

resources that are engaged in social initiatives via financial, material and human participation. It is aimed at fulfilling the social and economical needs and expectations of the communities which they operate in.

The aim of this paper is to present how corporate foundations in Poland are created and how they operate. For this purpose the author provides selected theoretical concepts and the results of her own research, financed by the National Science Center in Kraków, entitled: Corporate foundation as a tool for achieving corporate social goals. Research results led to:

1. The determination of purposes and motives for the creation and goals of corporate foundations.
2. The analysis of corporate foundations' institutional structures and the roles of specific statutory bodies, employees and other stakeholders within those structures.
3. The analysis of financing sources and founding strategies, ways of spending the money and evaluating the effectiveness of tasks completed by the foundation.
4. The analysis of organisational forms, ways of operating and fulfilling statutory goals, determination of foundation program addressees.
5. Evaluation of consequences that the existence of corporate foundations entail for companies.

At the time of research, 50 interviews were conducted among 72 identified and actively operating corporate foundations in Poland and 27 interviews with founding companies. Research was conducted in May and June of 2012. Additionally 86 websites of foundations and their mother companies were analysed.

Corporate foundations

Corporate foundations are a specific type due to the fact that they are established by a company. The Polish legal framework within which they operate influences the companies' goals and motivations to establish such entities. Foundations are exempt from income tax as long as they fulfil social needs. Their funding has to be strictly directed to a specific goal determined by the founder (company) in the charter. It means that the foundations' perspective is long-term and that they are financially independent from the companies' interests and its financial condition.

Therefore corporate foundations can allow themselves for some experimenting and searching for new or less popular areas. They can be innovative, future orientated, entrepreneurial and active without running too much risk. Indeed corporate foundations often initiate changes and have been denominated as "essential elements of anarchy"¹.

¹ Strachwitz (Graf) R., *Stiftungen – nutzen, führen und errichten: Ein Handbuch, Campus, Frankfurt*, 1994 cyt. za: Marquardt J., *Corporate Foundation als PR-Instrument. Rahmenbedingungen – Erfolgswirkungen – Management*, Gabler, Wiesbaden, 2001, s.146.

Corporate foundations are perceived as a tool for realising the idea of strategic philanthropy. It assumes that it is possible and even necessary from the projects' long term perspective to support social initiatives in a way that connects charity with corporate business goals such as: brand image building, human resources management, reputation management etc².

As companies themselves declare throughout various research findings, the main motivation for them to establish a foundation is first of all the possibility to create a separate management structure for the charity activities without burdening the regular employees with it. The second motivation is the fact that it allows for a more cohesive strategy of social involvement. The third reason are the owners' or founders personal motivations and the fourth are reputation benefits for the founding entity.

Research performed within the BI-NGO index shows that 34 out of 500 companies – that is 6,8% – decided to establish a foundation³. Therefore I believe that corporate foundations are becoming a significant group of organisations in our country, becoming the effect of companies will to engage into thoughtful solving of our country's social problems. These entities allow for the construction of longterm strategies, careful choosing of partners, acquisition of additional financing sources, better use of available tax brakes and favorable legal regulations.

It is interesting to see how these entities operate and whether or how the realise their founders' strategies for community involvement.

In the only one available research on polish corporate foundations we find that very rarely the foundation is the only or the crucial mechanism for realising corporate community involvement strategy – this is confirmed by nearly 30% of the researched foundations⁴. Although they are established – as their representatives state – in order to direct and organize the corporate social activities, in most of the cases they only absorb a fraction of those activities leaving spontaneous charity activities and big projects within the company structures. Another interesting fact is that there is no rule here. Sometimes the foundations perform more longterm and focused activities and the companies perform spontaneous tasks and sometimes into the other way around where the companies engage significant funds into innovative social programs and leave everyday charity tasks to the foundations.

It may be of some surprise to find that despite the motivations and benefits of corporate foundations declared by their founders such as focusing and organising corporate social activities or realising the corporate social mission in a complex way, one can get the impression that sometimes there is no strategy to

² Pekacka M., *Filantropia a CSR*, material possted online, <http://odpowiedzialnybiznes.pl/pl/baza-wiedzy/publikacje/artykuly/filantropia-a-csr,5155.html>, 2011.

³ Greszta M., Kozakiewicz M., *Indeks BI-NGO 2007 – Komunikacja społecznego zaangażowania firm przez Internet*, Instytut Partnerstwa Biznesu i Organizacji Pozarządowych, Łódź, June 2007, s. 11.

⁴ *Fundacje korporacyjne w Polsce – raport z badań*, Projekt CEENERGI Polska, 2009, s. 31.

their emergence and only after the foundation is established, its founding company searches for answers to key issues involving it.

In the authors view, knowing why the tasks are divided in such a way between the company and the foundation would provide a beneficial input into the actual state of knowledge on this subject.

Corporate foundations in Poland – own research results

Founding companies' perspective

Most of the researched foundations, 39 out of 72 were established by large companies (above 250 employees). Founding companies operate in the following sectors: finance, consulting, media-publishing, medical, construction, telecommunications, energy and mining.

