



## CORPORATE PHILANTHROPY BY THE SOCIALLY UNACCEPTABLE FIRMS: EVIDENCE FROM MULTIPLE CASE STUDIES

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### **Abstract**

*A remarkable growth regarding corporate philanthropic activities by socially unacceptable firms has been observed in the last few decades. The main aim of the paper is to examine whether it is ethically and morally appropriate for corporations which operate in socially unacceptable industries or have socially unacceptable business practices to also partake in philanthropy and claim to be socially responsible. After thoroughly examining the subject area of corporate social responsibility (CSR) and corporate philanthropy, it was concluded that the answer to the above question varies according to and is dependent upon a number of factors, namely: the industry a company operates in, the stigma or negativity surrounding a company, how socially unacceptable the industry is, how socially unacceptable the company is, how socially unacceptable the company's business practices are, what types of philanthropy or CSR program a company follows at whom or what the philanthropy is directed, the motivations a company has for being socially responsible and the individual's moral scale.*

**Keywords:** *Philanthropy, Social Responsibility, Socially Unacceptable Firms*

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### **1. INTRODUCTION**

The terms corporate social responsibility, corporate philanthropy, and social responsiveness have recently become synonymous and can be defined as 'actions that appear to further some social good, beyond the interests of the firm and that which is required by law' (McWilliams *et al*, 2006, p.1). The reason for the mainstreaming of this term can perhaps be attributed to the widespread adoption of such philanthropic acts amongst a substantial number of firms. This worldwide proliferation of CSR lends itself to the realization by organizations that they can no longer afford to ignore their responsibilities within society. Subsequently, CSR has become a core business function amongst numerous organizations regardless of; their size, the industry in which

they operate or ownership structure (Pryce, 2002). This sentiment is increasingly being expressed by world leaders, UK Chancellor Gordon Brown stated that CSR has moved from the margins to the mainstream and therefore that social responsibility is not an optional extra but a necessity (Brown, 2003). This proliferation of CSR can be narrowed down to five distinct driving forces, as documented by Pryce (2002): (i) Due to customer pressure, there has been a rapid increase in the number of socially aware consumers as regards the corporate agenda, thereby driving organizations into being more open and responsible, (ii) responsible business purchasing is another strong driver, reflecting the firm's desire to meet the demands of ethical investors as well as the firm's own desire to extend social awareness to the entire length of their supply chain, (iii) governmental

pressure for improved visibility and reporting, coupled with legislative pressure have also pushed CSR towards the top of the agenda, (iv) the increased popularity of socially responsible funds has added an incentive for firms to meet the criteria of such funds, resulting in more socially responsible firms, and (v) increasing employee pressure on companies to become more socially responsible. Moreover, being socially responsive has become a pre-requisite if firms are to secure superior recruits. A sixth driver can be added to Pryce's (2002) list, is that of information. Although not distinct, information compounds the effects of each of the above five drivers and has substantially contributed towards the widespread adoption of CSR. Firms use a number of models and methods in order to facilitate the philanthropic process, namely: chequebook giving, institutional giving and some others. These manifest themselves in a variety of CSR initiatives. As per Guardian Newspaper (2008) companies are contributing to various areas which include education 100%, cultural activities 33%, environment 80%, sports 33%, youth 93%, health 70% and enterprise and job creation 33%. Among these, the most documented and publicized form of corporate philanthropy is corporate giving. In fact, corporate giving has become an increasingly visible and integral component of business social performance (Brammer and Millington, 2006). Although corporate giving may not always be the most effective means of being socially responsible, it is probably the most newsworthy philanthropic act that firms can undertake. Perhaps the reason for this is that corporate giving is the most tangible sign of corporate social responsibility (Harrow *et al.*, 2006).

This paper attempts to examine the debate that surrounds socially irresponsible or unethical companies and the conflicting 'image' they portray; that of being socially responsive protagonists and philanthropists. This study focuses firstly to examine the subject area of corporate philanthropy and corporate social responsibility; its advocates and critics, models, motivations, theories, modes and beneficiaries. This will be done in order to provide a solid base in the literature context. Then, the types of entities which partake in philanthropy are outlined along with the rationale for the debate. After which, three multinational organizations who are reputed for

their philanthropic endeavors but who also operate in socially unacceptable industries, or have questionable business practices are examined. Secondly, this research will then explore a number of factors and determinants that play key roles in the debate, namely: what type of philanthropy or CSR program a company follows, at whom or what the philanthropy is directed, the motivations a company has for being socially responsible, what is considered to be socially unacceptable, the type of industry a company operates in, the stigma or negativity surrounding a company and how socially unacceptable the company, its industry and the company's business practices are. The practical implications of this study are such that the way the debate, issues and scenarios similar to the ones drawn out in this paper are perceived affects the corporations, the charities, and third party affiliates. The way this debate is perceived by the public can manifest itself threefold, as an added benefit for all parties involved, as a scenario which is present but has no tangible effect or as a negative issue with a number of consequences for all or some of the parties involved.

## 2. LITERATURE REVIEW

### 2.1 Concept of Corporate Philanthropy

Corporate philanthropy is an initiative or act of corporations, willingly sacrificing a portion of their profits or economic resources to other organizations for public benefit and social change (Porter and Kramer, 2002; Sulek, 2010). There have been extensions and additions to this definition, on the one hand, amendments regarding whether corporate philanthropy is motivated by an effort to increase profits or enhance public image (Collins, 1995) and bring added value to corporations (Sania, 2001) i.e. the furthering of corporate goals and; on the other, corporate philanthropy is driven by non-material and benevolent motivations (Niehesiel, 1994). Clarity regarding this matter is yet to be attained, and for now, the generally accepted dogma is that in a variety of situations one or the other will apply, or even a combination of both. The level of corporate giving has steadily increased all over the world especially in the western regions. For example, the corporate giving level of the UK's FTSE 100 companies averages out to approximately 0.8% of pre-tax

profits (Guardian Newspaper, 2008), excluding other non-monetarily quantified socially responsive programs. In the US corporate giving has steadily increased, in fact in 2015 companies gave \$18.46 billion in charitable contributions, 3.9% more than from 2014 (National Philanthropic Trust, 2017). One must also consider that the state of corporate philanthropy as we know it today is not only due to the six driving forces outlined above but also due to the retraction of the state in its welfare capacity, leaving a void to be filled by the private sector. This seismic shift in the role of the corporation has led to a debate regarding corporation's suitability for such a task and whether or not the private sector has successfully filled this void. The argument surrounding the private sectors' suitability is increasingly being echoed by academics and industry professionals alike. Koch (1981) not only argues the validity of a socially responsible private sector but goes on to argue its suitability. He argues that charitable giving is one way corporations to address socially responsible tasks. It is a pragmatic and strategic approach followed by business organizations to support the clients in particular and society in general because they have dynamic capabilities, economic resources, and real world experience. This kind of approach can be followed at any level: community, regional, national or international (Koch, 1981).

