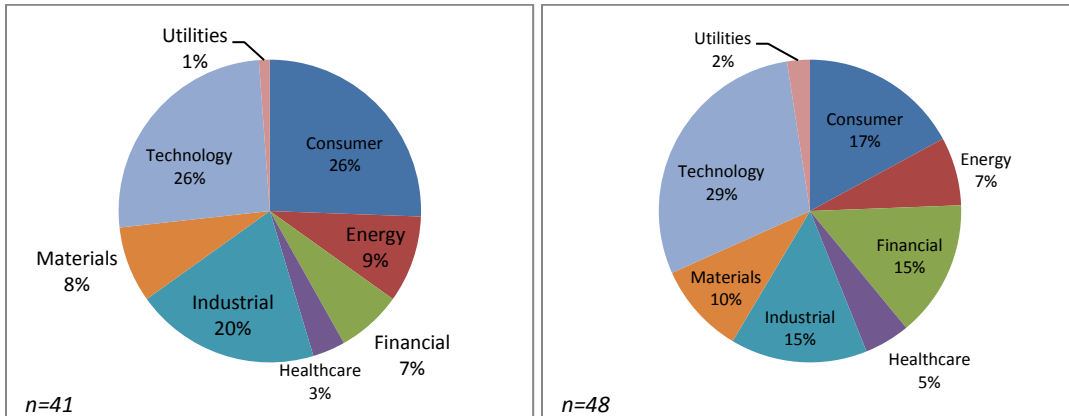


Figure 3 examines the response rate of the 89 *Fortune* 500 companies making contributions to education. The figure compares the study sample's (n=41) revenue distribution based on *Fortune* 500 rank to the non-respondent companies' (n=48) revenue distribution. The overall distribution appears to be representative across the revenue continuum, allowing one to conclude that there was little response bias based on company size.

The sample was also compared with the population by industry sector to ensure that no industries were overrepresented or underrepresented in the sample.

**Figure 4: The *Fortune* 500's Global Education 89:  
Comparison of Sample versus Population by Sector**



The two charts in figure 4 demonstrate the breakdown of companies making education contributions by industry sector. The chart on the left illustrates the breakdown for the entire population of 89 *Fortune* 500 companies making contributions to education in developing countries. The chart on the right illustrates the breakdown of the study sample of 41 *Fortune* 500 companies responding to the survey making contributions to education in developing countries. The sample has an adequate representation of all the industries consistent with the population, despite a slight underrepresentation of financial companies and overrepresentation of consumer companies.

Although 9 of 19 non-*Fortune* companies approached did respond to the survey, the pool of non-*Fortune* 500 respondents may not be representative of the entire population of non-*Fortune* 500 companies which is likely to be much larger than 19 companies. Despite best efforts and a process for identifying companies to

include in the population, the population is not well-defined in reality. Initial data provided by affinity groups was not accurate. For instance, some of the companies provided by affinity groups were not U.S.-based and others were not for-profit companies. Additional media searches and conversations with key informants revealed additional companies to add and subtract from the population, which became quite fluid. The responses from these companies are used as a supplemental source of data in the subsequent chapters for financial contribution trends. However, these nine companies were aggregated with the 41 *Fortune* 500 respondents when examining questions of motivation, geographical focus, thematic focus, and non-financial trends. Aggregating these responses to create a sample of 50 companies making contributions to education allowed for a fuller understanding about how companies make contributions to education in developing countries regardless of revenue status.

One question that was eliminated after the survey responses was the question about the percentage of financial contributions directed to different geographical regions. It was apparent based on the responses that not all companies understood the intention of the question in the same manner, with some responding only about education and others about all of their contributions to developing countries. Others responded with financials that were not consistent with other data provided in the survey.

### Interview Data Collection

Following the quantitative data collection and analysis, key informant interviews were held with corporate giving officers of a subset of the surveyed companies in order to expand upon the findings in the survey component and develop a more complete understanding of the nature of U.S. corporate giving to education in a global context. The interviews elaborated upon the findings from the survey to develop a better understanding about the volume and focus of corporate giving to education and how these gifts to education aligned with the private interest of the corporations.

The questions in the interview protocol complemented the survey findings and attempted to develop a more thick description of corporate giving to education in developing countries. Given the sequential, exploratory nature of the research design, the interview protocol was finalized upon an initial analysis of the survey data. The interview protocol aimed to collect qualitative data about: (1) who influences decisions about corporate philanthropy to global education; (2) what accounts for the themes and geographical foci in which the corporations choose to work; (3) what the relationship is between corporate educational philanthropy and government education policies; (4) how corporate giving trends to education in developing countries have changed over time; (5) what the relationship is between giving to education in developing countries and the corporations' core missions; and

(6) how corporations measure the results and impact of corporate giving to education in developing countries. The interview protocol can be found in Appendix C.

As the purpose of the study is to understand the volume, focus, and relationship of corporate giving to education in developing countries to private interests, interviewees were selected based on generating a purposive sample that included corporations representing different sectors, sizes, and geographical locations (Patton, 1990). Due to the geographic and financial limitations, the interviews were conducted via an online tele-conferencing service with the relevant representative(s) from the corporate social responsibility office or equivalent unit. The use of tele-conferencing made it important to pay attention to non-visual cues including pausing and tone. Initially, ten interviews were attempted, each approximately 60 minutes in length. Although it appeared that themes were becoming repetitive, an additional 5 interviews were conducted to reach a point of data saturation. In total, the interview pool represented 15 companies making contributions to education in developing countries. These companies represented 13 *Fortune* 500 companies and 2 non-*Fortune* 500 companies across six industry sectors. Two industries were not represented in the semi-structured interviews: health care and utilities. This was primarily due to the industries' relatively low level of engagement in education in developing countries. Of the fifteen interviews, four

were team interviews conducted with two respondents working on the education portfolio for a company. The other interviews were conducted with only one respondent.

**Table 5: Breakdown of Semi-structured Interviewees by Sector**

<b>Sector</b>	<b>No. of Interviews</b>
<b>Technology</b>	4
<b>Consumer</b>	4
<b>Financial</b>	3
<b>Industrial</b>	1
<b>Materials</b>	1
<b>Energy</b>	1

The interviews were semi-structured. A protocol consisting of standard questions and possible probes was utilized in order to increase the likelihood of all topics being addressed in approximately the same manner in each interview; the semi-structured nature also allowed for the use of probing based on interviewee responses (Bernard, 2006; Dewalt & Dewalt, 2002, p. 122). The protocol strategy allowed for the exploration of discrete phenomena in corporate giving as determined by the researcher, while at the same time permitting the informants to provide additional leads I could follow. This approach was appropriate in this circumstance, as I only had one chance to interview the informant, and the protocol ensured that all of the informants responded to the same stimuli for the purposes of



analysis but at the same time had enough flexibility to embrace new information and perspectives emerging throughout the interviewing process (Bernard, 2006).

In addition to the semi-structured interviews, approximately five informal interviews were conducted with individuals representing the health care, utilities, energy, technology, and consumer goods industries. The informal interviews were ad-hoc and took place following phone responses to the survey; these were opportunities to collect rich qualitative data from informants. Additional informal email exchanges with the companies participating in the survey also provided rich qualitative data. This data was important as it supplemented the available qualitative data for the energy sector, which was determined to be a major donor to education in developing countries, and allowed for data to represent sectors not represented in the semi-structured interviews.

### Interview Data Analysis

The interviews were digitally recorded and transcribed. During each interview, I took notes based on themes and responses I found to be noteworthy. Directly following each interview, I used my notes to develop a summary memo including any initial reflections, observations, and relevant follow-up. After the first several interviews, I also made notes about reoccurring themes and reflections in a separate document. After the fourth interview, an additional question was added to address the theme of partnerships and working with grantees, as it was a

reoccurring theme not anticipated in the initial interview protocol. Some informants also sent follow-up email correspondence clarifying his or her remarks. These emails were also included in the qualitative analysis.

The final set of qualitative data sources included the interview transcripts, my interview notes, summary memos, informal interview notes, and informant emails. All of these documents were analyzed utilizing ATLAS TI. The analysis consisted of an open coding process of sifting through text to categorize small segments and identify analytical dimensions and categories (Emerson, Fretz, & Shaw, 1995). The qualitative elements that were most relevant to identify in the coding process included themes (strings of words), characters (people), concepts (words grouped in conceptual clusters or ideas), and semantics (the strength and sentiment of words) (Berg, 2007). During this process, I asked the data a specific and consistent set of questions, paying attention to minute details and refraining from making analytical references or assumptions of the data (Berg, 2007). I specifically asked the data how it (1) explains the volume and focus of U.S. corporate philanthropy directed toward education in developing countries and (2) how the corporate gifts to education in developing countries align with the private interest of the corporation.

Once general patterns and themes were established through an inductive, open coding process, a more focused coding was utilized to organize codes into

larger analytical categories connecting different codes across the set of interviews (Hesse-Biber & Leavy, 2006). A set of codes was developed based on the first round of open coding and the literature review on motivations for corporate philanthropy. Table 6 below outlines the codes developed and used during the closed coding process. They were divided into four conceptual categories: characters, motivations, concepts, and relationships.

**Table 6: Closed Coding Protocol**

<p><b>Characters</b></p> <ul style="list-style-type: none"> <li>Affinity Group</li> <li>Autonomous Philanthropist</li> <li>Community</li> <li>Customer</li> <li>Decision-Maker</li> <li>Developing Country Government</li> <li>Donor/Aid Agency</li> <li>Employee</li> <li>External Constituency</li> <li>Internal Departments</li> <li>International Organization</li> <li>NGO</li> <li>Partner</li> <li>Recipient</li> <li>School</li> <li>Senior Leadership</li> <li>Supply Chain</li> <li>Workforce</li> </ul>	<p><b>Concepts</b></p> <ul style="list-style-type: none"> <li>Broad Strategy</li> <li>Cash vs. In-kind</li> <li>Challenges</li> <li>Change Over Time</li> <li>Comparative Advantage</li> <li>Coordination</li> <li>Decision-making Process</li> <li>Expertise</li> <li>Component of Effective Philanthropy</li> <li>Innovation</li> <li>Lack of Strategy</li> <li>Leverage</li> <li>Long-term Goal</li> <li>Motivation/Company Benefit</li> <li>Partner Rationale</li> <li>Product Potential</li> <li>Results/Impact</li> <li>Time Period</li> <li>Why Geography</li> <li>Why Theme</li> <li>Working with Companies</li> </ul>
<p><b>Motivations</b></p> <ul style="list-style-type: none"> <li>Business Environment</li> <li>Company Culture</li> <li>Consumer Base</li> <li>Employee</li> <li>Feel Good</li> <li>Leadership Potential</li> <li>Market Penetration</li> <li>Positive Brand ID</li> <li>Profit</li> <li>Pure Philanthropy</li> <li>Skilled Workforce</li> <li>Social Demand</li> <li>Tax Incentive</li> </ul>	<p><b>Relationships</b></p> <ul style="list-style-type: none"> <li>Company vs. Foundation</li> <li>Education and Other Sectors</li> <li>With Governments</li> </ul>

The closed protocol coded the interviews against the existing literature to determine whether contributions to education in developing countries followed the

same rationale as general corporate philanthropy or if there were additional motivations outside current literature on philanthropy. It also incorporated other emerging concepts, characters, motivations, and relationships surfacing from the opening coding process.

At the conclusion of the qualitative analysis, a full interpretation of all of the data from the survey and the interviews took place to draw final conclusions about the volume and focus of U.S. corporate philanthropy directed to education in developing countries, highlighting the volume and limitations of corporate resources for realizing global education goals. The interpretation is discussed in the subsequent chapters.

### **Credibility and Transferability**

The constructivist paradigm's concepts of credibility and transferability were used as an alternative to the typical concepts of internal validity and generalizability. Credibility for the survey required a degree of confidence that the survey mechanism measured what it intended to measure. To increase credibility of the survey instrument, I conducted two series of pretests mentioned in the prior section. The pretests increased the survey instrument's ability to accurately capture the data it set out to ascertain by adjusting question wording and format to reflect the pretesting respondents' interpretations of the questions. This resulted in refining several questions and categories. As mentioned earlier, I also used my

judgment as a researcher and eliminated one question that appeared to have inconsistencies in responses.

Credibility in the interview data analysis was addressed in two ways. First, I conducted periodic peer debriefings with colleagues at the Brookings Institution who were familiar with my study to confront any values that I may be imparting on the data. Second, I conducted member checks whereby I presented respondents with the interview data to determine whether it reflected their position. Each respondent had an opportunity to clarify or rephrase anything he or she felt was misrepresented. The mixed methods design of the study also enhanced the credibility, as interviews conducted with the subset of the surveyed corporations served as a form of triangulation for the survey data.

Transferability is a burden placed on the reader to determine whether the data presented from this study can be relevant to other contexts. My task is to present a thick description about the nature of philanthropy in the U.S. corporate population to the reader (D. Mertens, 2005). My examination of the representativeness of the *Fortune* 500 sample compared to the population of *Fortune* 500 companies making contributions to education in developing countries is used to increase reader confidence in transferability. I also use the non-*Fortune* 500 sample as a comparison group in subsequent chapters to provide additional transparency for the reader. By utilizing the quantitative indicators outlined in the

previous section in conjunction with the qualitative data from the interviews, the complementary mixed methods design allowed for detailed data and analysis to meet the standard of a thick description for the reader.

### **Ethical Considerations**

Prior to conducting the research with human subjects, I completed the Basic CITI Training for the Behavioral and Social Sciences and secured approval from the University of Maryland Institutional Review Board. I secured the consent for participation from survey respondents and interview participants. As safeguards in the process, I asked each survey respondent to opt-in as to whether the data collected through the survey can be identified with the corporation name. As a default, the corporation name was not associated with any disaggregated data in this study. The same process was used in the interviewing process. In the following section of the study, an industry descriptor will be used to define the corporations (e.g. a technology company or energy company), therefore not allowing for any identification of respondent identity. In order to maintain data privacy, all information was kept on my personal laptop with an external hard-disk backup. Any data stored on my laptop required a password or biometric fingerprint for access. The external hard drive was kept in a locked location at all times. In addition, any survey data stored online was password protected and under the privacy policy of

the online service provider. The results were shared with all of the participants through both a copy of the study results as well as through a public meeting.

### **Summary Statement**

This chapter provided an overview of the research methods in this study. The study population and mixed methods design were introduced. The survey component and interview component were detailed in terms of the data collection and analysis. The credibility and dependability of both research methods were addressed, as were ethical considerations.



## Chapter 4: Volume and Focus of U.S. Corporate Philanthropy

To answer the first research question, this chapter presents the findings about the volume and focus of U.S. corporate contributions to education in developing countries. Part I estimates the total volume of U.S. corporate contributions to education and analyzes the contributions tracked in this study from the *Fortune* 500 companies; the data from non-*Fortune* 500 companies is disaggregated and also included as a comparison group. Part II examines the thematic and geographic focus of contributions to education in developing countries based on the fifty U.S. companies responding to the survey, regardless of *Fortune* 500 status. Part II provides a full answer to research question one and starts to shed light on research question two regarding how corporate contributions to education align with corporate interests.

### **Part I: Volume of U.S. Corporate Philanthropy to Education in Developing Countries**

Most U.S.-based companies do not prioritize philanthropic contributions to education in developing countries. An analysis of the giving priorities of the *Fortune* 500 companies prior to the survey dissemination revealed that fewer than 20 percent of companies dedicated any philanthropic resources to education in developing countries. Although global education is not a priority overall, the subset of companies that direct financial and in-kind donations to education collectively

contribute significant resources. However, their total donations account for only a small share of total corporate profits and meet only a small share of global education needs. Part I offers projections of the total volume of corporate contributions to education in developing countries.

Finding 1: U.S. Companies Contribute Nearly One-Half Billion Dollars to Education in Developing Countries Annually

The best previous estimates of corporate philanthropy to developing countries have suggested a total outflow of \$7.7 billion in contributions, with 91 percent dedicated to the health sector, leaving approximately \$700 million for other sectors such as education, economic development, and governance (Center for Global Prosperity 2010). However, I estimate that the annual U.S. corporate contribution to education in developing countries is just under half a billion dollars—\$497.9 million.

A review of the annual reports of *Fortune* 500 companies identified 89 companies making contributions to education in developing countries. The respondents in the sample (n=41) contributed a total of \$224.2 million to education in developing countries. Using statistical approximations based on sector and revenue means in the survey sample, I was able to estimate the total contribution from the non-respondents (n=48) and thus generate an estimate for the total contribution for the 89 *Fortune* 500 companies contributing to education in developing countries. The first estimate of the non-respondent *Fortune* 500

population's contribution multiplied the mean *Fortune* 500 respondent contribution in the sample (n=41), \$5.5 million, by the number of non-respondents making education contributions (n=48). This revealed an additional corporate contribution of \$264 million beyond what was documented by respondents to the survey. The second estimate weighted contributions of each non-respondent based on industry sector means in the sample. This calculation yielded \$264.4 million of additional corporate contributions to education. Both calculations yielded an almost identical result. I opted to use the second estimate, as industry sector tends to be a significant determinant of contributions. The means used to develop this calculation are discussed in more detail in subsequent sections.

Table 7 gives the contributions tracked in the sample and the projected contributions for the non-respondent *Fortune* 500 companies.

**Table 7: Total Value of U.S. Corporate Contributions to Education (million dollars)**

Source	Contribution
<i>Fortune</i> 500's "Global Education 89" companies represented in the sample (n=41)	224.2 <sup>4</sup>
Estimate for <i>Fortune</i> 500 "Global Education 89" non-respondents (n=48)	264.4 <sup>5</sup>
Non- <i>Fortune</i> 500 companies represented in the sample (n=9)	9.3 <sup>6</sup>
<b>Estimated total</b>	<b>497.9</b>

This estimate shows that, in the aggregate, U.S. corporations constitute a significant source of financial resources for education in developing countries. Though not as large as the contribution to the health sector, the amount is larger than estimates have suggested and demonstrates a potentially significant role of U.S. corporations in education financing in the developing world. Given this data, U.S. companies in aggregate would be the 7th largest donor to education in developing countries, after the World Bank International Development Association, France, Germany, United States, Netherlands, and Japan (van der Gaag & Dharan 2010).

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<sup>4</sup> Total contribution reported in the survey by the *Fortune* 500 "Global Education 89" respondents (n=41).

<sup>5</sup> Calculation based on the industry sector mean contribution for *Fortune* 500 "Global Education 89" respondents (n=41). Each non-respondent (n=48) was assigned an estimated contribution based on their industry sector. See table 8 for mean values by industry sector used in the calculation.

<sup>6</sup> Total contribution reported in the survey by the non-*Fortune* 500 respondents (n=9).

At the same time, this contribution level is relatively small when compared with overall corporate profit levels. The mean annual profit of the *Fortune* 500 respondent companies (n=41) making contributions to education is \$2.6 billion, and the 2010 U.S. *Fortune* 500 companies had an aggregate profit of more than \$390.5 billion. Thus, the estimated *Fortune* 500 total contribution to education in developing countries equates to about one-tenth of 1 percent of the *Fortune* 500's total profit. However, corporate profits are not the sole determinant of how much a company invests philanthropically in education. Even some 2010 U.S. *Fortune* 500 companies that had a loss rather than a profit still found making philanthropic contributions to education to be a smart business strategy. Four companies participating in the study contributed to education in developing countries despite losses; one company made a multi-million dollar contribution.

