



SOCIAL INVESTMENT THEMES

ALIGNMENT BETWEEN PRIVATE SOCIAL INVESTMENT AND BUSINESS

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Preface

Throughout 2015 the GIFE, together with its associates and partners, identified tendencies within the field of private social investment, which were then turned into strategic agendas that could strengthen and legitimise private social investment as a sector and a fundamental actor in the Brazilian institutional realm. These agendas have challenged and influenced recent thinking in the sector: the alignment of social investment with public policies; the strengthening of civil society organisations; increased donations to private social investment projects; business with social impact; the alignment between social investment and business; governance and transparency; evaluation and communication.

Within these agendas the GIFE takes on the role of generating knowledge via networking. The objective is to contribute to improving the political-institutional environment, and to increase the relevance of the activities of private social investors, foregrounding strategic themes, promoting interaction, and condensing, systematising and sharing the resulting conclusions.

The alignment between social investment and business is a trend that the sector has been observing since at least 2009, bringing about closer dialogue between corporate social responsibility initiatives and those focused on the sustainability of the activities of institutes and foundations, chiefly those with corporate origins. The routes taken by companies and their institutes and foundations in this respect have not been homogeneous, as they present very diverse tensions, challenges and characteristics, at the same time as illustrating opportunities for mutual strengthening.

In the GIFE's opinion, institutes and foundations have the potential to help companies carry out their social role in a more integrated, fluid and responsible way, geared to the social, economic and environmental realities in which they operate. The GIFE thus believes that private social investment should be able to guide an entire business towards the production of public goods and the generation of social impact.

For this reason, and because we believe that alignment between social investment and business is a subject close to the hearts of a large number of corporate foundations and institutes and that, depending on the directions that this process takes, the impact will be more positive or more negative both for social investment and for society as a whole, we have committed to deepening our knowledge of the different forms alignment takes, its causes and possible effects.

The starting point for this study was a set of largely random thoughts based on observations of the changes that have been taking place in the relationships between institutes and foundations and their sponsor companies.

This publication is the first of a new GIFE series, which will explore “Social Investment Themes”. This project, which took shape in the second half of 2015, aims to explore in depth topics central to social investment, bringing together information, reflections, data and case studies, in a concise, educational format that balances a conceptual approach with real-life experiences.

The aim of this edition is to stimulate more open discussion of the theme of alignment between social investment and business, sharing what has been learned by institutes and foundations, as well as their concerns about this topic.

The study’s point of departure is the question of the very meaning of alignment for institutes, foundations and companies since, contrary to what we might expect, the term does not mean the same thing for all those working within this sector. On the contrary, there are different visions and perceptions about what alignment is or should be, as well as different interpretations of the opportunities and risks involved.

Analysis of this diversity consequently reveals the existence of possibilities for alignment, drawing on what has been learned to usefully construct ways of helping preserve and strengthen private social investment within corporate social activities.

The environment is still an uncertain one. However, it is apparent that, in general, institutes and foundations are able to shift a company as a whole towards adopting a social role, beginning with its principles and values and extending to the way it relates to the communities affected by its operations. It is thus a tentative trajectory, but one that is followed with a sense of optimism. We now invite you to read and continue reflecting on this topic with us.

This study was assisted by the existence of previous research on the subject, such as the *BISC Report* and the *GIFE Census* that, in its most recent version, increased the number of questions relating to strategic agendas facing the sector, allowing us to know more about the vision and experiences of our associates in relation to this issue. We have drawn on this data and also on interviews with heads of institutes and foundations, as well as their peers who work on sustainability within their sponsor companies, in addition to specialists who have been studying this topic on the basis of their activities. The collated contributions have proved valuable and have revealed concerns of the kind not always picked up in questionnaires with closed-ended questions. As a result, the study’s field of vision

has been extended and we have been able to explore in greater depth the points emerging from the research.

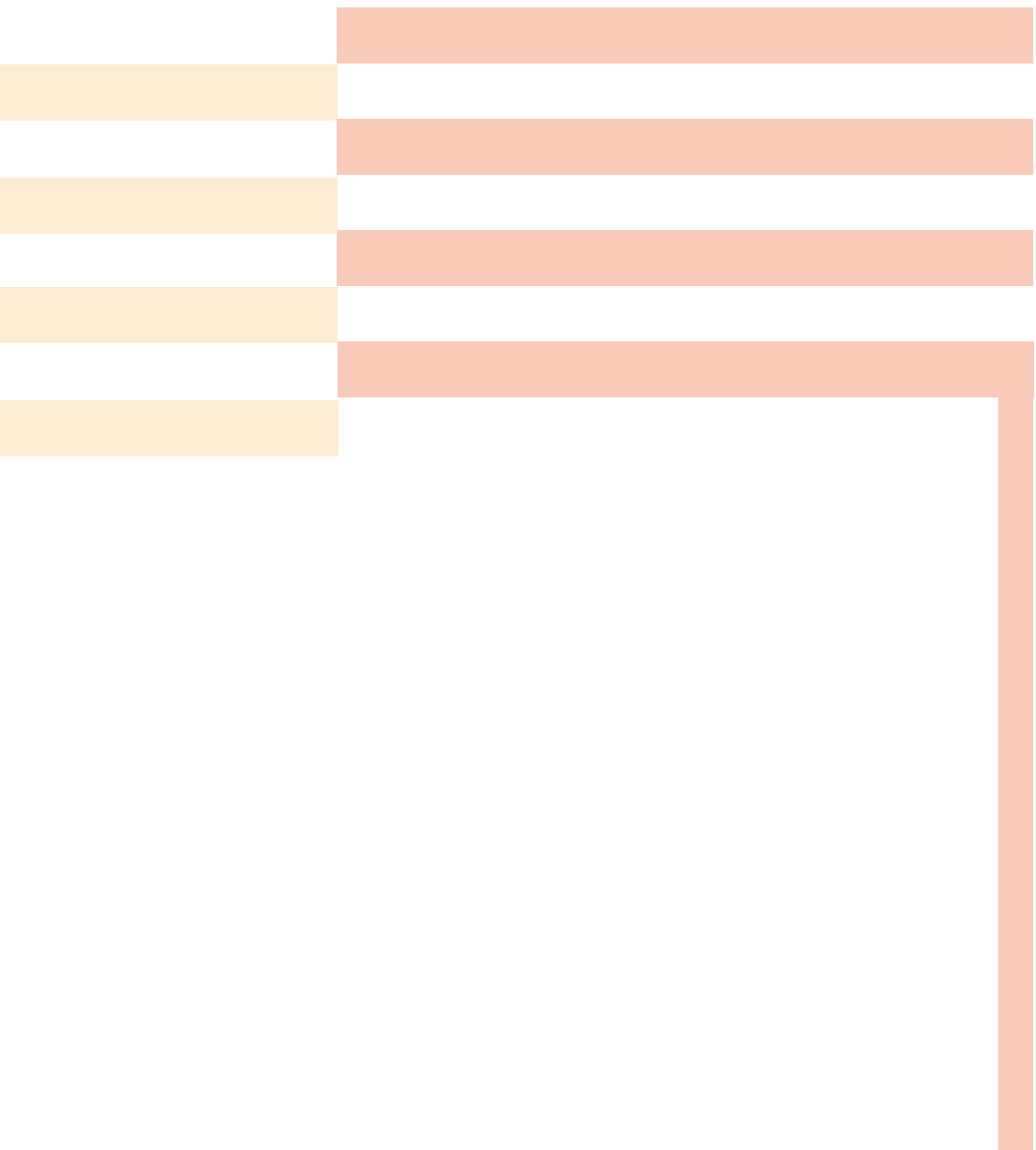
Rafael Oliva was responsible for thoughtfully and carefully drawing all the collated material together, combining his analytical rigour with his extensive practical and critical experience of this field.

We hope that this material will contribute to the routes being explored by our associates with the aim of consolidating the strategic importance of social investment to create corporate operations that are more in tune with the social and environmental challenges we face today.

Andre Degenszajn

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1

Introduction

In the last few years alignment between private social investment and business has become a prominent theme for the GIFE's associates, becoming increasingly seen as a priority for institutes and foundations linked to the field of corporate social action.

This development is undoubtedly not coincidental. By bringing to the centre of discussions the relationship between private social investment (PSI) and business, this subject has unsettled established conventions within the sector and, for a considerable number of institutions, has led to changes in their activities.

The centrality of this issue is rooted in its symbolic dimension and also in its tangible impact – both observed and potential – on institutes and foundations, companies, civil society organisations and people. In this context, different perceptions have been noted as regards the opportunities and risks involved, ranging from demonstrations of enthusiasm to expressions of uncertainty, scepticism and resistance.

It is possible to identify certain commonalities, yet there is a striking lack of anything resembling a conceptual benchmark for general use, a shared vocabulary.

The above paragraphs may suggest, however, that the terms of the “debate” are entirely clear, as if there were a set of shared ideas on the basis of which reflection is developed.

This, however, is not the case. It is possible to identify certain commonalities, yet there is a striking lack of anything resembling a conceptual benchmark for general use, a shared vocabulary. The terms “align”, “business” and even “private social investment” do not always have the same meaning, with the variations depending on the interlocutor concerned. It seems that part of this development and the interest in this topic also reflects the doubts and lack of understanding that stem from a context in which many different meanings co-exist.

Given this state of affairs, this publication has the following aims:

- I. To explore the discursive landscape around the theme of alignment, seeking to contribute to a greater understanding of the different forms of alignment that have emerged;
- II. To identify the possibilities and the mechanisms that are being explored and evaluated within the alignment agenda, as well as assessing the scope of the process;
- III. To analyse the risks and benefits associated with alignment, based on the perceptions of those involved in the sector.

Enquiries, disputes and roles

Providing greater understanding of the meaning and evolution of the theme of alignment between PSI and business is naturally a complex task. Since we do not have the necessary temporal distance from the process itself, there is always a risk of producing only partial assessments.

The theme of alignment touches on key issues relating to the way that Brazilian corporate philanthropy has developed over a long period of time, in particular by challenging what will be referred to as “PSI’s original vision”, an expression adopted here to refer to the vision created in the mid 1990s by the GIFE and that functioned as a kind of shared convention for many years.

A defining feature of this convention is the idea that corporate social investment should have an essentially public orientation. From this perspective, PSI should not be designed to generate tangible benefits for companies themselves. On the contrary, the prevailing understanding was the PSI and business should constitute totally separate terrains.

When thinking about possible links between PSI and business, the issue of alignment presents a counterpoint to this point of view. Alongside perspectives of an “altruistic” nature, more “utilitarian” (Fedato, 2005) perspectives have emerged, that is, visions that link social investment to obtaining benefits that can be clearly appropriated by companies. Consequently, a field of enquiry is opening up around the motivations for social investment.

Some believe that the expectation that social action should enable some kind of private appropriation undermines the public-oriented nature of PSI, and that furthermore it could lead to the misuse and loss of legitimacy of the field as a whole. The aim of generating value for a business would thus entirely change the character of social investment. On the other hand there are those who think that this link not only does not prevent the preservation of the public orientation of PSI, but that it can also extend its reach, leading to new arrangements in which companies undertake greater commitments and public responsibilities.

Some believe that the expectation that social action should enable some kind of private appropriation undermines the public-oriented nature of PSI, and that furthermore it could lead to the misuse and loss of legitimacy of the field as a whole. The aim of generating value for a business would thus entirely change the character of social investment. On the other hand there are those who think that this link not only does not prevent the preservation of the public orientation of PSI, but that it can also extend its reach, leading to new arrangements in which companies undertake greater commitments and public responsibilities.

As well as revisiting the rationale for private social investment, the subject of alignment also stimulates a re-evaluation of the ways of implementing it, raising, among its main questions, the issue of *roles* and the *institutional position* of institutes and foundations in the corporate world.

It is still not possible to clearly see how the present context will unfold. What appears to be emerging, however, is a scenario characterised by a more diversified set of perspectives, in which already established and on-going convictions co-exist with doubts and experimentation, whose outcomes remain to be seen.

This issue does not exist, nor could it, in a void, unrelated to meanings and practices. There is, on the one hand, the wider context of PSI, characterised by a base composed of countless institutes and foundations, with initiatives spread all over Brazil involving diverse actors (public authorities, civil society organisations etc.), the accumulation of expertise and experience over time and, the emergence of a particular “culture” within this sector. At the same time, there are contexts, visions and specific motivations that have links with the particular reality of each institution.

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Within this scenario, it is not our intention here to suggest future directions or pathways. What is intended is to help understand how reflection and action have made progress within the PSI-business alignment agenda, offering ways of helping us think about the relationship between institutes and foundations and sponsor companies, and discussing the possible implications, risks and opportunities identified by those in the sector involved in this process.

2

Alignment: context

Roots of alignment

The alignment agenda reflects processes that, as a whole, have challenged the model of private social investment drawn up in the second half of the 1990s – characterised, in general, by a distancing from business.

Characteristic features of private social investment

The 1990s

Voluntary actions by companies: new agreements about public responsibilities involving governments and society

Valorisation of the altruistic nature of PSI: little publicising.

PSI activities separate from corporate activities and CSR (corporate social responsibility)

PSI activities closer to civil society organisations (CSOs) and public policies.

Greater distancing between social investment and business.

