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## Original Article

# Corporate investments in education during an economic downturn

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**ABSTRACT** Corporate philanthropies can provide much-needed support to K-12 and postsecondary education efforts. This article analyzes whether select multi-billion dollar corporate philanthropies continue such support and adhere to best-funding practices during an economic downturn. Drawing on interview and document review data, the authors examine the giving practices of four corporate philanthropies and offer recommendations for grant seekers who seek to partner with corporate philanthropies.

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## INTRODUCTION

Since the publication of *A Nation at Risk* in 1983, Americans have known

of the challenges faced by public education in this country. Customarily, K-12 and higher education, along with multi-levels of government and non-profit organizations, have been responsible for addressing the most pressing education challenges, with the corporate sector only peripherally

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involved in public education (Tyack and Cuban, 1995). In recent years though, corporate philanthropy<sup>1</sup> has brought more substantial support into the K-12 and postsecondary education sectors. This is due, in part, to the recognition by corporate philanthropy leaders that strategic investments in education can have long-term payoff for their companies as well as students and schools (Kanter, 1999).

While a variety of corporations are interested in education improvement, the economic downturn of 2008 has changed how many companies do business, including their support of programs considered discretionary (Barton and Preston, 2009; *Chronicle of Philanthropy*, 2009; Conference Board, 2009). Many corporate foundations were able to keep their 2008 philanthropic giving relatively stable with only a slight decline when adjusted for inflation. However, more than half expect their giving to decrease in 2009 (Foundation Center, 2009). As a result, K-12 and postsecondary education organizations that now rely on such resources to sustain their efforts can expect greater competition for limited funding. Such competition may force adherence to best practices from both grantees and grantors.

The economic downturn places our education and economy at crossroads. At the same moment that state legislatures are dramatically slashing education budgets, it is imperative that we cultivate tomorrow's highly skilled, innovative, knowledge-based workforce to remain internationally competitive. In light of these changes in the economic climate, this article examines the following research questions: (1) How are select, multi-billion dollar

corporate philanthropies adhering to best practices for making high-impact investments in education? (2) How have select, multi-billion dollar corporate philanthropies' funding practices been affected by the economic downturn? This research is a first step toward understanding how corporate philanthropy can make strategic investments in education that yield demonstrable improvements in the sector. Since, as the review of the literature below demonstrates, philanthropic strategy is linked to quality of outcomes, understanding whether corporate philanthropies adhere to select best practices may lead to uncovering how corporations can become more effective in their grant making.

This article utilizes a framework of best practices for high-impact philanthropy in education that was developed by the Business-Higher Education Forum (BHEF) in 2008. This framework was developed following – and based on proceedings from – an event for corporate philanthropies that was largely focused on K-12 education the Institute for Strategic Investment in Education (ISIE). Subsequently, some aspects of the framework target K-12 education specifically and the corporate philanthropies examined tend to focus more on K-12 education than postsecondary education. Private K-12 education was not intended as a focus of the research.<sup>2</sup> The authors examined the corporate philanthropy of four multi-billion dollar corporations to explore the framework's utility, and analyzed the most important strategies and practices that emerged as corporations tighten their belts during the economic slump. The article also



investigates the corporate foundation's role in education and offers recommendations for fundraisers and non-profit leaders to ensure productive relationships with funders when faced with increased competition for limited resources.

## **CORPORATE PHILANTHROPY IN EDUCATION**

Education is among the top-priority funding areas for corporate philanthropy (Foundation Center, 2009). Investments in education can include creating new schools, donating resources such as computers and school materials, funding scholarships, generating new curricula, underwriting research, bolstering training and building cases for policy changes (Colvin, 2005). Direct corporate involvement often includes financial and in-kind contributions to public education and engagement in state, district, and school-based partnerships. Though philanthropic donations are small compared to the total public funds spent on education, corporate philanthropy often represents significant discretionary spending within the education sector. Subsequently, this funding has the ability to leverage public spending and achieve greater impact on student achievement (Greene, 2005).

### **Changes in numbers**

Given that corporations make substantial investments in education, the economic downturn is likely to significantly affect corporate philanthropy in education. A handful of quantitative investigations generally find sustained corporate giving with very slight decreases from 2007–2008

and more significant reductions in projected giving from 2008 to 2009.