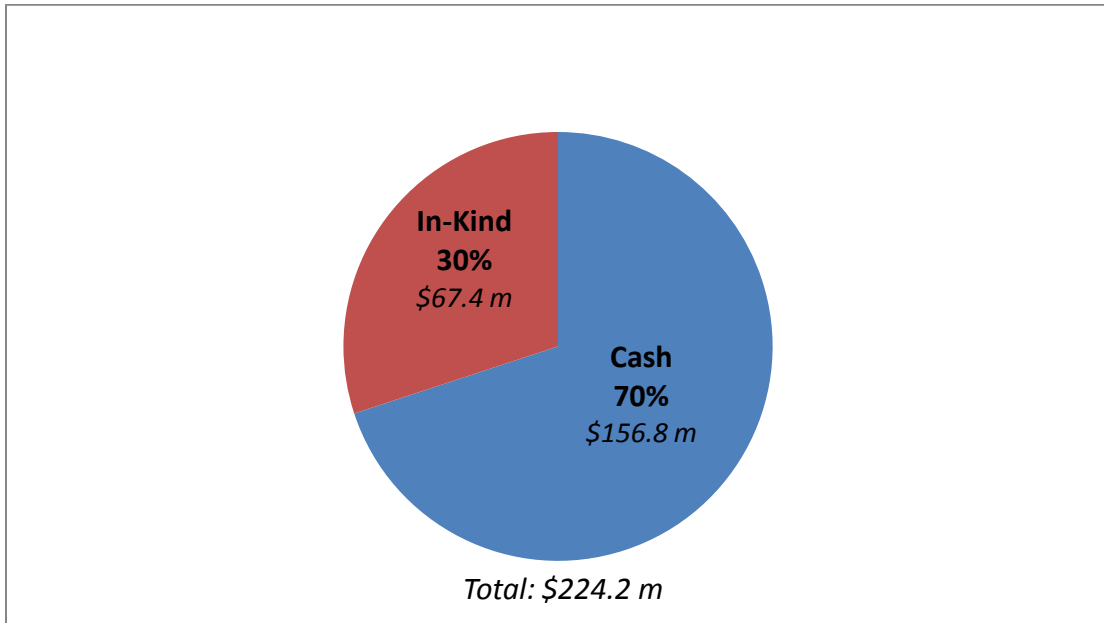
The remainder of this chapter and the findings discussed in chapters 5 and 6 draw upon the survey responses and not the projected data from finding 1. From this point forward, reference to the *Fortune* 500 companies or the *Fortune* 500 sample refers the sample (n=41) of *Fortune* 500 companies responding to the survey and making contributions to education. When referencing U.S.-based companies, I am referring to all survey respondents (n=50) making contributions to education in developing countries, regardless of whether the companies are *Fortune* 500 companies or non-*Fortune* 500 companies. The only instance where I will reference

the entire respondent sample (n=145) is in finding 13 of this chapter; for this finding, I draw upon data from all respondents regardless of whether they reported contributions to education in developing countries.

### Finding 2: The Majority of Corporate Contributions Are Cash

Many studies have found that the majority of U.S. corporate contributions are in the form of noncash, in-kind product and service donations (Coady 2009). However, I found the opposite with regard to education in developing countries: the majority of corporate resources directed to education in developing countries is in the form of cash contributions. The study records \$224.2 million in *Fortune* 500 resources for education in developing countries over the course of a 12-month period between 2009 and 2010. Of this total, \$156.8 million (70 percent) is in the form of cash donations, as shown in figure 5. The additional \$67.4 million (30 percent) is in the form of in-kind products and professional services (excluding volunteerism).

**Figure 5: Breakdown of Total *Fortune* 500 Contribution by Cash and In-Kind to Education in Developing Countries, 2009–10**



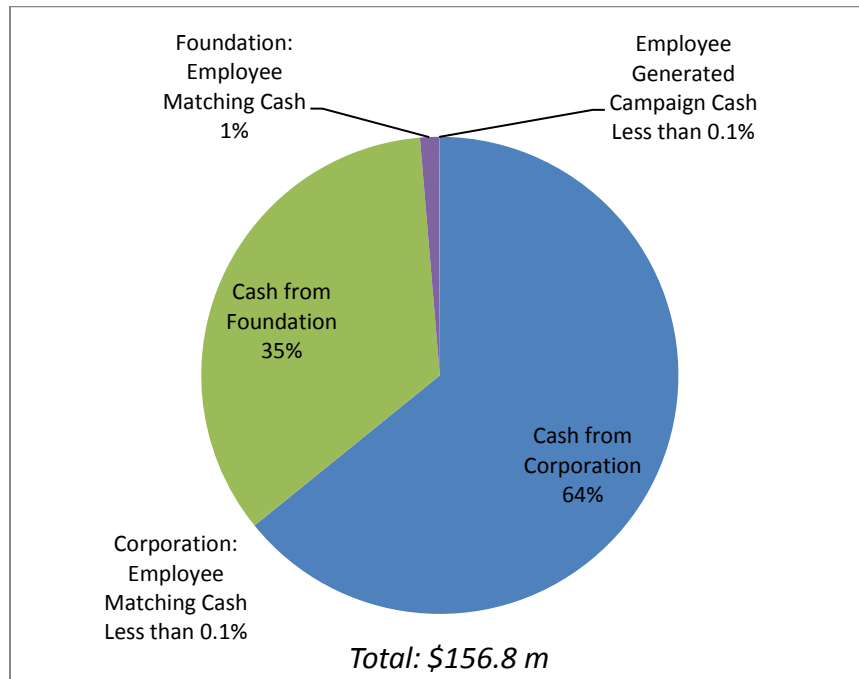
This finding points to the availability of financial resources—in addition to product resources—that could support education needs and challenges. Moreover, 80.5 percent of *Fortune* 500 companies in the sample (n=41) make contributions solely consisting of cash, while none make contributions solely consisting of in-kind products and services. One-fifth of the companies make hybrid contributions of both cash and in-kind products. Contributions of only products are not common for education in developing countries. I also recorded \$9.3 million in non-*Fortune* 500 company contributions to education in developing countries. Although they represent a small share of the total, these companies gave a lower proportion of cash (17 percent) and a larger in-kind contribution (83 percent). One of the

companies donated strictly in-kind professional services; this is the only company with this practice recorded in the entire study.

**Finding 3: Companies Give More Direct Cash Than Their Foundations**

This study finds that the majority of the contributions to education come directly from the company. Figure 6 breaks down the total cash contribution into its specific sources.

**Figure 6: Breakdown of *Fortune* 500 Companies' Total Cash Contribution to Education in Developing Countries, 2009-10**



According to this breakdown, *Fortune* 500 corporations in the sample contribute approximately \$100.6 million annually in direct cash to education in developing countries, equivalent to 64 percent of their total cash contribution and nearly twice



as much as that of corporate foundations, which contribute \$54.1 million (35 percent). Contributions matching employee donations to education make up approximately 1.5 percent of the total contribution; \$2,600 was in the form of corporate matching cash, and \$2.0 million was in the form of foundation matching cash. Less than 1 percent of the total contribution came from employee campaign donations organized through the company, totaling \$89,500. In the non-*Fortune* - 500 companies, less than 20 percent of cash came from corporate foundations. The fact that most of the cash resources contributed to education come directly from company budgets rather than corporate foundations suggests that companies see education as more than a philanthropic activity—it is also a strategic investment. The use of the term "philanthropy" to describe these contributions to education is explored more in chapter 7.

#### Finding 4: There is Little Data About Employee Contributions

Most companies have an employee giving program that matches a portion of employees' contributions, up to a certain limit, to approved 501(c)(3) organizations. Of the companies making contributions to education in developing countries, 83.3 percent had employee matching programs, yet only three-fifths indicate that they match employee contributions made to non-profit organizations operating in developing countries through these programs. Even with the possibility of matching contributions to education in developing countries, the total amount captured in

this study is small. This is partially due to a lack of metrics and data tracking within companies about matching programs. For example, most matching contributions are made by the company or foundation as unrestricted contributions to non-profits. Suppose a company matched a \$50 employee contribution to Save the Children. The contribution is a general contribution and not earmarked for a specific program (e.g. health or education). Even if this amount is used for an education program, there is no mechanism for tracking how this contribution was allocated at the corporate level.

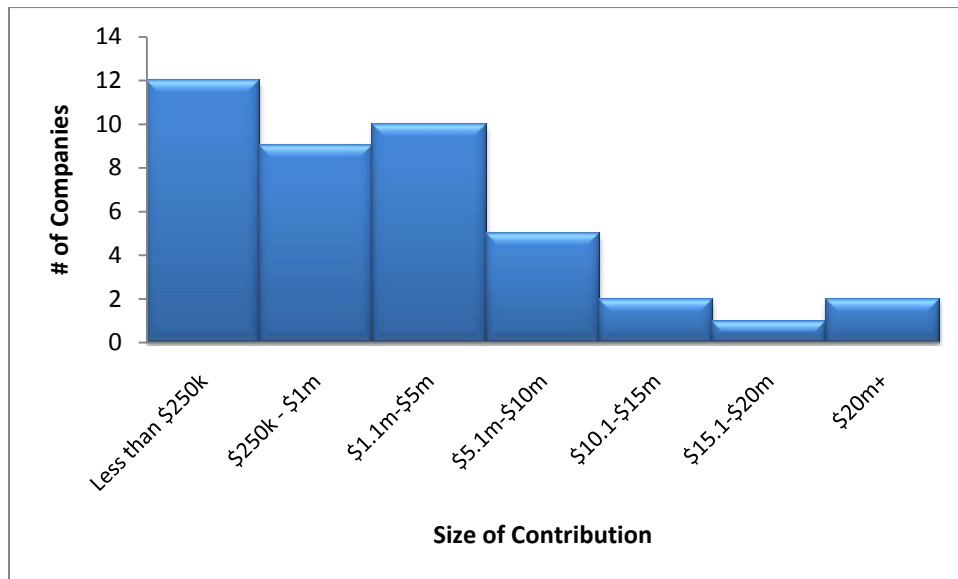
The Committee for Encouraging Corporate Philanthropy reported that in 2009, companies raised a median of \$1.33 million through employee payroll deductions and a median of \$0.78 million from other employee contributions for charitable donation (Rose, 2010). If companies were to form direct partnerships with specific education projects implemented in developing countries, they could mobilize corporate matching resources for a specific cause. Exploring this strategy could not only generate additional resources for education but also has the potential to engage thousands of employees in supporting education projects.

#### Finding 5: Lots of Small Change

Many companies make small contributions to education in developing countries, and only a handful dedicate substantial financial resources. In the sample, the total annual value of contributions from *Fortune* 500 companies to

education from all sources ranged from less than \$25,000 to \$35.9 million per company. More than half the companies in the sample make contributions of less than one million dollars per year. Only ten companies made contributions in excess of \$5 million. Figure 7 shows the distribution of the total value of contributions to education in developing countries.

**Figure 7: Distribution of the Total Annual Value of *Fortune* 500 Education Contributions per Company (n=41)**



The skewed distribution of contributions to education that has a lower-level dollar value suggests that many contributions are likely to be relatively small, given that most companies donate to multiple recipients. Though many small-scale projects may spur innovation and experimentation in development, this fragmentation of contributions often leads to “narrow focus on specific projects

without concern for the larger issues of sustainability and scalability” (Fengler & Kharas, 2010), which is addressed in more detail in chapter 5.

**Finding 6: Energy and Technology Companies Lead in Giving to Education**

Contributions to education in the sample vary in size across industry and revenue levels, with the energy and technology industries leading in total contributions. Table 8 gives the mean total value of contributions by industry, *Fortune* 500 status, and *Fortune* 500 tiers, ranking companies by their revenue level.

**Table 8: Mean Contributions by Industry and Revenue Level (millions of dollars)**

Industry	Mean Contribution			<i>Fortune</i> 500 Tier	Mean Contribution		
	Total Value	Cash	In-Kind		Total Value	Cash	In-Kind
<b>Consumer</b>				<i>Fortune</i> 500 (n=41)	\$5.5	\$3.8	\$1.7
<i>Fortune</i> 500	4.5	2.8	1.7	<i>Non-Fortune</i> 500 (n=8)	\$1.5	\$0.2	\$1.3
<b>Energy</b>				<b>Fortune 500 Rank</b>			
<i>Fortune</i> 500	14.0	\$14.0	-	Rank 1-100	\$11.4	\$8.0	\$3.4
<b>Financials</b>				Rank 101-200	\$2.2	\$2.2	0.04
<i>Fortune</i> 500	2.2	2.2	-	Rank 201-300	\$1.1	\$1.0	\$0.1
<b>Health Care</b>				Rank 301-400	\$ 2.5	\$0.5	\$2.0
<i>Fortune</i> 500	0.7	0.7	-	Rank 401-500	\$0.4	\$0.4	-
<b>Industrials</b>							
<i>Fortune</i> 500	1.2	1.2	-				
<b>Materials</b>							
<i>Fortune</i> 500	1.8	1.8	-				
<b>Technology</b>							
<i>Fortune</i> 500	10.1	5.5	4.6				
<b>Utilities</b>							
<i>Fortune</i> 500	1.0	0.5	0.5				

At \$14 million, the energy sector’s mean total contribution to education is the largest. This is due to the long periods of time energy companies spend in host

countries in stages of exploration and production. These firms' long-term relationships with host governments often lead to investments in the social infrastructure of the countries in which they operate. As one respondent noted, "we invest, almost always, in where we operate. And most, I think, most oil and gas companies tend to follow that model. Our presence in the community or country is large generally, a large capital investment certainly, and we're there for a long time." Another respondent from this sector indicated that, in many cases, the firm's operations in developing countries are contingent upon contributions to the social sector. Additionally, all of the contributions I recorded for this industry were cash.

The technology sector is the second-largest contributor to education, totaling \$10.1 million in average annual contributions. The technology sector produces products that often have an educational purpose and that therefore link these products to education through philanthropy that can allow for brand identification. Moreover, companies believe that these products have a value in the education community. As one technology company representative noted, "I've seen the innovation and the full exploitation of a product when it's put in the hands of an [education] non-profit, especially my product now, the product I'm talking about . . . magic happens." Technology companies contributed a larger amount of in-kind products than any other sector.

The third-largest contributing sector is consumer products, with an average contribution of \$4.5 million. Like the technology sector, the consumer industry often makes products that serve educational purposes. One company representative projected that these contributions would increase by stating that the company's product contributions in developing countries will be "bigger because we are really beginning to adapt more products to developing countries. We know that's where the developing markets are. We know there's a sincere interest in education in these places." Another driving factor for the consumer sector is investment in supply chain communities; investing in the education of these communities is directly linked to the health and well-being of the communities supplying the products.

The trends in cash contributions follow the same patterns as total contributions, with energy, technology, and consumer products leading. However, in-kind contributions are made primarily from the consumer, technology, and utilities sectors. These contributions tend to follow the link between the products that the companies produce and their utility for education. The *Fortune* 500 technology companies made the largest in-kind contribution, averaging \$9.1 million annually, compared with \$1.7 million by the consumer sector. These contributions consisted of technology equipment, books, and other supplies. The in-kind contribution made by the utilities sector is relatively small and only made by one

company. This observation was a single occurrence and atypical; however, there was no additional qualitative data available to understand the context of this contribution.

The companies ranked among the *Fortune* 100 make larger contributions to education than the companies in the lower revenue tiers. While it may seem logical, this does not hold true outside the *Fortune* 100, indicating that companies even with lower levels of revenue find investing in education to be of more value than some companies with higher levels of revenue. The nature of contribution size may be more correlated to the sector rather than revenue size.

#### Finding 7: There is a Lack of Employee Volunteerism Data

The interview data suggest that employee volunteerism is an area of growing importance for U.S.-based companies. A common theme was a desire to incorporate employee volunteerism in a more consistent way with overarching philanthropy strategies. One corporate philanthropy leader said,

the hot topic now is skill based volunteering and it definitely fits into the idea of education because every one of those companies . . . has somebody-has maybe a large contingent of employees who could really be helpful to a school or to a teacher or to a system or something like that and I'm curious how all that is playing out.

But this had not taken hold across companies in the survey; as one respondent noted, "sometimes it's hard to match the employee engagement piece with the other more strategic elements."

Though companies value finding ways to enable employees to make meaningful contributions to education by using their skills and expertise, the data quality and current nature of the opportunities for employee volunteerism in developing countries differ greatly among companies. Furthermore, though most companies have some form of volunteer program, less than half provide opportunities for volunteerism outside the United States. The available data about these opportunities, which are shown in table 9, demonstrate how little is tracked and measured by companies.

**Table 9: Fortune 500 Employee Volunteerism in Developing Countries**

<i>Fortune 500 Companies</i>		Number of Hours		
Type of Volunteerism	<i>n</i>	Minimum	Maximum	Mean
Education in Developing Countries	10	50	130,000	25,141

These data capture volunteerism outside the United States of U.S. employees volunteering abroad and employees living and working in communities in developing countries. For the 10 companies documenting education volunteerism in developing countries, the mean number of hours of volunteerism was 16,640 annually. This



amount is equivalent to 629 employees dedicating one 40-hour week of volunteer service to education in developing countries, a relatively significant donation of expertise and time to the global education community in one year. In the non-*Fortune* 500 companies, 45% reported employee volunteerism programs in education in developing countries, highlighting the utility of employee skills regardless of company size.

## **Part II: Geographic and Thematic Focus of Contributions**

To gain a deeper insight into the U.S. corporate perspective on contributions to education in developing countries, the remaining section of this chapter addresses geographic focus, trends, and motivations. It is based on data from 50 U.S. companies completing the survey and making contributions to education, of which 41 are *Fortune* 500 companies and 9 are non-*Fortune* 500 companies. The inclusion of non-*Fortune* 500 companies in this section provides more data representing the overall corporate perspective on contributions to education.

### **Finding 8: Emerging Economies Receive the Most Attention**

Companies in the sample make contributions to education in 114 different countries spanning all regions of the world. This vast geographical reach is an asset because it points to the potential for extensive knowledge sharing and exchanging of information related to education. At the same time, this reach is a liability, endemic of high levels of fragmentation among the contributions. Regionally, the Latin

America, Caribbean, and Asia-Pacific regions had the largest number of companies contributing to education; the developing countries in Europe and Central Asia had the fewest. Table 10 depicts the number of distinct companies in the sample investing in each region.

**Table 10: Companies Contributing to Education by Region**

Region	Number of Companies
Latin America and Caribbean	39
Asia-Pacific	36
Sub-Saharan Africa	33
Southeast Asia	31
Middle East and North Africa	24
Europe and Central Asia	14

However, the regional totals do not provide relevant information, given the disparity of countries of focus within regions. Emerging economies receive the most attention from U.S.-based companies with respect to education philanthropy. At least half the companies made philanthropic contributions to education in India, China and Brazil; in Mexico, slightly less than 50 percent of the companies made contributions. Table 11 lists the 20 countries with the highest percentage of companies making philanthropic investments in education.

**Table 11: Countries with the Highest Percentage of Companies Contributing to Education**

Country	Percentage of Respondents Making Contributions
India	60
China	54
Brazil	50
Mexico	48
South Africa	36
Kenya	30
Argentina	28
Egypt	28
Indonesia	26
Philippines	26
Haiti	26
Nigeria	26
Thailand	24
Peru	24
Vietnam	22
Chile	22
Colombia	22
Malaysia	20
Pakistan	20
Uganda	20

Only four countries to which at least one-fifth of corporations make contributions are in Sub-Saharan Africa, the region with the highest education need. The rationale behind these decisions is explored in the next section and chapter 5.

**Finding 9: Sectors Target Strategic Geographical Regions**

Breaking down geographical contributions by industry reveals the strategic interests of U.S.-based companies' contributions to education, as shown in table 12. The energy industry, the largest cash contributor by sector, does not make contributions to the countries with the largest overall proportion of companies

making contributions (i.e., China, India, and Brazil). Instead, all the energy companies in the sample contribute to education in Indonesia and Equatorial Guinea—both of which have oil reserves. As one energy company stated, "we want a country to feel that they're better off for our having been there, and so [education contributions are] kind of central to the way we do business."

**Table 12: Countries with Most Companies Contributing to Education by Sector**

Consumer	Energy	Financial	Health Care	Industrials	Materials	Technology	Utilities
Kenya	Indonesia	Mexico	Thailand	Mexico	China	India	Mexico
China	Equatorial	India	India	China	Brazil	China	
India	Guinea	South Africa		India	Mexico	Brazil	
South Africa	Egypt	China		Brazil	India	Chile	
	Libya	Philippines		Thailand	Malaysia	Mexico	
Cambodia	Angola	Brazil		Argentina	Thailand	Argentina	
Brazil	China	Indonesia		Philippines	Vietnam	Haiti	
Haiti	Malaysia	Malaysia		Vietnam	Chile	Peru	
Ethiopia	Papua New	Vietnam		Costa Rica	Colombia	Egypt	
Nigeria	Guinea	Colombia		Honduras	Jamaica	South Africa	
Rwanda	Thailand	Guatemala		Peru	Suriname		
Tanzania	Azerbaijan	Haiti		Venezuela	Egypt		
Uganda	Kazakhstan	Peru		Ghana	Guinea		
	Brazil	DR Congo		South Africa			
	St Lucia	Kenya					
	Algeria	Nigeria					
	Cameroon	Tanzania					
	Chad						
	Nigeria						

Kenya tops the list of countries with the most consumer sector companies making contributions to education (50 percent). This is a logical investment, because consumer goods production is one of the country's major industries (Library of Congress, 2007). A consumer industry representative said, "when we look at

leveraging our assets, we're looking at leveraging our business relationship wherever our vendors are located."

