

Corporate Community Investment: A Strategic Approach

*Luisa Bosetti**

Abstract

Companies have a broad responsibility towards all their stakeholders, including society at large. In particular, companies are expected to play a significant role in the socio-economic development of the communities where they operate. Many firms support the activity of non-profit and public organisations providing them with financial resources, in-kind donations and staff time. What in the past was simply considered as a philanthropic practice, today is planned, managed and monitored as a significant investment able to produce long-term benefits for both the community and the company. In this regard, corporate community investment requires a strategic approach to improve the relationship between company and society, enhance people's well-being and create new business opportunities.

Keywords: CSR; Sustainability; Multi-Stakeholder Perspective; Corporate Community Investment; Corporate Philanthropy; Corporate Giving; Strategic Approach; Global Markets

1. CSR and Stakeholder Relations

The ever-growing debate on corporate social responsibility (CSR) (Carroll, 1991; Clarkson, 1991; Wood, 1991; Carroll, 1999; Salvioni, 2003; Valor, 2005; Mulyadi & Anwar, 2012; Gregory et al., 2014; Mosca & Civera, 2017) has made it an “umbrella concept” (Freeman et al., 2010), encompassing many different ideas and techniques. What links them each other is a common focus on the relationships between a company and its stakeholders.

In one of its well-known definitions of CSR, the European Commission (2011) describes it as “the responsibility of enterprises for their impacts on society”. Evidently, a company has a broad responsibility, which goes beyond compliance with legal obligations (Lux et al., 2011) and requires the voluntary integration of social, environmental and ethical issues, human rights and consumer concerns into business strategies and activities (Carroll, 1991; Frederick et al., 1992; World Business Council for Sustainable Development, 1999; Brondoni, 2003; Brondoni & Bosetti, 2018).

In the Sixties, some scholars identified the creation of profit as the sole corporate responsibility (Friedman, 1962), thus recognising the priority of the shareholders' economic interests over the other expectations converging into a company. Since then, the meaning of corporate responsibility has significantly changed, embracing

* Associate Professor of Business Administration, University of Brescia (luisa.bosetti@unibs.it)

the principles stated in the stakeholder theory (Freeman, 1984; Donaldson & Preston, 1995; Clarkson, 1998; Friedman & Miles, 2002; Freeman & Dmytriiev, 2017) that this article supports.

Adopting a stakeholder perspective, the basic idea of CSR is that companies have responsibilities towards not only their shareholders, but also all other stakeholders, such as financial lenders, employees, suppliers, customers and consumers, trade associations, governments, nonprofit organisations and communities (Thompson, 2005). Therefore, socially responsible companies commit themselves to promote a constructive dialogue with their different stakeholders as a condition for positive engagement and cooperation (Salvioni & Bosetti, 2014a; Guibert & Roloff, 2017; Samant & Sangle, 2016). Indeed, companies that understand and meet stakeholders' legitimate expectations minimise the risk of negative impacts from corporate activities and enhance their own potential for long-term success.