## 2.2 Critics of CSR

Researchers oppose the idea of corporate social responsibility or corporate philanthropy and advocate that, regardless of the firm's suitability, social responsibility is a distraction from the firm's goals and should be avoided. Milton Friedman has perhaps become the most quoted theorist on the subject of 'Anti-CSR', he argues that *'there is one and only social responsibility of business — to use its resources and engage in activities designed to increase its profits'* and he even goes on to argue that *'the existence of CSR is a signal of an agency problem within the firm'* (Friedman, 1970, p.17). Another researcher states that, CSR-oriented business leaders, businesses, and business organizations show little acquaintance with, or regard for, easily accessible facts, arguments and ideas. Their conduct in this respect is unprofessional. Multinational enterprises,

in general, would show a greater sense of social responsibility by doing more to raise the standard of public debate on issues relating to businesses (Henderson, 2001).

## 2.3 Models and Motivations of Corporate Philanthropy

### 2.3.1 Altruistic Model

Although arguments surrounding the subjects of validity and suitability can invoke feelings of obligation or altruistic motive, one must acknowledge the fact that, just because evidence suggests that corporations are suitable it does not oblige them to be charitable, nor is it an indication that corporate are altruistic in their philanthropic endeavors (Shaw and Post, 1993). However, this does not exclude corporations from being charitable because it is the right thing to do. This kind of motivation is often referred to as the Altruistic model, whereby there is a fulfilling moral and ethical justification for giving (Shaw and Post, 1993). Perhaps, this is an indication of businesses' belief that they have a responsibility to society that stretches beyond the production of goods, services and making a profit (Edmondson and Carroll, 1999). This model can best be underpinned using two theories of Management namely, stewardship and stakeholder theory. Stewardship theory embodies the notion that managers want to do a good job and be good stewards of the company (Donaldson and Davis, 1991). It also hinges on the idea that there is a 'moral imperative' for the stewards (i.e. managers) to do the right thing regardless of the effect on financial performance (McWilliams *et al*, 2006). Stewardship theory stems from stakeholder theory, which states that the firm must satisfy a number of parties, all of which can have some form of influence on the firm (Freeman, 1984). Donaldson and Preston (1995, p. 67-68) go further to postulate that *'each group of stakeholders merits consideration'* regardless of *'its ability to further the interests of shareowners'*; however, they also go on to state that there might be a business case for socially responsible activities. Both of these theories lend themselves and are applicable to the altruistic model of corporate philanthropy. However, the stakeholder theory can also be applied to the next model of motivation.

### 2.3.2 The Stakeholder Model

The Second model is known as the stakeholder model. In this model, firms interact with many constituent groups and give in relation to the influence of each group, as determined by stakeholder analysis (Harrow *et al.*, 2006). Given the fact that organizations direct their philanthropic acts towards stakeholders who influence the company the most, indicates some form of self-interest within the model. This self-interest or 'business case' lends itself to the link between this model and the stakeholder theory mentioned above. Here firms might endeavor to donate large sums or sponsor an event that is organized by a union which employees of the organization are part of (Dawkins and Lewis, 2003).

### 2.3.3 Political Model

Another model developed by Young and Burlingame (1996) is known as the political model. Here firms practice philanthropy in an effort to gain and hold power and legitimacy (Neiheisel, 1994) within a political and organizational framework. Put more simply, firms engage in a form of strategic philanthropy, not to maximize economic return but rather to maximise political return on investment (Sanchez, 2000). A good example of this is when firms tie themselves to well-known high profile community events through sponsorships, resulting in the public, regulators, and politicians becoming beholden with the firms due to their philanthropic endeavors. Political strategic philanthropy can find its theoretical grounding in the McWilliams *et al.* (2002) study. In this study, one particular scenario of the use of political strategies is drawn out i.e. firms use a political strategy to raise rivals costs and gain a competitive advantage or remove a competitive disadvantage. McWilliams *et al.* (2002) suggest three methods for raising rivals costs, namely: monopolizing a resource, use differentiation to secure a unique reputation and public recognition as a high-status firm and influence legislation to the firm's advantage. It is important to note that raising rivals costs is not the only form of political strategies but these methods for raising rivals costs given by McWilliams *et al.* (2002) are well suited to the philanthropic scenario. For instance, firms who partake in public relations activities which include involve-

ment in their local communities, or organizations who undertake well publicized philanthropic endeavors can enhance their corporate image, thereby attaining a competitive advantage over rivals. The firms who use a more costly environmentally friendly process of manufacturing a good, as compared to their rivals, can put pressure on legislators to enforce such a process. In this case, the firm could remove a competitive disadvantage because all firms would have to use the most costly process or if it held the patent it could find itself in a competitive advantage given the un-substitutability of the technology of the more environmentally friendly process. Justification by legislators for the above scenario (of regulating the manufacturing process) is made extremely easy given the nature of the regulation desired (McWilliams *et al.*, 2002).

### 2.3.4 Corporate Productivity

The final model outlined by Young and Burlingame (1996) is that of corporate philanthropy as a contributor to corporate productivity. This model highlights the self-interest methodology of giving. At this point one might be compelled to argue that the concept of philanthropy shouldn't be soiled by such selfish intent, rather one must succumb to the fact that true altruism is being replaced by a more contemporary performance based model termed 'pragmatic altruism'. However, in order to understand where this model has stemmed from one must understand the dilemma that corporations and their leaders are facing. *'Executives increasingly see themselves in a no-win situation, caught between critics demanding ever higher levels of corporate social responsibility and investors applying relentless pressure to maximize short-term profits. Giving more does not satisfy the critics - the more companies donate, the more is expected of them. And executives find it hard, if not impossible, to justify charitable expenditure in terms of bottom line benefit'* (Porter and Kramer, 2002, p.56). Such statements have been the cornerstone upon which the rationales for enlightened self-interest or win-win corporate giving have been built. When there is such form of motivation corporate philanthropy generally takes the form of corporate giving in cash or resources, high-profile sponsorships and cause-

related marketing all in an effort to attain a beneficial outcome for the firm. The literature surrounding this subject suggests that this model can be further sectioned out into two parts. The first part can be considered to be, corporate philanthropy *purely for economic benefit* and; the second, corporate charity in the form of *strategic philanthropy*.

### **2.3.5 Philanthropy for Economic Benefit**

This stipulates that corporate contributions are influenced by the goal of profit maximization and an effort to improve the bottom line. Navarro (1988) provides empirical evidence to indicate that profit maximization is an important motive driving contribution and in light of such findings, postulates a reform that will allow firms to treat contributions as ordinary business expense. Although Navarro (1988), provides quantitative evidence in favor of his hypothesis, there are advocates of 'self-interest' philanthropy who argue that if corporations are motivated to give to nonprofit organizations or charitable causes solely on the basis of self-interest, corporate philanthropic activities may be limited (Mullen, 1997). In reality, the body of work surrounding this theory is not enough to give evidence in support of a relationship between profitability and investment in CSR. In fact, a variety of studies has shown positive, negative and even a neutral impact on financial performance (McWilliams *et. al.*, 2002).