The 2000s

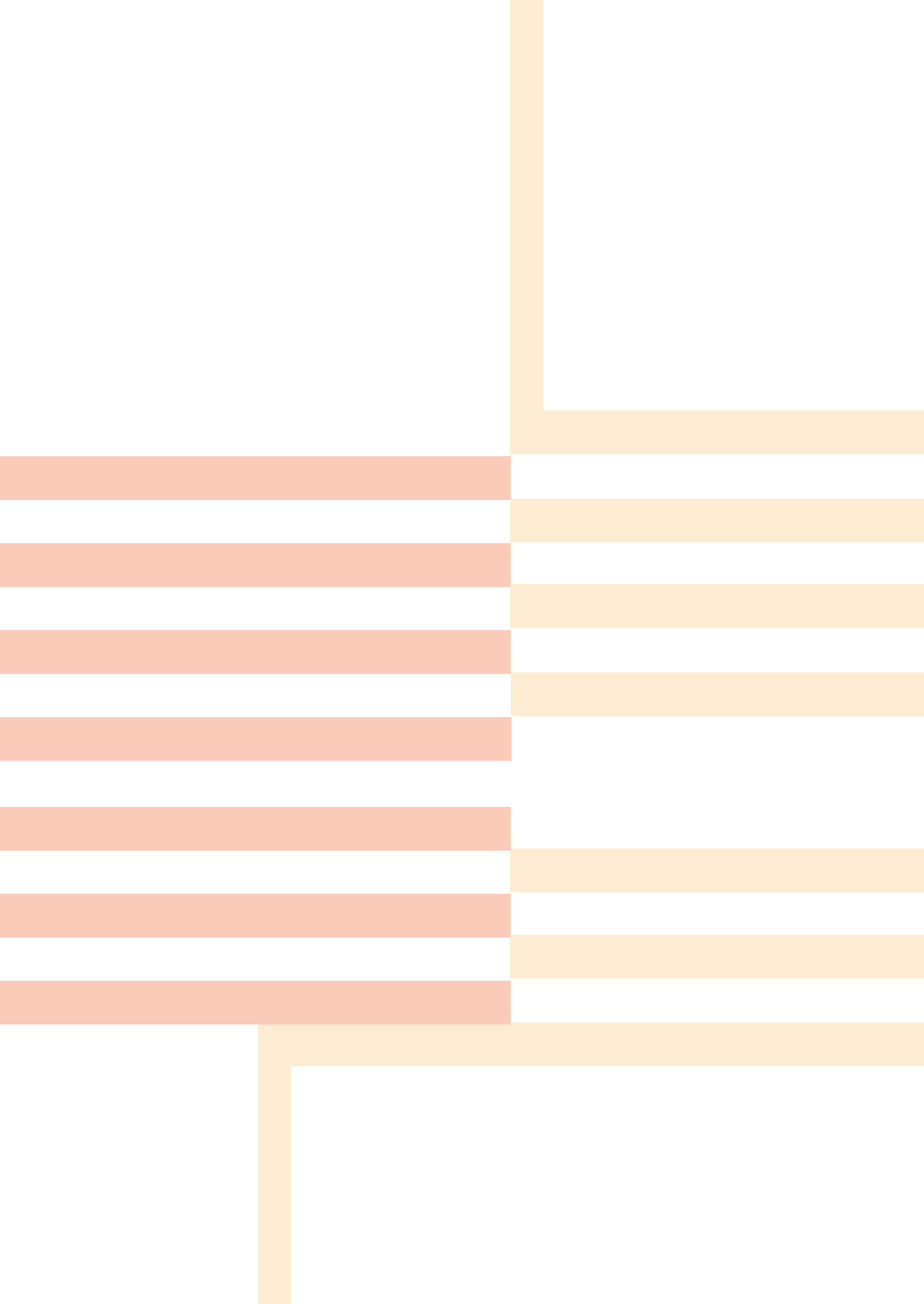
Companies more held to account in general by society.

Greater demand for giving visibility to the public-oriented social action of companies.
social das empresas com sentido público.

Growing demand for PSI to generate return for the business.

Sustainability agenda provoking progressive dilution of the borders between PSI and CSR.

Demand for greater alignment between private social investment and business.



2

Alignment: context

We have underlined that, unsurprisingly, the theme of “alignment” revolves around understandings of the *relationship* between private social investment and business. We have also mentioned that discussions about alignment are taking place at a time when there are multiple visions regarding the possibilities of *links* between PSI and business, a situation that contrasts with a previous phase, briefly outlined.

In this section we will return to what we previously referred to as the “original vision of PSI”, in order to then try to identify what other elements can help to contextualise thinking about alignment. Beforehand, it is worth making a brief initial comment about the term itself.

2.1 On “aligning”

In the *Houaiss Dictionary* there are thirteen different meanings given for the verb “to align”, four of which stand out with regard to what is being discussed in this study: “to line up”; “to engage with/to join”; “to agree with”; “to adhere to”.¹ In the corporate context, the everyday use of the expression generally reflects these meanings. In the majority of cases the term takes on meanings such as “to share understandings”, “to have common objectives”, “to aim in the same direction”, “to move forward together”.

Although there are differences that distinguish one from another, all these meanings belong to the same semantic field and, in general terms, relate to the idea of *sharing a common element*. For this reason we emphasised in the introduction (and are reiterating here) that, when we talk about “alignment”, we are alluding to a “relational” phenomenon, a process that involves distinct entities.

The logical consequence of this is that, if private social investment and business are discussing alignment, or the process is underway, there are at least two implicit conditions: first, recognition that PSI and business are two distinct “things” (or, at least, they are understood as such); second, the understanding that PSI and business may or may not be part of a shared field of *concepts, choices and actions*. After all, if there is a common interest to be found it is because collaboration between PSI and business is not a given condition and requires something to be established. This last point leads us to two important questions: where does the perception that PSI and business are separate originate from, and what is the basis of this perception?

2.2 The original vision of private social investment

The expression private social investment, or PSI, has its own meaning in the Brazilian context. There is, in fact, no precise use of the expression in other institutional contexts that captures all the premises that contributed to its creation as a concept.

Coined by the GIFE nearly twenty years ago,² the term PSI refers to the “voluntary transfer of private resources in a planned, monitored and systematic way to social, cultural and environmental projects of public interest”.

We should not forget that the institutional construction of the concept of PSI took place at a unique moment in time, when the public role of corporate activities was being asserted.

In fact, it was in the context of the attribution of public roles to non-state entities, a dominant idea underpinning the reform of the Brazilian State implemented in the second half of the

We should not forget that the institutional construction of the concept of PSI took place at a unique moment in time, when the public role of corporate activities was being asserted.

1990s, that, under the direction of a large group of leaders from the private sector, steps were taken to formulate an approach aimed at achieving something different to the other forms of public-oriented corporate activity.

On the one hand, this was to address *corporate philanthropy*, an expression associated with the ad-hoc provision of assistance as and when needed. Although still preserving the traditional meaning of philanthropy, by envisaging the voluntary transfer of resources to third parties, PSI aimed to differentiate itself from this concept by being more planned and systematic, and, furthermore, aiming for greater “professionalization” of its management.

On the other, it sought to also differentiate itself from so-called *corporate social responsibility*, the scope of which was considered to be associated, at least at that moment in time, with activities linked to the governance, transparency and sustainability of corporate activities.

In order to differentiate itself, PSI was characterised as philanthropic activity in the public interest that would put an emphasis on causes and groups of people not necessarily linked to the realm of corporate activities. It was no coincidence that the choice of projects that would go on to constitute PSI during that phase ended up often favouring activities that dialogued with public policies, as well as, in some cases, the awarding of grants to initiatives developed by civil society organisations.

The point to underline here is that, at that time, PSI was deliberately thought of as something *not linked to corporate operations*, as an external activity, which represented a *voluntary* inclination on the part of compa-

nies, principally on the initiative of their shareholders, to reach new agreements on public responsibilities with governments and society. In this respect, the proposed approach established a clear distinction between the sphere of “business” and that of “social investment”, even advocating the need to promote an explicit separation between the two.

The point to underline here is that, at that time, PSI was deliberately thought of as something not linked to corporate operations, as an external activity, which represented a voluntary inclination on the part of companies, principally on the initiative of their shareholders, to reach new agreements on public responsibilities with governments and society.

This vision had an influence on companies committed to this agenda, who opted to set up their own institutions – institutes and foundations – separate from the business, although, in general, answerable to the board of shareholders. As a result, a range of institutions emerged that came to be commonly identified with PSI – although a (minor) part of

the investment in the “GIFE concept” was also made directly by the companies themselves.

Furthermore, these institutions formally committed themselves to activities in the public or collective interest, by legally becoming non-profit associations or foundations,³ or also by obtaining certification as a Federal Public Utility or an OSCIP,⁴ titles that entitle potential donors of resources to tax benefits.

Within this context, the general guidance given by the GIFE was that PSI institutions and activities should *not* even be publicised or advertised, with the aim of affirming their “altruistic” nature (that is, that they are not motivated by corporate interests). In this way, even the potential reputational benefits of PSI were not at that time utilised as a way of gaining institutional recognition for companies.

This is a general description, something like an “ideal type” but, of course, there were exceptions and nuances. In any event, it can be stated, first of all, that this concept functioned in practice as a base guideline for corporate social activities in Brazil during the first years of the GIFE’s existence, something that was recurrently witnessed by its former leaders as well as “pioneering” PSI executives from diverse institutions. Secondly, within this institutional benchmark, a pattern was established regarding the relationship between institutes and foundations, on the one hand, and companies, on the other, which was generally characterised by detachment, considerable independence and a low level of sharing of decisions and activities.

This pattern reflected the predominance of a *shared* vision whose principal components were: (i) the valorisation of public-oriented corporate action, with altruistic motives; (ii) the attribution of this responsibility to an institution not linked to corporate operations, often described as the

“social arm” of a company; (iii) the understanding that PSI should privilege publics and projects not related to the immediate sphere of the business. Under these terms, it should be reiterated, the idea was that corporate activity and social investment should develop as unrelated fields.

In the mid 2000s, however, this hegemonic understanding began to be challenged, which destabilised the arrangements in place until then, a process to be discussed below.

Roots of alignment

It is possible to identify a set of interrelated processes that seem to have had an effect on the original vision of PSI.⁵

The first aspect, of a broader nature, refers to the ways that companies relate to society in a general sense. This topic is referred to, for example, in the *BISC 2014 Report* to draw attention to the fact that, favoured by the new ways that information circulates, “in the present day societal pressures are more diffuse and far-reaching”. Consequently, “the possibilities are greater for the population to control and express their opinions with regard to how companies behave”; as a result, the building of “reputations is increasingly essential”, which leads companies to make an increased effort to link their social investments to their brand and business, aiming to give visibility to public-oriented corporate activities (Comunitas, 2014:72).

“in the present day societal pressures are more diffuse and far-reaching”. Consequently, “the possibilities are greater for the population to control and express their opinions with regard to how companies behave” (Comunitas, 2015).

The second aspect concerns changes within the corporate realm in Brazil and the impact of these on corporate management structures. Here we are referring especially to the *professionalization of top management within companies* that, initiated back in the 1990s, continues into the 2000s. As a consequence of this process, companies previously directly run by their owners began to recruit their top executives from the business community and no longer from the controlling families. This move, that reflects a cultural change in the Brazilian corporate world in a context of greater competition, was also strengthened by acquisition and consolidation processes, often involving foreign companies.

As a whole, these processes introduced new actors and perspectives to the corporate environment. Some of these new actors began investigating the “strategic” significance of PSI,⁶ having overall responsibility for corporate management due to the fact that business income is the greatest source of resources for institutes and foundations.⁷ This calls into

question the need to systematically identify the return generated for businesses by social investments.

This scenario – which tended to be intensified in open capital companies – did not necessarily lead to immediate changes in the way institutes and foundations operated, since these new ideas were not always supported by the founding shareholders. However, it did give rise, with varying intensity within the sector, to new rationales and visions regarding the role of PSI, thus prompting a critical evaluation of the original concept.

Another aspect to consider in this context is the growing absorption among institutes and foundations of methods and tools associated with corporate management, such as evaluation systems and metrics. Whether as a reflection of the professionalization of corporate management, whether due to the intention to give PSI a more structured nature, typical corporate management methods and tools were adopted, calling for evaluation systems and metrics aimed at facilitating interaction and the recognition of social investment among corporate interlocutors.

Within this framework, recruitment processes for teams and executives to work for institutes and foundations in some cases also began targeting collaborators within sponsor companies, as a strategy for assimilating corporate know-how not always familiar to the first generation of PSI executives, notably in the late 2000s and the early 2010s. As a result, institutes and foundations that most intensely experienced this influence started becoming more permeable to the visions and culture of the corporate environment, which had an impact on the model of not linking PSI to business.

Finally, the fourth aspect of change corresponds to what Rossetti (2010) describes as a “new phenomenon in the corporate philanthropy sector”, which manifested itself in the *dilution* of the frontiers between PSI and corporate social responsibility, from 2005-2006. According to Rossetti, at that time “foundations and institutes, created by companies to serve the community in general and its needs, [are] called upon by their sponsors to help to introduce practices of social responsibility into business, diluting the clearer conceptual division that the GIFE and Ethos had introduced in 1999” (Rossetti, 2010: 271).

This phenomenon observed by Rossetti deserves our attention. On the one hand, because it points to the gradual strengthening of the sustainability agenda within companies, by indicating that, in addition to PSI, another strand of public-oriented corporate activity begins to gain in strength – in this case, in a context more linked to corporate operations. On the other, because it reveals that a *common space* has been established, previously under explored or not at all, between social investment and business – a process that institutes and foundations were called upon to contribute to.

As anticipated, the dilution of frontiers by the sustainability agenda has assumed particular relevance among institutions (institutes and foundations, and companies) linked to sectors whose operations create more significant impact on communities and environments in the surrounding area.⁸ Perhaps for this reason, these are the cases where, initially, there will be a greater number of opportunities for creating links between companies and institutes and the institutions connected to them, assuming a place of greater prominence within the alignment “agenda”.

As anticipated, the dilution of frontiers by the sustainability agenda has assumed particular relevance among institutions (institutes and foundations, and companies) linked to sectors whose operations create more significant impact on communities and environments in the surrounding area.

Consequently, for varied motivations and in different circumstances, there has been an extension of the field of expectations in relation to both the possible contributions of PSI to corporate activities and to the links between social investment and business. In the following section we will see how these processes manifest themselves in current thinking on alignment.

End notes

1 According to the *Houaiss Dictionary* the following are the meanings of the verb “to align”: “1. To be or to put in a straight line, in a row; to line up; 2. To be on the same level; to be on a level with; 3. To become well cared for; to smarten oneself up, to dress up; 4. To adhere to; to engage with, to join; 5. To agree with (someone). 6. To adjust (armament and its respective system) to a common reference point; 7. To set geometrical settings in (a machine), according to its original plans; 8. To adjust an (electrical or electronic) circuit so that it functions with maximum efficiency; 9. To arrange (letters) evenly in an ideal straight line that passes through their base; 10. To adjust (letters, illustrations, spaces, threads, strips etc.) in relation to imaginary lines or any other kind of graphic features, in diagrams; 11. To place in a straight line (buoy, light, posts etc.) or to use natural features (rocks, reefs etc.), to establish the position of a ship on the sea; 12. To adjust (the components of a telecommunications system) to ensure the correct functioning of the system; 13. To run within the line (horses, when running in pairs)”.

2 In 1996, more specifically the first year after the establishment of the GIFE.

3 Foundations are obliged to present their accounts to and be monitored by the Federal Public Ministry (MPF). Alterations to patrimony and to the mission established in a statute require the approval of the MPF in order to come into force.

4 Civil Society Organisations of Public Interest, a formal title created via law no. 9.790/1999.

5 The following interpretation was largely influenced by contributions collated from interviews with specialists and leaders with more long-standing experience of the sector.

6 We cannot state with certainty, but it is possible that the demand for “strategic” social investment was already echoing the international spread of ideas put forward by Porter and Kramer and other authors about the generation of shared value, which we will return to in more detail in section 3.

7 Here, once again, we are referring to the general scenario. It is important to point out, however, that there are important examples of foundations whose income comes from endowments and not from the regular budget of companies, thus establishing a different framework.

8 Examples of which are, notably, sectors with extractivist profiles or those linked to the civil construction production chain, among others.

3

Visions of alignment

There are different visions of the meaning of alignment and the opportunities linked to it. In the opinion of some institutions, PSI and companies should remain separate entities.

For other institutions, alignment relates to the idea of greater convergence between PSI and business, using different approaches.

1 Approaches to achieve convergence between social investment and business

Incrementalist approach

Convergence between PSI and business involves building “bridges” between the existing projects/initiatives of institutes/foundations and the different sections of companies.

Strategic social influence

Convergence requires that institutes and foundations have the ability to strategically influence corporate activities. PSI qualifies the business’s socio-environmental performance.