Mexico, India, and South Africa had well more than two-thirds of the financial companies making contributions to education, indicating the perceived market potential for the use of financial services in these countries. As a financial industry philanthropist noted, "while we continue to look for underserved markets where it makes sense for us . . . that could be geographically, by population . . . small business owners which are not served well by banks and financial service institutions . . . provide opportunity for us . . . to build customers." In the industrial sector, 86 percent directed a portion of education contributions to Mexico. Given the growth of Mexico's industrial sector since trade liberalization, it is logical that many U.S.-based companies in the industrial sector see education as a valuable investment in Mexico. Only one utility company made contributions to education in developing countries, and this contribution was directed to Mexico.

More than 40 percent of the technology companies make contributions to education in the 10 countries listed in table 12. India was by far the most popular recipient of education contributions, with more than 86 percent of the technology sector companies making contributions to this country. The technology sector's presence in these regions as well as the regions' market potential makes them all logical areas of educational investment. "The combination of where we have a

significant employee base and where we have significant growth opportunities" guides where technology companies direct their investments according to one respondent.

The rationale for the geographic focus of contributions is linked closely to the motivations and strategic goals of philanthropy that are discussed in more detail in chapter 6. The main drivers of geographic focus of contributions include communities where employees live and work, countries with current or emerging consumer bases, potential growth markets projected to be important source of production or sales in future years, communities in the company's supply chain, and post-disaster regions.

It is important to note that some countries or communities are selected to receive contributions based on social needs instead of corporate strategic interest. These companies justified their philanthropic contribution because of its relationship with the company's culture of "doing good" or employee engagement rather than on the basis of business sales or production strategy. Examples of this type of giving include the contributions made by some companies in Mali and Rwanda. One respondent whose company used this model noted, "All the others is purely philanthropic and there's no strategy around the philanthropy in terms of geographic region . . . It's really just what comes to us, what sounds appealing, what sounds really innovative and worth investing in."

### Finding 10: Corporate Contributions Do Not Reach those in Greatest Need

Within countries, there are pockets of great need for education resources and unfortunately the data in this study does not track contributions at the community level. At the same time, there are countries which, on the whole, have levels of extreme education poverty, measured by the share of the population age 17 to 22 years with fewer than four years of education. Although these countries are arguably in greatest need of resources for education, corporate philanthropy does not reach them. Whereas 75 percent of all of the developing countries identified by the Organization for Economic Cooperation and Development receive some form of contribution to education from at least one U.S.-based company, 25 percent of the countries received no contributions to education.

Table 13 delineates the relationship between the geography of corporate contributions to education and the overall educational need based on UNESCO's education poverty indicator. Not surprisingly, business strategy and educational need do not match in corporate philanthropy. The countries with more than one-third of the population living in education poverty with available data are listed in the table; the second column lists the education poverty level, and the next lists the percentage of U.S.-based companies making education contributions to the country.

**Table 13: Education Poverty Compared with Percentage of Corporations Contributing to Education**

Country	Education Poverty (%)	Percentage of U.S.-Based Companies Investing in Education	Country	Education Poverty (%)	Percentage of U.S.-Based Companies Investing in Education
Central African Republic	89.2	0	Guinea-Bissau	49.7	0
Niger	76.9	4	Côte d'Ivoire	49.2	4
Burkina Faso	70.9	4	Madagascar	48.3	6
Mali	68.8	10	Benin	47.8	0
Chad	67.3	4	Rwanda	45.3	18
Somalia	63.5	2	Gambia	40.4	2
Ethiopia	61.1	14	Morocco	37.1	16
Senegal	57.4	14	Burundi	36.6	6
Mozambique	56.5	2	Liberia	35.7	10
Guinea	56.4	4	Guatemala	35.6	10
Sierra Leone	53.7	4	Pakistan	34.5	20

In countries with the highest levels of education poverty, less than one-fifth of U.S.-based companies make contributions to education, with the exception of Pakistan. This demonstrates why corporate philanthropy cannot be relied upon as the sole solution for education challenges in developing countries: it systematically does not reach areas of most need. This critique is addressed in chapter 7. Some of the countries in greatest educational need, primarily those in conflict areas, such as Afghanistan and the Democratic Republic of Congo, are not listed here because no data on education poverty levels were available.



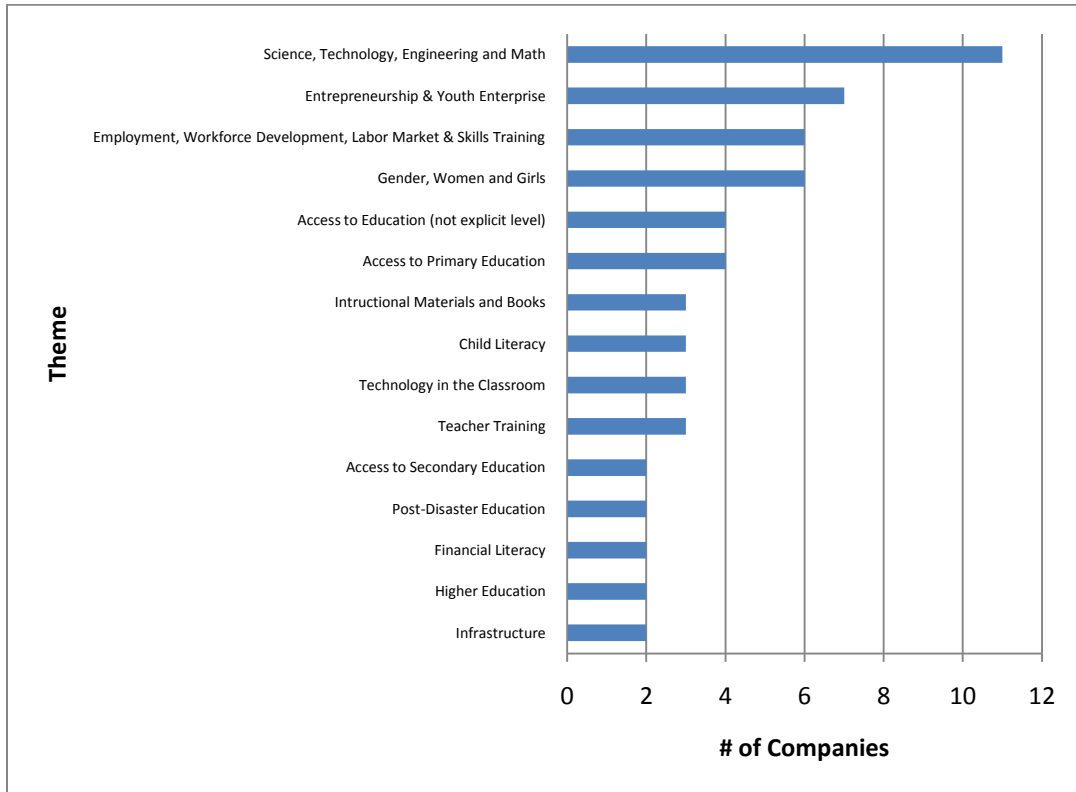
### Finding 11: Corporate Philanthropy is Not Directed Solely to Workforce Training

The common misconception is that companies only invest in workforce-readiness areas of education. I find that although they are the most frequently resourced areas of corporate philanthropy, they are not the only highly resourced areas of education that companies prioritize.

The most resourced philanthropic contribution areas are science, technology, engineering and math education (STEM), entrepreneurship and youth enterprise education, workforce and labor market training, and women and girls. STEM is not explicit to secondary education, and it entails subject area educational programs that teach young people about science, technology, engineering, and mathematics as a way to bridge education to workforce readiness for some industries.

Entrepreneurship and youth enterprise are educational programs teaching business skills and preparing individuals to open small businesses or master basic business strategies. Workforce and labor market training are the educational programs most directly linked to the workforce, as they prepare individuals to enter employment or to improve skills in their current job. Figure 8 shows the most resourced thematic focus areas of contribution.

**Figure 8: Most Resourced Thematic Focus Areas of Contributions**



Although these four areas are the most resourced, based on the number of companies dedicating a significant portion of resources to the topic, they are not the only heavily resourced areas of educational investment by companies. Many companies focus on primary education through programs focused on access, teacher training, child literacy, infrastructure, or gender. One company changed its philanthropy strategy to focus solely on teacher training because "teacher quality is the number one driver of positive outcomes for children and for us the number one driver of business is customers who know how to use our product." Furthermore, though not reflected in figure 9, some individual companies do champion the issues

of government capacity building, basic mathematics, school meals and nutrition, poverty and vulnerable children, human rights education and social justice, rural education, HIV/AIDS education, climate change education, and early childhood education. These companies devote the bulk of their resources to supporting these issues, which illustrates how companies can see benefits from investing in a wide range of education topics.

Companies support more than 50 different themes through their education contributions and, on average, invest in about 12 areas of education over the course of one year. This interest in so many areas of education leads to the notion that companies do see the value of philanthropic investments in education beyond job training. Table 14 shows the number of companies selecting each of the themes from the full typology. A company's selection of a topic indicates that it dedicates a portion of its education philanthropy to the particular theme. This is another indicator of the fragmentation of contributions.

**Table 14: Numbers of Companies Focusing Contributions on Themes of Education**

Theme	No.	Theme	No.
Primary education	34	HIV/AIDS	9
Secondary education	29	Adult literacy	9
Gender, women and girls	28	Compete/conference	9
Technical and vocational education	25	Post-disaster education	8
Higher education	24	Evaluation, assessment and testing	8
STEM	22	Student retention	8
Entrepreneurship	21	Immigrant and migrant education	7
Technology in the classroom	19	School feeding/nutrition	7
Adolescents/youth	19	Special needs	7
Training	19	Human rights and social justice	7
Employment and labor market training	18	Study abroad/exchange	5
Curriculum	17	Language instruction	5
Poverty / vulnerable children	17	Citizenship / democracy education	4
Rural	16	Teacher retention	4
Early childhood education	15	Refugee education	3
Technology infrastructure	14	School administrators	3
Urban	14	Monitoring and information systems	3
Adult education	13	Post-conflict education	2
Financial literacy	13	Governance reform	2
Non-formal education	12	Policies and planning	2
Educational attainment/performance	12	Textbook development	2
Instructional materials (books)	12	Teacher salaries	2
School infrastructure	12	Recruitment	2
Climate/environment	12	Decentralization/centralization	1
Health	11	Grassroots and social movements	1
Child literacy	11	Privatization	1
Instructional Materials (not books)	11		

Finding 12: Companies Invest in Areas of Education Aligning with Business Needs

The philanthropic investment themes on which companies focus vary by industry sector, aligning with the natural needs and priorities of each sector. Table 15 breaks down the most frequent education contribution themes by industry sector. For each sector, the most popular responses are listed; if there are several responses with high rates of companies making contributions, the italicized text denotes these most frequently cited contribution themes.

**Table 15: Most Frequent Contribution Areas by Sector**

Industry	Most Frequent Contribution Themes	
<b>Consumer</b>	<i>Women and girls</i> Primary education Instructional materials (books)	
<b>Energy</b>	Primary education Secondary education Technical and vocational education	<i>Women and girls</i> Poverty and vulnerable children STEM
<b>Financial</b>	<i>Primary education</i> <i>Secondary education</i> Early childhood education	Technical and vocational education Entrepreneurship Financial literacy
<b>Healthcare</b>	Technical and vocational education Instructional materials (not books) STEM	
<b>Industrials</b>	<i>Primary education</i> <i>Women and girls</i> Secondary education Technical and vocational education Adolescents/youth	Poverty and vulnerable populations Entrepreneurship Climate and environment Teacher training
<b>Materials</b>	Secondary education STEM	
<b>Technology</b>	Primary education Higher education STEM	
<b>Utilities</b>	Early childhood education Primary education	Rural education Climate/environment

Women's and girls' education is the most common thematic contribution area for the consumer and industrial sectors; it is also a major area for the energy sector. The rationale for these sectors' decision to focus on girls' and women more than other sectors is not immediately apparent but most likely reflects a combination of local issues in the communities where the companies operate, company brand and image, and workforce needs. For instance, one consumer company with production facilities in developing countries noted,

When we say to you that 80% of [industry] workers are women, one of the things that you will see in a facility, is that the higher up the management chain you go, the fewer women there are, so where the workers on the floor are women, when you get into supervisory or management positions, there are fewer women. So we looked at, again, we look internally at our company, advancing women is something that's just a natural to us. It's part of our culture, what we focus on.

Six of the eight sectors have a strong focus on primary education; this debunks the myth that companies are only interested in secondary education and workforce training. Education at the secondary and postsecondary levels in the forms of vocational, technical and higher education are important contribution areas for six of the eight sectors. Science, technology, engineering and math education is a popular area for the energy, health care, materials, and technology sector.

Familiarity and knowledge in these subject areas are directly related to these sectors' workforce needs in the countries where they operate. One materials company social responsibility leader said, "having students who are receiving quality education, and in particular who are receiving an education in the sciences, will help build an available talent pool from which we can draw from as we grow in emerging, developing geographies. So that is one key underpinning." Entrepreneurship education is a primary area for the financial and industrial sectors. The financial sector's focus on entrepreneurship is particularly relevant, because the more people gain the skills to start a small business, the greater the demand will be for financial services, including banking and loans.

Finding 13: Even Companies without International Philanthropy Programs Give in Times of Disasters

An important finding is that in times of disasters, companies give to developing countries, even when they do not have formal programs for international grant making. When this occurs, donations are typically directed to general disaster relief and not education. Of all 145 respondents to the survey<sup>7</sup>, most did not make contributions to developing countries as part of a formal philanthropy strategy. For instance, as table 16 shows, after the 2010 earthquake in Haiti, 110 companies (77.5 percent) reported contributing to disaster relief. Similarly, during the 2005 tsunami

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<sup>7</sup> Aggregate data is used from 145 U.S. companies responding to the survey. Of these companies, 136 were *Fortune* 500 companies.

in southeast Asia, 97 companies reported making a disaster relief contribution (68.8 percent).

**Table 16: Companies' Contributions to Education in Times of Disasters**

Disaster	Made Contribution	Contributions Addressing Education
Earthquake in Haiti (2010) ( <i>n</i> = 142)	110 (77.5%)	16 (14.5%)
Hurricane Katrina (2005) ( <i>n</i> = 140)	116 (82.9%)	21 (18.1%)
Southeast Asian Tsunami (2005) ( <i>n</i> = 141)	97 (68.8%)	8 (8.2%)

However, most of the contributions were directed toward general disaster relief and very few specifically addressed education in disaster and emergency situations. Yet nearly 20 percent of companies making contributions to the domestic disaster named in the survey, Hurricane Katrina, directed their contributions to education. In chapter 8 I will address the opportunity for U.S. companies to play a greater role in disaster relief.

### **Summary Statement**

U.S. companies give more to education than initially assumed and in aggregate make up a significant source of external education assistance. However, while projected at half a billion dollars annually, this amount is far less than the global health sector. At the same time, examining what companies are doing to support global education suggests some key areas for improvement. While companies give over half a billion dollars annually, many companies make relatively



small scale contributions and divide the contributions over many different themes and geographies. These contribution trends suggest high fragmentation of corporate contributions and lower levels of effectiveness than if companies were to leverage large-scale change in the education sector. Despite these areas for improvement, there are some assets arising from this section about corporate philanthropy, including the high concentration in cash, the role of in-kind contributions, the extensive geographical network, and generosity in times of disaster. These assets will be explored more in chapter 8 when discussing the opportunities to improve the effectiveness of corporate philanthropy.

## Chapter 5: How U.S. Companies Make Contributions

To further answer the second research question regarding how corporate philanthropy aligns with corporate interest, it is important to understand how U.S. companies make contributions to education. It is also important to remember that corporate philanthropy is symptomatic of the changing landscape of development assistance involving more and diversified actors. This chapter examines how U.S. companies make contributions to education in developing countries. The section will first explore the decision makers emerging in the qualitative interview analysis and then assess the typical recipients, degrees of coordination, and length of commitments based on survey and interview data.

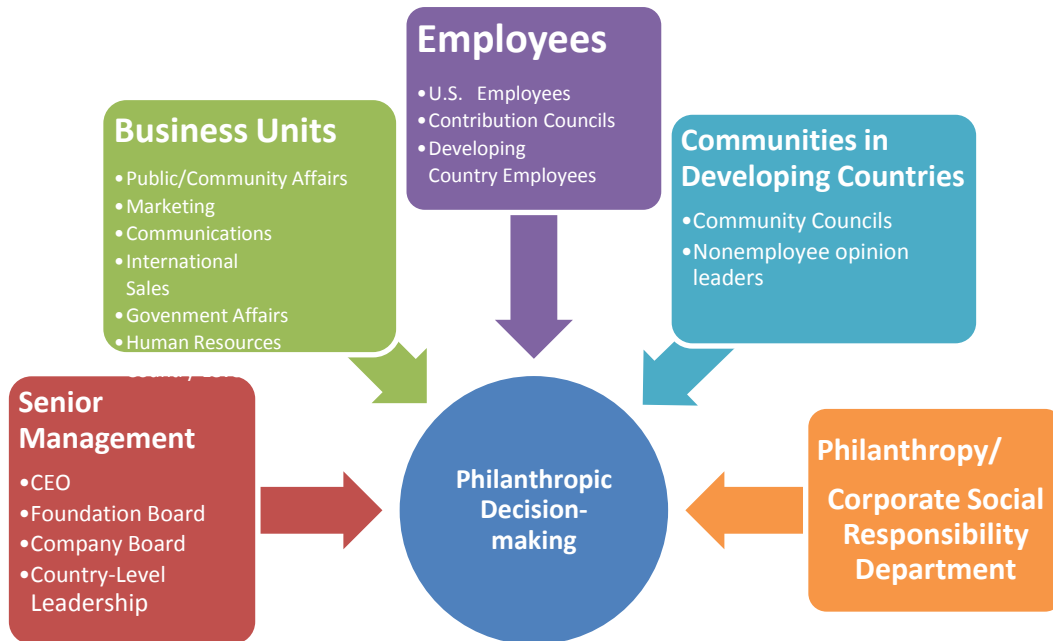
### **Internal Corporate Actors**

A wide variety of actors and decision-makers influence corporate philanthropy. Though some companies have a single budget for philanthropy, interview data reveals that it is more common for a company to have multiple sources of funding from several budgets across the company and foundation. Additional insight into the multiple sources can be gained from my study's non-participants; most striking is that several companies declined participation in the present study because they were unable to determine who in the company was responsible for making decisions and tracking contributions in developing countries. This underscores the lack of internal coordination of education contributions and is

one explanation for why companies are not maximizing the potential value of their contributions to education. Moreover, to the contrary, it reflects how lack of coordination of contributions can have an equally detrimental effect in the communities companies intend to help given the lens of aid fragmentation (Kharas, 2008).

In very few instances does just one person or office make decisions about philanthropy vis-à-vis education. Understanding how these individuals in a company influence the philanthropy process highlights the different ways in which contributions to education can be aligned with business interests and best meet a community's educational needs. Figure 9 portrays the individuals who emerge in the interviews as people with influential decision-making voices in education philanthropy processes.

**Figure 9: Individuals Involved in Philanthropic Decision-making**



### Senior Management

The chief executive officer and other senior-level managers play a variety of roles. In most cases, these individuals sit on philanthropy boards representing various offices; they include the chief financial officer, vice presidents for geographical regions, country or regional directors, and senior-ranking leaders responsible for communications, public affairs, international sales, human resources, and marketing.

In some companies, the CEO plays an important role in championing the contributions to education. Some individuals cite the CEO's buy-in as the most important component of successful philanthropy programs. One respondent, in speaking about the importance of the CEO's leadership for education philanthropy, stated, "I would say to any organizations looking to do any type of social investment work, there has to be a buy in at the top. Because otherwise at some point it just becomes a program." It is important for the education community to recognize the value of CEOs as champions and to begin to cultivate their interest in maximizing the social and business benefits of education. Several examples show that high-level commitments by CEOs can be the source of major philanthropic initiatives within companies. One company discussed a five million dollar contribution to education in an emerging market that was not instigated by the philanthropy arm of the company: "I don't know exactly who made the actual five million dollar commitment. It's sometimes made at a really – again, high level but then it comes to our team to then figure out and kind of carry out the program that was announced."

### Business Units

Different business units have a direct influence on the philanthropic activities of each company. Business units have budgets dedicated to philanthropy through marketing, community affairs, human resources, country-level offices,

communications, and international sales. When asked about the business units involved in philanthropy, one respondent said that most companies have at least two contributions budgets: "they have a philanthropy budget and they have a marketing budget." The government affairs team is also involved in driving philanthropic decision-making in developing countries in some companies and thus is able to relay government priorities to the philanthropy team to see where there may be synergies that can drive philanthropic investments. In one company, the philanthropy director explained that

the government affairs team understands what the government is expecting of us and where the needs are. Especially in education, where the ministries of education are very active, [we find out about] what the specific programs they are trying to drive [and] sometimes can we help with the non-profit world to accelerate those goals.