### **2.3.6 Strategic Philanthropy**

Strategic corporate philanthropy goes beyond a simple reference to improving the bottom line, instead strategic giving addresses important social and economic goals simultaneously targeting areas of competitive context where the company and society both benefit because the firm brings the unique assets and expertise (Porter and Kramer, 2002). Mullen (1997) expresses a similar sentiment and clarifies strategic giving as an activity that ascertains some form of added value for the firm. However, recent studies on philanthropic activities performed by corporations incorrectly deemed to be 'strategic' have blurred its meaning. It is this haziness surrounding the subject of what really is meant by the term 'strategic' that has led some academics

to clarify the difference from other forms of enlightened self-interest giving.

Some have resorted to portraying a so-called spectrum of transition that corporate can pass through in order to reach true strategic philanthropy. They state that in order to move from enlightened self-interest to strategic corporate philanthropy, corporate giving must be designed to produce a specific benefit in an identifiable time period (Mescon and Tilson, 1987; Ricks and Williams, 2005). Porter and Kramer (2002) seek to explain what the term 'strategic' actually means - they state that the previously mentioned dilemma that executives face has led them to practice a 'false' form of strategic philanthropy. Porter and Kramer (2002) 'attack' the relatively unfruitful use of cause-related marketing, contributions of cash and resources, high-profile sponsorships and public relations related philanthropic activities that are used by such executives. They argue that such methods are unfocused - there is too much emphasis on publicity rather than social impact resulting in enhanced goodwill and an increase in employee morale and not an improvement in a company's ability to compete.

Instead, they put forward an argument whereby 'true' strategic philanthropy can only be attained if corporations use their philanthropic activities to improve their '*competitive context*' i.e. the quality of the business environment in which they operate. They further argue that improving aspects of context that are specific to a particular geographic region known as a cluster in which the organization operates, can bring about an improvement of the '*cluster's competitiveness*'. They also argue that through the analysis of the competitive context and identification of overlapping social and economic areas, the firm can enhance its competitiveness. The use of strategic corporate philanthropy can bring about other benefits for the firm as well as society besides those stated by Porter and Kramer (2002).

Strategic corporate philanthropy can increase name recognition amongst consumers, reduce research and development costs, lessen government regulatory obstacles and create overall increased public awareness of the business (Smith, 1996). Other benefits identified by Raiborn *et. al.* (2003) are - positive organizational image to suppliers, em-

ployees, and potential employees, and community at large; improvement in local community because of organizational volunteerism; community goodwill and in the event of organizational downturn or crisis; and income tax benefits from monetary and product donations to tax deductible organizations. Ricks *et al.* (2005) argue in favor of corporate philanthropy saying that since philanthropy benefits all parties, it will subsequently be less likely to be one of the first things to cut in the event of a downturn. Ricks and Williams (2005) advocates in support of strategic based corporate philanthropy like other scholars, such as Porter and Kramer (2002), Navarro (1988), Mescon and Tilson (1987).

However, whether the public and other stakeholders will approach this model with cynicism or embrace it wholeheartedly is questionable. The theory of the firm perspective outlined by McWilliams and Siegel (2001) details a number of strategic implications of CSR. The first strategic implication is that of using CSR as a means of achieving horizontal or vertical product differentiation. Investment into product differentiation can result in the creation of new demand for the product and/or the ability to charge a price premium for the product.

The level of asymmetric information and advertising also has some strategic implications, in that, for product differentiation to be successful potential consumers must be aware of CSR characteristics. Information regarding the production process or the product itself can influence the demand for the products, as can the advertising of such products (McWilliams *et al.*, 2006). *'Advertising that provides information about CSR attributes can be used to build or sustain a reputation for quality, reliability or honesty'* (McWilliams *et al.*, 2002, p.120), and in turn influence demand for the product as well as demand for other products from that particular firm. Although McWilliams *et al.* (2002) state that in the end there is no relationship between firm performance and application of CSR, i.e. equilibrium is reached and no competitive advantage attained, one must state that, as the authors themselves note, there is a lack of empirical evidence to support this theory. Nevertheless, it is important to support the model of corporate productivity with substantial theoretical grounding, as provided by McWilliams *et al.* (2002).

## 2.4 Who Are Responsible for the Implementation of Philanthropy?

The broad spectrum of philanthropists engrosses numerous entities, such as individuals, foundations, charities, governmental institutions and nationalized organizations, not for-profit institutions as well as for-profit companies. Within each of these categories, one can identify a number of distinct divisions that can help to determine exactly the source of the funds that are going to philanthropic causes. Individuals can be divided up by demographics such as wealth, ethnicity, nationality etc. Charities, foundations and non-profit organizations can be divided up by features such as size, resources available, geographic reach and area of focus: governmental institutions, nationalized organizations and companies can also be segmented by size, industry, geographic reach, resources available, turnover, profits and managerial style (Smith, 1996). For the purpose of this paper, the analysis will focus strictly on for profit-generating companies. If we look at studies conducted by BITC, CAF, the Guardian newspaper, the institute of philanthropy we can determine not only which companies and sectors are leading the way with their philanthropic activities but also, that a large number companies, from a wide variety of industries, contribute to charitable causes. If the Guardian Living List (2006) is taken as an example one can determine that in just the top ten companies there are: retailers, media companies, holding companies, pharmaceutical companies, and insurance companies. The notion of numerous companies, from a multitude of industries, donating to charity and involving themselves in numerous philanthropic activities can invoke in individuals, even with the weakest of moral fiber, a feeling of correctness and just cause. The greater part of the world would not argue against the concept of corporate charity and it would be difficult to find some argument against such generous corporate giving, especially when such charitable activities are going to help just and good causes (McWilliams and Siegel, 2001; Saiia *et al.*, 2003).

## 2.5 The Source of the Debate

A closer look at the mechanics, channels, motivations and specifics of giving by individual companies can instigate a debate. Companies like Cadbury, Sainsbury and Schweppes have a culture

astute in philanthropy, so there is no surprise that such companies are revered for their charitable work. It also does not come as a surprise when multinationals such as Microsoft and eBay are actively involved in charitable causes given the fact that their corporate heads are so active in the philanthropy arena. Also, the public is often silently pleased when companies like Tesco, BBC, Royal Bank of Scotland, Barclays Bank and Lloyds TSB shower their millions onto worthy charitable causes. However, it is when companies such as Glaxo-SmithKline, Imperial Tobacco, British petroleum, the Shell group, Occidental and BAE systems start to portray themselves as philanthropic protagonists, that skeptics and the public alike start ask questions. The reason that these companies mentioned here draw speculation regarding their philanthropic activities can be attributed to a number of features namely they operate in socially unacceptable industries; they have ethically and morally questionable business practices and/or are affiliated to certain negative incidents/scandals.