Foundations play an important role in the company's operations, being part of the corporate community involvement strategy they systematize the company's social activities, achieve marketing and public relations goals, integrate the employees around company-significant goals and areas of interest and build a socially responsible employer image.

The surveyed companies declared the following reasons for which the foundations were established:

- moral duty and perceived obligation of providing help,
- building social trust towards the company and the brand,
- responding to social expectancies,
- building the company's image and brand,
- transparency and an attempt to organize social activities and separate them from business activities.

Through their foundations, researched companies achieve the following goals:

- responsibility taken on by the company due to its corporate social responsibility strategy,
- building positive company image in the society,
- corporate community involvement related to the foundation's mission.

Many of the researched companies receive information from the foundations regarding dialogue with the stockholders. That information is later used to create strategies and programs of social involvement, building relationships with clients, stakeholders and opinion leaders as well as to build corporate image and report on social activities. It is also used to identify the needs of the environment in which the foundation is operating and adapt foundation's projects to them.

The companies also achieve public relations and image goals by informing the clients and media about corporate activities performed by the foundation. To make it possible, they mutually adapt visual identification systems and align the foundation's name with the company's brand, as well as make use of internet and employees personal contacts.

In 25 out of 27 surveyed cases the company identified many benefits from owning a foundation. Below are the most popular responses:

- „the foundation serves as an umbrella for charity activities of the firm, an expression of a thought through idea of community involvement; a systematization of the firm's social activities and a guarantee of their effectiveness in order to better and more effectively help local communities, the foundation is an instrument for implementing strategic programs of corporate community involvement”,
- „a marketing strong point – an advantage over competition that doesn't care for the natural environment”,
- „building the image of a company that cares for the local community”,
- „improves the company's image; testifies about the company's social responsibility; supports the CSR goals of the company's strategy”,
- „through the development of education, healthcare, culture and sport, we invest in our society's growth which translates into our current and future employees”,
- „above all benefits regarding the firm's image, building company credibility, building relationships with the local community”,
- „systematization of the firm's pro-social activities, corporate transparency”.

The majority of surveyed companies measure the effects of foundation's activity using:

- quantitative indicators regarding social problem solving i.e. quantity of beneficiaries,
- qualitative indicators regarding social problem solving,
- number and quota of donations granted,
- number of press articles,
- indicators regarding the company's image.

In all of the researched cases information on the corporate foundations activities are made available to all company employees on paper or via internet. Company brochures and magazines regularly publish (“short, easy to read”) articles about the foundation's actions. Financial and operational reports were also submitted on the company's intranet sites.

It was explained that this type of information is passed due to the feeling of obligation towards stakeholders, in order to show them “where the money went” and also in order to attract new funding and increase employee involvement into social activities. Sometimes information about the foundation's activities is passed to the media and to the company's clients in order to build a positive image and a network of contacts and also for the better identification of social needs within the foundation's operating area.

The benefits for the founding company are perceived by the surveyed companies as longterm and indirect; the society was considered to be the main beneficiary. The foundation was described as a source of knowledge to the company about social needs and also as a tool for building lasting relationships

between the company and society. It allows for the acquiring and accumulating of experience in socially responsible matters and enhances the company's networking potential. It was also noted that the foundation can be a "pioneer" on new markets, gain know-how and provide recognition for the company.

The majority of respondents identified a conflict between the foundation's independence and the founding company's interests. These observations are confirmed by respondents representing the foundations who noted that there are difficulties in establishing the foundations' goals and their hierarchy. Company representatives within the foundation's structures are prone to goals that guarantee image benefits to the company.

In the surveyed companies' opinion, if the foundation isn't transparent and its goals are not integrated with corporate social goals it can either negatively influence the company's image or not influence it at all. Other threats to companies stemming from the owning of a foundation were the:

- necessity to undertake longterm financial commitments in order to guarantee the operational stability of the foundation
- lack of coherence between the foundation's and the company's activities and the lack of transparency in the foundation's actions,
- responsibility for the foundations' partners and beneficiaries in the event of a failure to perform the activities.

Information about the foundation is placed on the internet by 42 out of 75 companies that run a website.

Corporate foundations' perspective

Polish corporate foundations are relatively young. A mere 6 of the surveyed foundations were established prior to the year 1991. The rest would be created in the subsequent years, at a pace of few entities per year.

31 out of 50 are registered in Warsaw. Foundations from Warsaw do not differ significantly from those located elsewhere with the exception of one characteristic – they are younger. Usually they were established in 2004 or later, which is after the legal regulation on public social organisations was enacted. Also the three richest foundations with a budget surpassing 10 million pln are located in Warsaw. The capital structure published on the 86 researched foundations' websites shows that the founding capital is in 41 cases Polish, 7 mixed, 10 international and other: American, French, German, English, Danish, Belgian, Dutch and from Luxemburg.

On average, the amount of full-time employees is 7, part-time 6, and volunteering 74.

The organisational structures consist of management board, founding committee, auditing commission, program committee, and scientific committee.