### Employees

In many companies, employees based in the U.S. have the option to serve on contributions councils and vet potential recipient organizations. In one company, once grant proposals are received, the director has "one person on [his/her] team who facilitates and steers this entire process. [S/he] has a committee, and it's all volunteers – they're all employees but they volunteer their time away from their regular jobs to devote to this process." In other companies, philanthropy programs

are designed to channel the energy, financial resources, and interest of U.S. employees in supporting the supply chain communities of the company. Employees have the ability to visit projects funded by a company's philanthropy; these are often set up as reward programs or volunteer opportunities to increase employee morale. One company organized an employee trip to a community that provided products for the retail sales. It allowed 20 U.S. retail employees to visit schools:

It was almost like a reward – they had to write an essay, and do all this stuff to actually get selected to go on this trip. But they were able to volunteer in these schools, meet the kids, all of that. They came back, and they were in a lot of internal documents, communication that we do – they run a blog, things like that.

In some companies, employees based in developing countries also have an active voice in philanthropy, and they are thus allowed to sit on community contribution councils to help make funding decisions. One company conducted this process by having employees recommend and evaluate local non-profits: "We are able to tap our frontline associates [in developing countries]. These are folks who live and work in the communities where these NGOs are operating and who can serve as our eyes and ears on the street."

### Philanthropy Directors and Staff

In most cases, a company's philanthropy staff is a relatively small and sometimes understaffed unit within the overall corporate structure – hence, a common reason for not completing my survey was lack of staff time and capacity. The philanthropy staff may be part of a foundation, social responsibility, community affairs or marketing team. Even in large companies, the international philanthropy staff may consist of one individual and, given the variety of projects on which these office workers, the staff is unlikely to have educational experience and technical knowledge of education.

### Communities in Developing Countries

In some communities, nonemployee opinion leaders who have relationships with corporate site managers are able to influence the direction of a company's philanthropy. In one instance, a company established community advisory panels made up of a cross-section of the community. A representative from this company explained,

the community advisory panel [is] typically is 8-12 people. It's a cross-section of the community, so it might be the local police chief, the high school principal, a housewife, a clergy member, a high school student, a retiree what have you and those groups come together quarterly with the site leadership and they cover a whole range of topics: our local purchasing



practices, our hiring conditions so on and so forth. But we also speak a lot about quality of life in that particular community. And inevitably, education is a part of those conversations so that community advisory panel and other opinion leaders in communities inform heavily on the kinds of education liked to be pursued at the local level.

As another interviewee stated,

One of the things that we were very careful about is that we cannot develop a program sitting here in [the United States], and then take it to the world and say, 'Here it is, implement it.' This type of work has to be done in the local setting, so . . . the [local partners] we work with in each country . . . come together to help us design, develop, . . . [and] enhance [our programs].

However, this theme of community members engaging in decision-making was more of an exception rather than the norm, and integrating local community participating remains an area where many companies can improve so as to ensure that their contributions are effective in addressing community needs and maximizing impact.

### **Recipients of Corporate Philanthropy**

The vast majority of contributions to education are directed to international non-profits or local non-profits based in developing countries, as shown in table 17. For the purposes of this study, I defined international non-profits as large NGOs,

frequently headquartered in developed countries, with operations in multiple developing countries. Likewise, I defined local non-profits as NGOs based within developing countries.

**Table 17: Recipients of Education Contributions**

Recipient	Percentage of Companies Contributing through Recipient Type
International non-profits	78
Local non-profits	73
Schools	47
International aid agencies	18
National government / Ministry of Education	14
District government	10
Local government	6

The international non-profits most frequently mentioned as recipients of education contributions included Save the Children, CARE, Room to Read, and Junior Achievement. Although some companies prefer to work with large non-profits because of their scale, other companies find them problematic and prefer to work with smaller international non-profits or local non-profits. Concerns about contributions to larger non-profits included skepticism about administrative cost levels and the opaque nature of larger non-profit budgets. Companies indicate that money tends to go to a large pool of funds and thus it is difficult to trace what actually happens to a contribution on the ground.

Almost half the companies make contributions directly to schools. Nearly one-fifth channel their contributions through international aid agencies, such as the U.S. Agency for International Development and the U.K. Department for International Development. Fewer than 15 percent of companies direct contributions to national governments and ministries of education, district governments, or local governments.

Although UN agencies were not an explicit option in the survey's recipient question in the study, a sizable number of companies pointed out that they direct education contributions to UNICEF. I asked follow up questions in the interviews about UN agencies, particularly UNICEF, as a recipient. The companies' reasons for contributing to UNICEF include the accessibility of staff based in the United States as well programs to engage high-level corporate leaders in visitations to programs in developing countries. I also asked about UNESCO when probing, and no one indicated that their company made a financial contribution to UNESCO for education. In fact, one respondent had a very strong opinion about UNESCO and stated, "Well don't give any money to UNESCO, are you kidding, it'll disappear into airlines, first class airline seats . . . just to be really honest with you, the people who come to you from education groups, very few speak the language of business."

Other recipients of contributions not listed above included individuals (through direct scholarships), universities and self-founded NGOs structured as

501(c)(3)s to carry out the philanthropy of the company with the assistance of other donors. The 501(c)(3) model is relatively new and is documented in only three instances.

The way in which corporate philanthropy is delivered to developing countries is a challenge not only for corporate philanthropy but also for the development sector as a whole. Further splintering of development efforts by supporting a variety of non-profits rather than governments or international aid initiatives perpetuates the systemic challenges associated with highly fragmented aid delivery and lessens the overall impact of contributions. In chapter 8, I suggest that companies should look for opportunities to form partnerships on larger scales with governments that have strategic, system-wide visions that implementing NGOs and donors may not have.

### **Exploring the Non-profit Recipient Preference**

Corporate philanthropy representatives cite several attractive features of non-profits as partners in education. Overall, themes arising in the interviews suggest that non-profits at the international or local level are the main recipients of corporate contributions to education because of their perceived ability to innovate; scale projects; achieve a direct, localized impact based on companies' needs; add expertise and technical skill to education visions; and expand companies' on-the-ground presence. However, the reasons that companies cite for preferring to work

with non-profits may also apply to other potential partners in the global education community, suggesting that companies may not have a full grasp of all of the players in the education and development landscape. In particular, partnering with governments is important if corporations are seeking long-term systemic change. Based on my interviews, reasons for selecting non-profit partners include the following:

- *An ability to innovate with small investments:* With many companies using resources to seed innovation, they cite the flexibility and creativity of non-profits to use even small contributions innovatively to achieve great impact. For some companies in the consumer and technology sectors, this means taking product donations to the next level of social use through inventions and innovations. By allowing non-profits to take on educational challenges with the ability to innovate with cash and in-kind resources, companies are able to replicate innovations in other regions through their philanthropy programs or even incorporate the innovation into product design. One company indicated that it is actually "forcing innovation" among grantees:

I decided that 25% of our grants would be for programs that were less than two years old. I felt like that was my contribution to the revolution because we were seeing the same old stuff and nothing was changing -- it didn't appear to be changing. And I thought, we'll never have the millions and millions that some other companies will

have . . .but what if we're the partner for the innovator on a small scale or a large scale.

- *Scale management with international non-profits:* Given the small staffs of many corporate philanthropy offices, forming partnerships with large non-profits makes it easier to manage large operations and multiply the non-profit's work in different communities through corporate support. However, if companies are interested in achieving a sustainable scale, partnering with development agencies or governments may be an option with more long-term impact on outcomes.
- *Achieving a big impact at the grassroots level:* Contrary to the companies seeking large non-profits for scaling up, other companies with limited philanthropic resources find it more meaningful to support grassroots-focused non-profits with smaller grants. These companies find that they can have the most impact when a non-profit having difficulty raising money from larger donors due to its smallness and limited geographic coverage can rely on an understanding company for support.
- *Expertise:* Many companies seek partnerships with non-profits to provide them with the technical expertise to accomplish their education vision. Some companies also work with technical non-profits at the outset of a program at the design and evaluation framework stage before

implementation. One company embraced external expertise early on. Its representative said:

this is kind of a unique collaboration that we have, we have an evaluation partner and the evaluation partner actually partnered with us early on when we were identifying the strategy – what we should be investing in – and that’s the [name of organization] headquartered back there in D.C. And so they have been with us, they helped us develop this overall strategy and then they were engaged as a global evaluation partner.

- *Expanding to regions with little on-the-ground presence:* Another perceived benefit of partnering with international non-profits is the ability to expand a philanthropic presence to countries where the company did not yet have personal relationships. As a staff member of one company stated, building personal relationships on the ground through partnerships with non-profits is helpful “to build stronger on-the-ground presence, so we’d have a much more direct connection to those countries.”

### **Characteristics of the Education Non-profit Partners**

U.S.-based companies look for different characteristics in non-profits when making education contributions. This is consistent with Ostrander and Schervish's (1990/2008) notion that donors pick recipients who cater to their image and likeness; this is explored more in chapter 7. The characteristics companies cite that

make non-profits attractive partners can also apply to other potential partners, including government ministries and aid agencies. Acknowledging the selection criteria of companies can help the education community better communicate with potential corporate donors about education and provide realistic assessments of what is necessary for successful education programs. The characteristics of strong non-profit partners include:

- *Concrete plan and deliverables:* The most appealing non-profits are able to lay out concrete plans and deliverables. Companies making contributions to education note that it is important to know exactly how every dollar will be used to achieve the intended goals.
- *Reasonable administrative costs:* Several companies mention that overhead plays an important role in selecting education non-profits. Companies are more likely to make contributions to organizations that have lower levels of overhead and thus are able to direct more resources to on-the-ground implementation.
- *Strong track record:* All companies mention the importance of organizational track records. Non-profits with strong track records are able to share financial statements from previous years, register in the country of implementation, have an established board, and demonstrate measurable impact. Another component of strong track records is employee perception of the non-profit in each country: in countries where there is a strong



employee presence, it is not uncommon to ask them for feedback about non-profits and include word-of-mouth assessments as part of the evaluation.

This is particularly important in countries and communities where local non-profits have been the recipients of education contributions.

- *Cultural fit:* Several companies note that the non-profit culture is an important selection criterion. Companies assess cultural fit based on whether the non-profit staff conducts its day-to-day business in a way that is consistent with how the company wants to see its image replicated and whether the mission aligns with the company's business and social missions. Some companies want to build interpersonal relationships with the non-profit staff, and therefore it is important for the non-profit culture to be in sync with the company's culture. In the words of one respondent, "What we've learned over the years is that if we just read through . . . proposal[s] and send a check without having gotten to know the staff, we don't feel good about that kind of support."
- *U.S.-based staff:* Some companies prefer a direct connection to individuals in the U.S. without having to make site visits to assess progress.
- *Relative need and opportunities:* Many companies like to see a mix of direct impact and opportunities for risk in spaces others do not typically fund. When considering a program, companies ask questions about who it is serving, how much others are already filling the space, what the prospects

for sustainability are, and what the degree of innovation is. One respondent noted the company tried “to balance [its] portfolio between things that . . . will have fairly certain payoff versus things that may be start-up, seed or innovative that could push the envelope a little bit, then ultimately operate independently.”

- *Good communications in communities:* Some companies consider the work of non-profits to be an extension of their corporate presence in communities. Given that one of the purposes of philanthropy is to make a positive association between the community and the company, several companies feel that it is important for the non-profit to have a very clear communications and outreach plan. As one respondent stated, “Obviously, for us an important part is to make the world aware of what [the company] is doing locally and globally . . . related to . . . additional investments in education or the local issues.”
- *Contacts and connections for the company:* Some respondents indicate that savvy non-profits seeking corporate contributions for education make an effort to demonstrate to their prospective partner companies the additional benefits of working in partnership in a country or region. For instance, some non-profits make it a point to provide their partner business leaders with contacts and connections to different people of importance in the community.

- *Capacity to expand and scale good ideas:* Non-profit partners who understand holistically what is necessary in a community for a project to be successful are seen as strong partners. Some companies making larger contributions look for non-profits with the capacity to scale up successful projects throughout countries and regions; these companies value the human capacity and technical knowledge and skills to implement this vision.
- *Understanding business culture:* Many education non-profits are seen as less appealing partners because they do not understand business culture. In the words of one respondent, non-profit partnership involves
 

mutual understanding of objectives and interests and culture, and . . . [not] local culture but business culture in comparison to NGO culture. A good NGO partner and a good business partner will work together to come up with an annual plan, execute that plan, and that will include reporting on inputs and outputs, and focusing on communication.

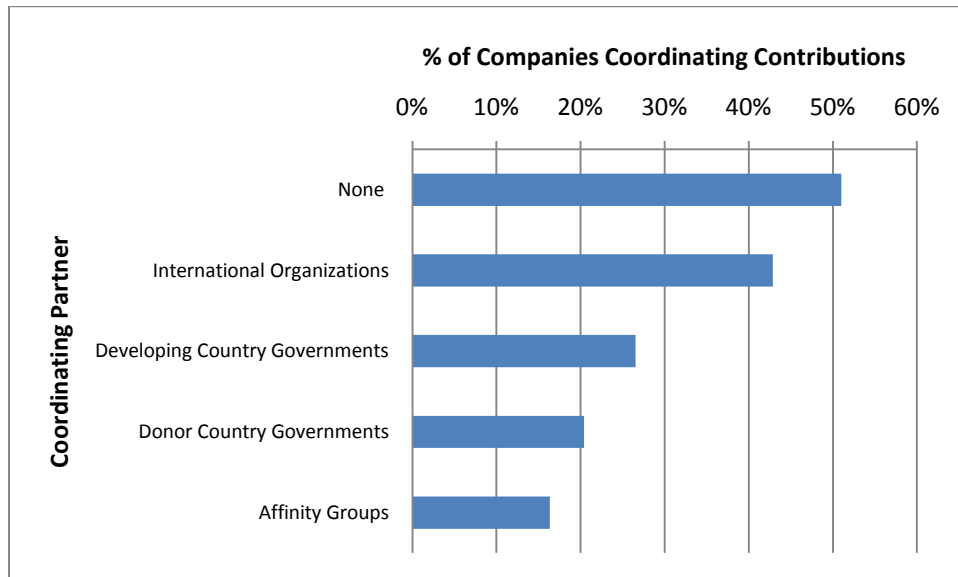
Although companies have guidelines for working with partners to achieve education goals, the education community can also play a role in educating the corporate sector about the realities of achieving a successful development impact. Providing realistic assessments of what is needed in resources and longitudinal support to reach desired outcomes can mitigate expectations of corporate philanthropy and lead to longer-term positive effects. Although the data is biased

toward the perspective of the donor, there is an assumed power relationship emerging from the data suggesting that the corporate donor framework is the best framework; while companies wanted non-profits to understand their processes, no one mentioned the need to understand non-profit culture.

### **The (In)Coordination of Corporate Philanthropy**

Corporate philanthropy lacks coordination; more than half the companies report not coordinating their education contributions with any other entity. Even when contributions are coordinated, it may be at a superficial level and resemble information sharing rather than strategic planning to maximize impact and effectiveness; see figure 10.

**Figure 10: Coordination of Education Contributions**



The largest coordinating body is international organizations; 43 percent of the companies surveyed coordinate educational contributions with international organizations. One-fifth of the companies coordinate contributions with donor governments, and 27 percent coordinate them with developing country governments. A total of 16 percent of the respondents indicate that they coordinate contributions with affinity groups.

Along with the low rate of coordination, the quality of coordination also lacks the strategy that would leverage the assets that different coordinating partners can bring to bear on the effectiveness of investments in education. Coordination with donor countries consists of contacting donor agency leadership and staff members working in developing countries to use them as informal sounding boards and thus gain a better understanding of the education landscape in a given country. Only infrequently do companies report participating in donor processes convened by aid agencies from developed countries; in the few instances in which this occurs, the process is led by the U.S. State Department, and the purpose is to identify ways to support projects through multiple funding sources, including the corporate sector.

One reason that companies do not coordinate with education ministries is uncertainty about whom to work with or lack of confidence in the government to effectively use contributions. In fact, there was little confidence in some ministries. One corporate leader stated that "there are lots of places where the Minister is

charming and lovely but everybody beneath him is incompetent. That's normally the pattern." For those coordinating with developing country governments, the degree of coordination ranges from superficial engagements, whereby the ministers and local officials attend ribbon-cutting ceremonies and tour project sites, to more legitimate coordination, which in some cases entails working directly with ministries to increase internal capacity for managing an education system. Companies feel that even small degrees of coordination or interaction are helpful so that government officials can gain a positive impression of the company's work in the community. However, these light-touch levels of coordination are relatively meaningless in promoting large-scale sustainable educational change, and sustained coordination with governments was only seen in few instances.

The few companies that are closely coordinating with governments find value in government buy-in and cite it as a necessary component for scaling up any educational programs to sustainable levels. As with working with non-profits, companies work with ministries when they have interpersonal connections with individuals and have confidence that the individuals in the ministries can deliver on programs and report on how contributions are used. Finding individuals within ministries who will champion what a business can bring to the education system in addition to cash, particularly product or expertise, is the key to successful relationships according to some companies.

More than 40 percent of respondents coordinate contributions with international organizations, primarily UN agencies. The most heavily cited reason is the UN's scale and reach within the countries where companies operate and contribute. Companies find it useful to have contacts in the U.S. with whom to speak about contributions while knowing that the organization has the capacity to deliver at an effective scale in the different countries of interest. In turn, some UN agencies have invited corporate leaders from donor companies to visit projects and thereby engage high-level corporate leadership; as one respondent stated, "When you can get company people personalized and engaged, they become your champion type of company."

The most common affinity groups for companies are the World Economic Forum and the Clinton Global Initiative. This could in part be due to sample bias as the Clinton Global Initiative helped identify survey respondents at different companies. In addition, there are other general business philanthropy affinity groups, such as the Committee Encouraging Corporate Philanthropy. The degree of philanthropic coordination within the affinity groups varies in its rationale and perceived effectiveness. These networks are used less for strategically coordinating education contributions and more for information sharing, enabling companies to connect with other corporate donors.

## **Potential for Cross-Corporate Philanthropy Partnerships**

Most companies do not coordinate or form partnerships with other companies when making contributions to education. When coordination does take place, it is often through informal coincidences, such as providing common funding to an international NGO. Relationships with individuals at other corporate philanthropy conferences are seen as useful for building networks of philanthropists, but these informal networks have not developed into strategic partnerships or coordination efforts.

Because a company's basic goal is to maximize its profits and compete in the marketplace, many companies often find it difficult to partner with other companies. As one respondent noted, "People in corporate philanthropy don't play well together. . . . Part of that is because, at some level, we're all an arm of marketing for the company. And that's hard." Difficulties in coordination are exacerbated for companies in similar sectors and in direct competition with one another.

Nonetheless, cross-company coordination is not unheard of in the philanthropy community. One respondent notes that "collaboration happens where people forget about the logos and they operate from a different place. During disaster response . . . is where you see amazing collaboration because everyone's focused on the same end result and mission." Some companies find that the notion



of partnership is a useful way to learn about and improve what they do to support global education—and they are willing to work with other companies to do this. And some companies are open to forming more partnerships with other companies, as one corporate respondent explained:

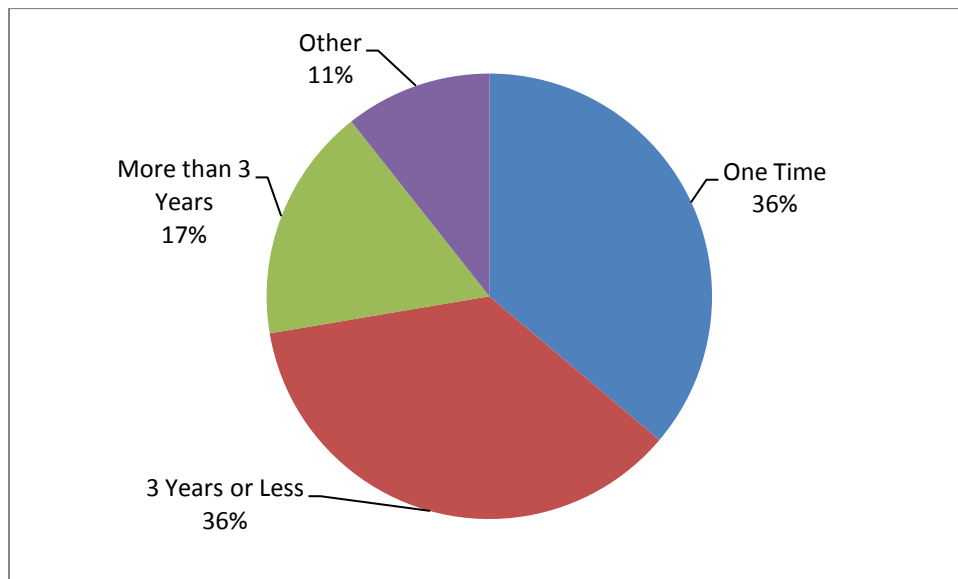
I think if a few more companies could be working in a partnership, we might also be able to do more in a better way. I think also experience was that it's hard to really do that in practice – to square everybody's desires in a way that works. So, we don't usually do that. But it's something I think we've been a little more open to thinking about.