Shared value

Convergence is premised on the PSI generating potential tangible value for the business. Selective approach subordinated to corporate interests.

Social intelligence of the business

PSI integrated into business, contributing in the form of resources and expertise to identify and develop innovations in products and services aimed at solving socio-environmental challenges.

2 Convergence environment

Co-existence of approaches within the same case.

Convergence between PSI and RSE.

Concern with the public orientation of corporate action/ activities.

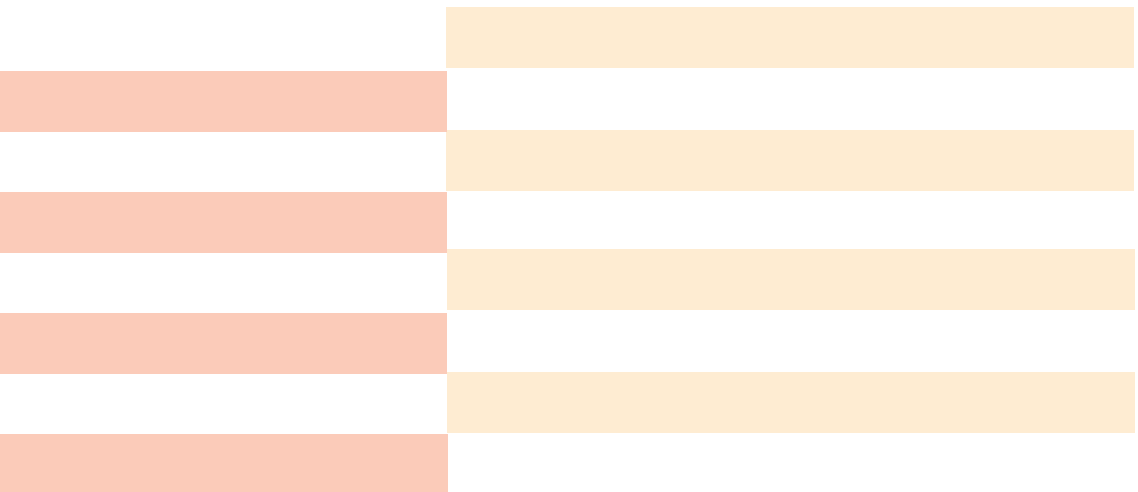
New roles for institutes and foundations.

3 Factors that influence links between the approaches and roles of institutes and foundations:

Greater or lesser institutional inclusion of PSI within the company.

Positioning of PSI when the decision is taken to promote alignment.

The sector to which the business belongs.



3

Visions of alignment

One of the proposed aims of this study was to try to identify the meanings attributed to the expression “alignment between social investment and business”. The justification for this concern was the perception that, although it had become a recurrent key notion in recent reflections on corporate social investment, there was no uncontroversial definition of its meaning.

Faced with this hypothesis, a research methodology was devised that involved carrying out interviews with a sample of institutions (institutes, foundations and related companies) and specialists in order to identify the possible meanings of the term based on enquiries about the motivations attributed to alignment, and the opportunities the latter offered, as identified by the different parties involved. The sample, composed of a limited number of institutions – ten, in total – did not claim to have statistical validity, but it was designed to take into account a varied set of profiles: it thus included very distinct sectors, as well as experiences that we knew were of longer and shorter durations and that offered distinct visions in relation to the topic.

This chapter initially seeks to systematise the “visions” that emerged from these conversations, which, furthermore, confirmed the initial hypothesis. The intention is to present a synthesis of the different approaches, seeking to differentiate between the discourses and the possibilities of alignment mentioned by the interviewees.

3.1 Discourses: alignment of understandings and independence

The expression “alignment between PSI and business” involves three components: “alignment”, “private social investment (PSI)” and “business”.

In relation to “business”, the interviews revealed an important distinction in the meanings attributed to the term in the context of thinking on alignment.

From this perspective, alignment entails, for these interviewees, the expectation that, directly or indirectly, PSI will have an effect on corporate performance, thus distancing itself from notions linked to what we have called the “original vision” of PSI.

For some of those interviewed, talking about “business” meant talking about the more tangible dimensions of corporate activities, ultimately relating to their economic results. From this perspective, alignment entails, for these interviewees, the expectation that, directly or indirectly, PSI will have an effect

on corporate performance, thus distancing itself from notions linked to what we have called the “original vision” of PSI.

But the expression “business” does not always have this connotation. In some accounts the term is used as a variant of or a substitute for “company”, contexts in which alignment has another meaning. In these accounts, the vision of alignment simply relates to the expectation that PSI will reflect the “vision” or the “purpose” of the company in a broader sense.

This is typically the case of institutions that have remained closer to the original vision of private social investment. What these institutions have in common is the standpoint, shared by leaders of institutes and foundations and by corporate executives, that there is an “alignment of understandings” *regarding the role and the format of PSI*. This alignment of understandings retains the view that the public orientation of social investment requires privileging external publics and initiatives over companies, and committing to the generation of “public goods”, but without an expectation that corporate results will be generated. The following transcriptions illustrate this vision:

“The institute/foundation has never been subordinated to commercial rationale, to marketing strategies, but has been involved in causes in the public interest. Shareholders have always encouraged employees to have social commitment. From this perspective, the institute/foundation is entirely aligned with the company, since its institutional position is established, is well known. The alignment between the institute/foundation and the company arises from the shared understanding of the specific role of the institute, as an agent especially (not exclusively) responsible for the company’s “public interest activities”” (head of an institute/foundation).

“The institute/foundation is very independent in relation to its area of activity, and what it does is not dependent on the interests of the company. There is an “alignment of essence”. So alignment exists at that level, at the level of belief, at the level of vision, but not in specific activities” (head of an institute/foundation).

“The primary element of the relationship between the institute/foundation and the company is independence. There are very distinct fields of activity between private social investment and companies. In our moments of truth we use a phrase, we ask ourselves if, in fact, we are honouring the idea of using a brand on behalf of a cause and not vice-versa. Every time we use the brand on behalf of a cause, this issue relates to the institute” (company director).

“The more eminently public character of a company is established when its activities go beyond its direct field of activity” (head of an institute/foundation).

In these statements, the expression “alignment” is used in order to reaffirm an understanding of the concept whereby corporate activity and social investment are seen as unrelated fields, or as independent from each

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other. This does not mean that it is prohibited to develop any kind of coordinated activity between institutes and foundations, on the one hand, and companies on the other. They can occur, and in fact they do, but in general not as “scheduled” activities,

but rather as an option that may or may not be developed (generally on an ad-hoc basis), and on the condition that the “public-oriented nature of PSI is respected”.⁹

3.2 Alignment as convergence

Among institutions that associated alignment with generating results for the company, the meaning attributed to the processes takes on, in contrast, the meaning of convergence between PSI and business (either as something that has already materialised or as something to pursue), echoing the questioning of the original vision of private social investment.

In this context, however, there are also differences. Although there is a general rhetoric that points to the creation of greater interlinking between social investment and corporate activity, the depth and characteristics of this convergence are not uniform, and this once again reveals, furthermore, the difficulty in pinpointing a single type of alignment.

In the statements of interviewees, a common point made is that this convergence has been a process essentially encouraged by the sponsor companies.¹⁰ However, it cannot be stated that these demands are formulated with the same level of importance, nor that they are always motivated by issues clearly derived from the sustainability agenda – especially since there are companies for which this aspect has still not become particularly relevant.¹¹

There are also a number of accounts in which the demand for convergence is characterised as a directive underpinned by a general idea, but without an entirely clear understanding of alignment, the latter remaining a process yet to be delineated. Among these main ideas, the one that stands out is that PSI should produce a “return” for business or – a variant of this – “generate value”.

The meaning attributed to the “generation of value” is not, however, uniform. Although always associated with an expectation, at times vague, to produce results, this meaning fluctuates depending on the interlocutor, referring variously to: (i) returns linked to the commercial performance of the company in its strictest sense or to its greater operational efficiency; (ii) meanings that point to a more symbolic level – relating to reputation and image; and (iii) other possibilities, including perceived return in the form of the potential contribution of PSI to a company’s strategic thinking as a whole, an aspect that is connected to the idea of “long-term corporate competitiveness”.

This lack of definition is not, in itself, a negative. On the contrary, it reveals the co-existence of perspectives in which varied ambitions are attributed to the convergence of PSI and business, involving a combination of more self-serving understandings of social investment and more strategic ones, which accentuate different aspects and emphases associated with the notion of “return”. This context gives rise to diversified convergence possibilities. The scenario is possibly more complex than the one we will describe below, but it seems reasonable to us to propose four basic approaches.

The incrementalist approach

We understand by **incrementalist approach** a convergence strategy that takes the form of demanding greater benefit, on behalf of the company, from opportunities and synergies derived from PSI based on the foundations created by the original vision. Within this approach, the demand for alignment is especially reflected in the building of “bridges” between *existing* programmes and projects and corporate action, which chiefly manifests itself in three ways:

- In the intensifying of systematic efforts to capture reputational or image-related gains that stem from corporate social action, an aspect that emerged on a very small, experimental scale in the early days of PSI and that is now the focus of planned activities, as a result of the desire for greater visibility;
- In the development of activities in the sphere of engagement and volunteering;
- In the valorisation of activities aimed at building positive relationships with relevant stakeholders, with the aim of obtaining “operating licences”, a strategy favoured by, but not exclusive to, sectors whose activities have a direct impact on the local environment.¹²

The proposal implicit in this approach is, consequently, that PSI initiatives are *linked* to business, particularly to give rise to reputational and relational gains that could be appropriated by the brand or in the sphere of relationships with the community, with public authorities, and also with the internal public. The following passages illustrate this:

“We have to have a broader vision of alignment: how to ensure that a company “captures” these benefits. The great challenge is to create a “model” so that the company can capture these benefits”
(head of an institute/foundation).

“The institute/foundation is very relevant in the construction of the company’s image. This is recognised in internal and external studies – recognition of the company as a responsible company in its relationship with communities. And this could be even greater”
(head of an institute/foundation).

“The institute/foundation has a fundamental role in helping us with these links. It is also an institute’s role to help understand local contexts, evaluate the specific demands of the community” (company director).

“We want to leave the local environment in better shape than we found it, and in this process the institute is very important, it has a stronger local development technology, a way of talking to and linking up with the community. This helps us in the process of being well thought of in the community and also of stimulating development” (company director).

Within this approach, the main challenges to be faced by institutes and foundations relate to the linking of existing initiatives to the areas of corporate communication and human resources, as is the case with the two first aspects. And, in relation to the last possibility indicated above, concerning support for the company’s interactions with external interlocutors.

The strategic social influence approach

A second convergence approach identified in the interviews is what we will refer to as the **strategic social influence approach**. From this perspective, which already exists but on a very minor scale in the Brazilian context, there is the expectation that the institute or foundation will acquire greater power to intervene in the strategic dimension of corporate social activities, in the role of “shaping the company’s social performance”.

“Today the company has a better understanding in relation to the role of institutes/foundations, which is to ‘shape the social performance of business’, which translates into promoting practices and discussions, developing technologies and tools to help the company have a better social ‘footprint’. This lies within the vision of the company that accepts and valorises this role” (head of an institute/foundation).

“The first phase of the institute was to present itself as an area that could concentrate the activities of a social nature that the company already carried out and give initial orientation to the concept, even if in that period one-off projects still predominated. In the second phase – the current one – the focus has been on strategic positioning, on the company’s strategies and guidelines” (head of an institute /foundation).

These activities can take various different forms. In a softer version, they can translate into structured advocacy activities in relation to socio-environmental topics within the company itself, with institutes and foundations being responsible for internal links and mobilisation. On an intermediate level, institutes and foundations can occupy leadership positions when dialoguing with society and governments. On a higher level, a more ‘powerful’ version can translate into a kind of watchdog activity, in which institutes and foundations are given the role of monitoring and overseeing the socio-environmental performance of areas of the business, as can be seen in the following quote.

“We created a maturity scale to evaluate the way in which each of the companies deals with its social performance. When the planning of local development is done in partnership with the community, the mark is higher. When one employee alone is responsible, the mark is lower. The role of the institute/foundation is thus to indicate the levels of maturity of the different companies” (head of an institute/foundation).

Within this approach, institutes and foundations occupy a more independent position, with greater distancing from the business, sometimes taking on typical roles in the area of sustainability – which can result in the organisational integration of PSI within this area, or in a supplementary or alternative action when there is no such (or only a recently formed) sustainability management structure within the company.

The shared value approach

A third convergence approach is derived from the appropriation, by the field of social investment, of key ideas relating to what has become known as **the shared value approach**, a vision drawn up by Porter and Kramer in texts published in 2006 and 2011.¹² Originally developed in reference to Corporate Social Responsibility (CSR) strategies, and widely disseminated, this approach can be summarised in four main ideas:

- Social needs define markets;
- The success of the business presupposes communities that are also “successful”, which underlines the social inclusion of the business and emphasises the link between PSI’s sphere of activity and the geographical areas in which the company is operating;
- Social investment is only justified when it produces positive impact for society and for business; and, consequently,
- Social action should be selective.¹⁴

According to the texts by Porter and Kramer, the specificity (and the supposed superiority) of the shared value approach lies in the premise that corporate social action must *always* be oriented towards generating value for the company. This premise, according to the authors, is not fulfilled by reputational gains or an operating licence, in the former case because the positive effects on the reputation of the business are not guaranteed,¹⁵ and in the second because an operating licence entails the risk of *handing over control* of the agenda to stakeholders, which would threaten the generation of value for the company.

This leads to two important points: first, social initiatives should be selective; second, their impact, both from the social and business points of view, should be tangible or measurable, necessitating the creation of assessment mechanisms and metrics.

In discussions of alignment, the shared value approach has been expressed via the idea that the choices that will shape a company’s social activities must be **subordinate to**, or at least **conditional upon** the interests of the business. This can be seen, for example, in the transcription below, which also refers to the origin of resources as a justification for alignment:

“As we begin to embrace business and our financing to a large extent comes from business, the question of aligning the business, without losing the social impact, which has never ceased to exist, gradually comes to the fore. And we stop having an agenda like “I either do business or social projects”, and start talking about “and”, about how to do business “and” generate social impact. This is a very important paradigm shift: who is the institute’s client today? It is the business. We only exist because the business exists. My challenge is how to boost the business’s positive impact” (head of an institute/foundation).

Within this framework, existing initiatives must be justified by considering their interfaces with (and impact on) the company’s core business. With regard to pre-existing projects, it is therefore necessary to assess their compliance with this premise. In some cases, such an assessment has given rise to doubts about the continuation of projects aligned with public policies:

“Today projects are aligned with public policy; now I need to align with the business, things are drifting apart. Maybe our projects aligned with public policies will be weakened, since there is an understanding that, when we create projects aligned with public policies, perhaps there is an overlap in terms of duties between the role of the government and the role of the company” (head of an institute/foundation).

The corporate social intelligence approach

Finally, a fourth convergence approach is based on the expectation that one of the roles of institutes and foundations is to contribute to the *identification of socially and environmentally responsible businesses*. Within this vision, institutes, foundations and internal departments should (or at least could) foster and support the development of solutions, thus acting as “social intelligence entities” to support the business, with inclusive businesses and impact investments being just two of the possibilities mentioned.