## 2.6 Causes and Rationale for Skepticism

All of the above-mentioned organizations can certainly be considered to be operating in ethically questionable industries. For example Shell group, Occidental, and BP all operate in the energy industry and one of their operational activities involves extracting fossil fuels. The negative connotation with the extraction industry gives the industry and the companies a socially unacceptable image. The same can be said for Imperial tobacco and BAT whose business activity and industry in which they operate are deemed to be socially unacceptable, given the negative outcomes and externalities of the industry (Fooks *et al*, 2013). BAE systems which among other things produce firearms also draw skepticism when they partake in socially aware activities, given the fact that they too operate in an unethical and immoral industry (Guardian Newspaper, 2008). Although other companies do not operate in a socially unacceptable or immoral industry, they too can find themselves approached with skepticism when they partake in philanthropy. The reason for this can be attributed to their method of operations or scandals with which companies are associated, that

have/had negative outcomes. For instance, companies such as GlaxoSmithKline and Pfizer which operate in the pharmaceutical industry have been attacked for grossly overcharging for medication for diseases such as AIDS and HIV. Companies such as Coca-Cola, who operate in a relatively docile industry, are also looked badly upon when they give to charity, given their dubious operations in India relating to the depletion of water and toxic dumping, or even Coca-Cola's connection the assassinations of opposing Columbian leaders in Columbia.

This kind of socially unacceptable 'issues' contradict the nature of philanthropy, and it is this contradiction that is the kindling to the debate. More specifically, the social unacceptability of such 'issues' can be narrowed down to three factors: (i) all of the above companies portray capitalism, they are large faceless' conglomerates who appear to want to make profits at any cost, (ii) these companies perform a 'necessary evil', for example, the extraction industry, and (iii) the outcomes and externalities of the company's operations can be considered to be extremely negative, such as damage to the environment and human health (Fooks *et al*, 2013). These factors conflict with the individual's morality, ethics, and principles resulting in a dislike or aversion of such companies. The same can be said for 'issues' mentioned above, regarding organizations that have questionable operations or scandals. Therefore, when such companies appear to also be active philanthropists an inconsistency occurs within the individual because they do not associate such socially unacceptable companies with the act of philanthropy. This results in individuals approaching such philanthropic gestures undertaken by these companies with cynicism and skepticism.

## 3. METHODOLOGY

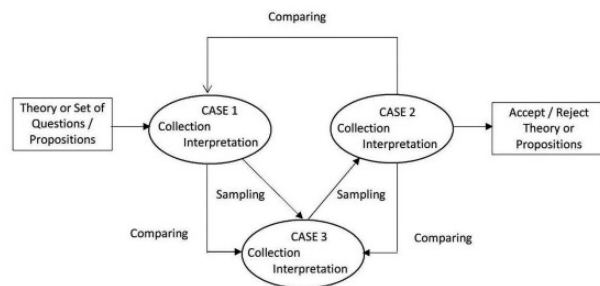
To achieve the well defined research objectives and to understand the dynamics of philanthropic activities by the socially unacceptable firms, a qualitative research approach has been considered for this research by incorporating three case studies from three different industries. The case study method is '*an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context*

are not clearly evident; and in which multiple sources of evidence are used' (Yin, 1984, p. 23), in some specific situation the case study is an 'extremely flexible' method (Burton, 2000), a good qualitative research tool for better understanding of the dynamics of the company (Gummesson, 1991). Moreover, this method allow the researchers to study multidimensional aspects of critical issues, examine them in relation to each other and view the process within the total dynamic environment (Quader and Mozumder, 2011). From practical point of view, case study is a phenomenological methodology and also a well structured suitable strategy for business research in a situation where there is relatively thin literature base or issues are critical and complex by nature and when the context of the object of the study cannot be separated from the focal object easily due to sensitive management behavior within an organizational setting (Bonoma, 1985).

In terms of the epistemological consideration (i.e. what is to be considered as valid knowledge in order to carry out the study) an interpretive phenomenological approach has been taken into account (Bryman and Bell, 2003), in fact this philosophy is based on individual managers' experiences how they perceived and act and react in an organizational context (Bryman and Bell, 2003). Again from ontology point of view, constructivist position has been adopted. The logic is that *'it implies the social context and categories are not only produced through social interaction but they are in constant state of revision'* (Bryman and Bell, 2003, p.20) and cross-case analysis would enable the researcher to have solid understanding about the social phenomena being studied. Furthermore, cross-case study research provides a solid in-depth understanding of complex issues and extended experience to what is already known through previous research. Case study emphasizes well structured contextual analysis of a limited number of events or conditions and their cause and effect relationships within a real life context (Yin, 2002). Considering the contemporary situation it is important to find out 'how' and 'why' philanthropic activities are performed by socially unacceptable firms. To get such kind of answers the case study method is appropriate as suggested by Gray (2006). In this connection

Yin (1994) and Flick (1998) suggested that after adopting a particular theoretical framework, the research should proceed through a systematic series of case studies to make cross-case comparisons and draw constructive conclusion (see Figure 1) in order to establish valid and reliable evidence and generate knowledge (Gray, 2006). Comparison of cases creates a platform of a theoretical conjecture and provides real time management information in the ever changing world of business situation (Gray, 2006).

Figure 1: The Process of Cross-case Comparison (Adapted from Flick, 1998)



It should be noted here that multiple case studies are not the subset of a population but are considered as strategic research tool for examining the overall scope of the inquiry but not for their representativeness. From research method point of view 2 to 3 cases are usually applied for literal replication whereas 4 to 6 cases can be considered for theoretical replications (Herriot and Firestone, 1983). This research has examined three case studies such as British American Tobacco, BAE System, and British Petroleum for systematic analysis because replication logic should be applied in drawing cross case interpretation and more likely to achieve authentic results (Herriot and Firestone, 1983) and to draw constructive conclusion (Quader and Mazumder, 2011). It is evident that a number of researchers such as, Quader and Uddin (2011), Uddin and Quader (2011), Quader and Mozumder (2011) have considered multiple case studies in their studies based on multinational organizations to find out the critical issue related to 'how' and 'why' and found very significant and interesting findings. Secondary research has been considered to organize these three cases for interpretation of relevant and spe-



cific research issues. Data has been collected from multiple authentic secondary sources for critical interpretation and comprehensive analysis of issues related to corporate philanthropic activities by the socially unacceptable firms. The secondary materials have been generated from international referred journals, seminar papers, text books, annual reports of three different companies and online sources.

### **Case Studies**

In order to better illustrate the debate, three companies which operate in socially unacceptable industries, have questionable business practices and are also actively involved in philanthropy, are examined. The three companies studied are the tobacco products producer '**British American Tobacco**', the global defense and aerospace company '**BAE Systems**' and the energy and extractions company '**British Petroleum**'. Examining these companies will not only help to clarify any ambiguities regarding the debate formulated but such case studies will be used to facilitate the debate.

