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Study on Utility Philanthropy of Corporations

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Abstract

Corporate philanthropies have played an important role in the development of philanthropy in China. Although the nature of charity makes it free and voluntary, the corporate philanthropy is usually utilitarian in the economic activities. Utilitarian theory provides a basic academic support for the utilitarian philanthropy of corporations; however, it causes many contentions and disputes. This paper explores three moral laws of the utilitarian philanthropy of corporations from independent donations, fairness and justice, integrity, in order to make the corporations assume more social responsibilities better.

Key words: Charity; Corporate philanthropies; Utilitarianism

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INTRODUCTION

Corporate philanthropies play an important and indispensable role in the process of the development of philanthropy. Not only are the corporate philanthropies moral behaviors, but also have positive effects on reallocating the social resources. Corporate philanthropies provide new ideas for solving public crisis and social problems meanwhile are an important way to assume

more social responsibilities. Corporate philanthropies also present their business with real opportunities for growth and development, especially enterprises' development is coming in a time of competition for soft power. Corporate philanthropies are propitious to advance their public images, and to promote the development of their culture, and to attract the best employees, etc.

What exactly is corporate philanthropies? The notice of strengthen financial management about corporate donation released by the Financial Ministry which had been in force since 1 May 2003 says, corporate philanthropies are behaviors which enterprises could gift their legal possessions to the rightful donees without enforcement and payment. Furthermore, the possessions could be only used in public sectors which have no direct relevance with productions and operating activities. It is observed that enterprises should be voluntary and gratis while have no direct relevance with the donee. This is what charity's non-utility means. Completing non-utility charity behaviors are rare in the real world. Decided by the mainstream traditional economic theories, goals of enterprises are engage in all activities aiming at increasing economic interest by using their resources in a range permitted by laws and regulations. In other words, corporate philanthropies will inevitably be related to the enterprises' economic interests. We can not neglect economic benefits but alone chasing moral principles in blind, obviously it doesn't work. Then, can corporate philanthropies be utility?

1. CONTROVERSY ON CORPORATE PHILANTHROPIES' UTILITY

Although corporate philanthropies played certain part in urging the development of charity in China in this direction, the arguments of corporate philanthropies' utility exist all the while. These arguments display themselves in three aspects.

1.1 There Are Serious Tendencies Towards Formalistic Among Corporate Philanthropies

Many entrepreneurs really don't know what they're supposed to do when they want to give back to the community after having being rich. Not enough to know genuine philanthropy, what entrepreneurs seek to do is economic benefits, especially preferential taxation policies or other privileges. It is an outrageously moral corrupt event that some enterprises took expired food as donations. Furthermore, it's not sure that whether the donation objects really have been helped during the process of charitable donations. Some enterprises, however, may not care about how their donations will be used. The only one who can get benefits is the organizer, who can earn a fine fame and will become the subject of massive media coverage in the coming few days. Sadly these activities still have rallying point among the enterprises.

1.2 Corporate Philanthropies Lack Specific and Effective Measures

At present, in China, there are several enterprises contenting themselves with temporary fame and wealth in philanthropy activities, so their charity donations usually happen until disaster take place. Now a lack of enthusiasm occurred to many enterprises when they are faced to these charitable activities which need them to do something more. For they neither have plentiful time nor enough energy to keep enthusiastic. When the existence of financial interests lead to a conflict, even more unethical means of events start to happen, for a majority of enterprises choose to be the sponsor of philanthropy or to be at the top of the philanthropy list but not a secondary partner. In addition, enterprises generally make first choice on major events which attract eyes of the public when they have to choose one. Many enterprises decide to donate after massive disasters to get relatively meteoric rise to fame through the media simultaneously paying very little attention to the cerebral palsy children who need long-term investment

1.3 Enterprises Do False Pretences in the Name of Charity

News are full of examples that art stars charging high appearance fees instead of performance for free, enterprise announcing donation but offering nothing. Fraudulent charity take real charity as a show, and it not only hurt people's feelings but also put the utility corporate philanthropy in the teeth of the storm. As the magazine philanthropist chief Wang Liwei reveals, generally, the real donate numbers are so far below the numbers they have promised and the money they received only account for 7% of the promised number in normal years. The fact is making everyone sad and fearful. According to the survey, enterprises' actual donation are far less than the promised number in donation spot. What is worse, this way has acquired a wide concern by all trades.

2. ANALYSIS OF CORPORATE PHILANTHROPIES IN UTILITARIANISM

As the main body of corporate philanthropies, enterprises are primarily economic bodies. Giving guarantees of enterprises' economic interests is the premise of taking corporate philanthropy responsibility, also the economic basis of taking corporate social responsibility. Thus, corporate philanthropies cannot take place without enterprises' economic interests. An analysis of corporate philanthropies in utilitarianism, which is designed to lead enterprises to take social responsibility initiatively, and to coordinate between enterprises' responsibility and social responsibility, in order to seek the maximal benefits of largest number of social individual.