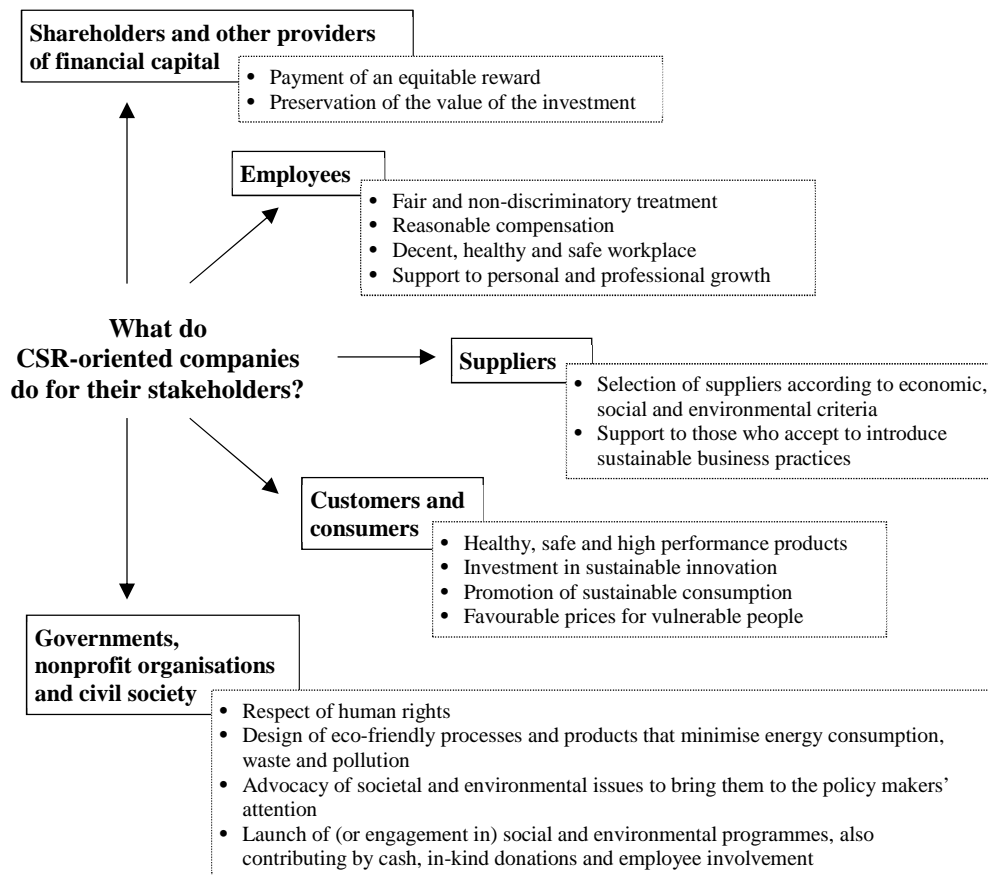
The relationship between a company and each category of stakeholders tends to involve diverse aspects: economic interests are frequently combined with social and ecological concerns. For this reason, the modern definition of CSR is closely entwined with the concept of sustainability, which refers to a model of development integrating economic growth, social equity and careful use of natural resources to safeguard the rights of future generations (World Commission on Environment and Development, 1987).

According to this, the concept of corporate responsibility in the contemporary context goes further the remuneration that shareholders obtain from profit maximisation; on the contrary, it includes larger social expectations (Wood, 1991) that a company has to meet as a prerequisite of stable profitability. In other terms, a socially responsible company is expected to carry out business practices (Figure 1) and achieve results in line with the needs of its different stakeholders (Commission of the European Communities, 2001; Salvioni et al., 2016), in order to gain their trust and have easier access to their resources.

A company's ability to meet economic, social and environmental expectations no doubt improves the quality of its internal and external relationships, thus reducing the reputational risk (Larkin, 2003) for the company itself. Investors and stock exchanges also appreciate a sustainable governance (Salvioni & Gennari, 2017); indeed, their demand for stakeholder engagement practices and sustainable processes and products in listed firms is continuously rising.

□ *Regarding this aspect, a paper of the Sustainable Stock Exchanges (SSE) Initiative¹ reads as follows: «Market innovations related to sustainable development continue to attract interest from portfolio investors, and the positive track record of sustainability-themed products is reinforcing the views of a growing number of asset managers that sustainability issues are material to long-term investment performance». (Sustainable Stock Exchanges Initiative, 2018)*

Figure 1: CSR-Oriented Companies and Stakeholders' Interests



The larger diffusion of socially responsible behaviour has progressively refocused the corporate communication on non-financial aspects (Salvioni & Bosetti, 2014b; Aureli et al., 2017; Cantino & Cortese, 2017; Aureli et al., 2018; Bosetti, 2018; Cini & Ricci, 2018). Nowadays, many companies disseminate a broad and multifaceted set of performance indicators to supplement their financial information; specifically, they often implement the triple bottom line approach (Elkington, 1997; Bocken et al., 2014) to represent and try to measure the societal outcomes and environmental impacts of their activities.

Based on these premises, this article focuses on the relationship between a company and society at large. Such relationship often involves forms of active cooperation and financial support that the company provides to the community in the light of commonly accepted ethical principles. The article is mainly qualitative and it stresses the opportunity of managing this particular relationship through a strategic approach, rather than as a purely philanthropic activity. More exactly, the paper is structured as follows.

Sec. 2 introduces the different meanings of corporate philanthropy, identifying the positive and negative aspects of such practice.

Sec. 3 emphasises the importance of a strategic approach to corporate philanthropy, which should consequently be considered as a form of corporate community investment. Sec. 4 presents an empirical research, which was carried out through the

case study approach (Yin, 2003): this method is the best one to analyse practices that are still implemented and discussed by only few companies, with consequent difficulty in building a larger sample. In particular, the article considers the successful case of Iberdrola, a global listed firm that has been investing in social community activities for many years. Moreover, the company can be thought of as a point of reference about the reporting on corporate community investment, which it started long ago to divulge.