### **Length of Contributions to Education**

Companies expect their contributions to global education to achieve long-term benefits, but this is impossible with short-term and one-time contributions. Among the firms surveyed for this study, more than 70 percent of their contributions are of less than three years in duration—with half of these lasting only one year. Grants of more than three years are made by only 17 percent of the companies, while 11 percent indicate that they have varying time commitments with renewal possibilities. Those companies that have been part of a community for an extended period and have made large investments are more likely to make longer-term contributions. One company cites contributions for up to 10 years of guaranteed support.

Corporate philanthropy is not tied to short-term political cycles, as is official development assistance from governments. Thus, if corporate philanthropy is instead based on the donors' long-term business interests in the recipient countries, it can reflect longer-term commitments, allowing for deep transformation in the education sector. Unfortunately, this is the exception and not the norm, making corporate contributions relatively volatile from year to year, as shown in figure 11.

**Figure 11: The Typical Lengths of Philanthropic Commitments**



The rationale behind one-time grants with renewal mechanisms is to build trust with recipients to ensure that they provide evidence that the contribution is having the intended impact. Without this evidence, companies are less likely to make another donation. Organizations providing more information and updates regarding progress and use of contributions are cited as those more likely to receive

additional resources. Educational outcomes are the product of long-term investments in children and youth; therefore, if companies seek a high return on their contributions in communities, these contributions need to consist of predictable, longer-term funding. Some companies recognized this flaw: "today, all of our grants are one year, I think our hope is to move that to two years, or maybe even three, because it's just not very helpful for the non-profits to have to work on such a short cycle. But we're still learning."

### **Measuring Corporate Philanthropy**

When making business decisions, companies invest where they think they will gain a high rate of return; however, the same does not hold true for philanthropic contributions. Though a handful of companies do strongly emphasize monitoring and evaluation, their metrics do not provide strong indicators of educational outcomes; instead, companies tend to focus on educational outputs such as enrollment rates or measures of perception relevant to business practices (e.g. employee satisfaction or community perceptions of the company). In only a very few instances do companies actually measure learning or other true outcomes.

Companies acknowledge this dilemma. When asked in interviews how companies measure impact or evaluate results, many responded with long pauses, a chuckle, or sigh and said sarcastically, "that's a good question." Despite the many ways of looking at results and impact, companies note that the primary challenge is

to move away from a “millions served” system to understanding what serving millions means for the company and the community where it operates. Companies are interested in developing mechanisms to measure ultimate objectives: How many young people can read? How many people successfully got a job? Some companies also mention that there are difficulties in attributing the outcomes for the students to the results of philanthropic contributions. Though some companies measure graduation rates, others point out that it is usually unclear how much the company’s philanthropy contributes to the graduation rate in a school versus other factors. Some companies also express interest in measuring teacher quality and learning but indicate that the development of metrics and manageable assessment tools is difficult. The frustration of measurement, especially when implementing multiple types of programs that cannot easily be aggregated, came through in the interviews. When asked how one company would ideally measure results, the corporate respondent stated:

I don’t know. I don’t know. That’s my problem maybe, because I can think about that by program, so what I’d like to change in one is how many kids are reading that weren’t, how many are passing their tests that weren’t before, or are graduating. I’d like those kinds of indicators, but I can’t pick any more than two because at this point, we do a lot of different things.

However, there are promising models in the corporate philanthropy sector that can be replicated. One company approaches results and impact measurement by partnering with a research non-profit in the U.S. to engage in education program design and evaluation frameworks. Though the company uses the model in different communities and countries with different implementing non-profit partners, the research non-profit remains a consistent partner across all the education-based philanthropy programs to perform independent monitoring and evaluation. Other companies use research teams from universities to design and conduct impact evaluations of their programs to learn which are most effective. Forming more partnerships of this nature could help companies see which contributions have a more meaningful impact.

### **Summary Statement**

Many different individuals make decisions about corporate contributions within companies. Non-profits are relied upon in lieu of government partners or larger-scale aid agencies to implement philanthropy in the education sector. Although corporations have multiple reasons for selecting non-profits, there are common criteria that companies use to select non-profit partners. In addition to the lack of coordination of corporate contributions with outside entities, contributions are of short-term nature, which creates highly fragmented and volatile philanthropy structures. This perpetuates donor fragmentation and presents complications

consistent with the issues arising in the global development 2.0 literature. Many companies also cited aspirations for more sophisticated ways to measure the impact and results of corporate contributions to education.

## Chapter 6: Corporate Philanthropy and Corporate Interests

Corporate philanthropy is unlike any form of philanthropy because it exists at the convergence of two interests: philanthropy and business. The philanthropic interests are driven by social benefit, whereas the business interests are driven by economic benefit (Porter & Kramer, 2003). The term used to describe the potential for corporate activities to have a mutual benefit by creating business success and addressing societal challenges is "shared value" (Porter & Kramer, 2011). This chapter outlines the motivations for U.S. corporations to engage in philanthropy to developing countries, answering the second research question in more detail about how corporate philanthropy to education aligns with corporate interests.

### **Motivations for Contributing to Education**

Most philanthropy from U.S.-based companies is more than a simple altruistic contribution; it embodies elements of a strategic vision for investing in developing countries. This vision reflects how corporate philanthropy can simultaneously advance both societal and business goals. Few companies indicate that their contributions are made in an altruistic way untied to business goals. Most subscribers to this paradigm also agree that even the most seemingly altruistic contributions to education are tied to the business in name and brand identification. The philanthropic giving process in these instances also serves as a motivating activity to help employees feel part of a company that "does good" for the world.

The overarching rationale for making philanthropic contributions to education varies across companies and is often a hybrid of several corporate business strategies. A sizable number of companies indicate that they have either recently developed or are currently developing a new philanthropic strategy so that their contributions will align more effectively with their business model. As one respondent indicated, “I can’t donate unless it’s a strategic investment for us.”

Most companies incorporated at least one, if not several, key concepts into their philanthropic vision. Several conceptual rationales for corporate investments in education surfaced as themes in the interviews.

### The Concept of Global Market Opportunities

Many U.S.-based companies have grown and expanded during the past years and decades, experiencing shifts in revenue and production sources overseas. This shift has led companies to make contributions in developing countries on a more frequent basis. One corporate philanthropy leader pointed this out at the onset of the interview:

I’m speaking to you from [rural part of America] . . . we’ve been here for over 100 years. We were established here for lots of reasons, but our growth was primarily in the United States . . . But our real growth in those regions has only begun to accelerate at a higher pace than in our established geographies over the last 7-10 years. . . . so, we’ve been in a number of these - what you



might call “emerging geographies” – India, China, the whole Southeast Asia region, etc. – for a number of years, but we really see over the last number of years and certainly the decades ahead of us that a disproportionate amount of our growth is going to come in these emerging geographies.

Some companies indicate that philanthropy is a way to enter new markets, make contacts, build relationships, and develop skilled workforces based on the future needs of the company. Hence, some companies invest in education in emerging geographical areas where they anticipate the bulk of their future growth, building a talent pool from which to draw in future years. Additionally, the current geographical base of their revenue is not a determinant of where they make their contributions because they often need to anticipate new markets when making them.

### The Concept of Community Relationships

Companies indicate that it is important to understand who their key stakeholders are in different geographical areas and how they can be engaged in meaningful ways with the company at the community level. Community stakeholders vary from company to company, sometimes including government, local officials, schools, or the community at large. Companies with large, long-term presences in a community find it important to be identified as a good social partner. At the end of the day, one respondent noted, “while lots of countries and lots of

communities may need our help and our support, . . . it made the most sense to invest in places where we were likely to be . . . a big part of the fabric for a long time.” Some companies indicate that they want countries to feel better off for having the company in the community, thus making community relations a strong element of their business and philanthropy strategic plan.

### The Concept of Employee Empowerment and Engagement

Employees’ interests in contributing to society and feeling good about their company’s social mission is important. Several companies create programs or venues to actively engage employees in vetting and selecting the recipients of corporate contributions. Other companies operating in developing countries focus on harnessing employees’ skills and talents to create substantive volunteer opportunities for positive engagement with their communities. One respondent notes that these volunteer experiences not only make employees proud to work for the company but also build skill sets that are useful for the business. Some companies indicate that when employees use their skills to engage in community volunteer programs, the company adds real value to the community. One financial company mentioned:

we’re a financial institution, what our people are able to give in terms of expertise or volunteer hours . . . actually make a lot more sense to us and we’re actually able to as a financial services company to do much more than

just write a check, so this more than a philanthropy mission, this is kind of way of operating.

### The Concept of Workforce Development in Current Communities of Operation

Companies also find it important to invest in developing the talents of their workforce members living in the communities where they currently operate. This investment includes technical, skill-based training, higher education programs and programs in basic or financial literacy. In countries where companies need to recruit skilled labor, they often make contributions to institutions of higher education and then later recruit employees from these institutions. One company says that "making sure that the higher education field is very strong [is important] because that is where we're doing a lot of our recruiting from." Other companies focus on the educational needs of less-skilled workers in supply chain communities.

### The Concept of Brand Recognition

A company's philanthropy often reflects what it wants to be known for and stands for in society. Its philanthropy thus reflects a brand identification strategy, particularly with in-kind contributions. Sometimes a company targets underserved communities with branded product donations in order to make a measurable social impact while allowing its name to be recognized in the community among resourced consumers. One company states that it is important to get "our product out there and our solutions and services, so the company is really highlighted in the

community, and we do that in a way that really has measurable impact in underserved communities."

### The Concept of Adding Value to Communities

Many companies design philanthropy strategies based on where they can best add value in a community given the combination of products, services, and employee expertise. In contributing to education, a company often looks for a niche that is not occupied by others and then uses its potential to add value by harnessing its core business strengths to promote good in communities. Sometimes this strategy is linked very closely to employee engagement strategies by leveraging dollar contributions with the skill contributions of employees.

### The Concept of Product Innovation

Some companies with products that are used in education—primarily in the consumer and technology industries—indicate that product innovation in education is another philanthropic strategy. By providing access to new technologies and other consumer products, these firms often empower individuals to become innovators who promote teaching and learning. These in-kind products facilitate innovation and creativity and in many ways relate back to the company's brand image. In some instances, companies can use the innovation that unfolds through contributions to improve product design for consumers and other philanthropic recipients. Companies placing a high value on innovation in education see their

products as a key enabler of educational breakthroughs. This offers promising opportunities for the education community to do more with corporate philanthropy and for corporations to invest in impact evaluation to determine which innovations are most effective to improve learning and scale.

### The Concept of Greater Economic Opportunity for Consumers

Some companies indicate that investing in education is a strategic decision because it leads to economic opportunity in communities, which, in turn, leads to an increased ability to purchase goods and services. The theory is that by helping people climb the economic ladder, individuals will choose to trust the company's brand and use its products and services. In the words of one respondent, "People everywhere would rather provide for themselves and their family, and without education it will be hard for them to do so. So we really see it as a key to addressing a range of other issues—it was just a really, really higher-leverage investment."

### The Concept of Creating Demand in Both the Public and Private Sectors

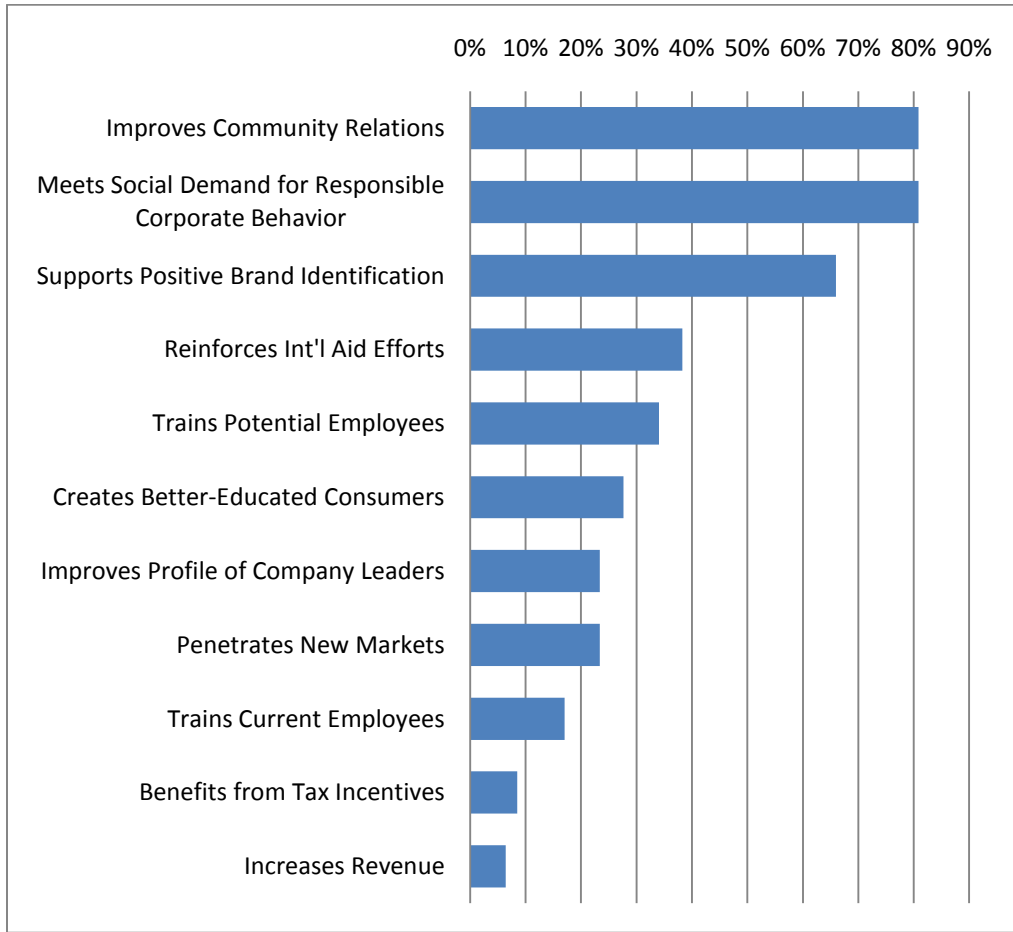
Some companies indicate that philanthropic contributions can strategically address community needs in marginalized areas and thus serve the dual purposes of creating demand in both the public and private sectors for consumer or technology goods. Companies also indicate that by investing in education, it is possible to create members of the public sector who need, can use, and see value in the company's products. This new exposure can create product demand and increase

sales in the longer term. One company said that "the complexity of products and services purchased by nations becomes an enterprise sale" and a source of potential revenue for the company.

### **Perceived Benefits of Education Contributions**

Most companies perceive their contributions to education as leading to better community relations, supporting positive brand identification, and meeting the social need for responsible behavior. Figure 12 illustrates the most frequently cited benefits that companies receive from their contributions to education.

**Figure 12: Benefits of Contributions to Education**



Only one-third of companies indicate that they benefit from contributions to education because they reinforce international aid efforts, train potential employees, or create better-educated consumers. About 25 percent indicate the contributions to education help to penetrate new markets or train current employees, and less than 10 percent indicate that the company benefits from tax incentives or increased revenue.

This demonstrates quite simply that although companies see a value in education, most are lacking a fuller understanding about the societal externalities of broad investment in education which can have positive benefits for the business community. Though most companies did indicate that philanthropy was directly related to the core business mission during interviews, few linked it directly to the company's bottom line. Furthermore, though many forms of philanthropy can support brand identification, improve community relations, and meet a demand for socially responsible behavior, philanthropic contributions to education have many additional features and benefits that most companies do not see. Few of the companies cited the positive common externalities of education – engaged citizenry, more economically engaged communities, community cohesiveness, stability – as a direct benefit to the company. The global education community, if it seeks additional financing from the corporate sector, should better articulate these broad externalities resulting from general support to existing education systems. This will be explored more in chapter 8.

### **Summary Statement**

U.S. companies have a variety of motivations for making contributions to education in developing countries. These motivations highlight the assets of corporate philanthropy for global education, including the ability to provide innovations, as well as the close links between the business objectives and social



objectives. These are particularly important in regard to the links to consumer markets and access to skilled workforces. However, companies consider contributions to education to be more of a public relations and goodwill endeavor than an integrated business strategy.

## Chapter 7: A Critique of U.S. Corporate Engagement in Global Education

This chapter revisits the critiques of corporate philanthropy arising in the review of the literature in chapter 2. The critiques are applied to the data from this study to determine whether the data sustain the critique or provides an alternative perspective on the role of corporate philanthropy in supporting education in developing countries.

### **Philanthropy and Government**

The first critique is based on the tensions between philanthropy and government. With private entities carrying out educational projects and programs, corporate philanthropy encroaches upon a government's ability and duty to provide public goods. The increased number of philanthropic actors beyond traditional donor governments places additional burdens on national governments, and funding is not necessarily directed to areas prioritized by the country (Fengler & Kharas, 2010). While the foreign assistance community has come under scrutiny for burdensome financing mechanisms (OECD, 2007), the corporate philanthropic sector only complicates the erosion of government ability to provide education for its citizens. This study records fifty corporate philanthropy programs acting independently of one another, operating in 114 countries, with less than 25 percent

coordinating with a recipient government. If the number of donors is expanded to include U.S.-based companies not captured in the study and additional globally based corporations following similar practices, the result is troubling: many individual, small-scale projects without any strategy to complement government education activities. This pattern fails to create systemic and sustainable change for the education system. The fragmentation of investments in education in developing countries is consistent with Giroux's (1998) assertion that private sector engagement does not lead to more efficient services for society. Indeed, it points to the opposite: inefficiency.

These individual efforts, though perhaps helpful on small scales in particular circumstances, do not advance goals of equitable education within and among countries. In fact, the data in this study aligns with Levy's (2006) critique that philanthropy favors particular countries and regions as opposed to society at large, which benefits when the government provides education. This critique is underscored by the comparison of the percentage of corporate investments in education to countries with the highest levels of education poverty, set forth in chapter 4. The countries with the highest levels of educational need, as indicated by this UNESCO statistic, receive relatively few corporate philanthropic contributions: less than 20 percent. Some countries, such as the Central African Republic, Somalia, or Mozambique, all with more than 50 percent of the population age 17 to 22 years

having fewer than four years of education, received an education contribution from zero or one U.S. company.

While the data addresses education needs across countries, education inequalities exist for marginalized populations within countries as well. Although a broad conclusion about corporate philanthropy and within-country inequalities is not possible given the data in this study, some of the qualitative data does suggest that contributions within developing countries are sometimes directed at affluent populations, such as donations to universities producing talent pool for the finance industry or programs enhancing the educational opportunities of young people enrolled in quality schools (e.g., opportunities for conferences, competitions, and extracurricular science and math competitions).

In some countries where companies have made longer term commitments to education given the nature of their business objectives, particularly in the energy industry, the data points to a risk of reaching Akerlof's (1970) tipping point of corporate interference in public policy. The tipping point occurs when society depends on the existence of the corporation for the provision of public goods. In one interview, a corporate social responsibility director highlighted the company's work in a small African country. The corporate contributions to education, in collaboration with a ministry, graduated nearly a third of the primary school teachers in the country from an equivalency teacher training program. Additionally,

the curriculum the company developed in collaboration with the ministry reaches about half of the children enrolled primary school in the country. Although there have been large-scale changes in the education system because of this contribution, viable alternatives to support the education system may not exist if the company no longer has a reason to have a business presence in the country. This deep engagement in education may make the government less likely to put pressure on the corporation for other practices in order to maintain its support for the education sector's activities.

Some argue that corporate philanthropy to education blurs the line of accountability with the government, providing civil society with little recourse to hold the government accountable for the provision of public goods such as education (Valor, 2007). Given that the data in this study is provided from the perspective of the U.S. corporation, it is difficult to muster evidence to support or refute this critique. However, there are several examples of how blurring the line of accountability can affect citizen recourse.

The low levels of coordination of corporate philanthropy with host governments can blur the lines of accountability as to who is responsible for education in developing countries. Companies indicated that in many instances, coordination with the government is rather superficial and not very in-depth. One company noted that for small contributions, it's not uncommon for education

government officials to "show up when we are handing over a check or unveiling a new school for what we would consider a relatively small amount." However, government public involvement at this level is only a symbolic gesture. The lines of accountability are not clear because even small contributions may appear to have government endorsement even though the government's participation did not extend past a ribbon-cutting ceremony. The visual symbolism and presumed rhetoric surrounding these events can lead the public to view the government as an actor in the projects whereas in reality, the extent of participation is limited.