In the opinion of the surveyed foundations, the main causes for which they were established by the companies are the following: the implementation of a corporate community involvement strategy; an attempt to organize corporate social activities; an initiative of PR or marketing departments, as well as a response to a social need or an employee initiative.

In 33 out of the 50 surveyed cases, the foundation's name was convergent with the name of the parent company. This situation, according to 25 respondents, is beneficial because it improves the company's image and manifests its social involvement.

The foundations operate in the following areas: providing assistance to people in difficult life conditions; education; healthcare; sport; tourism; leisure; counteracting unemployment; ecology; international actions; local communities; humanitarian aid; national identity and tradition; public safety; protection of human rights and culture.

The actions take form of: financial aid; targeted funds; material assistance; social campaigns; funding scholarships; providing free services.

A vast majority of the surveyed foundations operate throughout the whole country (35 entities), two foundations operate on an international scale; and the rest operate on a regional and local scale.

The most commonly chosen decisive criteria for undertaking the right actions within a specific area where: the scale of the social problem; convergence with the socially company's goals; expected results; employees needs; the social perception of the action's beneficiaries and the level of innovation. Only two foundations pointed to the criterium of convergence with the foundation's mission and goals. It seems that in this matter the top priorities are the company's interests and the possibility of operate on a larger scale.

In order to decide on engaging on a specific project the foundations use the following sources of information: dialogue with stakeholders; the preferences of the parent company; expertopinions; statistical data analysis and the opinions of the foundation's employees. These projects are very often undertaken in cooperation with public institutions, other non-profit organizations and commercial entities.

The recipients are: individual persons; public institutions; non-profit organizations; commercial entities.

- The main source of funding for the researched foundations are:
- donations from the parent company,
- donations from private persons and other companies;
- public and EU funds;
- 1% personal income tax deductions
- the so-called payroll (monthly donations fom company employees).

An important body acting towards the integration of the stakeholders' perspectives into the foundation's strategy is the foundation's board or program comity. Its principal task is advising the foundation on the goals of its actions both at the strategic level and at the level of specific programs. Foundation stakeholders are directly represented in this decisive body only in 10 out of the surveyed 50 foundations.

The foundations create a merit based and financial report (in 49 out of 50 cases) and publish it on their website, share it in their premises or deliver it to proper institutions i.e. Ministry of Health, Ministry of Work and Social Policies;

Tax Office; and others. The yearly report is treated mainly as a legal duty, but also as a tool for promoting and communicating the foundation's actions.

In 40 out of 50 cases employees of the mother companies engage in the foundation's activities or take office in the foundation's structure. Apart from that, the foundations also identify important stakeholder groups and distinguish the opinion leaders in each group. They communicate with the leaders in order to improve the quality and verify the ongoing activities as well as to plan new ones. It is also a way of promoting both the foundation and its benevolence.

33 foundations bear a name convergent with the parent company and 18 of them perceive it as being beneficial. The benefits can be seen in better recognition, an increase in trust and prestige, the receiving (voluntary) of help from company employees and a more marked emphasis on professionalism.

All respondents mentioned the media as being one of the most important stakeholder. Media communication on ideas and concepts related to the foundation's initiatives were considered important because "stakeholders often don't understand that foundations do follow a strategy and not just randomly give money away"⁵. Media relationships were perceived as being difficult. It was remarked upon that it is difficult to achieve good communication in the media because good news is no news. In cases where the media did inform about the foundation's actions, it rarely included information about ideas and sponsors behind them.

Information about their corporate foundation is published by 42 companies out of 75 that have a website and 32 of them have a website shared with the foundation. There were 67 foundations that have a website. These websites are usually passive, with one-way communication towards the outside. Visitors and interested persons cannot co-create the page or place comments.

Summary

The following conclusions stem from the analysis of the presented research:

- 1) Based on an analysis of the role that corporate foundations play for their founding companies, the reasons for which they are established and the goals that they fulfil, it can be assumed that the emergence of corporate foundations in Poland is an expression of corporate community involvement and/or corporate social responsibility strategies.
- 2) Analysis of forms and areas of corporate foundations' operations leads to the conclusion that companies which establish such foundations do so in order to support company interest as much as social interests, or do so solely for philanthropic reasons and not for business benefits.
- 3) Analysis of communication processes between the foundations and their founding companies leads to the assumption that there is mainly one-way information spreading or communication processes with one side dominating, the company or the foundation.

⁵ Opinion of the respondent, own research.

- 4) Additionally further analysis shows that the dominant aspect is image-building and stakeholder relationship building. There are attempts to use communication for a systematic and pro-active dialogue with stakeholders through their engagement and direct participation i.e in decision-making processes, but these attempts are still quite rare amongst polish foundations.

Although profit is still the main goal of economic activity it is easy to note that Polish companies through various actions influence their social surroundings and drive social change. Operating in a more socially -nvolved manner not only minimizes their negative influence on the surroundings but also create social value-added, contributing also to their own economic growth and expansion.

Establishing corporate foundations is becoming an important tool which is used by Polish companies in order to enact corporate community involvement strategies, thus bringing quantifiable benefits to various social groups and to companies themselves.

Literature

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