Finally, Sec. 5 reflects on the emerging issues.

2. Different Meanings of Corporate Philanthropy

One of the mechanisms through which companies may exert their social responsibility towards society consists in the voluntary donation of resources to charities, other nonprofits and governmental organisations (e.g. hospitals, schools and environmental, art and cultural associations), as well as to people in need.

Companies can support the local, national and international community in many ways. Alongside cash and in-kind contributions, they can provide expertise and know-how for societal initiatives and projects worth of attention; moreover, they can stimulate their employees to volunteer for such activities.

The economics literature has largely discussed the reasons for practicing philanthropic giving, a catch-all term for corporate donations. Some studies emphasise the moral profile of philanthropic giving, which is linked to the company culture, while others focus on the managerial aims pursued by donating. However, moral and managerial reasons can be intertwined.

Sometimes, philanthropic giving moves from the managers' conviction that being generous to the community is the morally right thing to do, also in response to an implicit request of stakeholders to engage in philanthropy on their behalf (Bénabou & Tirole, 2010). Indeed, managers believe that the company's investors, employees and customers are willing to bear a monetary sacrifice (in terms of lower profits, lower wages and higher prices respectively) to support the social causes selected by the firm, particularly if they have not donated any money on their own yet.

In this sense, donations of money, goods and services are an instrument to enhance the quality of people's life and, for the company, to repay the community for its support to the business. In the same way, companies feel it right to offer their experience to nonprofits in order to train their managers; then, these will carry out their own activities in a more competent and efficient way (Porter & Kramer, 2002; Benioff & Adler, 2007), ensuring the organisation's durability.

Evidently, a company that publicly shows its commitment to social issues strengthens its legitimation to work and can achieve advantages: among others, the business can benefit from improved relationships with the community and stronger consent to operations, all circumstances that pave the way for a more valuable cooperation with society in the long term. Positive impacts of a better corporate reputation can also involve the relationship with specific stakeholders who appreciate companies that provide contributions to a good cause. With reference to this so called "advertising mechanism" (Bereskin et al., 2016), suffice it to recall that:

- employees prefer working for companies engaged in creating a better society (Iannou, 2003); particularly, millennials are more attracted to employers that support charities and offer volunteer opportunities (Achieve, 2014);
- according to portfolio managers who promote socially responsible investing, investors believe that there is a correspondence between philanthropic giving and fair treatment of employees (Koehn & Ueng, 2010);
- consumers are better inclined to purchase brands that are associated with positive societal initiatives (Pfau et al., 2008), even when their price is higher;
- companies engaged in philanthropy are more protected from activists' attacks (Godfrey, 2005).

Going along with this perspective, we can argue that philanthropic giving is also a way to develop new business opportunities and safeguard the company's longevity. This is especially apparent in targeted philanthropy (Koehn & Ueng, 2010), when the activity carried out by the beneficiary has an essential role in the advancement of the donor's operations, so that a win-win situation can take place (Epstein, 2005). For instance, a software house that provides financial support to engineering schools today may enjoy the benefits of employing better-educated and trained workforce in future. Likewise, a pharma company may donate resources to a research institute in the hope that a scientific discovery may be transferred into the production of a new medicine. In such cases, philanthropic giving tends to be a "research networking mechanism" (Bereskin et al., 2016). Moreover, if the connection is created within the scientific research sector, this mechanism protects the company from the risk of unsuccessful projects and related financial losses, which remain with the funded organisation (Mata & Woerter, 2013).

Even leaving aside the well-known tax benefits granted to donors, all the above-mentioned facts suggest that corporate giving may encompass a partially self-interested approach. However, this is quite acceptable if we consider the necessity for companies to improve the general quality of their business environment and relationships. In this regard, Porter and Kramer (2002) argue that philanthropy is the most cost-efficient way through which companies can leverage the efforts and infrastructure of nonprofit organisations and other institutions. The authors also state that philanthropy provides competitive advantage, allows the alignment of a firm's social and economic goals and therefore presents strategic value.

This view clearly assumes a fair use of corporate giving by companies, in order to increase the comprehensive effectiveness of their action and to deliver mutual advantages for the companies themselves and the charities, the other nonprofits and the community at large that directly or indirectly receive the donations. Otherwise stated, the goal of corporate giving should never consist in a mere window-dressing to divert public attention from suspect financial results, corporate frauds and irresponsible behaviour, which is indeed the major criticism raised about corporate philanthropy (Koehn & Ueng, 2010)².