The Conference Board (2009) found that the economic crisis came late enough in the fiscal year that it had minimal impact on 2008 giving budgets. By the end of 2008, 81 percent of companies had spent their total allocated contributions budget. Only 13 percent reported fourth quarter contributions budget cuts (Conference Board, 2009). The Foundation Center (2009) confirmed that giving dipped only slightly in its review of 2008 corporate philanthropy. Large corporate giving programs appeared to fare even better. The *Chronicle of Philanthropy* (2009) found that, among mainly Fortune 300 corporate philanthropies, financial gifts grew slightly from 2007–2008, with cash donations rising 5 percent when adjusted for inflation.

Though corporate giving was nearly stable in 2008, prospects are less promising for 2009. Just over one half of corporate foundations responding to the Foundation Center's 2009 forecasting survey expected to decrease their giving in 2009. Moreover, over three quarters of these funders anticipated decreases of greater than 10 percent (Foundation Center, 2009). Similarly, the Conference Board (2009) found that 45 percent of companies surveyed had already implemented a reduction in their 2009 giving budget. Thirty-five percent said they would make fewer grants in 2009, and 21 percent said they would make smaller grants (Conference Board, 2009). In addition to cutting grants, corporate philanthropies are likely to reassess and cull their multi-year obligations, and consider fewer new initiatives (Cohen, 2009; Preston, 2009). The

*Chronicle of Philanthropy* (2009) also found that many of America's largest corporations plan to decrease their giving or keep it flat in 2009. Of 96 companies that provided predictions about their financial and in-kind contributions in 2009, slightly more than half said the amount would stay roughly the same. Fifteen percent expected it to decline, and 5 percent said it would grow. Overall, the research suggests that the economic downturn will have a significant effect on corporate philanthropy in education during 2009.

### Changes in strategy and focus

Corporate foundations are likely to shift the strategy and focus of their grant making to weather the economic crisis (*Chronicle of Philanthropy*, 2009; Conference Board; 2009). While budgets and grants may be cut, corporate philanthropies tend to increase their in-kind contributions and volunteer employee time during an economic downturn (Barton and Preston, 2008; Preston, 2009; Robelen, 2009). Ancillary activities such as event sponsorships and charity galas that demonstrate less long-term impact are more likely to be cut (Barton and Preston, 2008; *Chronicle of Philanthropy*, 2009; Cohen, 2009; Conference Board, 2009; Preston, 2009).

Research found an increased focus on measurable outcomes and data-driven decision making during an economic downturn (Conference Board, 2009). Additionally, there is amplified attention to aligning corporate investments in education with companies' core business and bottom line needs (*Chronicle of Philanthropy*, 2009; Conference Board,

2009). Tightly coordinating core business competencies and grant making allows corporations to more efficiently and economically use available resources (Cohen, 2009; Martin, 2009). Brand recognition becomes a particularly crucial aspect of corporate giving during an economic crisis (*Chronicle of Philanthropy*, 2009). Amid public anger at Wall Street through the current economic downturn, corporate philanthropy provides an opportunity for companies to improve public perception (The Conference Board, 2009). As corporate philanthropy funding for 2009 unfolds, these possible changes in strategies and focus underlie the decisions being made by grant makers.

### A FRAMEWORK FOR HIGH-IMPACT CORPORATE PHILANTHROPY IN EDUCATION

As the variety and amount of philanthropic investments made in education has grown, researchers have examined best practices for education philanthropy (Grantmakers for Education, 2004; Frumkin, 2005; Greene, 2005; Hiles and Minkus, 2006; Committee Encouraging Corporate Philanthropy, 2009; Hills and Hirshorn, 2009). In 2008, BHEF developed a framework for high-impact education philanthropy following a 3-day event that joined corporate philanthropy leaders with faculty from the Harvard Business School, Harvard Kennedy School of Government and Harvard Graduate School of Education. Through a case-based curriculum, attendees examined high-impact corporate philanthropy in education. These proceedings,



combined with analysis of the literature on education philanthropy and corporate philanthropy in particular, yielded a framework of five best practices for corporate philanthropy in education.