“We contribute in the form of social investment, but the company could make a wider contribution, in terms of products and services, including the pyramid base from the moment business opportunities are identified. The areas that work with “strategic PSI” know this, and the issue is how we can bring together and promote these connections. There is a clear understanding of the company in relation to its socially oriented activities” (company director).

“The institute/foundation is also beginning to be called upon by areas of the company to be consulted about projects in those areas. The commercial director called us once and said: “We know how to do business; you understand the community. Let’s join forces” (head of institute/foundation).

Although this rhetoric is still in its infancy among the Brazilian social investors interviewed, it dialogues with the scenario outlined by Halme and Laurila (2009), in which it can be seen that the field of corporate social responsibility may one day contribute to the strengthening of corporate activities that have the *solution of social and environment problems* as their starting point for the *innovation* of products and services.¹⁶ The passages below illustrate this perspective.

“We also disseminate the field of social impact startups. Based on this new experience, the company has become a start-up accelerator. This was a move that ended up establishing the company in this field of open innovation” (head of an institute/foundation).

“We have concluded that the company’s role as partner presupposes that the institute/foundation focuses on innovation as a means of social change. This has necessitated major changes, in terms of processes and people. One thing that we wanted to change was our strategic planning process. Traditionally we planned by looking backwards and inwards. But if we want to be innovative we have to look forwards and outwards” (head of institute/foundation).

It is worth noting that what we are referring to as *corporate social intelligence* is not to be confused with the creation of opportunities to use existing social programmes and projects for commercial ends, something that puts at risk credibility and relationships of trust already established with partners, beneficiaries and other stakeholders in order to serve private interests. It is no coincidence that the perception of those interviewed in relation to the “commercial use” of PSI is surrounded by caveats, which demonstrates a sound understanding that this route can lead to an undermining of the public-oriented nature of social investment. For this reason, we do not consider it to be a convergence approach between PSI and business.

Chart 1. Convergence approaches: summary

Approaches	Objective	Alignment proposal	Role of the institute or foundation	Principal ways of working
Incrementalist	Taking advantage of opportunities and synergies for the company based on existing PSI	Linking PSI to the business	Building “bridges” between existing initiatives and areas of the company	Identifying and promoting communication activities; working on the relationship with stakeholders; promoting volunteering
Strategic social influence	Shaping the social performance of the company	Influencing the business from a socio-environmental perspective	Monitoring and/or supervising the socio-environmental performance of the business	Internal advocacy; leading dialogue with stakeholders; assessing the socio-environmental impact of the business
Shared value	Corporate social action must always generate value for the company	Subordination of PSI to the business	Being active in selective areas; creating metrics to evaluate the results for the company	Any ways, provided that value is generated for the company
Corporate social intelligence	Innovating products and services based on socio-environmental problems	Integration of PSI into the business	Helping to identify socially and environmentally responsible businesses	Mapping problems and opportunities; fostering impact investment

Source: In-house.

Table 1. What management strategies will be prioritised by institutes in the near future?

	Very high	High	Medium	Low	N/A	Don't know	Very high + High
Contributing to the promotion of the company's reputation-legitimacy	37	37	11	0	5	11	74
Providing evidence of the tangible results of social investments for businesses	37	37	11	0	11	5	74
Acting as the "social intelligence" of the company	58	11	11	5	5	11	69
Convergence with areas of the business and tailoring the institute/foundation's projects to the core business of the company	47	21	16	0	11	5	68
Assuming greater responsibility within the governance of the company's social activities	21	47	0	5	21	5	68
Helping the company to obtain the social "operating licence"	21	42	0	5	26	5	63
Being the link between the company and the community	42	16	16	11	5	11	58
Helping to build brand value	21	37	32	0	5	5	58
Capturing and disseminating within the company the needs and expectations of society	21	37	11	21	5	5	58
Concentrating social investments in the communities local to economic operations	32	21	5	21	16	5	53
Providing services to the company in the social sphere	21	5	11	26	32	5	26

Source: BISC 2014 Report, p. 100.

Although of a different nature, and drawing on a different group of institutions, the *BISC 2014 Report* features various elements found in the different convergence approaches described above. When asked about the social management strategies that should be prioritised in the future, the respondents from institutions and foundations gave particular emphasis to the aims of contributing to the reputation and legitimacy of the company, as well as to building the brand; to acting as the social intelligence of the company; to taking on greater responsibility in the social governance of the company, and to providing evidence of the tangible results of social investments for business, taking into account just those who responded “very high” and “high” priority, which amount to more than 60%.

3.3 Approaches: influential factors

The interviews with company executives and leaders of institutes and foundations show that different convergence approaches often co-exist within the same institution regarding both processes and thinking related to alignment.¹⁷

The co-existence of different convergence approaches seems to suggest two sets of circumstances within the current PSI-business alignment agenda. Firstly, something that can be described as a “relaxing” (or “dilution”) of the established vision of PSI, which is now understood not only as a planned activity of a philanthropic nature, a characteristic feature of the original vision, but also as *any* initiative whose desired effect is to bring about positive socio-environmental impact. An example of this relaxing of the boundaries of PSI is the inclusion of the impact investments and inclusive businesses agenda within the potential scope of private social investment.

From this perspective, PSI not only begins to encompass investments that include corporate interests among their beneficiaries, but also extends to notions closer to that of “shared value”, the idea that private social investment has *necessarily* to produce a return for the business.

The roots of this process are linked, as already stated, to the increased understanding among companies of the strategic nature of activities seen as committed to socio-environmental causes, a shift that makes the boundaries between social investment and corporate social responsibility more ambiguous, drawing the former into the latter field,¹⁸ and opening up a variety of possibilities for convergence between PSI and business.

A second set of circumstances that explain the co-existence of different convergence approaches concerns the fact that the institutional position of institutes and foundations is being re-thought, with perspectives that give them new roles gaining greater visibility.

Within this context, companies, institutes and foundations are seeing new ways of making use of existing resources and expertise in order to develop or create a fresh outlook on public-oriented corporate action.

This framework offers possibilities previously not, or only partially considered, such as institutes and foundations contributing in a more structured way to a company's strategic planning ("strategic social influence"); enhancing a company's reputation and strengthening its network of interest relationships ("incrementalist approach"); and developing innovations for the business with a socio-environmental focus ("corporate social intelligence").

However, as has been pointed out, the reach and the intensity of these changes vary in the experiences related by the interviewees. The emphasis given to each one of the approaches, the extent to which PSI and CSR have been merged, the reach of the diversification of PSI arrangements, and the taking on of new roles by institutes and foundations, each one of these aspects has been taking on its own particular features in accordance with the specific reality of each institution, which includes the sector to which it belongs, the vision of its leadership, and the structures of governance designed to foster alignment, among other factors.

Bearing in mind the accounts obtained from the interviews, a few factors seem to take on greater relevance, as will be discussed below.

Institutional inclusion of institutes and foundations

The institutional inclusion of institutes or foundations in the corporate context is a factor that has a major impact on possibilities for alignment and, more specifically, on the roles that institutes and foundations can play in the process.

From the set of interviews what stands out, in fact, is the perception that in situations where institutes and foundations do not have the recognition, support or "sponsorship" of the company's main leaders – shareholders and top executives –, a more instrumental and less strategic perspective can prevail in terms of the contribution of PSI (and of institutes and foundations) to the business. In these cases, the convergence approaches that emphasise the subordination of PSI to the business or its integration into the latter, such as that of *shared value* or that of *corporate social intelligence*, tend to dominate. Conversely, having "spon-

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sorship” from leadership, institutes and foundations tend to enjoy better conditions from which to have influence and propose strategies for alignment. This means, for example, that the *incrementalist* approach, and that of *strategic social influence* can have more chance of prospering.

The existence of prior recognition of and support for the work of institutes and foundations is undoubtedly the result of a set of variables. These include the existence (or persistence) of links between the controlling shareholders

Conversely, having “sponsorship” from leadership, institutes and foundations tend to enjoy better conditions from which to have influence and propose strategies for alignment. This means, for example, that the incrementalist approach, and that of strategic social influence can have more chance of prospering.

and those institutions, the personal profile of the chief executives, and the quality of the work carried out. When these conditions are present, there are significantly greater chances that the programmes, projects and tenets that shape PSI will be more familiar to the company as a whole. As a result there are greater possibilities for PSI per-

spectives to be recognised and better understood in the corporate environment, opening up more space for contributions of a strategic nature.

When this is not the case, alignment can be directed by a more pragmatic vision, very common among corporate leaders. Perceptions of this type appear to explain some executives’ notions of PSI, according to which perspectives orientated towards the generation of more immediate, concrete results would be a “necessary” element so that social responsibility strategies could safeguard their continuity and sustainability. According to such accounts, this is the only way of obtaining more stable conditions of recognition and legitimacy, less dependent on leaders with a specific profile, and less prone to controversies in the corporate environment, as is clear in the following excerpt:

“I believe that this is the way to ensure the survival of corporate social investment; a corporation needs to understand, perceive the value, including for the business, of social investment. If not, why would a company, chiefly those listed on the stock market, use resources to do charitable work or philanthropy? I don’t know if they will want to or not. But when the time comes for the executives to tell shareholders that PSI is good for business and society, and then they will be in a position to actually implement PSI. If it is not like that, it soon will be, responding to the vision of an executive with greater social understanding” (head of an institute/foundation).

This is not definitely a universal rule, particularly bearing in mind the persistence of institutions that continue to adopt approaches that lie within the realm demarcated by the original vision of private social investment. It seems wise to avoid adopting stances that *a priori* restrict the range of possibilities opened up by convergence between PSI and business to a single route.

The initial moment of alignment: initiative and leadership

A second variable that has influenced the emphases given to the different convergence approaches discussed in this document, as well as the possibilities for linking up PSI and business, concerns the initial conditions of the moves towards convergence. In relation to this three different routes have been identified:

(I) The first is characterised by the initiative taken by institutes and foundations to identify the possibilities for alignment. In these cases two frequent features are combined: (a) the existence of a generic orientation on the importance of seeking the greatest possible convergence between PSI and business; and (b) the delegation to the institute or foundation of the task of re-thinking their strategic planning, assessing possible links between their activities and the company.

In the cases recounted here, this arrangement was supported by important corporate leaders or shareholders, but it is possible to admit that, even in situations in which that is not explicitly the case, this is a route that can open up more possibilities for institutes and foundations to have an influence on the process of convergence with business. A crucial step is prior knowledge of the key visions and interests in the corporate strategy that must be taken into account in order to create alignment options.

(II) The second model has the opposite profile. In this case, the initiative on the *alignment dynamics is taken by the corporate side*, which defines the possible responsibilities of institutes and foundations in the context of corporate goals and challenges. This route may create a hierarchical relationship in which PSI occupies a subordinate position to the business, leading to the narrowing of spaces of mutual influence. The final result, however, will also depend on the structures of governance that define the routine interaction between the different parties involved in the subsequent period, whether it is more hierarchical or not.

This dynamic has been described in some interviews carried out for this study. In the experiences described, what stands out is the existence of a prior definition, *stemming from the corporate strategy itself*, in relation to alignment objectives, with the specific role of institutes and foundations being characterised as a “back-office” role vis-à-vis the operational areas of the companies.

(III) The third model, finally, can be characterised by *shared processes of planning*, in which, from the start, institutes and foundations and areas of the business have the opportunity to share experiences, as well as to extend their knowledge of their distinct realities, expertise and actions, in order to jointly construct possibilities for convergence and arrangements generally described as marked by relationships of greater “balance” between the different parties.

Significance of the sector and knowledge of the business

If alignment relates to the convergence of PSI and business based on the idea of “return”, a third factor that evidently influences the realm of possibilities for alignment is the sector to which the business belongs. It is, after all, the sector that will establish an initial basis for opportunities to create links by delineating the publics and the issues that the business is connected to (consumers, suppliers, stakeholders), as well as areas of activity and geographical locations.

With regard to this aspect, the key issue thus concerns what the possible synergies between PSI and business are and where they can be found or, specifically, in the case of institutes and foundations, how the knowledge and resources available can be linked to corporate strategy and activities. For this to happen, in the same way as it is important that the areas of the business are sufficiently knowledgeable about the resources and expertise that exist within the institutes and foundations, it is fundamental that those involved in PSI have a deeper understanding of the strategic vision, goals and operational reality of the corporate activity, an aspect repeatedly mentioned by several interviewees.

It has already been stated that the interviews carried out for this study involved representatives from institutions linked to companies with from different business sectors, including companies with activities in civil construction and extractivist sectors, in the financial and telecommunications sectors, clinical analysis and also retail. A subgroup of institutions stated that they remained closer to the original vision of PSI. However, for those who indicated that they are experiencing or seeking a process of greater convergence with business, a few points stood out.

In the first place, the decisive weight of the geographical dimension as a structuring factor in the processes of linking PSI and business in the cases that involve companies whose activities have a direct impact on the local environment and the populations close to their projects, notably those with an extractivist profile and linked to the civil construction industry.

In these cases what could be observed was that the choice of the local development agenda of the affected communities as the guiding line of the corporate strategy, an aspect to be found in virtually all the interviews, is shaping a certain *pattern* in the planning and execution of social investment, delineating a clearly visible and fertile field for alignment.

A typical feature of these experiences of alignment “organised around geography” (or around local development), and which characterises the pattern referred to above, is the establishment of regular mechanisms and forums for listening and dialogue to foster interaction between the company and the community, favouring the participation of local actors (the population in general, representatives of public authorities and organised civil society), in a consultative or deliberative capacity, to define the social projects and programmes to be implemented by the company/institutes and foundations in order to promote the development of each locality.

In the interviews diverse roles are assigned to institutes and foundations in order to structure these arrangements and put them into practice. In some cases, institutes and foundations are identified as being responsible for their own design or planning of the “models” of company-community interaction, as well as for their monitoring and supervision; in others, they are seen as the key factor in consolidating these spaces for dialogue, encouraging the coming together of companies and local stakeholders; another role sometimes assigned to them is that of “training” the corporate interlocutors who take part in these forums; and, furthermore, the development and operation of projects resulting from interaction with the communities.

The choice of the local development agenda of the affected communities as the guiding line of the corporate strategy, an aspect to be found in virtually all the interviews, is shaping a certain pattern in the planning and execution of social investment.

Although there may be differences in relation to the extent to which institutes and foundations are able to have a strategic influence in each situation, a dynamic exists within which, according to the interview material, resources are mobilised and joint processes and routines are constructed. In these examples, local development and the local environment thus form an *organisational vector* for links between companies and institutes/foundations, an alignment axis between PSI and business, which is from the outset integrated into the corporate strategy as a whole, reflecting the general proposal of the shared value approach.

On the other hand, in the cases linked to companies for which local and community development does not constitute a structuring or intrinsic element of the corporate strategy, – as in the sectors that do not cause an

impact on surrounding populations –, the type of sector seems to take on, at least among those interviewed, a less decisive weight in the assessment of the possibilities for alignment.