3. From Philanthropic Giving to Corporate Community Investment: When Strategy Matters

Recognising the strategic value of philanthropic giving entails serious and systematic decision-making processes at the board of directors level, possibly with the involvement of a devoted committee composed of CSR experts and non-executive, independent directors (Gennari & Salvioni, 2019).

Several aspects, both economic and societal, require the board's attention in order to take the most effective decisions of corporate giving. For this reason, a CSR or sustainability committee may positively contribute to the identification of possible beneficiaries of corporate giving, according to the general guidelines provided by the board. In other terms, the whole board should initiate the process by clarifying the general tone of corporate philanthropy, in line with its ethical values and moral priorities. These can include, for example, the respect of human rights, the environmental protection, the education of youth and the support to scientific progress, all fundamental principles for the enhancement of well-being and the advancement of society.

Even if the CSR committee prepares a preliminary list of the potential grantees, the final selection remains a board's responsibility. In particular, the board should decide taking into account the sector and the characteristics of the beneficiary organisations and end-recipients, the different types and amount of donations, the chance to collect additional resources from other sources than the firm itself (e.g. employees, customers and suppliers), the expected outcomes and impacts on society, as well as the possible advantages for business.

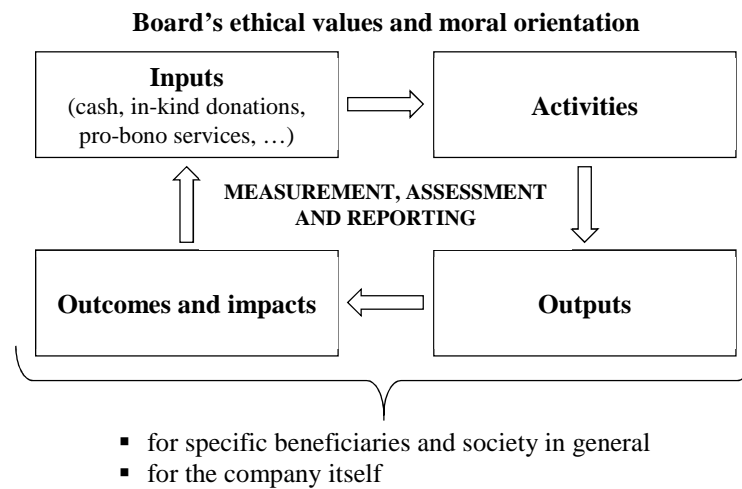
In this respect, philanthropic giving can be considered as an investment, based on a company's moral priorities, which aims to improve society's life conditions in the long term and can also produce a return for the company itself.

Said differently, the company invests resources in the community's interest and, in doing so, it develops a network of external and internal relationships it may benefit from. Benefits for business not only refer to the enhanced reputation that could positively affect the sales and attract new investors and employees, but also relate to a stronger ethical culture shared at different organisational levels within the company.

As shown in Figure 2, the strategic approach to corporate community investment moves from the board's ethical values and requires:

- a) careful selection of both the beneficiaries and the contributions that will be distributed (inputs), according to the board's ethics;
- b) explicit identification of short-term outputs and long-term outcomes and impacts on the recipients and society, on the one hand, and the company, on the other;
- c) objective measurement of inputs, outputs, outcomes and impacts, unbiased assessment of the corporate performance and transparent reporting to all the company's stakeholders.

Figure 2: Strategic Approach to Corporate Community Investment



3.1 Recipients and Inputs

As stated above, it is not rare that a firm decides to donate resources to civil society and public organisations with intent to create a partnership or in the light of other possible future advantages. This can affect the selection of the specific *beneficiaries* or at least the *sector* that will receive the donations.

□ *The Chief Executives for Corporate Purpose (CECP) coalition, in association with The Conference Board³, has recently analysed corporate giving and employee engagement in more than 300 of the world's largest corporations. The study revealed that such companies had globally donated 24.7 million dollars in 2017, an amount corresponding to 0.13% of revenues and showing an increase of 15% from 2015 (CECP, 2018). In particular, the study highlighted some connections existing between donors and recipients.*

Unsurprisingly, 40% of companies reported that they had identified priority focus areas to which donate strategically; moreover, they had reduced the number of beneficiary organisations in order to expand the amount distributed to each of them.