### **Practice 1: Develop a comprehensive theory of change**

Effective grant-making demands a developed theory of change that is tightly linked to giving strategies (Berenbeim, 1991; Hall, 1994; Himmelstein, 1997; Kanter, 1999; Damon and Verducci, 2006; Frumkin, 2006). Within the field of philanthropy, a theory of change can be understood as a set of beliefs about the type or class of giving targets in which a donor will invest (Frumkin, 2006). The need for a theory of change is particularly acute when tackling a complex and nuanced project such as improving public education, as it allows donors to better monitor their giving's impact, linking programmatic efforts to outcomes (Frumkin, 2005). With a narrowly focused theory of change corporate philanthropies are better able to select grantees, determine where to invest and avoid seductive, 'flavor of the week' thinking or invest in a multitude of small grants without aligning them to a central mission. These later strategies can lead to scope and mission creep and inhibit philanthropies' abilities to demonstrate return on investment in a particular area (BHEF, 2008).

### **Practice 2: Consider the corporate context**

Funders who make strategic investments will deliberately shape their corporate giving to have long-

term impact on both their communities and their corporate bottom line (Kanter, 1999; Porter and Kramer, 2002). Subsequently, considering the corporate context is essential to high-impact philanthropy (BHEF, 2008). These considerations are two-fold. First, the most strategic investments in education clearly link corporate philanthropy in education and the company's long-term sustainability, with partnerships between public and private interests producing profitable and sustainable change for both sectors (Kanter, 1999; Porter and Kramer, 2007). Many corporate funders believe that corporate success depends on regional success, and in turn support social improvements as an investment in their own company's future in the region (BHEF, 2008). Moreover, a company that aligns its investments with its corporate bottom line envisions the long-term payoffs of developing the qualified workforce necessary for global competitiveness, an essential aspect of corporate talent development and succession planning.

Second, strategic corporate philanthropy aligns the philanthropic theory of change with business's core competencies and builds community support, public image, brand-awareness and consumer allegiance (Kanter, 2007; Cohen, 2009). Some funders describe this type of strategic alignment between a company's primary strengths and core educational needs as 'enlightened self-interest' (Kanter, 2007; BHEF, 2008). Porter and Kramer (2002) argue that corporate investments in the social sector can benefit both the social sector and the corporation by increasing visibility of the business through its philanthropy while advocating for a social cause. In turn, branding

strategic corporate investments can support a company and its local and national reputation (BHEF, 2008).

### **Practice 3: Use information, research and data to make decisions and assess outcomes**

Philanthropists engaged in high-impact education grant making make frequent use of information, research and data to drive decision-making and assess outcomes (Colvin, 2005; Bonini and Chenevert, 2008; Rhodes *et al*, 2008). Specifically, some companies have started to develop measures of ‘business benefits’, or how the philanthropy benefits the company’s bottom line, to rigorously assess the results of philanthropic programs (Rhodes *et al*, 2008). Numerous corporate philanthropy leaders agree that data should be used to determine where to invest, measure outcomes, make changes to program and strategy, and increase internal and external buy-in and support for successful investments (BHEF, 2008). Greene (2005) and Rotherham (2006) advocate for research to examine investments and note that programmatic investments cannot provide insights into what does and does not work unless they are carefully studied and, in the cases where they demonstrate success, vigorously promoted. Although data and measurements of effectiveness are critical to achieving success, only a few companies currently utilize this practice to its full potential (Hills and Hirshorn, 2009).

### **Practice 4: Support partnerships, collaboration and advocacy to magnify impact**

The most effective corporate philanthropic programs in education

include collaboration with partners and experts (Hills and Hirshorn, 2009). Companies often have expertise in project management, communications campaigns and convening that can be valuable to education improvement efforts (Hills and Hirshorn, 2009).

Moreover, corporate philanthropy can also use partnerships and collaboration to augment advocacy efforts. Only a few companies have ventured into the often controversial but powerful area of policy reform (Hills and Hirshorn, 2009). Rotherham (2006) identifies four key ways in which foundations can influence policy including: (1) Establish and catalyze policy networks, (2) Support issue advocacy, (3) Engage in agenda setting, and (4) Invest in building capacity. Corporate philanthropy leaders concurred, focusing on the importance of developing and messaging an advocacy agenda to accompany and leverage programmatic investments (BHEF, 2008).

