



# The Future of Corporate Giving: *Stakeholder Philanthropy*

A new era of community investment is here

Business is undergoing a fundamental shift as more and more companies engage a broader set of stakeholders in an effort to create more sustained value.

And with that shift, an exciting evolution in corporate philanthropy is underway.

Traditionally, corporate philanthropy has been about companies deciding where they will invest their budgets and resources and inviting nonprofit organizations working in those chosen areas to compete for support through grant applications.

But the pandemic, the racial justice movement, climate advocacy and the Great Resignation are all pointing to the continued rise of the stakeholder — the consumer, customer, partner, employee or community member — who increasingly wants businesses to support the values and causes that matter to them and to give their stakeholders a say in how businesses are making decisions, including how they direct their philanthropic dollars.

A number of companies are already responding. They're actively engaging their communities and involving a variety of stakeholders in decisions about the social impact areas in which they invest and how. They're also actively partnering with nonprofits to remove barriers to access resources and to ensure their success.

It's an inclusive approach, based on trust, collaboration and engagement, that is inspiring a new model of community investment and granting: stakeholder philanthropy. This new model is an opportunity for purpose-driven brands to become leaders in meeting their employees and consumers where they are — and to realize both social and business benefits.

## What do stakeholders *want and expect?*

To better understand what employees and consumers are thinking and feeling about the way companies approach community investment, Benevity commissioned a survey of 1,000 American adults to explore their views.

We were surprised by just how pronounced stakeholders' expectations were. Overwhelmingly, the data reveals that not only do they expect companies to give back, but they also expect to have a say in where businesses are giving.

What's more, the brands who involve employee and consumer stakeholders in their corporate giving initiatives are likely to garner more trust and are seen as more transparent. People are more likely to want to work for them and consumers are more likely to buy from them.

*“The purpose of a company is to engage all its stakeholders in shared and sustained value creation. In creating such value, a company serves not only its shareholders, but all its stakeholders — employees, customers, suppliers, local communities and society at large. The best way to understand and harmonize the divergent interests of all stakeholders is through a shared commitment to policies and decisions that strengthen the long-term prosperity of a company.”*

— Davos Manifesto 2020

84%

of consumers and 86% of employees agree that customers, employees and investors should have the opportunity to be involved in corporate giving.

84%

of consumers and 85% of employees agree that the more a business engages their consumers and employees in their charitable giving decisions, the more trust consumers have in that business.

73%

of consumers are likely to shop at or support an organization who seeks their input into where the organization gives.

78%

of employees are likely to work for an organization who provides transparency into how they allocate their charitable donations.

Source: Benevity-Wakefield, 2022, Engagement in Corporate Giving: How Companies Can Involve Consumers and Employees in Financial Donations

## The evolution — and future — of corporate granting

The concept of corporate philanthropy — how businesses make a positive impact on the communities in which they operate — gained steam in the 1950s. Wealthy families began donating large sums of money to causes they believed were crucial for societal health.

Businesses soon undertook similar acts of giving. Driven by a sense of duty to uplift the communities in which their employees lived and worked, large companies established corporate foundations to give back.

Later, large charitable organizations introduced a fundraising approach to corporate philanthropy that focused on annual campaigns to rally employees to donate. This was a progression but didn't necessarily empower employees who wanted to be able to support causes that meant something to them personally.

Cause marketing came next in the 1990s, when companies began to recognize the consumer value and business impact of doing good. They started pledging a portion of their profits and products to specific causes. While all for good, it still left the decision of which causes to support to the company, without engaging stakeholders in a meaningful way.

Fast forward to the last couple of years. A movement toward partnership-based philanthropy was already building before COVID-19 hit, but the events of the past two years accelerated the shift. We learned that we haven't been serving the people on the frontlines of society and social change, and that systemic barriers are standing in the way of progress and equity. Ready for a new way forward, people are demanding more accountability, transparency, collaboration and impact from businesses.

Our Engagement in Corporate Giving survey numbers reflect this desire from people. Eighty-two percent of consumers said they frequently have no say in the causes that companies support financially and 58% said their local community has either infrequent input or none at all.