Some cases are impressive. For example, energy companies allocated 32% of their corporate giving to primary, secondary and higher education through the support of STEM (science, technology, engineering and mathematics) programmes in the communities they served and where they had an interest in forming and training professionals to hire in future. Similarly, education received 52% of the contributions provided by the technology industry.

The health care industry was mostly committed to health and social services (64%), while the financial sector was primarily engaged with initiatives of community and economic development (28%), which could in turn stimulate the future growth of financial institutions.

However, the areas to which a company contributes can also be influenced by incidental factors. For instance, donations to disaster relief initiatives tripled from 2015 to 2017 to help the people damaged from several natural catastrophes.

As concerns the *inputs*, the community investment concept encompasses several types of donations (Corporate Citizenship, 2014 and 2018):

- Distribution of financial and material resources, including cash and in-kind contributions, and free use of company assets (e.g. premises, equipment and furniture, as well as advertising space within a corporate website);
- Provision of pro-bono professional services (e.g. accounting and legal consultancy), training and mentoring by the firm's managers and employees, who are engaged with the societal causes the company cares about;
- Time contribution or volunteering, which consists in the cost to the company of the paid working hours during which the employees participate in volunteering programmes in favour of nonprofits and the community in general.

□ *The CECP survey shows that, in 2017, 82% of total corporate giving was distributed in cash, while the remaining 18% consisted in non-cash donations (CECP, 2018). However, these latter prevailed (51%) among communications companies, which provided free public service announcements and ads.*

It is also noteworthy that direct cash contributions (48%) largely exceeded foundation cash (34%), i.e. distribution of money through a foundation acting as an intermediary between the company and the beneficiaries. The preference for direct cash probably derives from the possibility to better align the goals of philanthropic giving with the company's business strategies.

The active involvement of the personnel is a key element of corporate community investment strategies. This is proved by the possibility for employees of many companies to select the initiatives for which to volunteer among several options identified by the board of directors or the CSR department. Sometimes, the company also allows its employees to propose potential beneficiaries, in order to strengthen anyone's motivation towards valuable social and environmental issues.

□ *According to the CECP study on corporate giving and employee engagement, in 2017 most of the companies analysed (93%) had adopted formal volunteer programmes for the personnel in order to motivate them to participate in societal initiatives and cooperate with nonprofits (CECP, 2018). In the same year, 30% of the employees had joined volunteer programmes for at least one hour of company time. In other words, volunteering is a mechanism by which companies allow their employees to serve in the nonprofit or public sector during paid working hours.*

Similarly, the company can promote fundraising events to collect money from the personnel and other supporters, such as consumers and suppliers; this aims to increase the awareness about a specific problem and financing nonprofit or governmental organisations that deal with it. The board may even adopt a leverage mechanism by which the company will add further resources to match or double the amount collected through the fundraising events.

□ *The CECP investigation shows that, in 2017, 92% of companies had one or more matching-gift programmes. 55% of these firms were prepared to match donations to any recipient, whereas 45% limited this practice to selected priority focus areas (such as education) or to a list of organisations they considered strategically relevant (CECP, 2018). Almost all the companies offered a 1:1 match in order to double the sums made available by employees and other donors.*

3.2 Community and Business Outputs

Corporate community investment can give rise to direct outputs for both society and the company, which can be measured and monitored (Corporate Citizenship, 2014).

The *community outputs* vary according to the nature of the activities financed by the firm in the nonprofit or public sector; however, they typically include the number of people directly reached or supported through a specific project. For example: an IT company that has donated computers to schools should quantify how many students have been using it; a pharma corporation that has paid for a health campaign in a poor region should count how many people have received professional medical assistance or have been vaccinated; a firm that has supported an art exhibition should determine how many people have visited it. Another measure of community outputs consists in the number of organisations supported, when corporate resources are generally given to a sector rather than to individual organisations.

In addition to the outputs for society, corporate community investment can also produce some *business outputs*. Business outputs relate to the engagement with different stakeholders who can influence the company's decisions or be influenced by them (Freeman, 1984; Freeman & Dmytriyev, 2017). The most common business outputs include the number of employees actively involved in societal causes sponsored by the company, as well as the number of customers, suppliers, investors and other stakeholders (e.g. employer associations, trade unions, consultants, academics and journalists) who have become aware of the company's social commitment.

In a broad sense, the provision of further resources from employees, customers and suppliers ("leverage") also produces business output in terms of personal engagement stimulated by the company. In this regard, the business output includes the number of employees who have spent their free time participating in initiatives supported by the company, as well as the number of hours dedicated. Additional cash donations from employees and other stakeholders can also be classified as an output induced by the firm.