### **Practice 5: Align K-12 investments with school district improvement efforts to maximize impact**

High-impact corporate philanthropies invest in programs around classroom, school and district needs rather than offering prepackaged solutions (Lenkowsky, 2005; Hills and Hirshorn, 2009). Jenkins and McAdams (2005) argue that the interests and roles of local stakeholders are a key component of the local context and must be incorporated within school district-wide education improvement efforts. Corporate philanthropy efforts that are mindful of the education pipeline can promote systemic efforts to boost student



achievement by aligning their investments with improvement efforts already underway in a given locale (BHEF, 2008).

Taken together, these five practices provide a framework for examining high-impact investments in education. A corporate funder utilizing all of these practices would determine a theory of change behind their investment strategy and ensure that this theory was aligned with corporate context and bottom line. Investments would be made in partnership with non-profits, other funders and public entities, and would utilize data to set goals and measure results. Finally, these investments would take careful consideration of school district or institutional context and seek to leverage greater change by aligning with these contexts. The following sections investigate the extent to which select, multi-billion dollar corporate philanthropies use this framework in practice, and the implications of the economic downturn.

## METHODOLOGY

Although individual corporate giving amounts can be found through annual reports and newspaper accounts, rationale behind funding strategy is often more difficult to ascertain. This is particularly true in the rapidly changing economic context. The authors determined that a qualitative approach, utilizing in-depth qualitative interviews, drawing from case study methodology would most effectively explore the research questions (Gall *et al.*, 1996; Yin, 2003).

This study utilized document review and interviews as the data sources. The authors conducted semi-structured interviews with corporate philanthropy

leaders from four large companies, all with over US\$15 billion in revenue in 2008. Three of the four participants were from corporate foundations, and one was from a corporate giving arm of the corporation. For this reason, participants in this research are referred to as 'corporate philanthropies'. As the term 'philanthropy' can refer to a grantor or grantee, the authors wish to clarify that in this case the term refers to the grant-making area of a company. The participants represent a financial services firm, an aerospace and defense company, a professional services firm and a special retailer. Interview protocols were designed to ensure discussion of the research questions and BHEF's framework while also allowing opportunities for rich, unanticipated interview data to emerge. Participants provided additional documents such as annual reports, theories of change, logic maps and internal corporate giving handbooks as appropriate. All of the individuals interviewed represented companies that attended the inaugural ISIE. This purposeful selection of interviewees ensured initial familiarity with the conceptual framework of best practices. Interviews rely on self-reported data, so it is important to note that the authors present how the participants understand the best practices described and report adherence to them.

The corporate philanthropies examined in this research represent major corporations with larger resource pools than the average funder might be able to draw on. Grantees are advised to consider that corporate philanthropies affiliated with smaller companies are more likely to

experience even greater cutbacks and shifts in focus.

## FINDINGS

### Overall shifts due to the economic downturn

While only some of the respondents could provide certain projections for the year ahead, most anticipated some funding cuts for their overall portfolio of grants due to the economic downturn. This finding aligned with the findings from the literature review that suggested a decline in the coming year. Describing the tighter road ahead, one leader stated frankly, 'We're expecting requests to go up, and funds to go down'. In response, three of the four philanthropies anticipated some shift in funding priorities and types of grants made. Notably, one company expected to see more dollars moving towards education because of the downturn, while another expected funding to shift away from education; these changes are examined in-depth below.

### Best practices for corporate investment in education

Though the literature on corporate grant making in education provided extensive support for the best practice framework with five central focus areas discussed above, the authors found mixed adherence to BHEF's framework of best practices for high-impact corporate grant making in education. Notably, many of the corporations examined claimed comprehensive use of the best practices, but further document review and web research did not support this claim. Additionally, in some cases, companies clearly expressed that

particular best practices were purposefully not used in their organization, because they were not necessarily a good fit. This general lack of clearly defined and shared best practices illuminates a significant need for further research on the existence of best practices within this field and the prevalence of their use. These questions are examined at the end of this article. Each aspect of corporate philanthropy leaders' use of the framework of best practices is examined below.

### Develop a comprehensive theory of change

Although all of the corporate philanthropies examined had clearly placed significant resources and time into developing a portfolio of grantees, two out of four of the foundations exhibited a cohesive, narrowly focused theory of change that directs their grant-making strategy. The financial services company utilizes a 'place based' theory of change that focuses on community revitalization and sees education as a key lever in alleviating poverty. This corporate philanthropy leader noted,

In recent years we have tried to narrow our focus and be more intentional in limiting what we're investing in. We've tried to move from a reactive, responsive posture in our giving to a more proactive, strategically focused giving style.