Traditional community investment approaches have also presented some challenges for nonprofits. The process too often requires a significant amount of labor from nonprofits, who spend hours filling out grant applications — occasionally up to 15 hours on one form — and countless more on reporting. Sometimes, grantors don't even use all of the data they've requested from nonprofits.

*“The future is removing as many barriers as possible between the centralized source of wealth and who makes the decisions on how it's allocated.”*

— Noah Salata, Community and Social Impact Advisor,  
American Family Insurance Dreams Foundation

## Stakeholder philanthropy: *an empowered and equitable approach to granting*

In stark contrast, stakeholder philanthropy is a more equitable approach to granting that includes multiple stakeholders in the decision-making process. Practically, stakeholder philanthropy empowers diverse groups of people — employees, consumers, partners, community members and investors — to have input on the sharing of resources — funds, skills, volunteers and products — to nonprofits.

Some purpose-driven companies are already including employees in the decision-making process or are establishing community boards. Many have embraced engaging their employee resource groups (ERGs) to directly select nonprofit partners.

When COVID-19 hit, Empower Retirement redirected some of their sponsorship budget to community investment initiatives. They'd examined their employee giving data and discovered their people were passionate about LGBTQIA+ causes. The company also had a vibrant Pride ERG. But they'd yet to allocate grants to related nonprofits. Now, they work alongside their Pride ERG to select nonprofit partners and engage in more community events.

“Our big focus is marrying our employees' interests with the needs of our community and to move from the transactional to the transformational,” says Angie Ruddell, Empower's former Engagement and Corporate Social Responsibility Manager.

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## Purpose leads to more loyal customers, more engaged people — and a stronger bottom line

When companies take actions that show they are trustworthy employers and businesses — such as engaging in stakeholder philanthropy — they attract more employees and more customers. In the Engagement in Corporate Giving survey, 84% of consumers and 85% of employees agreed that the more a business engages their consumers and employees in their decisions on charitable giving, the more trust consumers have in that business.

Seventy-eight percent of employees said they are more likely to work for an organization who provides transparency into how that company allocates their charitable donations. When a business cultivates trust, employees start seeking out jobs there (definitely a plus in this era of the Great Resignation) and consumers want to buy what the brand is selling.

“The direction of these programs is going to be bubbling up instead of pushed down. Our employees’ voices are starting to be heard, and they will be considered more and more,” says Joe Cassidy, Vice President and Grants Manager at The M&T Charitable Foundation.

At CITGO, the causes employees care about and volunteer for drive the company’s approach to community investment. To understand how they can best meet the needs of the communities they live and work in, their internal grants team reviews funding proposals from organizations where their employees volunteer.

CITGO also incentivizes their people to volunteer. Using Benevity, they empower employees to track their volunteer hours. When an employee reaches a certain number of hours, CITGO donates \$200 to the employee’s nonprofit of choice. They know that the health and resiliency of the communities where they operate and their long-term business outcomes are closely interlinked.

When their communities thrive, their business succeeds.

## Seven elements of a successful stakeholder philanthropy approach

Democratizing philanthropy and granting decisions enables companies to respond to social issues meaningfully and authentically through their people. In practice, what do their programs look like and what are they doing differently? Here are seven principles of a successful stakeholder philanthropy program (and the concrete actions companies are taking):

**1 Inspired**  
Embracing stakeholder philanthropy involves boldly trying new ways of doing things.

Some companies are already paving the way, showing openness to assessing opportunities to do things differently as new theories and systems emerge, recognizing that shifting approaches will require releasing some assumptions of the past. This has created an appetite for education and learning, with corporate leaders expressing their wish to gain insight, knowledge, best practices and support from pioneers, leaders and subject matter experts in the field.

Whether it’s ERGs, community boards, social impact ambassadors or executives involved in strategizing, decision-making or reporting, companies can access new insights and knowledge through education and peer learning.