This does not mean that the nature of the sector is irrelevant in these cases. It is also a guiding element in the assessment of possibilities for convergence initiatives. But it takes on a secondary role, linked more to the potential contributions sought from institutes and foundations. Its effect, therefore, is initially seen in the influence exerted on the profiles and publics of programmes and initiatives, by establishing preferential conditions for choices that will also favour identification between PSI and the business. On the other hand, among institutions not linked to sectors that have a direct impact on the environment, there is a greater propensity for seeking ways to bring about convergence that are able to dialogue with the strategic dimension of corporate activity, with a greater number of cases adopting the “strategic social influence” approach.

End notes

9 This vision, vocalised both by those in charge of institutes and foundations and by corporate executives, supposes that institutes and foundations will have autonomy in relation to the company concerned. This, in turn, requires high-level agreement within corporate structures, and presents significant challenges, for example as regards budgets and governance.

10 There are, it is true, cases where the institute or foundation was the decisive actor in the development or initiation of a sustainability agenda in the corporate world, encouraging convergence. To achieve greater affinity or familiarity with socio-environmental themes, some institutes and foundations have ended up helping that agenda to be identified and understood as strategic, in this way opening the field up for possible joint actions, as we have previously stated. But as a general rule the main finding is that the initiative and the demand for convergence have come from the sponsor companies.

11 One of the questions in the *BISC 2014 Report* helps us to illustrate this point. In answer to the question what are “the principle demands/concerns of corporate leaders with regard to implementing social investment?”, the respondents, in fact, emphasised issues such as the “link between areas that take care of

socio-environmental questions and the other areas of companies” and “integration between the focus of social investments and of business”, alternatives that further dialogue with the topic of alignment. However, this concern is understood as a priority, respectively, by 43% and 52% of the respondents, that is, only around half of those interviewed – a level that is, furthermore, lower than that obtained by other questions, indicating the different levels of importance given to this topic (Comunitas, 2014: 82).

12 The notion of “social operating licences” can be understood as an *informal* endorsement given to the corporate activity in question by stakeholders and the community (Comunitas, 2014:37 and Porter and Kramer, 2006:4).

13 Porter and Kramer. “Strategy & Society: the link between competitive advantage and Corporate Social Responsibility”. *Harvard Business Review*, December 2006. Idem (2011). “Creating shared value”. *Harvard Business Review*, January 2011.

14 “The essential test that should guide CSR is not whether a cause is worthy but whether it presents an opportunity to create shared value – that is, a meaningful benefit for society that is also valuable to the business” (Porter and Kramer, 2006: 6).

15 In this respect, Porter and Kramer (2006) suggest that studies that attempt to investigate the effects of the social reputation of companies on consumer behaviour are still inconclusive.

16 Here there could even be a distinction between this possible form of alignment and the previous one: here integration with the business would be aimed at *creating new business* with a focus on solving social and environmental problems and not only shaping pre-existent corporate activities. See Halme and Laurila (2009:7).

17 Apart from contradictions that can arise, above all, between the shared value and incrementalist approaches, other combinations are perfectly feasible, with the possibility of creating alignments between PSI and business in which more than one of these approaches is adopted.

18 From this perspective, the survival of PSI, whether in its wider or narrower form, is now linked less to the commitment of controlling shareholders and, increasingly, to the company genuinely assuming socio-environmental responsibilities.



4

Scope of alignment: results of the GIFE 2014 census

1 When social investment initiatives take the company's activities into consideration

Alignment does not take the form of a homogenous or consolidated process: many initiatives remain under the sole influence of institutes and foundations, without being absorbed, at least until now, by the process of alignment.

There is a group of institutes and foundations for which convergence between PSI and business is already at a more advanced level. In other cases, however, social investment is more distanced from the activities of the company concerned, reflecting the still incipient nature of the process of alignment and the persistence of the original vision of PSI.

On average, the activities of the sponsor companies are not a *determining factor* for the decision-making processes of institutes and foundations.

2 When social investment influences the operational processes and procedures of companies

Institutes and foundations consider they have the ability to strategically influence core values.

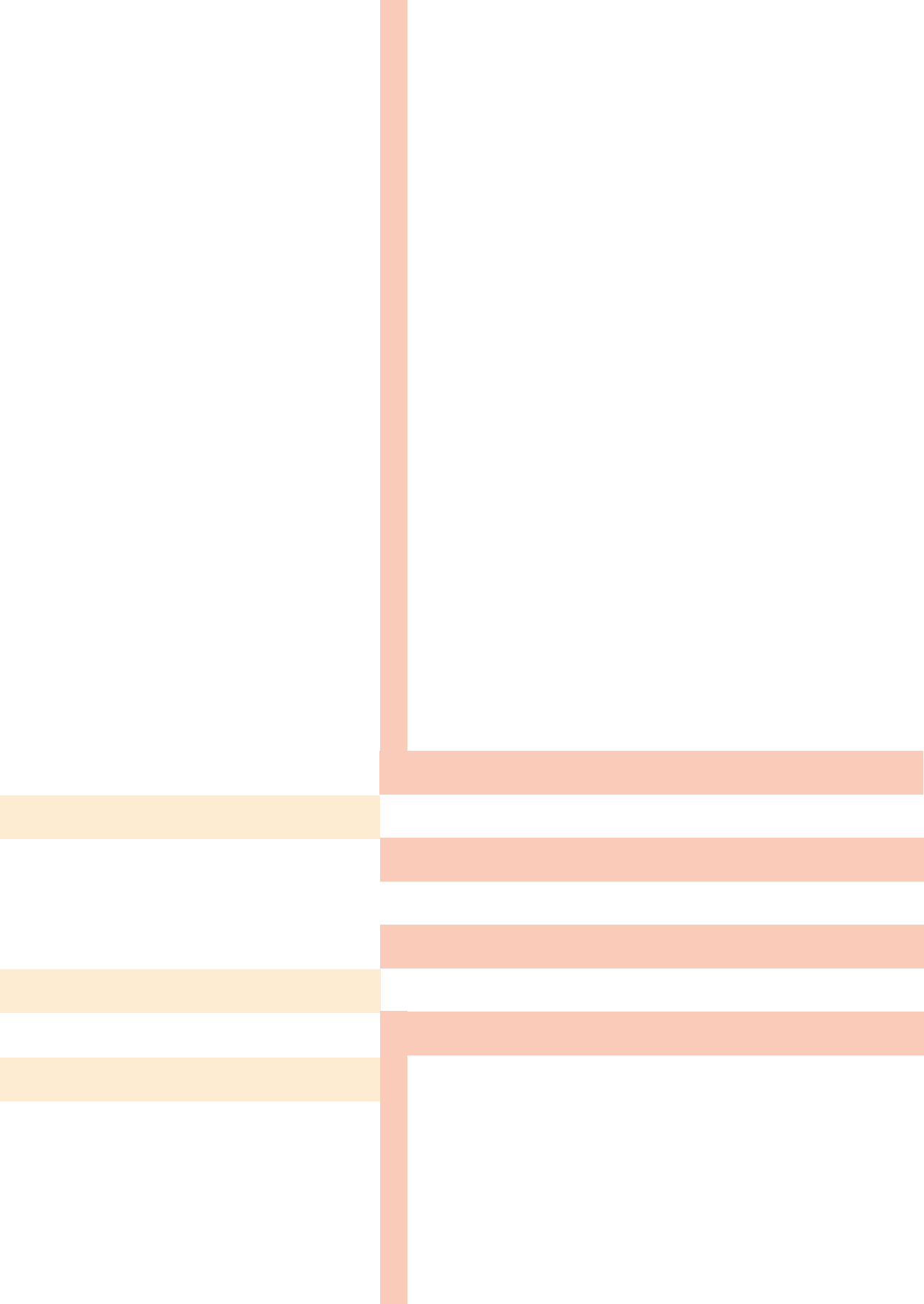
The influence perceived by institutes and foundations is principally associated with symbolic dimensions and relationships, and less with operational aspects of the business.

3 Aspects of governance

There is a more significant presence of shareholder representatives in the decision-making forums of the institutes/foundations.

There are signs that in recent years there has been an increase in the participation of representatives of companies/business in the governance forums of institutes and foundations.

There is less participation of other stakeholders in high-level governance forums of institutes and foundations, such as public partner institutions and civil society organisations.



4

Scope of alignment: results of the GIFE 2014 Census

Recognising the relevance of discussions about alignment for the sector, GIFE introduced new questions in relation to the topic in the most recent version of the census answered by its associates. Alongside the questions already existing in previous versions, the GIFE 2014 Census¹⁹ explored new issues in relation to alignment, asking respondents on three particular aspects.

First, it enquired about to what extent the activities of sponsor companies are taken into consideration in the initiatives of institutes and foundations. Second, it investigated the perceived influence of the activities of institutes and foundations on companies' internal processes. Third, it explored the perceived risks and benefits associated with alignment by the respondents.

In this chapter we will tackle the first two aspects, leaving for the following chapter the analysis of the perceptions of the associates regarding the expectations, risks and benefits of alignment.

Our intentions are two-fold: on the one hand, to ascertain if the approaches analysed in the previous chapter are reflected in the responses given to the Census and in what ways; and, on the other, to evaluate the scope of the process, now considering the total group of respondents. Alongside this, we explore aspects linked to the governance of institutes and foundations that were also explored by the Census.

4.1 The importance of the activities of the sponsor company

One of the questions in the GIFE 2014 Census asked the associates "*in what way do the social investment initiatives carried out by the associate take into consideration the activities of the sponsor company?*" This question covers a broad range of aspects of the activities of institutes and foundations, offering three alternatives as possible replies: (i) it considers the activities of the sponsor company for the *majority* or for *all* of the social investment initiatives; (ii) for *some* initiatives; (iii) *it does not take into consideration* the company's activities.

This question gives particular attention to aspects that relate to the *formulation* or structuring stage of the activities and projects – of the eight items concerned, five specifically involve this stage. Another two items are linked to the *implementation* of initiatives. The final one is associated with *evaluation*.

It is not possible to deduce what, if any, degree of participation there is by representatives of companies in these choices, nor the nature of the

initiatives. Even so, the question enables us to infer the degree of proximity between institutes and foundations and business by revealing the importance of the activities of the sponsor company in defining the key aspects of the projects led by the associates – parameters such as the local environment, target public, thematic field and partnerships with governments are relevant for various different alignment approaches, albeit with different levels of importance.

Table 2. In what ways do the social investment initiatives carried out by the associate take into consideration the activities of the sponsor company?

	They take into consideration the activities of the sponsor company for all/ the majority of initiatives	They take into consideration the activities of the sponsor company only for some initiatives	They do not take into consideration the activities of the sponsor company	Not applicable*
... in defining the places (districts/municipalities) where the initiatives will take place	53%	28%	13%	5%
... utilising the expertise of the company in the design/ implementation of the associate's initiatives	45%	43%	7%	5%
... in defining the thematic content involved	35%	48%	12%	5%
... in defining the target-public to benefit from the initiatives	33%	28%	33%	5%
... in implementing the initiatives relating to suppliers/ the value chain	32%	28%	35%	5%
... in defining the goals and evaluation criteria	25%	33%	37%	5%
... in defining the partnerships with public authorities	17%	40%	38%	5%
... in defining the partnerships with other organisations and associations	12%	43%	40%	5%

Source: GIFE 2014 Census [considering only corporate foundations and institutes].

A number of aspects stand out from the responses given by the sixty corporate foundations and institutes questioned, as summarised in Table 2.

Above all, what is most noticeable is the low level of importance, in general, of the activities of the sponsor companies as a *determining factor* in decisions for institutes and foundations involved in the census. Only

Above all, what is most noticeable is the low level of importance, in general, of the activities of the sponsor companies as a *determining factor* in decisions for institutes and foundations involved in the census.

one question (related to territory) had more than 50% of the respondents saying they took into consideration the activities of the sponsor company in *the majority* or in *all* initiatives. Even so, it is significant

that, to this same question, 41% of institutions do not take into consideration, or make only incidental use of those activities.

With regard to other aspects, this tendency is even more marked. When defining the thematic content involved in initiatives, for example, the activities of the sponsor company are occasionally considered by 48% of the institutes and foundations, and are never taken into account by 12% of them. When defining the target public for initiatives and programmes, 28% of institutes and foundations may sometimes consider the activities of the sponsor company, but 33% ignore them. Finally, when defining partnerships with public authorities, in only 17% of cases are the activities of the sponsor company always considered.

These results possibly reflect the combination of two situations. On the one hand, the choice, by some institutions, to keep social investment more distanced from corporate operations, reflecting the persistence of the original vision of PSI. On the other, the still incipient nature of the process for another group of institutes and foundations.

However, it is appropriate to mention that for a group of associates there are indications that alignment is already reaching more advanced levels,

Analysed as a whole, these responses show that, for the entire group of institutes and foundations, alignment is not a homogenous or consolidated process. On the contrary, what can be observed is that a significant number of initiatives remain under the sole influence of the institutes and foundations, without being absorbed, at least until now, by the process of alignment.

as a consequence of the greater spread of discussions about convergence. This is because, although the results of the Census show that in the majority of cases the activities of the sponsor companies are not a determining factor in the choices of institutes and foundations, for a good number of them it is already possible to see the influence of those activities: for five of the aspects they were questioned

about over a third of the respondents stated that they *always*, or on most occasions, take the activities of the sponsor company into consideration.

Analysed as a whole, these responses show that, for the entire group of institutes and foundations, alignment is not a homogenous or consolidated process. On the contrary, what can be observed is that a significant number of initiatives remain under the sole influence of the institutes and foundations, without being absorbed, at least until now, by the process of alignment.

To summarise, it seems that the possible conclusions are in line with what the *BISC Report 2014* demonstrated: if the majority of institutions confirm that changes are underway, everything indicates that these changes are not taking place at the same rate or in the same conditions, and that there is a “co-existence” between different forms of linking PSI and business (Comunitas 2014:81).

4.2 The influence of institutes and foundations on sponsor company processes

The GIFE Census also asked in what ways institutes and foundations assess the influence of their practices and their expertise on the “*operations processes and procedures*” of the sponsor company, in relation to ten different aspects, as shown in Table 3. Two main points emerge from the responses.

First, the generally positive self-evaluation of the ability of institutes and foundations to have an influence, since, for eight of the ten items, over 60% of the respondents stated that they did have influence. This is a slightly surprising percentage, given that it is a lot higher than those obtained in relation to the influence of the activities of the company on the initiatives of the associates, as seen above.

According to the Census, from the perspective of institutes and foundations, social investment has already been able to generate “returns” of different kinds for the company, including “the improvement of the relationship with the local community where operational activities take place”, and the “extension of positive socio-environmental impact”, as well as having an influence on “the company’s principles and values”, among other examples. In other words, despite a company’s activities not having yet been widely incorporated into the management of social investments carried out by institutes or foundations, such results lead us to believe that some of the demands for convergence with business are already being met.

A fuller understanding of these hypotheses would require knowing the perspective of the corporate actors about the influence that institutes and foundations have attributed to themselves regarding their relationship with the sponsor companies, an aspect that was not covered by the Census, which does not include as respondents – nor as GIFE associates

– many of the sponsor companies. In the absence of this information, two interpretations seem plausible.