This change was described as a shift from low dollar, high-volume grants that did not allow the foundation to demonstrate impact, to strategic alignment among fewer, larger grants. The professional services firm also has



a sharply focused theory of change that centers on investing in higher education (both student and faculty support) in the area of business to cultivate and diversify the company's future talent pool and workforce. This corporate philanthropy leader highlighted the importance of a theory of change to effective grant-making, saying, 'There are so many opportunities to support so many important initiatives, one way to be able to sort among all those is to have a specific strategy'. Subsequently, this philanthropy funds only programs and matching gifts in the area of business higher education, which demonstrates a highly refined theory of change.

The specialty retailer included education within a portfolio of grantees made across five areas. Examples of the other giving areas also included in their portfolio are the environment, small business development, arts and culture and disaster recovery. One of the leaders noted:

Many non-profits do one thing and do that thing well. That probably works great for most, but it does not work for us. Giving is a very personal thing, and people have to find an alignment to it. When you're with a corporation that has 50 000 associates, is in 50 countries, and has many vendors, you have to find something that is appealing on many levels.

Although education reigns as a primary focus, its inclusion as one among many funding areas suggests that a targeted theory of change is less-developed. Literature suggests that a theory of change allows funders to

sort among funding areas and select a narrowly focused target area; in contrast, this philanthropy makes investments across a broad spectrum of areas.

### Consider the corporate context

All of the corporate philanthropies questioned gave careful consideration to the corporate context and considered return on investment for the company, improving customer relations, and furthering brand recognition. In examining return on investment, the financial services representative noted,

It is important that the communities where we operate are healthy, vibrant places where not only do our employees want to live and work, but that are going to have the economic vitality to sustain our businesses going forward. This reflects an integrated understanding of the fact that our investments...must improve the quality of life in local communities.

This foundation goes beyond charitable giving to focus on the economic imperative of ensuring a future customer base and workforce for the company.

The professional services corporate philanthropy has directly aligned the foundation's priorities with the company's priorities. This company's philanthropic investments in education seek to support higher education in business. The foundation leader noted, 'Our whole talent acquisition strategy is to hire from a college campus, so we have to do what we can to make business higher education as strong and as relevant as possible'. The leader

also described the foundation's belief that all business units in a corporation have to demonstrate return to the bottom line, and the foundation is no exception. Further, this corporate philanthropy leader noted that aligning grant making with corporate context yields greater likelihood that philanthropic initiatives will be sustained over time, 'The best way for a strategy to be embraced and supported by corporate leaders, even as corporate leaders change from time to time, is to have the strategy be aligned with the strategy of the business'. In fact, in this foundation, investments in education are so tightly aligned with the company's core interests that the foundation leader cautioned the importance of carefully monitoring investments to ensure that, following tax laws, they are not made in direct benefit to the corporation.

The aerospace and defense company invests in education throughout the birth to retirement pipeline, and highlights the importance of each aspect of the pipeline to the end result of a skilled workforce. This leader recognized the direct link between a highly educated citizenry and a talented workforce, stating:

The company recognizes that we currently employ some of the most brilliant people in the world, and wants to continue to have the most brilliant people in the world working for us. The corporate giving arm invests in education because it is the right thing to do for children and families, but it is also the right thing to do for the business.

This focus on workforce development echoes the 'enlightened self-interest'

identified as part of BHEF's best practice framework.

The specialty retailer makes a tremendous effort to carefully brand all of its foundation's work, which ensures a return to the company through increased customer allegiance. In the same vein, this philanthropy acknowledges the impact its work has on the corporate customer base, highlighting, for example, the need for sound disaster relief so that communities can rebuild and patrons and employees can return to stores following a crisis or natural disaster. Further, this philanthropy maintains careful records of the 'equivalency value', or the financial value of increased brand recognition and customer allegiance that is achieved through the foundation's work.