Additional poverty dynamics can also limit citizen recourse if the company is responsible for education in community. Whereas people in democratic societies theoretically can use civic participation to make changes to the education system when it is administered by the government, the question arises whether individuals would be willing to similarly hold the private sector accountable for education quality issues. As major companies tend to be a source of employment and income for many people, the power relationship between individual and the company may encourage complacency for the sake of job security.

According to Gutman (1987), some of the functions of education in a democratic state include cultivating character and developing skills to participate in democratic politics, establish a livelihood, and share in communities. Corporate philanthropy addresses varying functions of education in this study, but most

corporate resources align with the purpose of cultivating employable skills in the workforce through science, technology and mathematics education, entrepreneurship and youth enterprise, and workforce training. While these are not the exclusive functions of education for the corporate philanthropists, few companies focused on human rights and social justice, citizenship and democracy education, or education in the context of grassroots social movements. Thus, the data show that corporate philanthropists place a greater emphasis on the livelihood component of education than on democratic participation or sharing in communities. That said, one company provided a more social justice-oriented perspective on education in developing countries. This company gave the example of making contributions to grassroots organizations that support women and girls with the focus of "helping women and girls to break through and to be able to pursue their dreams or whatever that is to find a path in their lives, to be in control of their lives." This company placed little focus on aligning philanthropy for education leading to livelihoods but focused instead on community participation. However, this was mostly a livelihood program and the company represented only one voice among the dominant discourse in corporate philanthropy not embracing this perspective.

## **Dependency and Inequality Perpetuated by Philanthropy**

Many argue that dependency and inequality are perpetuated by acts of philanthropy. While Benjamin Franklin (1766/2008) was a proponent of philanthropy that leads people out of poverty, the corporate philanthropy documented in this study may in many cases perpetuate or increase poverty and inequality. As outlined above, resources are typically disbursed to regions of strategic importance and not to countries in most need of additional resources for education. For example, the technology sector is a major donor to education providing significant in-kind support to education in developing countries. However, the most frequent recipients of the technology sector's education contributions are India, China, Brazil, Chile, Mexico and Argentina. By investing in emerging economies with additional technological resources and not, for instance, in Sub-Saharan Africa, corporate philanthropy further perpetuates the inequality of the digital divide. The International Telecommunication Union (2009) recently noted in the ICT development index that one-third of the world's inhabitants are in countries with a low level of ICT access; most of the Sub-Saharan African countries are included in this group. These countries do not receive significant attention from corporate philanthropy to integrate technology into the education systems. As philanthropy focuses on advancing technology education in emerging economies, the countries already lagging continue to fall further behind as the gap widens due to lack of investments.



The prospect of potential market opportunities for corporate goods and services is a driving motivation behind corporate investments in education in developing countries arose as a cross-cutting theme throughout the interviews, particularly for the consumer and technology sectors. Investments in areas with potential market opportunities assume a degree of income sufficient to purchase goods and services of companies. Having disposable income is de facto an area of relatively less poverty in developing countries; corporate resources naturally gravitate to these communities at the exclusion of others with less financial resources. This trend increases inequality not only among countries, but within countries, as populations with more resources on-hand naturally receive additional investments through corporate philanthropy. Financial companies provide business education and skills to people most likely to advance to the next level of income that allows them to use their financial services. Similarly, oil companies look for countries with natural resources who most likely already have income generating from these resources to support the public sector. Countries with poorer populations or less natural resources to use as an investment bargaining chip are therefore less likely to attract corporate philanthropy for their education systems.

Perpetuating inequality can also take place through philanthropic investments in human capital via workforce education programs. Hahnel (2005) suggests that it would be naive to assume corporations are socially responsible,

because one of the most effective ways to increase profit is "at the expense of employees" (p. 305). Looking critically at examples of corporate contributions to education in supply chain communities reveals that the motivation of the corporation is to maintain the health and well-being of individuals in the community. A supply chain community's health and well-being allows for dependable assembly of consumer goods or production of raw materials. One example is a company implementing a workplace education program for women in factories creating consumer goods. The education program, according to the implementing company's philanthropy officer, improves women's "self-esteem, their self-efficacy in the workplace, [and gives] them the confidence that they could perform at a different level." This program aims to have more women become floor managers in the company. One could argue that this program maintains the workers' role in the company with the promise that hard work can lead to a promotion. Thus, the education program could be viewed as a way of reproducing the relations necessary for business productivity.

Another example of a workplace education program supported through corporate philanthropy is a company that needed local communities for the production of raw agricultural materials. The representative stated, "these are the communities we're buying [product] from and we want to make sure that these communities are healthy and that they'll be able to continue to produce [product]"

for us in the future." This company supports a native language instruction program in the community's schools. Evidence shows that this intervention can lead to positive learning outcomes in the early years, especially in reading. However, given the relationship between the company and the community where the company is seeking long-term production of a raw material, some may argue that this act of philanthropy mimic colonial legacies. For example, the British colonial education structures purposely maintained native languages in the education system to increase marginalization and secure levels of authority between the British and native populations (Mumford & Williamson, 1939; White, 1996; Reagan, 1987; D'Souza, 1975).

The colonial resemblance of philanthropy can also take place through the relationships that companies form with non-profit implementing partners. Ostrander and Schervish (1990/2008) cite an unequal and often one-way relationship between the philanthropy's donor and its recipient. To receive funds, recipients often find themselves catering their operations to donor preferences. In the case of corporate philanthropy to education, this study documents the relationship consistent with Ostrander and Schervish's (1990/2008) notion of operating in the image and likeness of the donor. In chapter 5, the study outlines the preferences emerging from the interviews about the criteria corporations use to select education recipients in developing countries. Preference is given to

organizations that understand business culture, can communicate on behalf of the company in communities, and can provide connections for the company.

As mentioned in the earlier section discussing the intersection of philanthropy and government, the engagement of private funds providing public goods provides little recourse if the source of private funds ceases to exist. In instances where high levels of corporate funding are used to support the education sector, it creates a sense of dependency. For example, in countries with significant amount of financial support from corporations for the education system, particularly those countries with a high energy sector presence, the funding can render the education system financially dependent. As Samoff (2005) states, "inequalities of power, authority, and wealth will not be managed for mutual benefit but instead will perpetuate relations of dependence." And evidence from this study shows that this can also occur on smaller scales with contributions to non-profit organizations. Given the short-term nature of the contributions and their inherent volatility, corporate philanthropy contributes to a dependency among actors in the education sector on corporate support. Further data from the recipient side of corporate philanthropy is needed to substantiate this claim.

### **Contradictory Structure of Philanthropy**

A third category of critique of corporate philanthropy is its contradictory structure: if the purpose of a company is to generate profit in a capitalist model,

handing out money or products to support education in developing countries without any private gain contradicts a company's purpose. Thoreau (1852/2008) suggested that human selfishness causes the role of philanthropy in society to be overrated. Despite the rhetoric about how companies are supporting social causes such as education, the overall proportion of revenue companies dedicate to education in developing countries is quite small. The results of this study provide additional evidence to support Thoreau's concern: corporate philanthropy to education in developing countries is almost always accompanied by additional self-interested motivations. Chapter 6 outlined the motivations emerging from the qualitative interviews: global market opportunities, community relationships, workforce development, brand recognition, and public and private sector demand creation are just a few examples. These motivations demonstrate how corporate philanthropy is contradictory in terminology. Unlike altruism, corporate philanthropy, in practice, is accompanied by profit-generating motives. One corporate philanthropy leader illustrated the link between corporate philanthropy and self-interested actions by stating, "If I were a soap company, I would donate soap with the brand all over it to an orphanage – to someone to get the stuff out there. You make these strategic donations to get your presence in the country." Calling this soap donation "philanthropy" contradicts its assumed altruism because the act is aimed at generating public relations and market presence for a new product. Another company pointed out that social benefit projects are often part of

the contractual arrangement with a government allowing a company to operate in the country. As one respondent noted, some of the rhetoric portraying companies as being a good community partners is actually a "contractual obligation and condition of doing business in the country. At the end of the day, it's written off as any other business expense."

As Schumpeter (1942) pointed out, one of the fundamental impulses that sets and keeps the capitalist engine in motion comes from new markets. One philanthropy director provided an example of a time where philanthropy was intended to generate new market opportunities. However, the philanthropic act was too selfless and was revised to meet corporate needs. This individual said the company launched a large education initiative in an emerging economy to promote the brand in anticipation of opening retail stores. A significant amount of resources was directed to rural areas at the suggestion of an education non-profit familiar with local needs. During the initiative the company redirected the money to other education programs in urban areas because the beneficiaries "were living in communities where there are no [retail stores] . . . it was a great PR-type of goodwill, you know, all of that, but there wasn't a strong business connection." Because of this, the company stopped its education philanthropy in rural areas and redirected it to areas with better aligned market potential in concert with the

capitalist engine. In this instance, philanthropy was too true to the definition of philanthropy, causing the donor to feel uncomfortable about its use of resources.

Philanthropy is also used as a tactic to legitimate corporate existence and business practices in a community. For example, one company measured the impact of its philanthropy based on public perception of the company. The philanthropy representative stated,

every three to five years . . . we have a baseline of our perception and acceptance in a community. Then we develop what we call a [plan] that has a variety of elements to it including almost invariably some educational component to it. Then we execute those plans, and then we come back at periodic intervals and measure our acceptance and favorability.

Friedman (1962) also argued that philanthropy was not a natural use of a company's resources because a company's goal is to maximize profit for shareholders. However, the data in this study actually indicate that corporate philanthropy is primarily done in a way that advances the profit motive of the company. Even companies noting that the philanthropy portion of the company was not "here to contribute to the business or to help [the company] look better or [improve the] bottom line" did not deny that corporate contributions were a way to help engage employees in the company and feel good about how the company operates in society. The results of this study concur with Garriga and Mele's (2004)

assertion that social activities of the company are a means of achieving profit. Some companies make contributions to education in developing countries to penetrate new markets, and, as one company noted, "advancing into these markets is not just good for the social impact, but is good for our business." Another company indicated how its contributions to education allowed individuals to use the company's products and services: "we see that from people today who might be served with some of our educational programs . . . often become small business owners. And so, we've expanded our product portfolio to grow with our customers as they succeed." If this study did uncover philanthropic practices of public companies without any connection to promoting goodwill of the corporation, it would in essence uncover illegal activity. According to the New Jersey Supreme Court decision in 1953, shareholder resources could only go toward philanthropic activities if it advanced the company's public image" (Gasman & Drezner, 2008; *The A.P. Smith Manufacturing Company v. Ruth F. Barlow*, 1953).

As noted earlier, the mean profit of companies participating in the sample is \$2.6 billion, and last year, U.S. *Fortune* 500 companies had a aggregate profit of over \$390.5 billion dollars. The wealth of U.S. companies would be deemed "unnatural" by Aristotle (350 BCE/1962) as such levels are not necessary for personal survival. Gladden (1895/2008) suggests that this wealth either represents the reward of honest labor or is "tainted" money not suitable for donation; the question arises



about what portion of the estimated half a billion dollars flowing from U.S. corporations to the education sector would be considered tainted by Gladden. Although this study cannot provide data identifying tainted money, a 2009 study by the Corporate Executive Board's Compliance & Ethics Leadership Council reported that "observations of bribery and corruption were up more than 100%, and observations of insider trading were up 300%" (Currell & Bradley, 2010).

### **Is it Philanthropy?**

Examining the data from the study in light of the critiques of corporate philanthropy begs the question: Is corporate philanthropy *really* philanthropy? Using the strictest definition of a "love of humanity" with no personal gain, the data in the study does not indicate that this is a reality in contributions to education. Pure altruism is not present, as all companies identified one, if not several, benefits of making philanthropic contributions to education.

However, the notion of de Tocqueville's (1835/2003) enlightened philanthropy is indeed present. In the conceptual framework introduced in chapter 2, nearly all corporate philanthropy recorded in this study is an act of enlightened philanthropy, with corporate interests at the center of contributions. As several interviewees indicated, contributions cannot be justified unless they are strategic for the company. The benefits cited in chapter 6 underscore corporate recognition of benefiting from contributions to education. All companies cited at least one, if not

multiple benefits of investing in education. Furthermore, as pointed out, there is a legal precedent that corporate contributions benefit the company at least in public relations.

Using Porter and Kramer's (2011) term of shared value acknowledges "the potential for corporate activities to have a mutual benefit by creating business success and addressing societal challenges." The concept of "shared value" is more appropriate than "philanthropy" when referring to corporate contributions to education in developing countries. This definition assumes that the corporation only operates in the space of education when it is in its best interest. At times, the overlap between corporate interest and society can allow it to invest in social services in a way that simultaneously advances both a social cause and a business cause simultaneously. Evidence from this study indicates that companies indeed believe that communities are much better off because of their contributions to education. As one respondent stated, "I [work for] a business that does good for kids. That makes me extraordinarily lucky."

At the same time, regardless of whether the term philanthropy or shared value is used, the critiques outlined above still apply, highlighting the constraints of corporate contributions to public goods such as education.

## **Summary Statement**

The data on corporate philanthropy practices directed towards education in developing countries sustain several of the critiques outlined in chapter 2. First, there are tensions between philanthropy and the government. Corporate engagement in the provision of a public good erodes a government's capacity due to the lack of coordination and partnership with governments. Whereas a government has responsibility to provide all of its citizens an adequate education, corporate philanthropy does not reach all citizens and narrowly focuses on the purpose of education. Dependency and inequalities can be perpetuated with corporate contributions to education, allowing emerging economies more opportunities for enhancements in the education system at the exclusion of other communities and countries. The practices of corporate philanthropy often contradict the notion of altruism, as corporate philanthropy is frequently accompanied by corporate interests. The term "creating shared value" may be more appropriate than "philanthropy" when describing corporate activity in education in developing countries, although the notion of societal values still falls victim to critique .

## Chapter 8: Conclusion - Improving the Effectiveness of Corporate Philanthropy

Before making recommendations for improving corporate philanthropy, I find it important to state my position after conducting this research. There are major systemic issues in the way corporate philanthropy is conducted and directed to education in developing countries, having detrimental effects for communities and the vibrancies of democracy. Corporate contributions to education always promote corporate interests and sometimes promote social interests; at the same time, they primarily address the economic rights embedded in education more than the social or cultural components of an education system. Yet, if companies are likely to continue making contributions to education in developing countries, it is important not to ignore corporate philanthropy to education. I say this for three reasons. First, corporate philanthropy "as is" should not be broadly accepted and I am not supporting its perpetuation. The current model does not promote sustainable education systems nor a holistic view of education's role in communities throughout the world. But, I do believe that corporate philanthropy can be modified to take address the larger critiques and systemic flaws. Second, given the massive need of financial resources for education in developing countries, corporate philanthropy, despite its limitations, does offer hope for educational opportunities for many who otherwise could be left further behind. Despite the critiques and flaws in corporate

philanthropy mentioned in this study, I am certain there are also compelling stories about individuals who, because of some opportunity provided by corporate resources, are better off. Therefore, I do not feel comfortable condemning the use of corporate resources to *support* (not dictate) education in developing countries. Third, I do not think the global education community has done a good enough job to link the larger importance of education for society to corporate interests in a way that mitigates the limitations of corporate philanthropy. And likewise, corporations have exerted little effort to understand the nuances of education's complex role in society. Therefore, corporations have very narrow views of the value of investing in education and how to go about supporting education. Hence, there is a significant opportunity in my mind to create change by bridging gaps and providing a better understanding of perspectives between the corporate community and the global education community. Based on my interviews, corporations do feel there is a way to promote "shared value" by making contributions to education that advance their interests and society's interests. And it becomes society's responsibility to establish the boundaries of ethical behavior and bridge knowledge sharing between communities. I see this as a significant opportunity to create change by bridging gaps and providing better understanding of perspectives between the corporate community and the global education community.

To reiterate, although there are significant critiques about the role of corporate philanthropy to support education in developing countries, in light of the critical lack of resources needed and the unlikelihood that corporate philanthropy will cease to exist, I use this section to make several policy recommendations. Taking into account the critiques, advantages, and disadvantages of corporate philanthropy, these recommendations aim to improve the effectiveness of corporate philanthropy to education in developing country contexts.

Corporate philanthropy is a unique form of financing for education in developing countries. Not unlike other donors to education, corporations have an ideology and set of motivations driving contributions. And while the rationale may differ from one company to the next, the agenda behind education contributions is clear: to create a shared value for the community and the company through investments in education. With these motivations transparent, governments and local communities need to be recognized as the crucial element in successful contributions to education and therefore be given more power in the philanthropy relationship. Governments and communities, with a fuller understanding of how corporate philanthropy operates, should be empowered to make decisions about how and when corporate resources are appropriate for supporting education. Like other forms of development assistance, corporate philanthropy has several

advantages and disadvantages which hinder its ability to reach maximum impact and effectiveness.

### **Summarizing the Advantages and Disadvantages of Corporate Philanthropy**

The chart below highlights the advantages and disadvantages of corporate philanthropy arising from this study. Reconfiguring the way a company thinks about the role of education in developing countries for its larger business strategy can build upon corporate philanthropy's inherent advantages and help to minimize any disadvantages that lead to ineffective practices and impact. Likewise, by understanding the inherent advantages and disadvantages, the education sector can make decisions about how best to utilize corporate philanthropy to maximize impact and minimize its potential pitfalls.

**Table 18: Advantages and Disadvantages of Corporate Philanthropy**

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Education links to business goals</li> <li>• Have global reach and networks</li> <li>• Deep connections with governments and communities</li> <li>• Direct link to economic opportunities</li> <li>• High proportion of cash contributions</li> <li>• In-kind products</li> <li>• Desire to innovate</li> <li>• Flexible funding</li> <li>• Employee expertise</li> <li>• Ability to influence product design</li> </ul>	<ul style="list-style-type: none"> <li>• Most contributions are small-scale</li> <li>• Focus on many different themes</li> <li>• Companies spread small contributions across many geographic regions</li> <li>• Short-term contributions</li> <li>• Not coordinated with other actors</li> <li>• Lack of impact evaluation and metrics</li> <li>• Do not utilize complimentary education expertise</li> <li>• Does not reach poorer and most marginalized</li> <li>• Narrow focus on role of education</li> <li>• Can undermine government ability to provide education</li> </ul>

On the advantage side, an investment of over half a billion dollars annually indicates that companies do see a value of education for business. This link can allow the education community to educate the corporate sector to have a more broad view of the benefits of education. Companies have truly global reach with deep connections to communities and governments in developing countries. Companies also link directly to economic opportunities in regions, so education can connect individuals with tangible opportunities to use their knowledge and skills for economic engagement in society. Contrary to other sectors, corporate philanthropy to education is made up primarily of cash, though it also has a in-kind component of products with direct implications for improvements in education quality. The desire



to innovate and the ability to influence product design lends toward a potential for companies to use in-kind products and cash investments to create game-changing solutions to improve education in developing countries. Moreover, the expertise of employees can be utilized to bring additional talent to the education community through meaningful employee engagement.

Also surfacing in the study are the disadvantages of corporate philanthropy, which inhibit its potential to achieve sustained and maximum shared value for the community. Corporate philanthropy is heavily fragmented due to a variety of factors: small, short-term grants to non-profits focusing on many different themes, spread across 115 countries and relatively uncoordinated with governments, donors or other companies. This leads to blurred accountability and can undermine a government's ability to manage its education system. Although these contributions may have meaningful impact on communities, the impact is far less effective than its potential. Additionally, the contributions do not gravitate towards those with the most educational needs. The lack of impact evaluation does not allow philanthropy to invest in educational programs with the highest impact for society and the business. Moreover, there is an untapped potential in the education community: most companies do not integrate the knowledge of best practices and strategies from educational research and expertise into their decision-making processes, as they lack in-house technical expertise and often do not engage in partnerships with

research institutions or communities of practice. Lastly, the private sector has a narrow view of education, limited to economic goals at the expense of civics and democratic participation.

Given the education needs throughout the world and interest and the current trends of corporate philanthropy, there are several opportunities to leverage corporate philanthropy to advance community goals while at the same time having a more sustained benefit for business. I outline several potential recommendations stemming from the findings.

Recommendation 1: Maximize the Effectiveness of Multiple Donors in the Same Country

When most companies invest in education in developing countries, they report doing this in an isolated manner. Fewer than half coordinate philanthropic contributions to education with other entities, and fewer than one-fifth indicate that they coordinate contributions with national recipient country governments or international aid agencies working to support education.