What really matters with reference to any kind of outputs is that the quantitative data through which they are expressed can be verified; therefore, such data have higher credibility than merely descriptive information.

3.3 Outcomes and Impacts

Outcomes and impacts of corporate community investment consist in the broad results and consequences of the societal activities sponsored and financed by the company. Outcomes and impacts usually occur in the long term as an improvement in knowledge, skills, attitude and personal conditions achieved by the recipients of corporate giving and all those engaged with a philanthropic programme. Similar to outputs, different outcomes and impacts affect the community and the firm.

Community outcomes and impacts vary according to the focus area in which the initiatives are carried out. For example:

- A reduction of early school-leaving rate in a region in the long term can be an outcome of the constant financial support that a company has granted to schools for many years; the increased availability of graduated students with highly specialised competencies can be an impact of the same sponsored project;
- A health campaign can result in the eradication of a disease by means of vaccinations and in a generally improved well-being of people, who have learnt how to modify their behaviour in order to prevent illnesses.

From a *business* perspective, the engagement of managers and employees in corporate community investment can enhance their job-related skills (e.g. communication, teamwork and leadership skills), self-confidence and personal satisfaction, and strengthen their sense of belonging and identification with the company.

Moreover, the firm can benefit from higher brand recognition and it can reinforce stakeholders' trust thanks to its positive relationships with the nonprofit and public sectors. This can also have a positive impact on the corporate reputation and the consequent ability to attract motivated and talented employees.

Evidently, outcomes and impacts are more difficult to be identified and measured than outputs. In particular, in order to estimate community outcomes and impacts, the company needs to collaborate with the beneficiary organisations, which have operated closer to the end-recipients and have acquired a better knowledge of the effects produced by the societal initiatives.

Furthermore, some types of business outcomes and impacts are connected to qualitative aspects, such as motivation and corporate climate, which cannot be represented in figures in a proper and objective way.

The described difficulties have probably determined a limited use of outcome and impact indicators in internal and external reporting. However, a more in-depth understanding of both community and business outcomes and impacts is essential to ensure the most effective allocation of the company's future contributions.

□ *The CECP report on corporate giving and employee engagement states that, in 2017, 60 of the companies analysed measured social outcomes and impacts for the community; such companies also increased their total giving by 12% between 2015 and 2017. Only 15*

companies also measured the business outcomes and impacts (or “business value”, as defined in the CECP report); in those companies, the better understanding provided by such indicators stimulated a 18% expansion of corporate donations (CECP, 2018).

4. Case Study: Iberdrola’s Corporate Community Investment

This section aims to illustrate how corporate community investment is planned, managed and measured in a large company that intends to meet the increasing demand for economic, social and environmental sustainability and responsibility towards all stakeholders.

Using the case study method (Yin, 2003), this research focuses on Iberdrola, a Spanish firm listed on Madrid Stock Exchange. The selection of this company is due to its commitment to social community activities, as proved by the extensive information it has disseminated on such topic over years. It is also remarkable that Iberdrola is a member of the London Benchmarking Group (LBG) Network and a founder member of LBG España, i.e. two business alliances for the development and application of best practices in corporate community investment and social value creation.

In particular, several years ago Iberdrola started to report about its community investment according to the LBG model, which requires the identification of corporate giving beneficiaries, inputs, outputs and impacts. Therefore, the information provided in this section of the paper is mainly based on the “Contributions to society (LBG)” chapter contained in Iberdrola’s “Statement of Non-Financial Information – Sustainability Report” for the financial year 2018. Further information came from Iberdrola’s corporate governance documents and web-based integrated reporting (Bosetti, 2018), analysed in March 2019.

Today, Iberdrola is one of the largest energy companies in the world, employing about 35,000 workers and serving a population of 100 million people in Spain, the UK, other Eurozone countries, the US, Mexico and Brazil. For years, Iberdrola has been committed to transforming its business model to make it more sustainable, healthier, safer and more accessible, in order to enhance the well-being of people and to preserve the planet. To this aim, the company offers competitive energy products with the lowest possible environmental impact to ensure a reliable and quality supply.

In the following, the Iberdrola case study is structured according to the conceptual model presented in Section 3.

4.1 Governance Mechanisms and Board’s Orientation

Iberdrola’s board of directors has adopted detailed sustainable development policies. Compliance with such policies is systematically supervised by the sustainable development committee, established by the board and composed of three non-executive members, the majority of whom are independent.

