

Navigating Corporate Community Involvement across the Atlantic

By: Elizabeth A. Amery and Laura Turegano, 11/21/01

In the age of globalization and multinational conglomerates, strategic and effective corporate community involvement plans are transcending geographic boundaries. American companies that do business in a global scale are developing corporate community involvement programs that 'think globally, but act locally'.

Although the trend toward global philanthropy programs is a growing one, creating a program that fits within a corporate strategic framework AND is sensitive to the cultures, laws, and needs of different countries can be a challenge for many companies. In continental Europe, for example, the various tax laws, languages, and customs in each nation can make developing and implementing a corporate community involvement program daunting. Simply transplanting an effective U.S. corporate philanthropy to Spain, France, or any other country does not guarantee success.

Like many of their U.S. counterparts, corporations in Europe are integrating corporate community involvement into overall business strategies. Corporations from Unilever to Siemens have recognized the necessity of corporate community involvement in maintaining good relationships with a variety of stakeholders, from employees, to customers, to shareholders and local communities. Traditionally, European companies have thought of corporate social responsibility as relating to their business practices employee benefits and labor issues, environmental practices, sourcing, etc. Dealing with larger social welfare issues, or support for arts and culture, were historically the responsibility of governments.

Motivation for increasing corporate community involvement in Europe is now coming from the market, stakeholder expectations, and local and national governments. Companies doing business in Europe must also contend with the European Union, which has begun to play a role in this area.

In July 2001, a Green Paper entitled "Promoting a European Framework for Corporate Social Responsibility," presented by the Commission of the European Communities, stated: "An increasing number of European companies are promoting their corporate social responsibility strategies as a response to a variety of social, environmental and economic pressures... Although the prime responsibility of a company is generating profits, companies can at the same time contribute to social and environmental objectives, through integrating corporate social responsibility as a strategic investment into their core business strategy, their management instruments and their operations."

In other words, supporting local needs and charitable causes can be good for business. Not a new idea for U.S. companies, where communities expect companies to be active in local causes. "This is not something seen as a requirement for corporations in Europe," explains Gary Hattem, President of Deutsche Bank Americas Foundation.

Given the larger role many European governments have played in the social services, it is hardly surprising that corporations in Europe have not supported local community needs to the extent that companies in the U.S. do. However, Luc Tayart de Borms, Managing Director of the King Baudouin Foundation in Brussels, believes the decline in government spending for social programs, and the rise of the NGO sector, have created new corporate community involvement opportunities for companies operating in Europe.

Opportunity does not always equal success. In order to implement an effective program, multinational corporations need a thorough understanding of local needs, and how addressing these needs can fit into the overall business strategy of the company. A number of intermediary organizations, such as Fondation de France in Paris, Juliana Welzijn Fonds in the Netherlands and The King Baudouin Foundation, have helped U.S.-based multinational corporations develop locally directed corporate community involvement programs.

Founded in 1976, the King Baudouin Foundation (KBF) aims to encourage corporate philanthropy in Europe. "There is a lot of work to do in stimulating the giving climate," says Luc Tayart de Borms. KBF has helped U.S. multinationals such as Johnson & Johnson and Nike establish giving programs in Belgium and in other parts of Europe. Through corporate funds set up with KBF, corporations can access the services of KBF in setting up a structured corporate community involvement program. Corporations are required to provide a minimum of a EUR 50,000 (\$44,000) annual endowment for a period of three years and are supervised by a management committee, though they have operational independence.

KBF is also a member of Transnational Giving Europe (TGE). TGE is a partnership of several large European foundations that specialize in tax laws and the non-profit sector in their respective home countries. Through this partnership, a multinational corporation can work with the TGE's member foundations, and participate in corporate community involvement in several countries throughout Europe, without having to master different tax laws and government regulations. The foundations can also give advice on local needs and good partners.

KBF also operates in the U.S. as The King Baudouin Foundation United States, Inc, a 501(c)(3)

organization. Its goal is to 'build bridges' between the U.S. and Europe through educational, cultural, and corporate initiatives. KBF's presence in the U.S. gives its executives the opportunity to gain an in-depth perspective on trends in American philanthropy, in order to better serve American companies abroad.

Avoiding the pitfalls of transplanting American programs to Europe is one of KBF's areas of expertise. Employee volunteer programs, for example, are not widely accepted in many parts of Europe, especially southern nations like Spain and Italy, according to Jean-Paul Warmoes, Deputy Director of KBF. Warmoes and Tayart recommend starting small with a grantmaking program, and building trust in the community. Once that has been established, a corporation can think about volunteer programs. "Investment that shows you care in the community creates a local image...and shows you're there for the longer term," says Warmoes. The most important thing to keep in mind when engaging in corporate community involvement in Europe, say Warmoes and Tayart, is literally and figuratively to "speak the local language."

Sources:

"Promoting a European Framework for Corporate Social Responsibility," Commission of the European Communities, Brussels (July, 2001). http://europa.eu.int/comm/employment_social/social_dial/csr/greenpaper.htm

For more information about:

KBF and Transnational Giving Europe, please visit: <http://www.kbs-frb.be/>

Fondation de France, please visit: <http://www.fdf.org/>

Juliana Welzijn Fonds, please visit: <http://www.jwf.nl/>

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