First, that institutes and foundations have possibly overestimated their influence on sponsor companies, perhaps as a result of the absence, in the question, of the possibility to attribute different degrees of influence in relation to each part of the question.

Table 3. In what ways would you say that the social investment practices and the expertise of the associate influence the operational processes and procedures of the sponsor company/company of the sponsor family?

	Yes	No	Choice not applicable	Not applicable
... on the principles and values of the company	80%	10%	5%	5%
... on improving dialogue and relationships with the local community where the operational centres are situated	77%	5%	13%	5%
... on incorporating or intensifying sustainability practices	75%	7%	13%	5%
... on extending positive socio-environmental impact	70%	8%	17%	5%
... on controlling and mitigating negative external factors	65%	17%	13%	5%
... on implementing programmes aimed at collaborators in the sponsor company	63%	18%	13%	5%
... on the way the company communicates with the public in general	63%	22%	10%	5%
... on the way the sponsor company relates to public authorities	60%	20%	15%	5%
... on incorporating procedures and processes adopted in relation to collaborators, suppliers and clients	45%	28%	22%	5%
... influencing the business's productive processes	28%	40%	27%	5%

Source: created in-house, based on the GIFE 2014 Census [considering only corporate foundations and institutes].

On the other hand, a second interpretation is that the influence of institutes and foundations is principally *associated* with symbolic dimensions and relationships, and less with what could be recognised as the core business of the company, taking into account that, in the questions that concern the more *operational* aspects of corporate activity – “*productive processes*” and “*processes adopted with suppliers and clients*” –, the perception of influence is at considerably lower levels.

Even so, however, it is intriguing that the high level of influence at the level of values and control of negative external factors, self-attributed by the institutes and foundations, does not convert into the ability to also influence operational aspects.

Following this hypothesis, institutes and foundations would already be functioning in the most effective way, at least at the level of strategic influence. Even so, however, it is intriguing that the high level of influence at the level of values and control of negative external factors, self-attributed by the institutes and foundations, does not convert into the ability to also influence operational aspects. This perhaps indicates a lack of clarity with regard to the first question or a possible fracture between the discursive level and how it is put into practice in the processes and procedures linked to production.

4.3 Aspects of governance

The GIFE 2014 Census also includes information regarding aspects of governance of corporate foundations and institutes that, in combination with the accounts collated in the interviews and information contained in the *BISC 2014 Report*, are useful for understanding how alignment has progressed.

Traditionally, deliberative and even consultative boards of institutes and foundations have been mostly composed of representatives of the company. The opposite is not the case: executives and collaborators from institutes and foundations have not been frequently included in the boards of companies. The extension of formal processes of governance relating to the decisions of institutes and foundations to embrace representatives of companies can thus be seen as an important indicator of alignment.

The Census explores the issue of the participation of different actors in three types of decision-making or consultative bodies within institutes or foundations: high-level decision-making forums (governance boards, curatorial boards, deliberative bodies); consultative forums (boards and other formally structured groups); and working groups.²⁰ A summary of this data is given in Table 4.

Table 4. Which bodies are the different stakeholders represented in and which do they participate in, even if only via advice or suggestions, in relation to the associate's decision-making processes?

Basis of the sample	Representatives of the company's shareholders	Representatives of collaborators from the sponsor company	Representatives from private institutions/ partnerships/ co-investors	Representatives from civil society organizations	Representatives from public partner institutions	Representatives from direct beneficiaries	Representatives from volunteers	Representatives from class associations
Basis of the sample	60 100.0%	60 100.0%	60 100.0%	60 100.0%	60 100.0%	60 100.0%	60 100.0%	60 100.0%
Governance board/ Curatorial board / deliberative bodies	34 56.7%	23 38.3%	6 10.0%	5 8.3%	3 5.0%	1 1.7%	1 1.7%	1 1.7%
Consultative boards/Other formally structured groups	17 28.3%	18 30.0%	10 16.7%	7 11.7%	8 13.3%	1 1.7%	2 3.3%	2 3.3%
Working groups or other informal bodies	3 5.0%	20 33.3%	24 40.0%	29 48.3%	24 40.0%	29 48.3%	24 40.0%	10 16.7%
Do not participate in decision-making processes	11 18.3%	13 21.7%	18 30.0%	16 26.7%	19 31.7%	19 31.7%	17 28.3%	28 46.7%
Not applicable (there are no stakeholders of this type)	6 10.0%	2 3.3%	8 13.3%	8 13.3%	12 20.0%	10 16.7%	16 26.7%	22 36.7%

Source: GIFE 2014 Census [considering only corporate foundations and institutes].

A more significant presence of shareholder representatives in decision-making forums of the highest level can be noted. Of the sixty institutes and foundations that responded, 34 stated that their boards contain such representatives, with 23 cases where there are collaborators from the companies. With regard to consultative forums, there is greater balance between shareholder representatives and collaborators from the company, amounting to seventeen and eighteen cases, respectively. The institutes and foundations that do not have any shareholder representatives or company representatives in any type of decision-making process total, respectively, thirteen and eleven institutions.

But, bearing in mind all the accounts collated from the interviews, it seems reasonable to say that the last few years have witnessed a growing tendency for companies to participate in forums that form part of the governance of institutes and foundations.

As this was the first time that this question had been asked, it is not possible to ascertain a historical picture that would allow us to compare these results with previous ones. But, bearing in mind all the accounts collated from the interviews, it seems reasonable to say that the last few years have witnessed a growing tendency for companies to participate in forums that form part of the governance of institutes and foundations.

An example of this is that, of the ten institutes and foundations interviewed for this study, five reported a formal mechanism for the participation of representatives from the sponsor companies in their deliberative boards, and, in three cases, the board is entirely made up of representatives from the company. Two of those interviewed stated that this participation represents a recent decision, influenced by the alignment agenda. A further two institutions said that they are currently exploring the possibility of company executives participating in their boards, which are as yet still composed exclusively of shareholder representatives.

Particularly noticeable is the low number of cases where independent representatives, for example, from civil society organisations (CSOs) and public partner institutions, are involved in these forums

A point to note is the low level of participation of other stakeholders in high-level governance forums of institutes and foundations. Particularly noticeable is the low number of cases where independent representatives, for example, from civil society organisations (CSOs) and public partner institutions, are involved in these forums – respectively, five and three cases for governance boards, and seven and eight for consultative boards.

The participation of independent representatives in these forums may be an important factor in ensuring convergence between PSI and business in a more balanced and productive way, positively influencing alignment processes and discussions, not only by strengthening perspectives

more focused on the public orientation of social investment, but also by extending the possibilities for institutional learning and dialogue, thus bolstering the potential contribution of institutes and foundations to the strategic positions of companies.

End notes

19 GIFE 2014 Census, launched in December 2015. Available at: <http://gife.org.br/censo-gife/>.

20 For each of these bodies, the Census seeks to discover the degree of participation of representatives of company shareholders, of representatives of collaborators from the company, of representatives from public partner institutions, from civil society organisations and beneficiaries, among other groups of actors.

5

Expectations: risks and opportunities

There is a high level of *uncertainty* in relation to the possible developments of alignment.

1 Opportunities and benefits

Commitment of leaders and continuity of social programmes

Alignment can be an opportunity to give greater visibility to social investment – increasing knowledge and interest on the part of leaders and collaborators regarding the “social sphere”.

New functions, the ability to influence, and impact

Alignment can extend the influence that institutes and foundations have within a given company, and increase the impact or efficiency of social investment as a result of creating new arrangements and links between PSI and the company.

Scale and resources

Alignment can increase the scale of PSI and the level of resources involved, but there is still no clear picture regarding these aspects.

Public authorities, social organisations and communities

Alignment can increase recognition of a company’s social activities, as well as the commitment to efficiency gains and expertise obtained from private social investment.

Benefits for the company (engagement, management and competitiveness)

Alignment can foster links between social investment and initiatives aimed at raising awareness among and mobilising internal collaborators, increasing their commitment and productivity.

There is a clear *sense of optimism* in relation to alignment: the benefits are more widely perceived by the respondents than the losses and risks.

2 Risks

Reduction of the thematic and geographical scope of projects

Among the principal risks associated with alignment, as identified by institutes and foundations in interviews and discussion groups, concerns about the following aspects stand out:

- The narrowing of the thematic scope of the programmes and projects supported, and of the range of publics embraced by PSI;
- The reduction of the geographical scope, becoming restricted to areas where the sponsor company has operations;
- In spite of this, the responses presented in the GIFE Census do not indicate that this concern is widely held among the group of institutes and foundations interviewed.

Misuse and loss of legitimacy

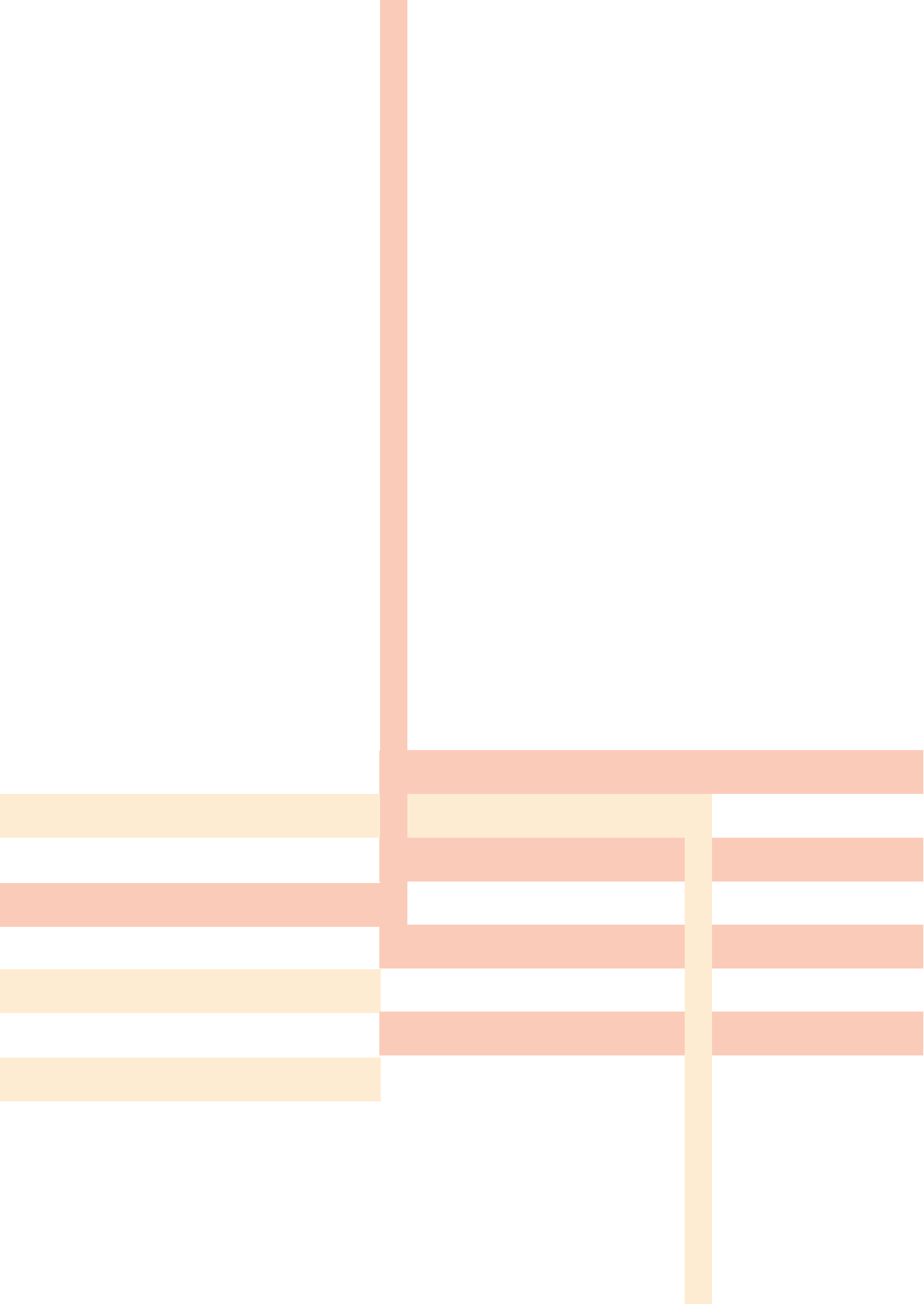
Although mentioned by some interlocutors, the “misuse” of PSI by the business and the “loss of legitimacy” stemming from this, are not seen as a risk by the group of institutes and foundations that responded to the GIFE Census.

Scale and resources

There is concern about the reduction of the budgets of institutes and foundations, or the possible redeployment of resources to other areas of the company within the rationale of integration into the business.

Discontinuation of institutes and foundations

Although mentioned by a few of those questioned, the discontinuation of institutes and foundations is not a relevant concern for the group of institutions interviewed.



5

Expectations: risks and opportunities

The analysis so far indicates that “alignment” has taken a variety of forms, with different levels of convergence and multiple ways of linking institutes, foundations and business together. For this reason we have demonstrated that the process is characterised by a plurality of possible strategies, and not by the predominance of a single alignment “model”.

Given this context, it is only natural that the perceptions of those involved with regard to associated risks and opportunities also reflect different sensibilities, focusing on diverse aspects, each one of them to a greater or lesser extent. In this chapter the aim is to trace an overall picture of these perceptions, drawing on the results obtained by the GIFE 2014 Census and also the statements obtained during the interviews.

5.1 Uncertainty and optimism

The GIFE 2014 Census²¹ aimed to discover the perceptions of associates in relation to the possible implications of alignment, a term for which no closed definition has been offered – it was left to the respondents to interpret the term in line with their own experiences. Two sets of questions were presented, one about risks and the other about possible benefits, with the objective of achieving a clear picture of the *expectations and concerns* within the sector with regard to the process of alignment.

In total the questions present 25 possible hypotheses and broach varied aspects.²² In each case the respondents were offered three alternatives: “totally agree”, the option revealing greatest conviction regarding the proposed scenario; “totally disagree”, which also reveals conviction, but in this case about the lack of plausibility of the hypothesis put forward; and “partially agree”, the option that reveals the existence of *uncertainty* in relation to the content of the question²³

Two aspects should be underlined based on the results obtained by the Census, both of which are illustrated in Table 5.

First, the presence of a high level of *uncertainty* in relation to the possible developments of alignment. On average, 38% of the responses to the 25 questions about the benefits and risks of alignment revealed only partial agreement, which indicates that the institutes and foundations are not entirely sure about the general direction of the process.

Table 5. Overall vision of perceived benefits and risks

	Totally agree	Partially agree	Disagree	Don't know	Not applicable
Benefits (average of twelve questions)	43.9%	38.8%	8.5%	3.9%	5.0%
Risks (average of thirteen questions)	12.8%	37.9%	39.9%	4.6%	5.0%

Source: GIFE 2014 Census [considering only corporate foundations and institutes].

NB. For this presentation of the data only responses from corporate foundations and institutes were considered.

Consequently, although it is possible to suppose that, for a subgroup of institutions, the routes to alignment are already more consolidated – and, thus, that the expectations in relation to it are already established –, it is also apparent that, for the group of GIFE associates as a whole, this is still not the predominant situation.