The origin of the thought of utilitarianism can dates back to ancient Greece. Its broad influence last so long since it formed in the later half of 18th century. The main spokesmen are Jeremy Bentham and John Stuart Mill in British. They declare that utilitarian theory is an theory to pursuit happiness. Happiness is a yardstick of the value of behavior. The greatest happiness of the most people, as purposes and internal motives of all behaviors and activities, is the ultimate goal for people to pursuit individual interests and happiness while coordinating one's happiness and the others'. The pursuit of happiness in utilitarianism is not mechanically avoiding pain and pursuing pleasure but tending to bring happiness and amusement to stakeholder or suffering them from misfortune and damage. William Godwin pointed out that

the nature of the happiness and disaster, as well as the nature of pleasure and pain are both have nothing to do with a written system. Whatever helps to increase the proportion of the former is desirable; anything helps the latter increase should be opposed, and this is the immutable truth. (Qu, 1980)

It is certain that utilitarian consider happiness as their supreme quest. Then, how to determine what a happy life is? The followers of utilitarianism focus on the actual function, benefit generated from people's behavior, emphasizing on the calculation of interests. In a word, they appeals for benefits. They also claimed that we should seek moral standards from the function and effect arising from people's behaviors. The standard of appraising Good and Evil is based on the total amount of "happiness" and the "absolute difference between the total amount of happiness and pain". Hence the effects of behavior are far more important than the original motives in the aspect of utilitarianism. But in our real life, utilitarianism generally tends to the deduction for happiness and amusement from wealth growth, efficiency increases. They regard all behaviors of the enterprises including ethic responsibilities as tools for its service for propelling their pursuit of interests.

As for corporate philanthropies, enterprise is the main body of the charities, which not only are moral

behaviors, but also economic behaviors. Corporate philanthropies are usually made for long-term benefits or other aspects of economic benefits. During this process, recipients win help to get rid of diseases, poverty or some other difficulties at one time. The organizers and other participants also won a fine fame or other invisible interests. So we can make it clear that utility corporate philanthropies have achieved the greatest happiness among most people as a matter of fact.

Although the utility corporate philanthropies actually show their kindhearted willingness to giving back to the community, the objective intensions are not pure enough to achieve goodness and moral, but are to take the goodness as mediums and moral means for seeking more than donor value instead (Xu, 2009). The utility corporate philanthropies, when we study their very nature, are certain tools for enterprises to achieve a long-term benefits. But If we just extend our pursuit interests so hard that we make it human nature partially, corporate philanthropies probably can totally become hypocrisy behavior, and it will lead to a inevitable consequence that highly irresponsible shows spread everywhere. As Durkheim says:

Economic function is not an end as itself but means to achieve the purpose, and they are just an organ in our society. Social life should be a combination in harmony of various undertakings, especially when all the members combine their mind and will to work for a common goal hard (Durkheim, 2001).

It is obvious that morality have not achieved lofty status even though we already have gained actual effects in utility corporate philanthropies.

In general, utility corporate philanthropies are facts that enterprises objectively execute charitable donation with utilitarian motives subjectively. They do utility behaviors in the name of moral purpose, and the moral appeals for the charity can be internalized in the enterprises' economic activities to achieve the greatest happiness of the most people by coordinating enterprises and society between interest relations.

3. ETHICAL PRINCIPLES OF UTILITY CORPORATE PHILANTHROPIES

Although there are lots of debates over utility corporate philanthropies, we cannot deny their positive meanings. Not only the inherent character of charity behavior as itself but the internal opportunities to promote our behavior and social development is objectively utility.

The enterprises under the market economy condition are not only economic entities, but also ethics entities, so that they are both economy and ethic. The moral values of the enterprises have got close contact with their economic activities that the moral values won't be realized without the support of economic activities. Therefore, following the moral principles will be connection between the economic values and moral values of enterprises (Ouyang, 2003).

For this reason, we put forward three principles which enterprises should abide by in the utilitarian charity behaviors.

3.1 Autonomy As the Foundation of Charitable Donation

Kant argues that human beings are distinct in nature from any other irrational creatures in that human beings have free will based on moral law. Generally speaking, free will means being yourself with no limitations and constraints from outside powers, and liberty is the basic needs for human beings. Chuang tzu said, without truth and freedom, there is no real life. "Do as you would be done by," Confucius counseled. Never do what you would not like to the others if you don't want it to happen to yourself. Chuang tzu also proposed that everyone should not impose their will on the others even if it just happens out of pure benevolence. As a member of the society, One must struggle to survive and try to realize his own value at the same time. As organs of charities and social activities, enterprises should own their freedom in corporate philanthropies as basic attributes.