### **Use information, research and data to make decisions and assess outcomes**

All of the individuals interviewed noted that they utilize data to select grantees and assess outcomes. One leader quipped, 'We have a saying at our company, "The data will set you free"'. All expect grantees to provide evidence of prior success and outcome measures that will be used to evaluate impact over the course of the grant. The financial services foundation has recently put into place rigorous outcomes and evaluation criteria for grant selection. The same leader also noted that a specific set of criteria for grant making allows the foundation to be more strategic about the alignment of its portfolio of grantees, saying, 'We've recently begun to refer to our grantees as partners, and the currency for partnership is not historic relationships, it's performance'. The



specialty retailer requires grantees to sign contracts that list targeted outcomes. This leader noted that the company issues contracts for service providers and consultants and has similar expectations that grantees will aim for tangible results.

Though all the foundation leaders reported a genuine commitment toward this best practice in theory, implementation appears to be more challenging. Very little information on outcomes – of individual grantees or of the overall portfolio – is publicly available for these four philanthropies. Although some of the participants cited the research that supports their selection of particular investment areas, none provide sophisticated data on the short or long-term impact of investments in annual reports or other publications. Notably, this finding aligns with research that suggest that although data and measurements of effectiveness are critical to achieving success, only a few companies currently utilize this practice to its full potential (Hills and Hirshorn, 2009). It may also be that although corporate philanthropies are using data, this information is not easily publicly accessible. This finding might suggest need for greater transparency around outcomes and results.

### **Support partnerships, collaboration and advocacy to magnify impact**

All of the philanthropies examined placed heavy emphasis on partnerships and collaboration. Three philanthropy leaders noted that when partnering with other grantors, it is not important to them whether they receive credit as a primary partner, depending on the partnership and expertise necessary. The fourth noted that they only fund

conferences/events if they are the sole sponsor, adding simply ‘We’re not real big believers in being one of twenty’. One company noted that they would be reluctant to partner with the company’s direct competitors.

The ability to leverage funding through partnerships arose as a common theme. The financial services corporate philanthropy leader explained the importance of partnering with public sector organizations to leverage additional public funding. Additionally, two philanthropies said that they give direct preference to grantees that plan to partner with others. Leveraging funds through partnerships aligns with the research on the best uses of corporate philanthropy. Because corporate philanthropy in education represents only a small amount of the total funding spent on education, research encourages utilizing investments to leverage public and other private dollars through partnerships.

One area where small sums can have the greatest effect is through collective advocacy efforts. Only one of the corporate philanthropies examined noted the importance of engaging in policy and advocacy efforts. This philanthropy leader stated that the policy level is often the area in which a company can have the most impact, particularly in situations where dollars are limited.

### **Align K-12 investments with school district improvement efforts to maximize impact**

Philanthropies ranged in their alignment with local school district improvement efforts. One philanthropy invested solely in higher education and so is not considered in this section.

The financial services company closely aligned its activities with school district improvement efforts. This leader stated, 'We are highly sensitive to local needs and actively seek out partnerships with local school districts, where they are engaged in reform work and where our funding can be used in an R&D role'. This philanthropy looks to districts to try to identify areas of overlap, and engages in ongoing conversations about how investments can serve as demonstration points for practices or programs that the district would like to scale more broadly. The aerospace defense company similarly works to align its efforts, engaging in direct needs analyses with the communities in which it works to ensure that programs target the greatest needs, though specific alignment with school district's efforts was not mentioned. The specialty retailer examined national trends in education more closely than local trends.

### **CHANGES IN BEST PRACTICE RELATED TO THE DOWNTURN**

The corporate philanthropies examined did anticipate some changes in their use of best practices to respond to the economic downturn. The financial services corporate philanthropy, whose grant making is supported by a place-based theory of change, expects a significant shift toward community development grants, which would provide for immediate needs caused by the downturn, such as food, shelter and clothing. In fact, this philanthropy was asked to make this shift by its board, but simultaneously noticed a change in the type of applications it received that aligned with the board's

wishes. The aerospace defense company noted that it would be likely to shift toward education to ensure the workforce pipeline through the downturn.

All of the companies examined noted the need to closely align with the corporate bottom line during the economic downturn. Both the aerospace defense company and the specialty retailer referenced plans to rely more heavily on corporate volunteers, expertise and in-kind contributions during the downturn, where cash support might wane.