**2 Trust-based**  
Leveraging the expertise of nonprofits, companies can benefit from leaning into trust-based philanthropy principles — focusing on building strong relationships with nonprofits, founded in true partnership, rather than asking grantees to cater to them. This includes having more conversations, reducing the work required to apply for grants and deliver reporting, offering more unrestricted operational grants and using existing impact data, stories or quotes, instead of requiring nonprofits to create new materials.

Because it alters the fundamental nature of the relationship between nonprofits and corporations, this approach requires a completely different mindset about what success looks and feels like.

**3 Equity-focused**  
Diversity, equity and inclusion (DEI) is the lens through which a company and society should view the world. Just as corporate leaders are embedding DEI in their cultures internally, they will benefit from practices such as empowering ERGs within their community investment programs and examining how cultural biases can affect partnerships with nonprofits, even unintentionally.

To apply a DEI lens to a community investment program, consider transferring decision-making to equity-deserving groups, providing advocacy alongside funding, and adapting and streamlining the application process to make it more accessible. For instance, accepting an oral grant application in place of a written one, to avoid favoring more experienced grant writers.

**4 Collaborative**  
Companies who embrace collaboration and seek opportunities to partner with other companies can drive greater outcomes related to solving social and environmental problems.

Exploring what other companies or funders are doing (especially in a crisis) may lead to complementary — instead of duplicative — solutions. Partnerships with local foundations can allow companies to collaborate with other funders or pass along grant applications to companies who may be better suited.

**5 Enterprising**  
Not only are corporate funders focused on solving social problems through charitable activities like grants and giving, they are also using business itself as a solution. More and more businesses are providing seed capital for social enterprises, helping to create a bigger ecosystem of impact-oriented organizations and further breaking down the silos between the concept of for-profit and nonprofit. This, in turn, is galvanizing the purpose-driven economy.

## A future for *greater impact*

Learn more about how Benevity's [Community Investment Solutions](#) are helping companies build more inclusive granting programs that have more social (and business!) impact.

**6 Data-enabled**  
Companies have the reach and resources to empower more people to do more good. By using their insights and impact stories, they can mobilize action and create movements. But with different funders taking different approaches to grantmaking, and with a growing focus on reporting, many have ended up requiring complex forms and surveys and masses of information that are overwhelming for program leaders to deliver.

Streamlining data requirements and, when possible, pulling from existing data sources to make decisions and report on outcomes, can reduce the onus on nonprofits and assist organizations with their own, more focused, storytelling about the impact they're creating.

**7 Engagement-driven**  
Reinforcing the results from our Engagement in Corporate Giving survey, we've also heard loud and clear from leading corporate funders themselves that the future of philanthropy is democratized. It's about engaging more stakeholders than ever before, including nonprofits, employees, affinity groups and ERGs, community boards, consumers and even those who directly benefit from the work of the nonprofits. Participatory grantmaking programs, which listen to the voices of more stakeholders to determine funding areas and partner organizations, are on track to become the future of corporate giving.

In practice, this means providing opportunities for input that informs funding areas or partnerships, offering skills-based volunteering alongside grants and dedicating community investment budget to scalable, employee-driven grants in addition to strategic corporate grants.

## Curious about *joining the future of granting?*

In a world where people are demanding more from companies, forward-thinking brands can meet their employees and consumers where they are — and give them much-needed say into how companies invest in their communities.

Stakeholder philanthropy is accessible to any company with a CSR program eager to evolve their traditional granting approach. And it's a crucial step toward creating equitable access to resources and funding — and working together to achieve greater impact.





Benevity, a certified B Corporation, is the leader in global corporate purpose software, providing the only integrated suite of community investment and employee, customer and nonprofit engagement solutions. Recognized as one of Fortune's Impact 20, Benevity offers cloud solutions that power purpose for many iconic brands in ways that better attract, retain and engage today's diverse workforce, embed social action into their customer experiences and positively impact their communities. With software that is available in 22 languages, Benevity has processed more than \$10 billion in donations and 46 million hours of volunteering time to support 326,000 nonprofits worldwide. The company's solutions have also facilitated 770,000 positive actions and awarded 1.2 million grants worth \$12 billion. For more information, visit [benevity.com](https://www.benevity.com).