#### ***Case 1: British American Tobacco (BAT)***

The British American Tobacco founded in 1902. It is the world's second largest quoted tobacco group that employs more than 55,000 people in over 44 countries. BAT has over 300 well-known tobacco brands in its portfolio and has a major presence all over the globe with operations and activities that span over 180 markets, BAT not only produces some of the world's most famous cigarette brands such as Lucky Strike, Kent and Pall Mall, but also produces cigars, pipe tobacco, 'roll-your-own' and also smokeless' chewable tobacco. Working with some 250,000 tobacco farmers harvesting approximately 456,000 tons of tobacco leaves in 22 countries through leaf growing programs, BAT is one of the few tobacco groups that are heavily involved in tobacco leaf growing. BAT had approximately 680 billion cigarette sales and registered over £2 billion in profits in 2006. With these sorts of figures, it is no wonder that BAT is listed on the London stock exchange as one of the top FTSE 100 companies (BAT, 2017).

#### **BAT: Social Responsibility**

BAT is a company that portrays itself to be a leader in social responsibility, consistently voicing their efforts

towards becoming more socially responsible throughout their website and in an official annual sustainability report. In fact BAT's CEO Paul Adams voices the company's commitment to social responsibility by setting their vision of achieving global leadership in the industry - leadership that they defined from the outset not only in terms of building sustainable shareholder value but in terms of responsibility for a modern tobacco business in the 21<sup>st</sup> century (BAT, 2017). This kind of social commitment was epitomized when they were recognized by BITC (Business In The Community) which is a unique independent business led charity whose purpose is to inspire, engage, support and challenge companies, to continually improve the impact they have on society. BAT scored 94% in business in the community responsible index and 98.8% in the Business in the environment index, for both indexes, it was recognized as the most responsible in its sector (BITC, 2013). Moreover, BAT was the first tobacco group to be a member of the Dow Jones sustainability index and has been a member for the past 5 years. It was listed in both the Dow Jones sustainability world index and the Dow Jones STOXX sustainability index. Being listed in these kinds of indexes portrays BAT's commitments to sustainability in areas such as economic, environmental and social performance (BAT, 2017). BAT is also ranked 29<sup>th</sup> in Guardian ETSE 100 giving a list and has reported social expenditure and cash contributions amounting to over £20 million or 0.85% BAT's pre-tax profits, as reported by the LBG (Guardian Newspaper, 2008). BAT's CSR programs support local community-based and international charitable projects and causes in areas that include research into reducing the harm caused by smoking, environment, employment and education, arts and cultural activities, disaster relief, and primary healthcare (BAT, 2017). BAT also encourages affiliate companies to place great emphasis on three social programs namely sustainable agriculture, civic life and empowerment.

#### ***Case 2: British Aerospace Engineering (BAE)***

The British Aerospace Engineering (BAE) is the largest defense company in the Europe and holding 4<sup>th</sup> position in the globe, providing advanced defense and aerospace systems in the air, on land and at sea. They are involved in the development, production and delivery of a wide variety of products and services such as military air solutions, electron-

ics and integrated solutions, land and armaments, regional aircraft, submarine solutions and surface fleet solutions, among many others. BAE's vast portfolio of products and services can be attributed to its commitment to innovation spending approximately £1.2 billion on research and development, churning out over 100 new inventions annually. Besides its position as a vanguard in innovation BAE's strong position in the world market can be attributed to its sheer size, employing over 88,000 people worldwide and having operations and customers in over 100 countries. It is also good to note that BAE is primarily listed on the London stock exchange in the FTSE 100 index (BAE, 2017).

### **BAE: Social Responsibility**

BAE defines corporate responsibility as a responsibility to the people it employs, its customers and suppliers, its shareholders, the wider community and to the environment (BAE, 2017), and goes on to state that in doing so it considers itself to be a responsible and ethical company (BAE, 2017). Its commitment to corporate responsibility is exemplified by its annual corporate responsibility report, its membership in BITC, the Dow Jones Sustainability world index and European Dow Jones STOXX sustainability index. BAE's corporate responsibility operations focus on six main areas. The first is workplace environment for which, BAE strives to ensure ethnic, age and gender diversity as well as equality, training, and development whilst maintaining positive employee relations. Health and safety are second key issue for BAE to give the effort to reduce the numbers of accidents and injuries to employees during working period. The third consideration is that of education and for this BAE has taken the positive initiative to support the education of youngsters in schools, through funding, giving careers advice and helping in scholastic engineering projects (BAE, 2017). BAE has also committed itself to helping the community, supporting charities and volunteering employees, in fact within 2010, BAE invested over £8 million in the communities it operates in. BAE also considers its supply chain to be of utmost importance and makes sure that all suppliers act ethically and responsibly to employees, community, and the environment. Finally, the environment is also given priority and BAE develops pragmatic and systematic procedure to reduce wastage, carbon emissions, and management

of water and energy usage (BAE, 2017). It is good to note that the 2010 edition of the Guardian Giving list placed BAE systems as 69<sup>th</sup> with 0.17% of pre-tax profits donated to philanthropic causes, amounting to £1.2 million cash donations. However, BAE systems estimated total cash and in-kind giving to be approximately £13 million for programs for the armed forces, current partnerships with the MacMillan Cancer support (UK) as well as the Cancer Council Australia and the Alzheimer's Association (US), sponsorships, heritage giving and support for education. Moreover, the employees fund raising programs have risen over £32 million and 27,000 volunteer days for local and national charities (BAE, 2017).

### **Case 3: British Petroleum (BP)**

The British Petroleum is among the world's largest energy companies founded in the year 1908 (Saiia *et al*, 2003). It is involved in the exploration and finding, production and harnessing as well as the marketing of natural energy resources. BP employs over a 100,000 people and has operations in over a 100 countries. The BP network of brands consists of Aral, ARCO, Castrol, Wild bean café and BP itself. BP has three main operational areas: firstly exploration and production, this business activity is concerned with the exploration and production of oil and natural gas, the facilitation of such fuels through the building of pipelines and the processing and exporting of such fuels. BP has approximately 3% of the global market share of oil and gas production, with production in 22 countries producing nearly 2.5 million barrels of oil daily and 8.4 billion cubic feet of natural gas. The second business activity is that of refining and marketing the fuels, which is concerned with refining, selling and trading of the crude oil and petroleum products as well as selling 'gas power' and renewable. The marketing aspect has to do with actual retailing of their brands and products through their 24,600 outlets worldwide. The third business activity is that of gas, power, and renewable, whereby BP harnesses gas resources for, gas-fired one of the alternative energies BP utilizes, the others being the wind, solar and hydrogen. BP has a turnover of over \$266 billion and a net profit of approximately \$22.5 billion. It has a market capitalization in excess of \$206 billion with over 1.2 million shareholders and is primarily listed on the London Stock Exchange and New York Stock Exchange (BP, 2017).