The aerospace defense leader noted its philanthropy's efforts to weather economic changes with stability through careful management. This leader said, 'Our business is highly cyclical, so we're used to the ups and downs, but as much as we can we try to remain conservative so that we minimize the impact of those ups and downs on the communities where we have a presence'. All of the companies highlighted the importance of relying on data to determine which investments to continue to support. Though none of the companies examined expected dramatic shifts over the coming months, they did all offer advice for those seeking funds during the economic slump, which are outlined in the conclusion below.

### **CONCLUSION**

According to the philanthropic leaders interviewed for this study, in times of economic downturn, funding for innovation, program sustainability and capacity building remains more important than ever. Though resources are tight, this study found that multi-billion dollar corporations remain committed to funding those areas they



deem most in need of support. Both K-12 and post-secondary education remain at the top of those lists as long as they align with each philanthropy's theory of change.

As mentioned, this research was limited to large corporate giving programs and foundations. Subsequently, the results may not be generalizable to smaller corporate philanthropies with more limited resources. Similarly, the corporate philanthropies examined did not universally accept the best practices proposed. Based on their initial level of adherence to best practices, they might be more likely to stick firmly to these practices in a financial downturn, or less likely if these were less important initially. Despite these limitations, the respondents provided a series of recommendations for grantees that should be useful when approaching foundations for support, particularly in the current economic climate. These recommendations include:

- Demonstrate a significant focus on partnerships and collaboration, rather than competition, with organizations that have a similar focus.
- Show alignment with the funder's mission and vision.
- Remain flexible and open to the funder's input.
- Display flexibility in receiving fewer funds.
- Ensure that reliance on one funding source will not make or break the organization's, or program's, viability.
- Utilize data to provide evidence of impact, previous success or reasonable expectation of success for a new innovation.

- If working in K-12 education, demonstrate a meaningful relationship with schools and districts. Programs developed in isolation from the district's improvement efforts can sometimes be counter to efforts already underway, or simply not mutually reinforcing.

The recommendations provided by the philanthropy leaders highlight the importance for grantees in knowing the funders they approach. Although the philanthropies analyzed are continuing their support of key funding areas despite the economic downturn, as noted above, they are not universally adopting the best practices identified through BHEF's framework. Instead, they treated the practices as a menu rather than a checklist, ultimately utilizing those practices that they deem most appropriate for their targeted client base, desired workforce outcomes, current corporate culture and financial forecast. Additionally, in many cases, for example, in the case of data use, corporate philanthropies indicated adherence to best practices, but evidence of best practice utilization through document review yielded different results.

The authors were surprised by the diverse interpretations of best practices, and the lack of consensus on the importance of various practices, for example, a narrowly focused theory of change. Particularly given the attention often paid by the corporate sector to the notion of best practices, it seemed that corporate philanthropy leaders might have a confirmed set of best practices, and pay even greater attention to these practices during an

economic downturn. Moreover, the literature indicates clear incentives to adhering to the noted best practices, which some corporate philanthropies examined are not taking advantage of.

Notably, while these leaders still seem to be learning about some of these best practices (for example applying data and metrics to measure the value of their investments), they all speak to the value of such activity, indicating the likelihood of greater reliance on such efforts in the future. Forward-thinking grant seekers are well advised to incorporate the recommendations above into their daily activities as a rule of course, and to seriously evaluate their funders' use of individual best practices in determining the most important practices to focus on in their proposals.

These findings beg additional questions about strategic corporate investments in education, particularly around the notion of best practices in the field of corporate philanthropy in education. Given the mixed adherence to best practices found in this article, further research should explore what factors lead to corporate philanthropies placing greater or lesser focus on the identified best practices, and if additional best practices exist within the field beyond those outlined in this framework. Additionally, it is important to understand if corporate philanthropies that utilize best practices are more likely to have greater positive impact on the K-12 sector, and if they are likely to have a greater, demonstrable return on investment to their company. Similarly, research should examine if grantees that demonstrate a focus on best practices within their grant proposals/

applications are more likely to be successful in securing funds, and if their programs are more likely to have impact. Last, future research could examine how an economic downturn effects corporate investments in education, and adherence to best practices.

## NOTES

- 1 'Corporate philanthropy' and 'corporate philanthropies' are used throughout this article to represent corporate grant makers, rather than organizations that receive funds from corporations. Please refer to the methodology section for additional explanation.
- 2 Please refer to the methodology section for additional explanation on the companies included in this research.

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