Although it would be naive to expect broad-based collaboration among all donors in all countries, and unwise to suggest so when small scale contributions are able to address the needs of populations typically not served by governments, it is not farfetched to seek some degree of collaboration to leverage resources for greater impact from a donor perspective in some geographical areas. This

collaboration can take place via multilateral government aid agencies, other private sources, such as companies and foundations, or direct coordination with governments.

In the public sector, an epitome for this type of collaboration is the Education for All Fast Track Initiative (FTI), which encompasses 19 donors that have contributed more than \$2 billion to 43 low-income countries (Bellamy & Trapp 2011). These countries have publicly available education sector plans that have been developed by the recipient country and endorsed by the local donor group. Understanding how much FTI funding is dedicated to these plans and how corporate philanthropy can address not only business goals in these countries but also domestic education priorities supported by a larger fund is a way to strategically leverage and coordinate contributions. There is also an opportunity to use the national education plans and FTI proposals to understand where the corporate sector could engage to fill a specific funding gap. Some countries with education plans receiving FTI funds, including Haiti, Kenya, and Vietnam, are relevant to the corporate philanthropy community based on overall contribution trends. In the consumer industry sector, Rwanda and Cambodia receive funds from FTI and are also priority recipients of corporate contributions; and Papua New Guinea is a relevant FTI country for energy industry.

Understanding the focus of development agencies in education makes it possible to devise leverage points for funding and collaboration. The U.S. Agency for International Development (USAID), a contributor of more than \$900 million annually to education, has a new education strategy (released in February 2011), and the United Kingdom's Department for International Development, a donor that gave an estimated \$636 million in 2010, is in the process of developing a new strategy. Both donors place a strong emphasis on the role of public-private partnerships in education. For example, the USAID strategy for education has three clear goals:

1. Improve reading skills for 100 million children in primary grades by 2015.
2. Improve the ability of tertiary and workforce development programs to generate workforce skills relevant to a country's development goals.
3. Create equitable access to education in crisis and conflict environments for 15 million learners by 2015.

Undercutting these three goals are several strategic principles relevant to corporate philanthropy. First, USAID will focus its education funding on programs capable of achieving rapid results or being scaled up nationally. Increased emphasis will be placed on Sub-Saharan Africa, and USAID will consider the work of other donors in regions to maximize the complementary aspects of donors and minimize duplication. The strategy also focuses on gender, innovation, science and technology in education, and phasing out investments of less than \$2 million. Moreover, the strategy's main goals align with different corporate philanthropy

interests, and the strategy states an explicit desire to leverage partnerships with the private sector. Specific opportunities for working with the private sector include the provision of learning materials, connecting workforce preparation programs to private sector needs, forming partnerships for tertiary and workforce development education, and supporting grand challenges to reach specific education goals.

In the realm of multiple donors, companies have indicated that it would be helpful to learn about how other companies have invested in education in developing countries. However, they have prefaced any notion of direct collaboration with the caveat that these other companies, particularly those in the same sector, also compete in the marketplace. In those countries where multiple corporations operate philanthropically in the education sector, companies should seek opportunities to leverage comparative advantages to maximize the shared value for business and global education.

Finally, those engaged in corporate philanthropy should look for opportunities to work directly with ministries of education to identify how a company's core interests and comparative advantages can align with national goals and interests. These partnerships can lead to long term, sustainable outcomes amounting to much more than the on-off alternative.

## Recommendation 2: Broaden Areas of Strategic Investment beyond Workforce Focus

Although thematic areas of investment vary by sector, popular contribution areas include primary education; secondary education; gender, women, and girls; technical and vocational education; higher education; STEM; and entrepreneurship. These heavily resourced contribution themes are predominately career-specific, but other education investments can also be leveraged to have a positive impact on a company's business goals.

A more holistic view of education, including the support of early childhood as well as primary and secondary education or the arts and civics, can create a more stable and vibrant community for employees of large companies to live and work.

For companies still seeking more economic rationale, consider the following possibilities:

- *New markets:* Some companies indicate that education philanthropy is deployed to invest in the creation of skilled labor forces for the future in emerging economies. Yet investment in early childhood education is not a heavily resourced thematic focus area, despite the argument of van der Gaag and Adams (2010): knowledge and skills acquired in the early years create the foundation upon which new knowledge and more complex skills can be built; skills beget skills. Additionally, areas where priorities have been on

school enrollment and access have not been able to adequately address learning. Early Grade Reading Assessments and other rapid reading assessments indicate that many children are unable to read a simple text after two to three years of school. Investing in early childhood development and learning achievement in primary school can help build the skilled workforce a company envisions down the line in future markets.

- *Consumer base:* For companies seeking increased use of financial services or purchasing of products, investing in general education—not solely financial or entrepreneurship education—can promote growth in geographical areas of interest. For instance, focusing on the quality of general education can increase an individual's ability to engage in economic and income-generating activities. Other studies show that investing in a single year of education for children in developing countries boosts wages; increases the chance of healthier, smaller families; and is associated with a reduced risk of conflict. As U.S. secretary of education Arne Duncan recently pointed out, “Americans must realize that expanding educational attainment everywhere is the best way to grow the [economic] pie for all” (Duncan 2010). Investment in educational attainment is in fact an enlightened philanthropic business investment.
- *Current workforce:* For companies interested in a skilled workforce in their current areas of operation, it may be relevant to focus on post-primary

education pathways. Of all development assistance to education, less than 10 percent is estimated to support secondary education (UNESCO, 2011). The vast majority is directed to primary and higher education. This has created difficult policy situations in developing countries, where budget shortfalls and international mandates have left countries without stable post-primary and secondary schooling infrastructures. Companies may wish to identify communities facing this situation and invest in bridging the post-primary gap, potentially leading to opportunities for workforce development. However, these investments should be consistent with a more balanced view of the role of education as being more than the production of a workforce.

### Recommendation 3: Innovate in Education

Investments of resources and research are needed to develop strategies to increase learning in the classroom. Given the clear learning crisis in global education, the need for innovation resonates with many companies that are making contributions to education, particularly in the technology sector. Several companies note the importance of innovation with their products to inform product design and expose the company's brand in a positive manner in geographical areas of interest. Given the relatively flexible nature of corporate philanthropy, the learning crisis and the desire for aid agencies to scale up innovative solutions to global education, the time is ripe for innovation partnerships. If companies can direct their philanthropic



contributions of cash and in-kind products toward identifying game-changing solutions through piloted interventions and impact evaluations, then aid agencies and governments can scale up successful interventions. The use of technology and innovation is not limited to learning in the classroom but can also tackle barriers in school management, including designing or improving data systems or payment mechanisms for rural teachers. These philanthropic investments could be low-cost, highly innovative, and have a high impact for companies and countries.

**Recommendation 4: Invest in Education in Disaster Contexts for Longer-Term, Higher Impact**

The potential impact of investing in education in disaster contexts is significant. After a disaster, education is one tool in society that can create safe spaces for children and bring a sense of normalcy to an otherwise chaotic environment. Supporting measures to ensure safe and secure environments for children to attend school, particularly girls, is an immediate but often overlooked need at times of crisis. Additionally, disaster contexts can interrupt the provision of education for several years; by investing in education, firms can enable young people to more quickly prepare to reintegrate and become productive members of society.

There are several benefits for corporate investment in education in disaster contexts. First, companies are still able to respond to an international crisis and have an impact on a community in need. Because education is an ongoing

investment, the presence of the company's brand in the community will continue well after the immediate relief and recovery process. By choosing education, the public relations and employee goodwill associated with contributions to natural disasters are still reaped, but companies are seen as committed to a long-term reconstruction vision. Second, investing in education commits the company to the rejuvenation of the local economies affected and generates new business opportunities. Finally, education is clearly under-resourced in post-disaster contexts. Education received only 2 percent of all humanitarian aid in 2009 and has the smallest share of requests funded (Watkins, 2011). The Inter-American Development Bank is implementing a five-year education reform project in Haiti valued at \$2 billion; still, despite the Bank's \$250 million grant, the need for financing continues. Following the Pakistan floods, the UN requested an investment of \$83.4 million to rebuild the education system; to date, only \$30.5 million has been received (UN OCHA Financial Tracking Service, 2010).

#### Recommendation 5: Incorporate Local Feedback into Philanthropy Strategies

Understanding the local education culture and priorities is necessary for leveraging the philanthropic impact of aid to education. Although many companies indicate that effective contributions to education must be done at the local level, others do not acquire a deep knowledge of the local education systems. As one respondent stated, "The local people in the companies and the NGOs are the people

who know what is really happening; ideally, if a corporation is smart, they will listen to the people on the ground.” Companies have suggested that philanthropy take advantage of the eyes and ears of NGOs, employees, and management on the ground when identifying where and how to invest in education. Some companies have even suggested that aid agencies have a role to play as technical experts in education who can identify and share what works at the country level with corporate philanthropists. Thus, some have suggested that USAID should work with local ministries to identify three to five successful education programs that are operating in countries at local levels that they would like to see replicated. Organizing visitation trips with management from both the local and headquarters levels would allow the corporate sector to see firsthand how philanthropic investments could leverage and incorporate lessons from on-the-ground success stories into the philanthropic programs.

#### Recommendation 6: Build Networks for Global Education & Leverage Education Expertise

Although all companies make investments in education according to their business goals, nearly all companies still indicate a desire to learn more about what others are doing in education, how others address challenges, and how companies can promote closer networks of learning and dialogue alongside other corporate donors. Though collaborating in learning networks may be more difficult within the context of competing business goals, it is possible when companies can identify

common social agendas across the board that accommodate different business strategies. Opportunities to expand these networks to include global corporations, private foundations, and local businesses could be explored based on geographic or thematic interests. Incorporating the public sector, NGOs, and researchers in these discussions is an important mechanism for increasing the knowledge base and informing investments in education.

#### Recommendation 7: Design Metrics and Invest in Impact Evaluation

Evaluating the effects of international development aid is an issue of increasing importance in the development community. After decades of investments totaling billions of dollars, relatively little is still known about the impact of most social development programs. The pendulum is swinging toward placing more importance on learning what works by conducting what are known as impact evaluations, so that aid dollars can be spent more wisely (Center for Global Development, 2006).

The U.S. government is now taking a strong stand on the importance of impact evaluations: the reform agenda for the State Department and Agency for International Development places a priority on investing initiatives with demonstrated outcomes and on making a strong effort to enable the U.S. to become the world leader in aid monitoring and evaluation (USAID, 2010). Impact evaluations are also at the core of the new World Bank education strategy (World Bank, 2011).

In this new context, corporate philanthropy for education seems to be woefully behind the development community in measuring the impact of contributions. Many companies indicate that their metrics and practices for measuring results are not necessarily optimal. Though some focus on product dissemination or public opinion about the company, others look at the number of young people benefiting from corporate investments. Many recount anecdotes about how investments in education changed the lives of individual beneficiaries; however, most companies have difficulty in assessing the impact of programs, learning or life outcomes as a result of their philanthropy. Some companies find metrics not to be useful at all, while others aspire to meaningful metrics that are connected to outcomes and business strategy. The global education sector has struggled in this area, particularly as it moves away from regarding enrollment and completion as success to focusing on learning. Productive discussions and collaborations among private sector philanthropists and the education research community could create useful measurements that can both inform a company's philanthropy and linking to the goals and outcomes of the global education community. Developing impact evaluation approaches can promote shared value across sectors by identifying the best practices resulting from successful innovation to scale up.

### Recommendation 8: Adopt Innovative Financing by Combining Brand, Business and Individual Donors

Americans are the most generous citizens when it comes to making charitable contributions as a percentage of gross domestic product: in 2009, Americans gave \$227.41 billion to charity (Giving USA Foundation, 2010). This generosity, combined with the leverage of American corporations, points to significant opportunities to champion education and increase financial resources. To date, no single company or coalition of companies is broadly known as a champion of education around the world. Yet there is real potential for such a campaign to improve community relations and generate innovative resources for education. Take, for instance, point-of-sale and service campaigns, such as “Change for Good.” This campaign, which is supported by several airlines, collects spare change during flights and has raised \$70 million since 1987 for UNICEF (2011). Cause marketing has also been a successful endeavor: the Yoplait Lids to Save Lives campaign has generated more than \$25 million for breast cancer during 12 years (Yoplait, 2011), and Product (RED) (2011) has brought together 12 companies and has generated more than \$160 million for the Global Fund to Fight AIDS, Tuberculosis and Malaria since 2006.

Additionally, the power of companies to harness the energy of not only their consumers but also their employees has enormous potential for education. If companies were to develop employee matching program campaigns that

championed education in developing countries, supported the philanthropic activities of the company overseas, and promoted employee volunteerism, the combined elements could lead to an enormous benefit for children across the globe. Though the amount of money from employee matching campaigns is relatively small for education in developing countries, some companies have matched nearly \$50 million in employee contributions to non-profit causes in one year. If this represents a one-to-one match, it means nearly \$100 million in philanthropy. This demonstrates the importance for companies of acknowledging the collective power of individual contributors to increase the resources for global education.

### **Concluding Statement**

Corporate philanthropy has limitations. And this study demonstrates that U.S. companies align contributions to education with their private interests in attempts to fulfill their duties to maximize profit. And while mixing corporate interests and public goods is indeed challenging and problematic, I'm inclined to hedge my final opinion on optimism. My optimism for corporate philanthropy only works under one condition: the acknowledgement that governments and citizens must have an increased authority in designing and benefiting from education. If citizens have power over education and identify working with corporate philanthropists as a way to achieve their desired social goals, corporate philanthropy serves an important role in society.

But, we cannot accept naivety. In most instances, the current power arrangement between corporate philanthropy and communities is opposite the condition I outlined above. Acknowledging the need to shift this relationship is the first step in moving towards more effective uses of corporate philanthropy for global education. It is important for the global education community -- ministries, donors, communities, local governments, and practitioners -- to acknowledge the assets of corporate philanthropy while also having a clear understanding of its limitations. This study highlights both dimensions and allows actors to understand the boundaries between public goods and private interests. Acknowledging both the opportunities and limitations of corporate philanthropy, actors can identify when potential resources can be useful to education.

Relying on corporate resources as the "hole in one" solution to the many complicated challenges in the global education system is not wise. In particular, it is important to be alert to instances where the use of private corporate resources perpetuate inequality or marginalization, is based on "tainted money," or is implemented in a unilateral manner at the expense of the communities it intends to help. Simultaneously, it is important to embrace innovation and opportunities to educate societies that can be instigated by corporate assets. Recognizing the externalities of education are not only the economic benefits, but the social and cultural dimensions that education provides a society, is a win-win for corporate



resources and communities. And identifying instances where shared value can result from corporate support of government-defined and led education activities is not only good for business, but good for society.

## Appendix A: *Fortune* 500 Population

Wal-Mart Stores	United Technologies	International
Exxon Mobil	Dell	Abbott Laboratories
Chevron	Goldman Sachs Group	News Corp.
General Electric	Pfizer	HCA
Bank of America Corp.	Marathon Oil	Sunoco
ConocoPhillips	Lowe's	Hess
AT&T	United Parcel Service	Ingram Micro
Ford Motor	Lockheed Martin	Fannie Mae
J.P. Morgan Chase & Co.	Best Buy	Time Warner
Hewlett-Packard	Dow Chemical	Johnson Controls
Berkshire Hathaway	Supervalu	Delta Air Lines
Citigroup	Sears Holdings	Merck
Verizon	International Assets	DuPont
Communications	Holding	Tyson Foods
McKesson	PepsiCo	American Express
General Motors	MetLife	Rite Aid
American International Group	Safeway	TIAA-CREF
Cardinal Health	Kraft Foods	CHS
CVS Caremark	Freddie Mac	Enterprise GP Holdings
Wells Fargo	Sysco	Massachusetts Mutual
International Business Machines	Apple	Life Insurance
UnitedHealth Group	Walt Disney	Philip Morris
Procter & Gamble	Cisco Systems	International
Kroger	Comcast	Raytheon
AmerisourceBergen	FedEx	Express Scripts
Costco Wholesale	Northrop Grumman	Hartford Financial
Valero Energy	Intel	Services
Archer Daniels Midland	Aetna	Travelers Cos.
Boeing	New York Life	Publix Super Markets
Home Depot	Insurance	Amazon.com
Target	Prudential Financial	Staples
WellPoint	Caterpillar	Google
Walgreen	Sprint Nextel	Macy's
Johnson & Johnson	Allstate	International Paper
State Farm Insurance Cos.	General Dynamics	Oracle
Medco Health Solutions	Morgan Stanley	3M
Microsoft	Liberty Mutual	Deere
	Insurance Group	McDonald's
	Coca-Cola	Tech Data
	Humana	Motorola
	Honeywell	Fluor

Eli Lilly  
Coca-Cola Enterprises  
Bristol-Myers Squibb  
Northwestern Mutual  
DirecTV Group  
Emerson Electric  
Nationwide  
TJX  
AMR  
U.S. Bancorp  
GMAC (Renamed Ally  
Financial)  
PNC Financial Services  
Group  
Nike  
Murphy Oil  
Kimberly-Clark  
Alcoa  
Plains All American  
Pipeline  
Cigna  
AFLAC  
Time Warner Cable  
United Services  
Automobile Association  
J.C. Penney  
Exelon  
Kohl's  
Whirlpool  
Altria Group  
Computer Sciences  
Tesoro  
UAL  
Goodyear Tire &  
Rubber  
Avnet  
Manpower  
Capital One Financial  
Southern  
Health Net  
FPL Group (NExtEra  
Energy)  
L-3 Communications  
Constellation Energy

Occidental Petroleum  
Colgate-Palmolive  
Xerox  
Dominion Resources  
Freeport-McMoRan  
Copper & Gold  
General Mills  
AES  
Arrow Electronics  
Halliburton  
Amgen  
Medtronic  
Progressive  
Gap  
Smithfield Foods  
Union Pacific  
Loews  
EMC  
Burlington Northern  
Santa Fe  
Coventry Health Care  
Illinois Tool Works  
Viacom  
Toys "R" Us  
American Electric  
Power  
PG&E Corp.  
Pepsi Bottling  
Consolidated Edison  
Chubb  
CBS  
ConAgra Foods  
FirstEnergy  
Sara Lee  
Duke Energy  
National Oilwell Varco  
Continental Airlines  
Kellogg  
Baxter International  
Public Service  
Enterprise Group  
Edison International  
Qwest Communications  
Aramark

PPG Industries  
Community Health  
Systems  
Office Depot  
KBR  
Eaton  
Dollar General  
Waste Management  
Monsanto  
Omnicom Group  
Jabil Circuit  
DISH Network  
TRW Automotive  
Holdings  
Navistar International  
Jacobs Engineering  
Group  
World Fuel Services  
Nucor  
Danaher  
Dean Foods  
Oneok  
Liberty Global  
United States Steel  
AutoNation  
Marriott International  
ITT  
SAIC  
Yum Brands  
BB&T Corp.  
Cummins  
Entergy  
Textron  
Marsh & McLennan  
US Airways Group  
Texas Instruments  
SunTrust Banks  
Qualcomm  
Land O'Lakes  
Liberty Media  
Avon Products  
Southwest Airlines  
Parker Hannifin  
Mosaic

BJ's Wholesale Club  
H.J. Heinz  
Thermo Fisher  
Scientific  
Unum Group  
Genuine Parts  
Guardian Life Ins. Co. of  
America  
Peter Kiewit Sons'  
Progress Energy  
R.R. Donnelley & Sons  
Starbucks  
Lear  
Baker Hughes  
Xcel Energy  
Penske Automotive  
Group  
Energy Future Holdings  
Great Atlantic & Pacific  
Tea  
Fifth Third Bancorp  
State Street Corp.  
First Data  
Pepco Holdings  
URS  
Tenet Healthcare  
Regions Financial  
GameStop  
Lincoln National  
Genworth Financial  
XTO Energy  
CSX  
Anadarko Petroleum  
Devon Energy  
Praxair  
NRG Energy  
Harrah's Entertainment  
Automatic Data  
Processing  
Principal Financial  
eBay  
Assurant  
Limited Brands  
Nordstrom

Apache  
Reynolds American  
Air Products &  
Chemicals  
Bank of New York  
Mellon Corp.  
CenterPoint Energy  
Williams  
Smith International  
Republic Services  
Boston Scientific  
Ashland  
Sempra Energy  
Paccar  
Owens & Minor  
Whole Foods Market  
DTE Energy  
Discover Financial  
Services  
Norfolk Southern  
Ameriprise Financial  
Crown Holdings  
Icahn Enterprises  
Masco  
Cablevision Systems  
Huntsman  
Synnex  
Newmont Mining  
Chesapeake Energy  
Eastman Kodak  
Aon  
Campbell Soup  
PPL  
C.H. Robinson  
Worldwide  
Integrus Energy Group  
Quest Diagnostics  
Western Digital  
Family Dollar Stores  
Winn-Dixie Stores  
Ball  
Estée Lauder  
Shaw Group  
VF