Secondly, taking into account once again all the responses, it is possible to identify a clear *sense of optimism* in relation to alignment: the benefits are more widely perceived by the respondents than the potential losses and risks. In other words, even if modulated by not insignificant levels of uncertainty and still in its infancy for a good number of institutions, there are strong indications that a favourable ethos towards a greater convergence of PSI and business is emerging.

it is possible to identify a clear *sense of optimism* in relation to alignment: the benefits are more widely perceived by the respondents than the potential losses and risks.

Table 5 allows us to perceive this trend. On average, the level of *total agreement* with the perceived possible benefits of alignment is 44%, a level far higher than that observed for risks, which is approximately 13%. Confirming this tendency, the level of *disagreement* concerning risks is almost five times that observed in relation to benefits, which shows, also from this angle, that the associates feel much surer about potential gains than potential losses.

5.2 Opportunities and benefits

The opportunities identified in the interviews and in the Census reveal in general the expectation that alignment could give rise to “win-win” situations. This can be seen in the question asked in the study that specifically mentions the possibility of alignment generating “two-way” benefits. Almost 60% of the associates (35 respondents) totally agree with this expectation, whereas only one respondent entirely disagreed with it, as

Table 6. Benefits of alignment

Benefits	Totally agree	Partially agree	Disagree	Don't know	Not applicable
Alignment helps increase the commitment of leaders and collaborators to the company's social activities	61.7%	26.7%	3.3%	3.3%	5.0%
Alignment leads corporate foundations and institutes to take on new roles with greater positive impact on the management and social responsibility strategies of the company	61.7%	28.3%	1.7%	3.3%	5.0%
Alignment can increase two-way (win-win) benefits	58.3%	30.0%	1.7%	5.0%	5.0%
Alignment has a positive influence on the management of the business and contributes to the competitiveness of the company in the long term	46.7%	36.7%	10.0%	1.7%	5.0%
Alignment can contribute to the continuity of social programmes, irrespective of changes in the administration or the leadership of the company	46.7%	43.3%	1.7%	3.3%	5.0%
Alignment helps the other sectors of companies get to know and form closer links with communities, social organisations and the authorities	45.0%	35.0%	11.7%	3.3%	5.0%
By applying specialist knowledge to social activities, the company takes on the role of interlocutor with governmental organisations and increases its influence on public policies	31.7%	50.0%	5.0%	8.3%	5.0%
Alignment enables communities to benefit from the greater know-how of companies	43.3%	41.7%	5.0%	5.0%	5.0%
Alignment has a greater potential to extend the scale of coverage of social investments	41.7%	40.0%	11.7%	1.7%	5.0%
Alignment helps increase the human and financial resources made available for social activities	38.3%	41.7%	13.3%	1.7%	5.0%
Alignment leads to longer term activities, which is essential to create social impact	33.3%	45.0%	13.3%	3.3%	5.0%
A pre-requisite of alignment is a rigorous tailoring of the activities concerned to the aspirations of the communities	18.3%	46.7%	23.3%	6.7%	5.0%
Average	43.9%	38.8%	8.5%	3.9%	5.0%

Source: in-house data based on the GIFE 2014 Census [considering only corporate institutes and foundations].

Table 6 (third line) shows. Interpretation of this outcome in isolation is not straightforward, given the generic nature of the question, but possibly the notion of “generating shared value” has gained in strength as a rationale for alignment, perhaps contributing to the strengthening of the sense of optimism referred to earlier.

This tendency can also be observed in other responses to the Census, although always nuanced by doubts, which can likewise be seen in the statements made by the interviewees. Let us now consider in more detail some of the topics covered by the study.

Commitment of leaders and continuity of social programmes

There is a great expectation that alignment could lead to increased commitment on the part of leaders and collaborators to a company’s social activities. Almost 62% of the respondents to the Census totally agree with this possible benefit of alignment – it is one of the two questions that obtained the highest levels of conviction among the respondents.

Considering the material obtained from the interviews, this result can be interpreted in different ways. On the one hand, it appears to indicate the hope that alignment will prove to be an opportunity to give greater visibility to PSI, giving rise to increased knowledge and interest in the “social area” among leaders and collaborators. On the other, it suggests the vision that a greater dialogue with regard to the interests and objectives of the company may present itself as a strategy to encourage commitment and engagement.

Mixed together in these two alternatives are thus the confidence that convergence will generate recognition of the work carried out, and the understanding that the tailoring of social investment to the new demands of alignment can favour the involvement of leaders and collaborators. In any case, there is a belief in the convergence between PSI and the company that tends to be positive.

The results obtained by the GIFE in relation to the question about the “continuity of social programmes irrespective of the changes in the administration or leadership of the company”²⁴ in the context of alignment confirm this interpretation. Although with lower agreement levels, just over 46%, what stands out in the responses to this question is the extremely low level of disagreement with regard to the likelihood of the continuity of social programmes, lower than 2%.

New roles, ability to influence and impact

An equally high level of conviction among the respondents was shown in answer to the question about whether alignment could lead institutes and foundations to “take on new roles with greater positive impact on the management and social responsibility strategies of the company”. Alongside the previous one, this is the question that reveals the highest level of conviction among the respondents, with almost 62% in total agreement.

The question combines two related but distinct elements: (i) the assumption of new roles by institutes and foundations within *management strategy* and social responsibility; and (ii) the extension of the impact of this strategy, resulting, according to the formulation of the question, from the absorption of these new roles. This analytical distinction is relevant because it shows the possibility of there being at least two ways of interpreting this question, both of which feature in the accounts given by the interviewees.

The first of these interpretations relates to the expectation that there will be an increase in the institutes’ and foundations’ power to *influence* within the company, something mentioned by some of the interviewees in different ways.

Sometimes on a wider level – for example, by means of the statement that “institutes can help the company to develop its thinking about the new demands of corporate activities”, or, analogously, that “the institute brings a more holistic vision, not necessarily results-oriented, which enriches the possibilities for social action”²⁵ – sometimes from a more limited perspective – for example, with the idea that “the institute introduce new ways of working to the company, such as home office, or more collaborative models of working, in contrast to the competitive pattern typical of the corporate environment” –, expectations that dialogue with aspects of the organisational culture of the companies.

The second interpretation, on the other hand, relates specifically to the expectation of increasing the *impact*, or the *efficiency* of social investment as a result of the creation of new arrangements and links between PSI and the company, without necessarily involving an increase in the ability to influence of the institutes and foundations concerned.

This can especially be seen in the statements by interviewees that emphasise the use of company resources, and in comments that underline the learning experiences resulting from alignment. We will now single out three examples in this respect: (i) “Alignment can increase the effect of PSI resources, principally taking into account the use of logistical resources, supplies, accounting and legal services”; (ii) “The institute today uses the company’s expertise, managing projects and resources in the same way;

the improvements and security stemming from the adoption of processes (management, administrative, financial) and practices shared by the company are a clear benefit – compliance, supplies, legal services, SAP”; (iii) “With alignment projects are strengthened, not only gaining financial resources but also intelligence, contributions and political strength”.

This caveat is relevant when we consider that, in some cases, alignment entails the mobilisation of the skills and resources of institutes and foundations in accordance with the management of the company’s social strategy, but without this process reflecting the strengthening of the institute or the foundation in internal governance forums, something that would open up more opportunities for influencing *strategy*.

It is true that there are very important cases in which influence and impact are perceived as being linked. This can be seen, for example, in the account of a PSI executive, who stated, “What really makes a difference is putting at the service of social impact a huge organisation that has capillarity. Acting in alignment means, unlike what people think, me yielding to this organisation, but (also) this organisation yielding to me”. We cannot conclude with certainty that one of these elements prevailed in the responses, or that influence and impact were perceived as being linked. However, judging by the responses analysed in Chapter 4, it is possible that institutes and foundations gave greater emphasis to their ability to influence.

“What really makes a difference is putting at the service of social impact a huge organisation that has capillarity. Acting in alignment means, unlike what people think, me yielding to this organisation, but (also) this organisation yielding to me”

Scale and resources

As regards the aspects “scale” and “increase in resources for PSI”, a heterogeneous picture emerges. Some interviewees gave optimistic answers regarding the potential to increase the resources and scale of PSI as an effect of alignment. Especially among the institutions that have pursued alignment based on *geographical location*, in more than one case the interviewees declared that there had been an increase in the resources available for social strategy, either regarding the direct budget of the institutes, or the capacity for mobilising resources in other areas. An example of the latter case can be seen in the following statement by an institute executive: “There was no increase in the direct budget, but there was an increase in the ability to influence the targeting of resources from other areas of the company in projects with an interface with the institute’s field of activity”. For the group of institutes and foundations interviewed, however, the implications in terms of resources and scale of activity are not clear.

Specifically with regard to the topic of “resources”, it is important to point out that a concern with reducing the budgets of institutes and foundations, or the possible redirecting of resources to other areas of the company on the grounds of integration into the business, was mentioned by more than one interviewee. It was even stated that “using the institute’s resources to solve business obligations” or “using volunteers to do mandatory tasks” could lead, from the perspective of these respondents, to the disfigurement of PSI: “(...) consequently the use of private resources for public interests ceases to be PSI”.

This heterogeneous picture, and the existence of greater uncertainty regarding such aspects, was revealed in the GIFE Census data. For the items “resources” and “scale”, the level of total agreement fell to 40%, coming near to the lower section of the table, whereas those who totally disagreed exceeded 10% of the responses.

Public authorities, social organisations and communities

The GIFE 2014 Census contains a subgroup of questions that seek to capture the perceptions of the respondents about alignment benefits linked to interfaces with the traditional group of actors to whom PSI is related.

There is, consequently, a more wide-ranging first question, which asks if “alignment helps the other sectors of the companies get to know and form closer links with communities, social organisations and the public authorities”, and two other questions concerning the implications of alignment specifically with regard to “communities”, an expression usually used in the sector to refer to the populations located in the target-territories of PSI activities – which, very often, coincide with the geographical locations in which the corporate operations and their impact are also to be found.²⁷

As Table 6 shows, none of the questions leads to responses that express a strong conviction about the benefits of alignment. However, the question about knowledge and forming closer links with communities, social organisations and public authorities, and the question about benefits derived from the “greater know-how of companies” received more positive responses, with those in total agreement reaching the level of around 45%. Apparently these results also reflect the expectation of greater recognition of social activities by the company, as well as expertise and efficiency gains, which are attributed to alignment.

What stands out, however, is the weaker conviction of the respondents with regard to the hypothesis, raised by the question, that alignment could be led by the “aspirations of the communities”. In this case, there is the lowest level of conviction of all the questions relating to benefits, with just 18% being in total agreement and 23% in total disagreement.

This result must be interpreted with caution. It seems to indicate that, among the GIFE's associates, there is a feeling that alignment can lead to a social vision less open to the consideration of aspirations external to the company. This is concerning when we think about the public mission of private social investment, but also because it reveals the view of institutes and foundations that, among companies, there is little willingness to take on board ideas and expectations that have not come from within or relate to the rationale of the corporate environment.²⁸

It is not clear if this hypothesis reflects precisely the predominant opinion among the respondents, apart from anything else because responses given to the similar question – referring to the risk that alignment may “limit the dialogue with and participation of communities in the company’s social activities” – elicited even lower levels of conviction and relatively significant levels of disagreement.²⁹ If this is the case, however, we are facing the loss of a potential opportunity to maximise the relationship between companies and a fundamental group of stakeholders, thus wasting the opportunity to use PSI to potentially bring citizens and consumers together in a different way.

Finally, it should be noted that the point made above sheds light on one of the main challenges facing institutions with alignment strategies based on a local geographical approach, namely the importance of ensuring that the institutional apparatus created to foster the participation of stakeholders is effective, not just a formal structure incapable of promoting the effective empowerment of local social actors.

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Benefits for the company: engagement, management and competitiveness

An opportunity emphasised by various PSI and company executives interviewed as part of this study, is the linking of social investment to initiatives aimed at raising the awareness of and mobilising internal collaborators. In fact, frequent references were made to the benefits already witnessed and those expected of such links.

It is possible that this result partly mirrors the fact that some leaders of institutes and foundations have been recruited from the human resources departments of the sponsor companies. In addition to this particular effect, however, there seems to be a growing understanding that social investment is a powerful instrument for engagement and even for recruitment, something that can be seen, for example, in the statements below:

“Via PSI you can win people, the company, making the most of the institute’s awareness and knowledge to identify possibilities for mobilising collaborators – whether in the sphere of volunteering, whether in the development of ways of supporting projects carried out in the communities”. (Company executive)

“PSI has a positive impact within the company: the company’s employees take pride in these activities”. (Company executive)

“The company’s commitment to social responsibility favours recruitment”. (Head of institute/foundation)

There is thus recognition of a benefit for the company that takes on board the *motivational dimension* of alignment and its effects on the commitment and productivity of collaborators. In each case the best strategies for linking PSI and the company have to be identified.

There are different ways of thinking about this last challenge. One of the most well known is the increasing or intensifying of engagement activities based on initiatives (already in existence or not) that involve external stakeholders, which requires giving visibility within the company to these projects and creating strategies of internal support and mobilisation. Another hypothesis, also mentioned in the interviews, consists of developing something that can be understood as “social projects internal to the company”, within which focus is given to more vulnerable publics within the company itself or in its network of suppliers.

The point of departure for this hypothesis, which belongs to the general framework of “integration” of PSI into the business, is that the principal challenges faced by Brazilian society – income inequality, educational deficit, discrimination based on gender, race or sexual orientation, amongst others – also inevitably exist in the corporate environment, something that justifies the internal re-directing of projects and resources. Within this approach, the boundaries between social action

and business interests are almost entirely diluted, giving rise to a context of wholesale subordination of the former to the aims of the business, which illustrates the “dilution” of concept of private social investment, leading to meanings that differ from its original vision.

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Something to consider here it that, from this perspective, corporate social action could end up privileging publics characterised by relatively lower, not extreme levels of vulnerability – since we are talking about beneficiaries with regular employment and income –, and possibly failing to cater to more urgent publics and issues.

The GIFE Census does not directly broach the hypothesis that there are benefits linked to engagement and to mobilisation. It does contain, however, a question that borders on this issue: “Alignment has a positive influence on the management of the business and contributes to the competitiveness of the company in the long term”.³⁰ Here, yet again, there were a considerable number of respondents – 46% – who agreed entirely with the proposed statement, but also not insignificant levels of uncertainty as regards this possible benefit.

5.3 The perceived risks of alignment

An optimistic view of alignment perspectives also emerges when we analyse the perceptions of risk associated with the process among those involved in the sector, either in interviews or in the responses given to the GIFE Census. What the interviews and the Census show us, in fact, is that the opportunities presented by alignment outweigh the risks, and that, furthermore, the latter are not perceived as equally relevant.

This can be seen, for example, in Table 7, which summarises the responses given by corporate foundations and institutes to the question about the risks of alignment between social investments and business, taking different aspects into account, which we will look at in more detail below.