We all know that Hong Kong SAR Government have donated 2 million Hong Kong dollars to build a primary school in the countryside for the harder-hit area after the big earthquake happened in Wenchuan, Sichuan, in 2008. However, it's hard to imagine that this primary school has been demolished to make room for an advanced entertainment, because the estate developer has got the land from the local government. Then Zhang Yinlin, the CS of Hong Kong SAR Government negotiated with Sichuan province's government personally, pointed out that if the contribution has not been used to help the specified donees, the local government should return the money back. They firmly insist on get their donation back. This incident has been reported by the media so widely, and people generally believe that the local government should not overthrow a good primary school without permission from the donors alone for developing a 'comfort zone' for the few. Most of people expressed support and praise for the Hong Kong government's behavior. To our minds, the behavior of Hong Kong government embodies the respect for the autonomy of main body in the charity, for one has freedom to choose ways and objects in the charity behaviors.

3.2 Fairness and Justice As the Basis of Philanthropy

With the continuous development of social economy, philanthropy has played a positive role in resolving social conflicts and safeguarding social fairness and justice. Utility corporate philanthropies must be carried out in accordance with the law since we actually live in a society ruled by law. Only in a coordinating relationship based on principles of fairness and justice among all sides, the fairness and justice of society will come true practically.

Defined by the modern Chinese Dictionary (1999), fairness and justice means no favorites. Generally speaking, it is a reasonable principle which reflected people's pursuit of reasonable distribution of benefits from the moral desire. Rawls has said that "justice is the primary value of the social system, just like truth is the chief value of ideological system" in his book "a theory of justice". Now we know the importance of social justice, meanwhile, as the basis of social justice, social equity also has a vital impact on our life. Different from other business activities, charity needs more conscience and love. Therefore, making the information known by the public is an inevitable request of charity activities. In other words, people have a right to know whether their donations actually have reached to the people in need and how the money be used. It is clear that charity does not work without fairness and justice; at least the charity behavior should be conducted conscientiously and transparently.

However, many enterprises regard charity activities as tools to achieve their utilitarian purposes rather than the way to assume social responsibilities. They not only have missed the point of charity, but also have led to a negative impact of society. Many enterprises take improper means or even commit crimes in philanthropy only in order to obtain government tax breaks and other preferential policies. It is so incredible that these behaviors also are called 'charity'.

To avoid this, Utility corporate philanthropies should be based on fairness and justice, and enterprises can undertake the social obligation initiatively instead of ducking the social responsibility in the process of reconfiguration of resources. It is very important for government to regulate tax policy and strengthen management in some other areas. To cultivate enterprises' awareness of charity needs effective legal support and system constraint. The government should guide the utility corporate philanthropies to develop in a better direction so that they will benefit the most people.

3.3 Good Faith As the Key Point of Philanthropy

Honesty as the basic moral character, is the moral basis for all the transactions and contracts. In terms of the society, to promote the whole social operation and the developing foundation means the collaboration and cooperation between people; for individuals, the matter of integrity is fundamental to make sure personal interests; to be honest and trustworthy, is the principal code of conduct of human beings.

But China charity system has not been perfect in the present stage, and still has many problems during charitable activities. Especially the lack of credibility which directly leads the enterprises and the public to distrust charity organizations, and seriously comes to be a blow to their enthusiasm for charity. In corporate charity activity with utilitarian, donation fraud is undoubtedly

the main factor that results in loss of credibility. In our country, the enterprise charity's lack of sincerity is very common. We can take the Nongfu Spring Company as an example, the company once expressed in its ads of 2002," From now on, every drinking a bottle of Nongfu spring water, you donate a penny for the children's desire; till 2008, the sunshine project will bring happiness of exercise for 200000 children." But according to the survey, the enterprise only donated once in 2006, and there were quite big discrepancies over the actual amount and promised donation. We can't deny the fact that some firms are indeed unable to pay the promised contributions because of various reasons, but there are still many enterprises which lack of social responsibility, making empty promises to make a show, and then donating fraud after having reached their purpose. Donation fraud is a notably egregious type of press misbehavior, which is not only against the idea of charity, but also suggests the compromise of social morality. This behavior should be punished by the law and blasted by the community.

Charity in China is still at the initial start of the exploratory stage, it is hard for the enterprise itself to recover the public's trust. Though the corporate philanthropies pay attention to the utilitarian purposes, they should not cross or surpass the moral bottom line.

CONCLUSION

The pure and non-utility charity should get full affirmation and supports which is the highest state of charitable career without question. But those philanthropies with less noble motive can't be simply denied owing to the noble motive. We cannot negate the social value of enterprise utility behaviors though this is controversial. As the saying goes, a little something is better than nothing. However charity under the various names is not flattering in fact, but how to attract the cooperates' attention without all kinds of formalism? What we can do is to guide and manage the corporate philanthropies in current conditions, so as to make charitable actions to fit the moral principles, enhance the effective implementation of charity enterprise and complete the transformation from the utilitarian to non-utilitarian early.

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