### **BP: Social Responsibility**

BP is a strong advocate of corporate responsibility, winning numerous awards and accolades for the social responsibility including 'The CSR award' for BP in Vietnam, the 'Corporate equality award' presented by the human right campaign and an 'Award for Curbing pollution' that was given to BP shipping by California's Long beach board of Harbor commissioners. BP's responsibility program is split up into three areas of focus. The first is called 'Responsible operations', whereby BP seeks to not only act within the law but be a 'progressive operator' by setting higher standards. A responsible operation incorporates issues that relate to health and safety, ethics, equality and diversity. The second, BP took positive initiative to reduce its own carbon emissions and also to make investments into renewable and alternative energies, for example in 2010 BP invested \$500 million in a new biosciences institute. Finally, BP has a strong commitment to creating economic and social value via the generation of government revenues, the creation of jobs and development of skills, as well as local and international social projects, programs and relief efforts to help the living conditions of societies in which they are operational. For example, BP has supported the 'Katrina relief effort', 'save the children' and 'red cross' as well as local relief efforts in Yogyakarta after the earthquake in Indonesia. In fact, their total humanitarian aid amounted to over \$9.5 million. In addition to this regime, one can find an annual sustainability report - considerable cash aid in kind donations towards community investment amounting to approximately \$106 million as of 31<sup>st</sup> December 2009. In 2010, BP have donated over £50 million, i.e. 0.30% of pre-tax profit and ranked 59<sup>th</sup> on the guardian giving list (BP, 2017).

### **Discussion**

#### ***The Comparative Analysis of the Cases***

The debate formulated in this paper is based, primarily, on the conflicting nature of the company and its philanthropic activities. A snapshot of the companies' philanthropic endeavors has been examined in the previous sections. In order to complete the debate the next section will examine different issues regarding the conflicting nature of philanthropic activities.

### ***Negatives of BAT***

It is true that BAT has partaken in numerous social initiatives and donated over £20 million to social causes, but one must consider the fact that BAT operates in the tobacco industry. An industry, where approximately 5 million people die annually because of smoking, a figure that is expected to rise to 10 million by 2025 (Fooks *et al*, 2013), not to mention the health risk of developing any of the 25 diseases associated with smoking. Moreover, smoking endangers the health of millions of others because of second-hand smoke. As discussed above, BAT is heavily involved in the tobacco leaf growing process. Tobacco leaf growing has to be done under certain conditions such as a certain degree of humidity, which need to be matched by ample farmable land. Unfortunately, the majority of areas in the world that satisfy these conditions are impoverished and developing nations such as Nicaragua and Honduras. Companies like BAT employ tobacco growers to harvest tobacco leaves for production, often lending farmer's money to buy the tools necessary and thus trapping them in a cycle of debt. In addition, BAT and other tobacco companies often collude with each other in order to determine the price at which they will purchase the tobacco, often below cost price, making it impossible for the tobacco farmers to sell the tobacco for a profit (Fooks *et al*, 2013). Also, one must consider the fact that if farmers are using the land to grow tobacco, then that land is not being used to grow food products, which, in some cases, would have served better given the debt farmers are in, the loss-making situation and their impoverished status. Not to mention the environmental damage caused by tobacco growing such as deforestation. In some cases BAT itself owns and works the land, thereby taking away even more land from poor farmers, potential incomes, and livelihoods of entire villages. The report of Mahon (2002) reveals that the truth about the tobacco industry is that it is widely unaccepted by western societies, this is exemplified by smoking bans, bans of advertising and the anti-smoking and anti-tobacco movements.

### ***BAT: The Debate***

One can compare this small excerpt of negative information on BAT and the tobacco industry with their corporate responsibility and give programs.

From the comparisons one notices inconsistencies which lead to the formulation of questions such as: how ethical is it for a company like BAT to give to philanthropic causes given the fact that it is endangering people's health, abusing impoverished nations and causing damage to the environment? Although the donations are going to worthy causes, wouldn't it be a better to make an investment to reduce the harm of tobacco and smoking? Moreover, if the accusations are true regarding the treatment of tobacco farmers in developing countries, could the money they are spending on corporate responsibility be used to pay farmers fairly? As BAT claims that they are the most ethical and socially responsible company in the tobacco industry, what is to be thought of the other tobacco companies and tobacco industry in general?

#### ***Negatives of BAE***

An argument similar to that of BAT can be constructed for BAE systems. As outlined above BAE systems has given well over £13 million to social and environmental causes. However, BAE systems are considered to be an arms dealer and operates in the arms industry, with almost 75% of all of its revenues coming from the sale of military equipment (CAAT, 2007), which potentially could cause death and destruction. BAE systems are alleged, affiliated with the sale of military equipment to oppressive tyrannical regimes. For example, BAE has been affiliated with the sale of military equipment in the Al-Yarnamah deals with Saudi Arabia, condemned by Amnesty international for supporting an oppressive regime with a long list of human rights abuses. Another scandal that BAE was supposedly affiliated with occurred in the mid 90's when BAE sent a shipment of military aircraft to the dictatorship of east Indonesia for the repression East Timor (Corporate Watch, 2009). It is also pointed out by BITC (2013) that not every sale of military equipment is used by oppressive regimes or for warfare; some of it is actually used for national security, civilian protection, and other legal activities. However even if a percentage of military equipment is sold for illegal and unethical purposes and used by oppressive tyrannical regimes and warfare a resultant of which is misery and destruction, then subsequently one can state that BAE systems profits off the destruction and misery of others.

#### ***BAE: The Debate***

Considering the real world situation, if a company like BAE systems wants to truly be a socially responsible organization then why sell to oppressive regimes? In addition to giving £13 million in charitable donations, why not invest in other business areas so that profits would not need to be made off the death and destruction of others? Again, how can a company that deals in weapons that damage the harmony of the society claim to be socially responsible, especially since the thought of death and destruction clearly contradicts acting responsibly?

#### ***Negatives of BP***

BP has donated well over \$106 million to numerous social and environmental causes. However, BP obtains a considerable proportion of its revenues from its oil extraction, production and delivery systems. Therefore, BP can also be considered to be an oil company and part of what is known as 'Big oil'. Oil companies have been known to have particularly cut-throat techniques, be it putting pressure on western governments of countries in which they operate or exerting influence in developing and impoverished countries where there is potential for extraction in order to ensure favorable operating conditions. It is the fact that a lot of questionable and dubious activities take place along pipelines, refineries, and plants, in certain areas of the world some of which BP have a significant stake in. BP owns a 2.2% stake in Petrochina, china's largest oil company. Petrochina has built a pipeline through Tibet in order to benefit from Tibet's oil and gas resources. Moreover, Petrochina has been accused of human rights atrocities including killing, bombarding and ejecting people from their living place in order to facilitate the production of an oil pipeline through Sudan and Turkistan (Corporate Watch, 2009). The extraction of oil and gas and the burning of fossil fuels as well as the construction of pipelines, refineries, and plants, have considerable effects on the environment. Perhaps chief among these on the global social agenda is the issue of climate change which is, in part, attributable to the consumption of fossil fuels (CAF, 2006). However, BP claims to be pro-environment, advertising itself under the concept 'Beyond Petroleum'. It even spent hundreds of millions of dollars on research for alternative energies, as well as the donations to other environmental funds and numerous accolades for

their environmental corporate responsibility. BP's actions speak otherwise - BP was a member of global climate compact, which lobbied government and advertised to the public to not take action against climate change. Also, BP is set to be among the first to drill for oil in the arctic national wildlife refuge ANWR in Alaska, considered by many as the 'Serengeti of America' (Corporate Watch, 2009).