Iberdrola considers community investment as an essential part of its sustainability-oriented strategies. Therefore, the company systematically monitors both inputs and outputs and it disseminates significant information for stakeholders.

4.2 Recipients and Inputs

In 2018, the company has invested about 53.4 million euros (0.15% of consolidated net revenue) in different types of contributions to the community at national and international level (Table 1).

Table 1: Iberdrola's Community Investment in 2018

| Total contribution to the community in 2018: 53,452,269 euros | | | |
|--|------------|--------------------------------|------------|
| <i>By category</i> | (Euros) | <i>By type of contribution</i> | (Euros) |
| Charitable gift | 3,481,748 | Cash contributions | 49,946,201 |
| Community investment* | 36,268,099 | Staff time | 115,648 |
| Commercial initiatives in the community | 10,328,534 | In-kind contributions | 16,532 |
| Management costs | 3,373,888 | Management costs | 3,373,888 |

* Community investment includes: socio-economic development; energy sustainability; art and culture; education and training; cooperation and community service.

Source: based on Iberdrola's *Statement of Non-Financial Information – Sustainability Report 2018*, p. 201.

Spain and the UK were the principal recipients of resources (28% each), followed by the US (8%) and Mexico (1%).

As Iberdrola adheres to the UN 2030 Agenda, the total amount of resources was also divided among the activities linked to each Sustainable Development Goal (SDG) pursued by the firm. With respect to this, 49% of the total value of inputs was devoted to the SDG 11 (Sustainable cities and communities), 15% to SDG 4 (Quality education), and 12% to SDG 3 (Good health and well-being).

Cash donations to nonprofit organisations, foundations, but also universities and various government administrations prevailed significantly (93%) over the other types of contributions, such as in-kind donations and staff time. A certain amount of resources (representing 6.3% of total corporate giving) were required by the management processes of corporate community investment in relation to running costs, overheads and salaries of the personnel entrusted with searching possible beneficiaries of donations.

4.3 Community and Business Outputs

Iberdrola's community investment reached a large number of beneficiaries around the world (community outputs), thanks also to the active participation of its employees in many societal causes (business outputs). Furthermore, Iberdrola's activities raised the interest of external co-operators, such as AIESEC volunteers ("leverage").

Employee engagement is mainly based on an extensive Corporate Volunteering Programme that Iberdrola originally launched in 2006 and then updated in accordance to the 2030 Agenda, in order to align the Programme with the company's values and sustainability policies. In 2018, more than 3,500 employees took part in the projected activities, the main outputs of which can be summarised as follows:

- a) Through the global INVOLVE (International Volunteer Vacation for Education) programme, youth at risk of exclusion in Brazil and Mexico received training in

new technologies during a two-week event managed by 34 volunteers from Iberdrola;

- b) 1,800 people participated in more than 60 simultaneous initiatives of the International Volunteer Days, organised to increase the awareness about climate changes, inclusion of vulnerable people and diversity;
- c) In several African countries, Iberdrola's volunteers cooperated with the "Electricity for All" programme in order to improve electric power supply and access to water at refugee camps;
- d) The "Iberdrola for Refugees" programme supported an educational activity in which 104 refugees learnt how to use digital tools;
- e) The "Light... and Action" project provide energy efficiency training and contributed to enhance the employability of disadvantaged youth;
- f) Many global programmes were carried out at 77 school centres in different countries to discuss environmental and climate issues with about 6,500 children, also in cooperation with 29 AIESEC volunteers;
- g) Iberdrola's volunteers took part in international food collection campaigns, gathering 6.5 tons of basic foodstuffs and children's products;
- h) The company supported several childhood care entities, including more than 10 Brazilian institutions in cooperation with the Red Cross.

Furthermore, Iberdrola often invests in community activities through the five foundations it has established in Spain and abroad. The foundations provide support to many nonprofit and governmental organisations, which received about 9.3 million euros in 2018. In line with Iberdrola's sustainability goals, the foundations financed initiatives in the following areas:

- a) Training and research (1.3 million euros): the foundations paid for 123 scholarships and research grants and cooperated with 35 universities and research centres to support the training of the future generation of professionals engaged with innovative sustainable energy models;
- b) Biodiversity (1 million euros): the foundations invested in 23 projects and collaborations focused on the restoration of protected habitats and species in danger;
- c) Cooperation and solidarity (3.5 million dollars): the foundations activated 139 collaborations to improve the quality of life of vulnerable groups like childhood, youth, women, persons with disability and sick, thus benefitting more than 380,000 people;
- d) Art and culture (2.2 million dollars): the foundations supported 29 projects and cooperated with 186 museums, also participating in programmes for lighting and restoration;
- e) Institutional collaborations (1.3 million euros): the foundations engaged in 50 specific collaborations with cultural, social, scientific and cooperation institutes.