Darden Restaurants  
Becton Dickinson  
OfficeMax  
Bed Bath & Beyond  
Kinder Morgan  
Ross Stores  
Pilgrim's Pride  
Hertz Global Holdings  
Sherwin-Williams  
Ameren  
Reinsurance Group of  
America  
Owens-Illinois  
CarMax  
Gilead Sciences  
Precision Castparts  
Visa  
Commercial Metals  
WellCare Health Plans  
AutoZone  
Western Refining  
Dole Food  
Charter  
Communications  
Stryker  
Goodrich  
Visteon  
NiSource  
AGCO  
Calpine  
Henry Schein  
Hormel Foods  
Affiliated Computer  
Services  
Thrivent Financial for  
Lutherans  
Yahoo  
American Family  
Insurance Group  
Sonic Automotive  
Peabody Energy  
Omnicare  
Dillard's  
W.W. Grainger

CMS Energy  
Fortune Brands  
AECOM Technology  
Symantec  
SLM  
DaVita  
KeyCorp  
MeadWestvaco  
Interpublic Group  
Virgin Media  
MGM Mirage  
First American Corp.  
Avery Dennison  
McGraw-Hill  
Enbridge Energy  
Partners  
Ecolab  
Fidelity National  
Financial  
Dover  
Global Partners  
UGI  
Gannett  
Harris  
Barnes & Noble  
Newell Rubbermaid  
Smurfit-Stone  
Container  
Pitney Bowes  
CC Media Holdings  
Emcor Group  
Dr Pepper Snapple  
Group  
Weyerhaeuser  
SunGard Data Systems  
CH2M Hill  
Pantry  
Domtar  
Clorox  
Northeast Utilities  
Oshkosh  
Mattel  
Energy Transfer Equity  
Advance Auto Parts

Advanced Micro  
Devices  
Corning  
Mohawk Industries  
PetSmart  
Reliance Steel &  
Aluminum  
Hershey  
YRC Worldwide  
Dollar Tree  
Dana Holding  
Cameron International  
Nash-Finch  
Pacific Life  
Terex  
Universal Health  
Services  
Amerigroup  
Sanmina-SCI  
Jarden  
Tutor Perini  
Mutual of Omaha  
Insurance  
Avis Budget Group  
Autoliv  
MasterCard  
Mylan  
Western Union  
Celanese  
Eastman Chemical  
Telephone & Data  
Systems  
Polo Ralph Lauren  
Auto-Owners Insurance  
Core-Mark Holding  
Western & Southern  
Financial Group  
Applied Materials  
Anixter International  
CenturyTel  
Atmos Energy  
Universal American  
Ryder System  
SPX

Foot Locker  
O'Reilly Automotive  
Harley-Davidson  
Holly  
Micron Technology  
Owens Corning  
EOG Resources  
Black & Decker  
Big Lots  
Spectra Energy  
Starwood Hotels &  
Resorts  
United Stationers  
TravelCenters of  
America  
BlackRock  
Laboratory Corp. of  
America  
Health Management  
Associates  
NYSE Euronext  
St. Jude Medical  
Tenneco  
El Paso  
Wesco International  
Consol Energy  
ArvinMeritor  
NCR  
Unisys  
Lubrizol  
Alliant Techsystems  
Washington Post  
Las Vegas Sands  
Group 1 Automotive  
Genzyme  
Allergan  
Broadcom  
Agilent Technologies  
Rockwell Collins  
W.R. Berkley  
PepsiAmericas  
Charles Schwab  
Dick's Sporting Goods  
FMC Technologies

NII Holdings  
General Cable  
Graybar Electric  
Biogen Idec  
AbitibiBowater  
Flowserve  
Airgas  
Conseco  
Rockwell Automation  
Kindred Healthcare  
American Financial  
Group

Kelly Services  
Spectrum Group  
International  
RadioShack  
CA  
Con-way  
Erie Insurance Group  
Casey's General Stores  
Centene  
Sealed Air  
Frontier Oil  
Scana

Live Nation  
Entertainment  
Fiserv  
Host Hotels & Resorts  
H&R Block  
Electronic Arts  
Franklin Resources  
Wisconsin Energy  
Northern Trust Corp.  
MDU Resources Group  
CB Richard Ellis Group  
Blockbuster

## Appendix B: Survey Protocol

# Section A: Corporate Information

Please complete these questions **only if information was incorrect or requested in Section A of your pre-populated corporate profile**. The corporate profile is on the previous page.

- 1) Please provide the following information about your company.
  - a) **Company Name:**
  
  - b) **Address:**
- 2) Please select the most appropriate industry sector (only if requested on your corporate profile):
  - a) Basic Materials
  - b) Conglomerates
  - c) Consumer Goods
  - d) Financial
  - e) Healthcare
  - f) Industrial Goods
  - g) Services
  - h) Technology
  - i) Utilities
  - j) Other
- 3) Please provide the following information about your company (only if requested on your corporate profile):
  - a) **Revenue:**
  
  - b) **Profit:**
  
  - c) **Number of Employees:**

# Section B: Corporate Philanthropy Overview

Please complete these questions **only if information was incorrect or unknown in Section B of your pre-populated corporate profile**. The corporate profile can be found on page two of this document.

If your corporate profile is correct, please continue to the next section.

For the purpose of this study **philanthropy refers to any philanthropic, corporate social responsibility, citizenship, grant making, or community involvement activity or investment implemented by your company or an associated corporate foundation.**

**1) Does your company have an employee volunteerism program?**

- a) Yes
- b) No

1a) **If YES**, can your employees volunteer internationally through your program?

- a) Yes
- b) No
- c) Not sure

**2) How does your corporation make philanthropic contributions?**

- a) Directly from the corporation
- b) Through a corporate operating foundation or trust
- c) Both directly from the corporation and through a foundation or trust
- d) Other (Please specify: \_\_\_\_\_)

**3) Does your company have an employee match program?**

- a) Yes
- b) No

3a) If yes, is there a standard matching rate?

- a) Yes (If yes, what is the matching rate? \_\_\_\_\_)
- b) No

3b) If yes, please indicate your maximum employee matching amount (if applicable): \_\_\_\_\_

3c) Do the donations that your employees contribute to organizations in developing countries qualify for your matching program?

- a) Yes
- b) No
- c) Not sure



# Section C: Philanthropy Directed Internationally to Developing

## Countries

The following section asks questions about the estimated total value of your company's philanthropy directed to developing countries during the most recently completed fiscal year.

For the purpose of this study, philanthropy refers to any philanthropic, corporate social responsibility and citizenship, grant making, or community involvement activity or investment implemented by your company or an associated corporate foundation.

1) Does your company direct any portion of its philanthropy to developing countries?

- a) Yes
- b) No

**IF YOU ANSWERED NO TO 1, YOU HAVE COMPLETED SECTION C.**

2) Total Value of Cash, Non-Cash and Employee Matching:

- In the table below, please estimate the total value of your philanthropic giving directed to developing countries during the most recent fiscal year in the following forms: direct cash (from corporation), foundation cash, non-cash, employee matching from the corporation or foundation, and employee giving campaigns (not matched by the company or the foundation).
- Please estimate the amount or percentage of the total directed to each of the following sectors in developing countries: education, health, economic development, disaster relief, democracy and governance, and other.
- If any cell is not applicable, please place a "0" in the cell.
- **Note: If you are unsure of the exact amount or percentage, please make your best estimate given the information that you have at your company.**
- *To see an example, please [click here](#).*
- *If you are completing the survey only on behalf of a foundation or a corporate giving program (not foundation), only complete the applicable columns.*

	Direct Cash (from Corporation)	Employee Matching (Direct Cash from Corporation)	Non-Cash / In-Kind (Products and Services)	Foundation Cash	Employee Matching (Foundation Cash)	Employee Giving Campaign (Not Matched by Company or Foundation)
Total Value of Philanthropy Directed to Developing Countries	\$	\$	\$	\$	\$	
<i>Please estimate the % or \$ amount of the above totals dedicated to each of the following five sectors:</i>						
Education						
Health						
Economic Development						
Disaster Relief						
Democracy and Governance						
Other						

3) Please estimate the percentage of your total philanthropic contributions (all forms) dedicated to each of the following regions. Please make your best estimate given the information that you have at your company.

Asia and Pacific	%
Europe and Central Asia	%
Latin America and the Caribbean	%
Middle East and North Africa	%
South Asia	%
Sub-Saharan Africa	%

4) Please estimate the value of your employee volunteerism during the most recently completed fiscal year. Place "0" in the cells if not applicable.

	Number of Hours	Tax Deductible Volunteerism Expenses (if applicable)
Total Volunteerism		
Volunteerism in Developing Countries		
Volunteerism Directed towards <u>Education</u> in Developing Countries		

6) Does the estimated value of your philanthropy in questions 1-5 include any philanthropic gifts made by country-based offices in developing countries?

- a) Yes
- b) No
- c) Not sure

# Section D: Philanthropy to Education in Developing Countries

The following section asks questions about your company's philanthropy directed toward educational activities and programs in developing countries.

**NOTE: IF YOU DO NOT MAKE PHILANTHROPIC CONTRIBUTIONS TO EDUCATION, YOU MAY CONTINUE TO SECTION E.**

**1) What is the thematic focus of your philanthropic contributions to education? Please check all that apply:**

## **Access to Traditional Education**

- Early childhood education
- Primary education
- Secondary education
- Higher education
- Technical and vocational education

## **Emergencies and Population Flows**

- Immigrant and migrant education
- Post-Conflict education
- Post-Disaster education
- Refugee education

## **Gender**

- Gender, women and girls

## **Governance**

- Decentralization/Centralization
- Governance reform
- Grassroots and social movements
- School administrators
- Policies and planning
- Privatization
- Monitoring and information systems

## **Health**

- HIV/AIDS
- Health
- School feeding/nutrition

## **Non-traditional Education**

- Adult education
- Employment and labor market training
- Non-formal education
- Adult literacy
- Child literacy

## **Quality of Education**

- Curriculum
- Educational attainment/performance
- Evaluation/assessment/testing

Technology in the classroom; Information and Communications Technology

Technology infrastructure

Textbook development

Student retention

Instructional materials (not books)

Instructional materials (books)

School Infrastructure

## **Special Populations**

Adolescents and youth

Poverty and vulnerable Children

Rural education

Urban education

Special needs education

Lesbian, Gay, Bisexual, Transgender, and Queer youth

## **Special Topics**

Study abroad and international exchange

Competitions and Conferences

## **Subject-Area Themes in Education**

Citizenship education and democracy

Entrepreneurship education programs

Human rights and social justice

Language instruction

Mathematics, Science, Technology, and Engineering Education

Peace education

Climate/environment

Financial literacy

## **Teachers**

Teacher salaries

Teacher training

Teacher recruitment

Teacher retention

**Other:**

---

2) Please list the three thematic focus areas selected above receiving the largest portion of your philanthropic contributions to education. Please estimate the percentage of your educational philanthropy directed toward each theme.

	Theme	Estimated % of Total Educational Giving Directed to this Topic
Example	<i>Teacher training</i>	<i>50%</i>
Theme 1		
Theme 2		
Theme 3		

3) Are there any areas of education, as outlined under the various themed sections above, to which you did not give to philanthropically during the most recent fiscal year BUT PLAN TO POSSIBLY GIVE TO within the next three years?

- a) Yes (If yes, which themes: \_\_\_\_\_)
- b) No
- c) Not sure/Don't Know

4) Who are the recipients of your company's education philanthropy in developing countries? Please select all that apply.

- a) Local non-profits
- b) International non-profits
- c) National governments/ministries/agencies
- d) District governments/agencies
- e) Local governments
- f) International aid agencies (e.g. USAID, CIDA)
- g) Private sector contractors
- h) Schools
- i) Other (Please Specify: \_\_\_\_\_)

5) Do you coordinate your educational philanthropy with any of the following entities?

- a) National donor governments (e.g. United States)
- b) National governments (developing countries)
- c) International organizations (e.g. United Nations organizations)
- d) Private sector affinity groups (e.g. World Economic Forum)
  - a. (If selected, please specify the affinity groups: \_\_\_\_\_)
- e) None.

6) What is the typical length of your philanthropic giving to each education project in developing countries?

- a) Most gifts are one-time gifts
- b) Most gifts are for 3 years or less of guaranteed support
- c) Most gifts are for longer than 3 years of guaranteed support
- d) Other (Please specify: \_\_\_\_\_)

7) Does your company have any "point of sale" donation programs to support education in developing countries (e.g. request donations from consumers for a cause at time of purchase)?

- a) Yes (If yes, please name: \_\_\_\_\_)
- b) No

**8) Does your company have any “cause marketing” programs to support education in developing countries (e.g. dedicate a percentage of profits from the sale of an item to education in developing countries)?**

- a) Yes (If yes, please name: \_\_\_\_\_)
- b) No

**9) How does your corporation benefit from philanthropic giving to education in developing countries?**

**Please select all that apply:**

- a) Trains potential employees
- b) Trains current employees
- c) Creates better-educated consumers
- d) Improves community relations
- e) Increases revenue
- f) Supports positive brand identification
- g) Meets social demand for responsible corporate behavior
- h) Improves profile of company leaders
- i) Benefits from tax incentives
- j) Penetrates new markets
- k) Reinforces international aid efforts
- l) Other: (Please specify: \_\_\_\_\_)

**11) Where does your company make philanthropic gifts to education? Please select each country where you directed your educational philanthropy during the past fiscal year.**

**Asia and Pacific**

- Cambodia
- China
- Cook Islands
- Federated States Nauru
- Fiji
- Indonesia
- Kiribati
- Korea, Dem.Republic
- Laos
- Malaysia
- Marshall Islands
- Micronesia
- Mongolia
- Myanmar
- Niue
- Palau
- Papua New Guinea
- Philippines
- Samoa
- Solomon Islands
- Thailand
- Timor-Leste
- Tokelau
- Tonga
- Tuvalu
- Vanuatu
- Viet Nam
- Wallis and Futuna

**Europe and Central Asia**

- Albania
- Armenia
- Azerbaijan
- Belarus
- Bosnia and Herzegovina
- Croatia
- Macedonia
- Georgia
- Kazakhstan
- Kosovo
- Kyrgyz Rep.
- Moldova
- Montenegro
- Serbia
- Tajikistan
- Turkey
- Turkmenistan
- Ukraine
- Uzbekistan

**Latin America and the**

**Caribbean**

- Anguilla
- Antigua and Barbuda
- Argentina
- Barbados
- Belize
- Bolivia
- Brazil
- Chile
- Colombia
- Costa Rica
- Cuba
- Dominica
- Dominican Republic
- Ecuador
- El Salvador
- Grenada
- Guatemala
- Guyana
- Haiti
- Honduras
- Jamaica
- Mexico
- Montserrat
- Nicaragua
- Panama
- Paraguay
- Peru
- St. Kitts-Nevis
- St. Lucia
- St. Vincent and Grenadines
- Suriname
- Trinidad and Tobago
- Uruguay
- Venezuela

**Middle East and North**

**Africa**

- Algeria
- Djibouti
- Egypt
- Iran
- Iraq
- Jordan
- Lebanon
- Libya
- Morocco
- Oman
- Palestinian Administered Areas
- Sudan
- Syria

- Tunisia
- Yemen

**South Asia**

- Afghanistan
- Bangladesh
- Bhutan
- India
- Maldives
- Nepal
- Pakistan
- Sri Lanka

**Sub-Saharan Africa**

- Angola
- Benin
- Botswana
- Burkina Faso
- Burundi
- Cameroon
- Cape Verde
- Central African Republic
- Chad
- Comoros
- Congo, Dem. Republic
- Congo, Rep.
- Côte d'Ivoire
- Equatorial Guinea
- Eritrea
- Ethiopia
- Gabon
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Kenya
- Lesotho
- Liberia
- Madagascar
- Malawi
- Mali
- Mauritania
- Mauritius
- Mayotte
- Mozambique
- Namibia
- Niger
- Nigeria
- Rwanda
- São Tomé and Príncipe
- Senegal
- Seychelles
- Sierra Leone

- Somalia
- South Africa
- St. Helena
- Swaziland
- Tanzania
- Togo
- Uganda
- Zambia
- Zimbabwe

# Section E: Response to Disasters

---

**1) Did your company make any philanthropic contributions to respond to the following natural disasters:**

- a) 2010 Earthquake in Haiti
- b) Hurricane Katrina
- c) 2005 Tsunami in Southeast Asia
- d) None of the above.

**1a) If you selected any of the natural disasters in question 1, did your company direct any of its philanthropic contributions to education?**

- |                                   |     |    |          |
|-----------------------------------|-----|----|----------|
| a) 2010 Earthquake in Haiti       | Yes | No | Not sure |
| b) Hurricane Katrina              | Yes | No | Not sure |
| c) 2005 Tsunami in Southeast Asia | Yes | No | Not sure |



## Section F: Opt-In for Company Identification in Results

---

Thank you for participating in this study.

Please select the option that is best representative of how you would like your company to be mentioned in reference to any final reports and publications resulting from this study.

- \_\_\_ **It is OK to use the name of our company** when presenting any of the data in the final report or any subsequent publications.
- \_\_\_ **The name of the company CANNOT be used** when presenting specific data in the final report or subsequent publications. However, **the name of the company can be listed when thanking companies for participating in the study.**
- \_\_\_ The company's name **cannot be associated** with participating in this study in any way.

---

Thank you for your participation, it is greatly appreciated. Upon the conclusion of the study, you will receive a copy of the results as well as an invitation to an event at the Brookings Institution about corporate philanthropy to education in developing countries.

Please feel free to provide any additional comments, questions or suggestions you may have regarding this study.

## Appendix C: Interview Protocol

### **Name and Title**

Before we start, could you please state and spell your name and title for our records.

### **Themes, Trends and Relevance to Company**

1. What has led your corporation to focus its giving to education in developing countries on *<<themes from survey if few/focused>>*?
  - a. Probe: What is the relevance of these philanthropic activities for your company?
2. What has made your corporation focus on education primarily in *<<regions from survey>>*?
  - a. Probe: What is the relevance of giving to these regions for your company?
3. OPTIONAL: How has your company's giving to education in developing countries changed over time?
  - a. Probe: Shift in focus? Amount of support? Recipients?
  - b. Probe: What led to any of these changes?
  - c. Probe: Did the recent financial crisis impact your giving?
4. Is there an overarching strategy for your company's philanthropic contributions to education in developing countries? What is the strategy?

### Decision-Making

5. Could you explain how decisions are usually made about your company's philanthropic contributions to education in developing countries?
6. Who in your corporation drives decisions about your philanthropic giving to education in developing countries?
  - a. Probe: CEO/Management? Corporate Giving/Social Responsibility Office? Communications/PR Team? Employees? Shareholders? Consumers? Other?
  - b. Probe: Do the individuals driving the decisions about your contributions have experience in education? If so, what kind of experience?

### Relationship to External Constituencies

7. Are there individuals or groups in society who influence your philanthropic decisions regarding education in developing countries?
  - a. Probe: What role do developing country actors play in your philanthropy portfolio? Governments? Ministries of Education? Youth? Teachers? School leaders?
8. Do you belong to any private sector affinity groups relevant to your contributions to education in developing countries? (e.g., WEF, CGI, etc.).
  - a. What is the role of your participation in these organizations?

9. Do you know what your peers in the private sector are doing in the education philanthropy space in developing countries?
  - a. Probe: Who are the major players? How are you the same or different from your peers?
  - b. Probe: Would it be helpful to know more about their investments?
10. Do you interact with others in the education or donor sector about contributions to education in developing countries?
  - a. Probe: Governments? UN agencies? NGOs? Other donors?
  - b. Probe: Would you benefit from interacting with others in the education or donor sector about contributions to education?

Perspectives on Results, Impact, and Future of Contributions

11. What impact have your contributions to education made?
12. How do you measure the results of your contributions to education?
  - a. Probe: What would you say the main objective of your contributions to education is?
13. OPTIONAL: Could you describe a time when your company's philanthropy to education in developing countries did not yield the results you anticipated?
  - c. Probe: Did this experience impact your future philanthropic giving?  
How so?
14. How do you envision your company's contributions portfolio to education in developing countries five years from now?

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The A.P. Smith Manufacturing Company, Plaintiff-Respondent, v. Ruth F. Barlow, William B. Campbell, William M. Brenn, Eugene M. Smith and Joseph P. Halpin, Individually and as Representatives of the Holders of the Preferred and Common Shares of the A.P. Smith Manufacturing Company, Defendants-Appellants, and Theodore D. Parsons, Attorney-General of New Jersey, Defendant-Respondent, 13 N.J. 145; 98 A.2d 581; 1953 N.J. C.F.R. (1953).

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