### ***BP: The Debate***

These are only a few of the negative issues that surround oil companies like BP. The contradictions of what is claimed to be socially responsible by BP and what should be actually done, draws out a number of debatable questions. Given this long list of negative issues, how can BP say that it is a socially and environmentally responsible company? For example, why not put pressure on oppressive regimes by not working with them, instead of donating huge sums of cash to numerous funds for humanitarian issues? How can a company that claims to act responsibly towards society openly work with repressive regimes? The answer could be boiled down to the fact that such an ethical code would invariably decrease profits. How can a corporation claim to be an advocate and supporter of the environment but yet join an organization like the Global Climate Coalition or dig in the ANWR? One must also ask whether a company with the resources and abilities to do so much good does not do more, when it has benefited so much. These arguments and questions formulated in this section regarding these companies can be viewed from two different angles, with cynicism and abhorrence for such contradictions or acceptance that acting responsibly and philanthropy are completely unaffiliated with these organization's business activities (Corporate Watch, 2009). Depending on how one approaches this debate, a fundamental question may follow; whether such philanthropic endeavors are enough to offset the negatives of each of the companies and the industries in which they operate? Whether what they are giving back in the form of donations and social responsibility is enough to make up for the damage' that they are doing? It is not a question of whether the organization's themselves are trying to offset their own actions by undertaking these philanthropic activities, but on an individual level, is what they are doing enough? For someone it is yes, others no, for

a number of people it will be never and for others, their charitable activities are completely unaffiliated to the each of these company's business practices (Waidman, 2010). For those who approach the debate formulated here with the attitude that charitable activities are unrelated to a company's business activities, their view is one that: these companies are simply fulfilling a need and are servicing the public just like any other company. However, even those with the weakest of moral fiber will find such statement difficult to swallow without the slightest of twinges. For the rest, it will depend on a number of factors, many of which have already been mentioned, such as individual moral code, complete and true information on the business activities, philanthropic activities and social responsibility regime as well as information on the industry in which they operate (Saiia *et al*, 2003). It will also depend on knowledge of motivations behind such philanthropic activities and on where the company and industry place on the scale of what is socially unacceptable.

### **Theoretical Contributions**

#### ***Spectrum of the Socially Unacceptable***

At this juncture, it is good to point out that so far the scenarios portrayed and the companies used as examples are at the top of the corporate spectrum of what is socially unacceptable. This is not to say that the rest of the spectrum of organizations is not entirely approached without cynicism when they are involved in philanthropic activities. Companies such as Microsoft or eBay which are very socially acceptable and are at the opposite end of the spectrum i.e. are not faced with criticism or debate when they give to philanthropy. However, companies who operate in the energy distribution industry, automobile manufacturing industry, aerospace and aviation industry and many other similar industries who fall somewhere between the two opposite ends of the spectrum and they also face criticism. There are a number of criticisms and debates surrounding their charitable activities that increase according to how close the company is to the socially unacceptable end of the spectrum. This spectrum postulated above seeks to explain that only the innately socially acceptable organization is free from the debate when giving to charity, all others are bound to be approached with some form of speculation into their actions.

Another interesting observation that can be made using the spectrum of the socially unacceptable is that a number of companies have become synonymous with particular industries, and they have also become the organization that has borne the responsibility for the negative externalities and outcomes of both the industry and the organization. It has almost become as if certain companies have become the 'evil poster-child' of capitalism, deemed to be immoral and unethical, with only one purpose that of making money regardless of the outcomes. It is as if everyone has forgotten about all the other organizations affiliated with these companies, no one ever condemns, for example, the sub-contractors who make the cartons for the cigarettes, the manufacturer of the rolling paper for cigarettes, the construction companies who build the oil platforms and construct the pipelines or the companies who produce gunpowder. Perhaps the reason that such entities don't receive the attention that other companies in their respective affiliate industries receive is because the public may feel that certain companies: are more responsible for the negative outcomes, more tangibly connected to the negative outcomes, have more influence and power and therefore should bear the brunt of the attention or even because certain companies are benefiting the most. It could be a number of reasons that lead to such segregation of certain companies. However, one must ask whether it is fair that other companies that are actively involved and benefit from the industry do not bear any of the brunts of the negative attention?

#### **Link to Motivation**

The motivations of the organizations mentioned above and those in a similar situation are extremely important to help build a substantiated argument. However, it is a rarity that honest and factual information on a company's motivation is known and it is extremely hard to infer a motivation. Therefore, it is necessary to explore the motivations and their effect on the debate at hand. The first motivation for giving, that could influence the debate can be tied to the aforementioned altruistic model. In this situation, the company is giving to charity without consideration for itself and how it can benefit. Although there might be some who still condemn even the philanthropic act because of the contrasting socially unacceptable business activities, the majority of people will en-

deavor to accept such a good act because of its genuine nature and its detachment with the company. Moreover, in this situation, the majority of people will be extremely surprised by the authenticity of the gesture and could even praise and encourage such an activity. However whether they will also admire the company is questionable. In this model scenario, the weight of the debate moves away from cynics and moves towards the idealists. A firm's motivations for giving to charitable causes can also be classified under the aforementioned stakeholder model. In this situation, companies give according to who influences the organization the most. As explained above the form of the model may be connected in some way to self-interest but, the actual self-interest to be gained is undetermined (Saiia *et al*, 2003). In such a case one might even consider these companies to be taking part in solutions for problems which they caused, for example, BAE giving Christmas boxes to troops in wartime. In such a situation people will approach this as an indication that they are aware of the problems causing by them, and are willing to contribute towards these problems. However, such a model might also reflect companies' desire to aid their partners' and affiliates' social programs, just because of the connection they have, rather than donate to actual worthy causes. In such a case the number of cynics would only grow and criticisms amplified (Saiia *et al*, 2003).