4.4 Outcomes and Impacts

In addition to the valuable outputs for society that Iberdrola's strategy of corporate community investment has clearly produced, as described above, it also seems capable of generating positive outcomes. However, the outcomes are still in a too early stage to be estimated.

Moreover, there are benefits for Iberdrola itself, which the company has openly associated with its commitment to society. Such benefits regard:

- Building and strengthening relationships of trust with communities and stakeholders;
- Improving brand recognition and corporate reputation;
- Boosting employee satisfaction and sense of belonging;
- Attracting talented employees;
- Contributing to the enhancement of technical knowledge, experience and skills for human development;
- Doing a part in global challenges, such as the achievement of the UN 2030 Agenda.

5. Emerging Issues

This study moved from the traditional concept of corporate philanthropy to the more advanced concept of corporate community investment. This latter emphasises the strategic value of corporate giving, which should be managed according to specific guidelines approved by the company's board of directors with the purpose of constantly improving the relationship with civil society.

To be effective for the community, as well as for the firm itself, corporate community investment should become a part of the company's sustainability strategies. In this sense, it requires a proper selection of the beneficiaries, also considering the possibility to build a partnership with them; moreover, it presupposes dedicated resources (both cash and non-cash), the use of which should adequately be planned, monitored and disclosed.

The Iberdrola case stresses that successful community investment can help a company achieve its long-term goals of good citizenship and positive interaction with all the stakeholders, including the employees who are encouraged to volunteer in the light of shared ethical principles. Indeed, investing in societal causes allows a firm to take part in the global efforts for human development, social inclusion of vulnerable people, spread of knowledge and professional skills among youth, and environmental protection.

However, a company's commitment to the community should also be documented in its internal and external reports. This is necessary to understand the efficiency and effectiveness of social investments undertaken by the company either on its own or in cooperation with nonprofit and governmental organisations. In particular, the firm should not only identify and measure the inputs, but also provide a detailed account of the outputs, outcomes and impacts of the initiatives. The analysis of the Iberdrola case highlighted the difficulty for companies to report outcomes and impacts in an objective and transparent way, given the prevailing qualitative nature and long-term orientation of such aspects. However, efforts should be made to disseminate information as complete as possible to improve corporate reputation, raise stakeholders' trust and create new business opportunities.

Interestingly, if corporate community investment adopts a strategic approach, it may even serve as a risk management mechanism (Gandini et al., 2014). On the one hand, it may help the company seize the opportunities of sustainable growth

associated to a better integration of social and environmental issues into its goals. On the other hand, it allows the firm to prevent the threats of criticism for irresponsible behaviour.

To conclude, this study prepares the way for further research and it can have broad implications. From a theoretical perspective, the article contributes to the advancement of studies on CSR, stakeholder relationships management and non-financial reporting. In particular, it emphasises the link among sustainable governance, value creation for society at large, external disclosure and improvement of corporate reputation. From a practical point of view, the article stimulates better choices of corporate community investment in large corporations, as well as in small and medium firms. In this regard, the Iberdrola case study serves as a positive example to be emulated on the path towards an inclusive and equitable development of civil society.

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Notes

¹ The SSE Initiative is a UN Partnership Programme, which aims to explore how stock exchanges, in cooperation with companies, regulators and policymakers, can stimulate the improvement of social and environmental performance of listed firms and encourage sustainable investment. See <http://www.sseinitiative.org/> for further details.

² For instance, scholars stressed that some companies distributed contributions after having exploited cheap labour in developing countries. Similarly, certain donations came from companies whose operations had previously provoked environmental damages.

³ The CECP members believe that a company's success depends on its social strategy, i.e. how it engages with key stakeholders, including employees, communities, investors, and customers. Today the CECP comprises more than 200 of the world's largest companies that represent 6.2 trillion dollars in revenues, 18.4 billion dollars in societal investment and 13 million employees.

The Conference Board is a think tank that helps leaders deal with the biggest issues facing business and better serve society.

Further information on the CECP and The Conference Board can be found on the organisations' websites: <https://cecp.co/> and <https://www.conference-board.org/us/>.