If corporations used philanthropy to attain some form of power and legitimacy in order for others to become beholden to the company or to be able to exert influence or gain an advantage, then there is some form of ulterior motive. In this scenario, the scale begins to tip away from the idealists and towards the cynics and skeptics. The fact that charitable activities are unrelated to the company or its business activities will reduce the accusations of self-interest. However, the nature of this model fuels cynics and skeptics because ultimately the goal is to gain an advantage or at the very least not to suffer a disadvantage, be it by attaining power or exerting influence. The strategic philanthropy has some advantages, competitiveness to improve the bottom line through a company's philanthropic activities. This scenario can be considered to be the opposite of the altruistic model in the sense that the companies have ulterior motives, the charitable activities are affiliated with

the business and industry and scales are especially in favor of the cynics and skeptics. In fact, the charitable activities draw a lot of negative attention, especially if they are meant to improve the bottom line. Such kind of scenario adds to the stigma of these companies and compounds the debate drawn out in this paper. Moreover, this model makes it more or less impossible for the idealists to defend, because of the accusations that the companies are socially selfish and social opportunists instead of socially responsible and social philanthropists.

Corporate philanthropy is a part and parcel of corporate social responsibility. A synergetic combination of responsibility, business and philanthropy is required to be implemented by the firms to ensure competitive gain. It focuses to infer a company's responsiveness to meet the obligations toward a particular society in order to fulfill the burning needs and expectations of various stakeholders (Crampton and Patten, 2008), by performing charitable activities and humanitarian projects such as community education, health and safety, social welfare, and social justice (Van Cranenburgh and Arenas, 2014). Company managers should have solid understanding about the link between philanthropy and competitive edge. It helps companies identify a number of critical strategic issues suggested by Porter and Kramer (2002): (a) where they should concentrate their corporate contribution to the society?, (b) what are the alternative ways the philanthropic activities can enhance value?, and (c) how they can boost up the socioeconomic impact through their philanthropic contribution? Corporate philanthropy has a strategic importance because it creates opportunities. By implementing philanthropic activities, socially unacceptable firms gain the widespread support of the general public or the government and thereby can foster the socioeconomic development worldwide.

### **Conclusion**

The question that this paper attempts to answer is whether it is ethically and morally correct for companies to partake in philanthropy or portray themselves as socially responsible philanthropists when they operate in socially unacceptable industries or have socially unacceptable business practices. After a thorough evaluation of the subject matter critically, it can be said that one conclusive answer to

the question postulated in this paper is impossible. However, what is conclusive is that a continuum of opinions can be drawn out according to the combination of the factors outlined in this paper and the classification, reasoning, and weight given to each of the factors. At one end of this continuum the approach is that of indifference or lack of interest for the debate deeming it to be irrelevant, and at the other end of the continuum is the approach that debate and subject matter are of utmost importance. In such a case the philanthropic acts undertaken, the companies themselves and the industry in which they operate are condemned as being immoral and unethical in their actions.

In fact is probably correct to state that for the above-mentioned extremes the modification of the variables and factors outlined in this study will not alter their outlook. However, where the rest of the answers for the question posed in this debate place on the continuum is dependent on the key factors outlined in this paper. From this study, it can be ascertained that the first sets of determinants are: which company is under discussion, the type of company under discussion and the industry it operates in. After those features of the company are classified the next factors are whether the industry in which the company operates in is considered to be socially unacceptable, whether the company itself has a negative stigma, if they have questionable business practices and if they are connected with any scandals. The next important factor is the classification of how socially unacceptable the company is or how strong the negative correlation is to that company. Once these negative issues are weighted and classified they can then be compared and contrasted with the company's philanthropic and socially responsible stance. This process of comparing the two is where the groundwork of the debate is placed, and the stance is taken at this juncture often heavily influences where one's view is positioned on the continuum of this debate. Notwithstanding this, knowing an organization's motivation for undertaking philanthropic activities and CSR regimes, can completely alter one's view and turn a cynic into an idealist or vice versa.

The socially unacceptable firm should take more pragmatic and strategic initiative for refining a well regulated and structured philanthropic system to ensure the best possible results. It is evident that many of the socially unacceptable firms around the world

have been developed paramount business infrastructure with huge resources and management capabilities that give them the ability for tailoring their wide range of philanthropic services to meet the requirement of the society and demography. Nowadays, the socially unacceptable multinational firms have been achieving prolific results by enhancing philanthropic activities. To some extent they have been making corporate philanthropy simple and straight forward in order to satisfy their clients and stakeholders.

### **Limitations of the Study**

While existing academic work provides a good source of readily available information, they are gathered towards a specific purpose, which may differ from this investigation and thus offer an incomplete picture of this study. The nature of the subject under investigation is such that confirmatory or causal conclusions are difficult to be drawn. The theoretical orientation based on an individual paper is neither mutually exclusive nor universally generalizable. Although extensive research has been carried out based on the available literature on this subject area and analysis of only three case studies with respect to the findings from the literature, this is by no means an exhaustive study. The difficulty of evaluating the corporate philanthropic performance of socially unacceptable firms resulting in the lack of primary data with quantitative analysis is a further limitation of this research. Moreover, the findings of this paper have been revealed purely on the basis of secondary available sources. This was a direct re-

sult of limited time and resources available to setup interviews and incorporates survey responses. Considering the above limitations it is really challenging to draw generalized conclusions by evaluating results from only selected three case studies.

### **Future Research Direction**

From research point of view this is true that the nature of this study is narrowly focused but thoroughly defined, there is a scope for further research to be conducted based on corporate philanthropic services of the socially unacceptable firms by applying survey and structured interview methods to test a number of predetermined hypotheses. This paper would have generated more valid results by incorporating the applications of various frameworks or statistical tools with respect to the primary data. Further research on this type of paper can be done into whether socially unacceptable firms are using their philanthropic activities to offset their negative connotations, through directing their activities strategically towards activities which can countermeasure their negative issues. Further study can also be done to look into the weighting given to each of the factors mentioned in this paper, in order to ascertain what influences this debate the most. This could be done through examining a number of case studies pertaining particularly to the subject matter of this debate. A supplementary study could be done to pinpoint the repercussions of this debate, as regards consequences for the companies, charities, and third party affiliates.

## **EXTENDED SUMMARY / IZVLEČEK**

V zadnjih nekaj desetletjih je bilo moč opaziti izjemno rast korporacijskih človekoljubnih dejavnosti družbeno neodgovornih podjetij. Glavni cilj prispevka je preučiti ali je etično in moralno sprejemljivo, da se družbe, ki delujejo v družbeno neodgovornih industrijah ali imajo družbeno neodgovorne poslovne prakse, vključijo v filantropijo in trdijo, da so družbeno odgovorne. Po temeljitem preučevanju področja družbene odgovornosti podjetij in korporativne filantropije je bilo ugotovljeno, da je odgovor na zgornjo vprašanje odvisen od številnih dejavnikov, in sicer: industrija, v kateri deluje podjetje, stigma ali negativnosti v podjetju, kako družbeno neodgovorna je industrija, kako družbeno neodgovorno je podjetje, kako družbeno neodgovorne so poslovne prakse podjetja, s katerimi vrstami filantropije in CSR programi se podjetje ukvarja, kje ali kaj usmerja filantropijo, kateri motivi vodijo podjetje pri tem, da je družbeno odgovorna, navsezadnje pa tudi moralna načela vsakega posameznika.



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