Table 7. Risks of alignment

Risks	Totally agree	Partially agree	Don't agree	Don't know	Not applicable
With alignment the company restricts its activities to the area of influence of the business	30.0%	25.0%	36.7%	3.3%	5.0%
Alignment can lead to cuts in social investments in times of crisis	20.0%	46.7%	25.0%	3.3%	5.0%
Alignment leads to more focused actions, whereas social problems demand multi-sector solutions	18.3%	41.7%	28.3%	6.7%	5.0%
With alignment the demands of shareholders increase, which reduces the flexibility of activities in the social sphere	16.7%	35.0%	40.0%	3.3%	5.0%
Alignment creates difficulties in the establishment of partnerships with other organisations (governmental and other), as social investments are seen as related to private interests	13.3%	51.7%	28.3%	1.7%	5.0%
Alignment leads to implementing activities with short-term return, which cannot always be achieved with social programmes	13.3%	41.7%	35.0%	5.0%	5.0%
With alignment the company takes charge of social investments and reduces the resources transferred to support non-profit organisations	11.7%	46.7%	33.3%	3.3%	5.0%
Alignment can lead to the abandonment of relevant social causes that involve activities that present risk and/or have little visibility	11.7%	40.0%	35.0%	8.3%	5.0%
With alignment, the standards for assessing results are based on the business rationale (profit), and not on the social results for communities	10.0%	40.0%	41.7%	3.3%	5.0%
With alignment there are increased risks that expenditure on advertising will take precedence over investments in communities	8.3%	25.0%	56.7%	5.0%	5.0%
With alignment partnerships with other companies are reduced	6.7%	38.3%	48.3%	1.7%	5.0%
Alignment can limit the dialogue with and participation of communities in a company's social activities	3.3%	40.0%	46.7%	5.0%	5.0%
With the alignment of corporate foundations/ institutes, they are turned into a market instrument and lose their legitimacy in society	3.3%	21.7%	63.3%	6.7%	5.0%
Average	12.8%	37.9%	39.9%	4.4%	5.0%

Source: In-house document, based on the GIFE 2014 Census [considering only corporate institutes and foundations].

Two aspects can be highlighted: the first of these, already mentioned, is the observation that the level of conviction in relation to the existence of risks, measured by “totally agree” responses, is much lower than the level obtained with regard to opportunities. The second is the observation that in all cases the number of people who disagree with the given statement is always higher than the number of those who agree. Once again, we cannot underestimate the evidence of considerable uncertainty, as seen in the responses in the column “Partially agree”. Even so, however, the positive dimension of alignment stands out.

It is not easy to make an accurate judgment about the reasons for this profile, particularly when we consider that for a good number of institutions the process is still in its infancy and its evolution has not yet been entirely experienced.

One hypothesis, put forward in one of the interviews, is that for those involved in private social investment alignment already appears to be an inexorable journey, defined, as previously stated, as the means by which the continuity of PSI will be assured. Another hypothesis, equally evident in the accounts collated in this study, is more positive: the belief that alignment is the best strategy to increase impact and the reach of social investment, especially as a result of its effects on the *efficiency* of social action.

Whatever the case, it is clear that this panorama does *not mean* the absence of risks. On the contrary, the concerns raised can by no means be downplayed, given their possible implications for PSI, which, for some of the interviewees, could threaten its public vocation. In the items below, the main concerns associated with alignment are highlighted.

Reduction of the thematic and geographical reach of projects

The main risk identified in the interviews with social investment executives and specialists, is that alignment could have a restrictive impact, seen as a negative, on the range and the profile of programmes and projects undertaken.

This concern is expressed in different ways. On the one hand, there is a fear that alignment could distance PSI from one of its “current premises”, name-

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ly to try to influence public policies, a guiding principle of corporate social action when it was originally conceived. This is conveyed in the following declaration by a PSI manager: “a risk of alignment is changing current premises, for example, alignment with public policies. Alignment with business could take us over to the other side, weakening this dimension”.

In the views of some of the interviewees, this risk could present itself in diverse situations: worst-case scenario, if the direction given to the activities of institutes and foundations emphasises alignment convergence with a more commercial rationale. But also if the social action privileges approaches with a focus on initiatives of an internal nature – corporate social intelligence, for example –, or even if their main objective is to intensify return in terms of image and communication, something that could reduce the emphasis on the expectation that PSI will bring about change and impact.

A second, similar fear, relates to the concern that the geographical coverage of PSI will be reduced, being restricted to the local areas where the sponsor company operates. In this respect, the statement made by a PSI executive is self-explanatory:

“Today the geographical aspect of our activities is based on an analysis of the social risk and vulnerability of the locations in question. A decision to operate “where the company is located” may lead to acting in less vulnerable regions”. (Head of institute/foundation)

A third fear, finally, is that alignment may narrow the thematic scope of the programmes and projects supported, also restricting the range of publics reached by PSI. In the last few years we have already witnessed a modest range of initiatives aimed at fostering projects by civil society organisations by means of direct financial support (grants), notably for agendas linked to the recognition and assertion of the rights of specific publics. Evidence of this fear can be seen, for example, in the statement made by a PSI executive who expresses his concerns in relation to the challenges of closer alignment with business: “How do you align with human rights, or with issues that are ‘less popular’ – prison populations, for example?”

Analogously, the same is true with regard to public health issues that are potentially controversial, such as drug addiction, issues relating to gender, or even agendas concerning social activism or the empowerment of vulnerable groups, like homeless people, to name just one. For all of these cases, whose relevance in public debates is evident and growing, doubts were raised by the interviewees as regards the ability of alignment between PSI and business to address them.

A number of aspects stand out within these concerns. On the one hand, the feeling that alignment between PSI and business could lead to the abandonment of a premise that is also central to the original vision of PSI, albeit with a smaller emphasis than the goal of strengthening public policies. We are referring here, notably, to the idea that PSI should also engage with the *strengthening of democracy*, fostering the development, and the activities of, civil society organisations committed to public causes. On the other hand, and irrespective of this larger-scale institutional commitment, it is clear that some interviewees are questioning whether it is actually possible to reconcile alignment with agendas that are considered “controversial”.

A number of aspects stand out within these concerns. On the one hand, the feeling that alignment between PSI and business could lead to the abandonment of a premise that is also central to the original vision of PSI, albeit with a smaller emphasis than the goal of strengthening public policies.

This last question is in itself crucial, and not only because we know that the scale and capillarity of other sources of financing – for example, independent and family foundations, – are still not large enough to deal with the volume of issues involving exclusion and iniquity in a country like Brazil. But also because it brings to light the question of the possibility of envisioning corporate social action that establishes links with certain aspects of the social reality other than those around which more established consensus already exists – the high concentration of initiatives in the area of education is an eloquent example.

We are not saying here that, within the original vision of PSI, these agendas have always been addressed. However, what can be inferred from the statements made by a group of executives and specialists is that, under the previous regime, there would, in their opinion, have been a greater chance that a sensitive issue was addressed by PSI programmes and projects, as a result of the greater autonomy of social action in relation to corporate rationale: “What we are perhaps losing is that we are more restricted in our agendas. I have more power to implement change within the initiatives that I lead, but the scope of the possibilities is tending to be more limited”. (Head of institute)

On the other hand, and irrespective of this larger-scale institutional commitment, it is clear that some interviewees are questioning whether it is actually possible to reconcile alignment with agendas that are considered “controversial”.

However, we do not think that it is question of ruling out, in advance, the opportunities contained in new alignment rhetoric. In fact, whether in the strategic social influence approach, whether in the shared value approach with an emphasis on local development, it is possible for supposedly sensitive issues to be addressed by corporate social action.

We should point out, in particular, the approach that emphasises local development. As it is based on the creation of institutions that aims to promote permanent dialogue with local stakeholders, this strategy for identifying and organising the interests of the communities with which the business has connections enables the most varied issues to gain importance. In this context, it would be possible to imagine that any issue defined as relevant to a given community, irrespective of its ideological aspect or perceived value, could become the focus for PSI.

With regards to the strategic social influence approach, the situation is rather similar. If one of the PSI activities is internal advocacy around socio-environmental issues, we can also suppose that the corporate sustainability agenda will be extended to absorb previously unconsidered issues of public interest. Undoubtedly, for this to happen it is fundamental that institutes and foundations, and related bodies, have the internal power and legitimacy to promote shifts of this nature within the corporate perspective – and here we naturally have in mind situations in which these shifts are no longer caused by other drivers and actors.

In the GIFE Census, the abovementioned fears can also be identified, however, as has already been pointed out, without the same level of emphasis as in the interviews. Respondents were asked to respond to five statements that, in particular, relate to the risk of reducing the thematic scope of social projects:

- I. With alignment the company restricts its activities to the area of influence of the business
- II. Alignment leads to more focused actions, whereas social problems demand multi-sector solutions
- III. Alignment leads to implementing activities with short-term return, which cannot always be achieved with social programmes
- IV. Alignment leads to the abandonment of relevant social causes that involve activities that present risk and/or have little visibility
- V. With alignment the company takes charge of social investments and reduces the resources transferred to support non-profit organisations

As Table 7 shows, in general the number of respondents who 'totally agreed' with these statements was small. With the exception of the first question, to which 30% of the respondents said that social action will be restricted to the (geographical) sphere of influence of the business, in the case of all the others the number of respondents who 'entirely agreed' is always below 20%, whereas the number who 'entirely disagree' is in all cases close to or higher than 30%.

If we take on board these results, therefore, what becomes apparent is that there are no significant fears, for the majority of institutes and foundations associated with the GIFE, that alignment will cause significant disruption as concerns the profile of the social actions developed (multi-sector and long-term perspective), nor that "social causes that present risk and/or have little visibility" will be abandoned.

Submission and loss of legitimacy

A second source of concern identified in the interviews relates to the idea that alignment can lead to the "submission" of PSI by the business, leading to "loss of legitimacy".

This risk is alluded to in different ways. One of the PSI executives states, for example, that alignment could even "undermine the legitimacy of the field as a whole", as "the public character of the company is established when its activities go beyond its direct field of activity-coverage", in a reading in tune with the original vision of PSI, according to which the merging with corporate interests would threaten the public orientation of social action.

However, even from less intransigent perspectives on the alignment with business scenario, this risk is perceived. This is exemplified in statements that illustrate the fear that institutions and foundations "will become a business, will turn into marketing". Or in the warning that choices that stem from a more commercial view of alignment could cause a great risk of "loss of credibility among our public. If I bring the teachers together to sell a product, they will never turn up again, they will never accept another invitation from me". (Head of institute)

This type of declaration is a warning about the importance of joint actions being planned, within structures of governance that favour mutual influence and the creation of shared solutions, with the aim of social action not being turned into a mere platform for commercial activities.

Although infrequent, this type of declaration is a warning about the importance of joint actions being planned, within structures of governance that favour mutual influence and the creation of shared solutions, with the aim of social action not being turned into a mere platform for commercial activities. Arrangements of this type tend to protect social action from ad hoc, impulsive decisions, without the adequate evaluation of their impact, including that of a symbolic nature.

In the GIFE 2014 Census, two questions relating to risks dialogue more closely with concerns about the possible “submission” of PSI: “With the alignment of corporate foundations/institutes, are they turned into a commercial tool and do they lose their legitimacy in society?” and “With alignment are there increased risks that expenditure on advertising will take precedence over investments in communities?”, a more indirect question.

In both cases we can see, once again, that for the group of respondents involved in the Census, these two issues are not a cause of much concern. The initial question obtained the lowest level of agreement of all the questions regarding risks. Only 3.3%, or two respondents, felt strongly about this risk, as opposed to 64% who entirely disagreed that such a risk existed. The second question received a similar response: 8% of the respondents felt there was a risk that expenditure on advertising could take precedence over social investment, as opposed to 56% who disagreed with this hypothesis.

Discontinuation of institutes and foundations

Another concern identified as a risk in the interviews was that, as a future effect of alignment, institutes and foundations might cease to exist. This concern, however, is not widespread; it is more a reflection of the perception of institutes where alignment rhetoric is emphasised that underlines the absorption of PSI roles by the internal sustainability agenda: “The principal risk is reaching a point where the company no longer needs the foundation”, stated one of the PSI executives.

Versions of this concern can be seen in comments that point to the risk that alignment “could change the concept of social investment, leading to a detachment from the concept of ‘private resources with public aims’”, or the statement that there would be a risk of “using the institute as a resource to meet the obligations of the business”, a situation that, according to these narratives, would mean that social action “ceased to be PSI, the use of private resources for public interests”.

The GIFE Census did not set out directly to examine this scenario. The only question that to some degree, albeit remotely, relates to this area of concern sought to find out whether “alignment can lead to cuts in social investments in times of crisis”. The responses reveal more significant levels of uncertainty – 46% of the respondents said that they partially agree with this hypothesis. But, even so, again there were low levels of conviction,³¹ which corroborates the views previously mentioned, according to which alignment is seen by the respondents more as an opportunity for the recognition and consolidation of social investment than as a threat to its continuity.

End Notes

21 The questions about the benefits and risks of the alignment of social investment to business that featured in the GIFE 2014 Census were taken directly from the BISC 2014 study with the aim of comparing the samples of the two respective studies.

22 Of this total, twelve questions enquired about the benefits and thirteen about the risks. The items that followed made a distinction between each of the fields.

23 The response “I partially agree” reveals an admission that the benefit/risk might occur/exist, but the respondent is not entirely convinced about this possibility.

24 The question was “Alignment can contribute to the continuity of social programme, irrespective of changes in the administration or the leadership of the company?”

25 These statements were taken from interviews with two executives linked to sponsor companies.

26 The Census questions referring to these aspects are, respectively, as follows: “Does alignment have greater potential to extend the scale of coverage of social investments?”; “Does alignment help increase the human and financial resources made available for social activities?”

27 These two questions are: (i) “Does alignment allow communities to benefit from the greater know-how of companies?” and (ii): “Is a pre-requisite of alignment the rigorous tailoring of activities to the aspirations of the communities?”

28 Another related result refers to the statement that “alignment leads to longer-term activities, which is essential to create social impact”, with which only 33% of the respondents totally agreed, the second lowest level of the questions about benefits. Also in this case, regarding the “terms” aspect, the seemingly prevailing assumption is that alignment tends to lead PSI towards the typical models of the corporate environment, without other aspects managing to have any influence.

29 See Table 7, below.

30 This question also relates to the hypothesis that the absorption of values dear to social investment can lead to the adoption of values and practices that dialogue with the notion of long-term corporate competitiveness. I am referring, in particular, to the concerns that have been shaping the recent sustainability agenda – such as conscious consumption, for example – and which imply a gradual shift of the corporate position as a whole

31 Only 20% of the respondents agreed entirely with the possibility of reducing investments in crisis contexts.

6

Perceptions and experiences

Practical experiences and perceptions recounted in the interviews with executives from companies and from institutes and foundations:

1 Strategic clarity

Alignment between PSI and business requires strategic clarity: defining the aims of the process, of the roles of the various parties involved, and of the processes necessary for structuring the relationship between institutes and foundations, on the one hand, and the company, on the other.

- The core beliefs of the institute have to be in some way linked to the company's vision of the world, even if the activities are completely different.
- What really is the company's social commitment? It is fundamental to have a clear definition of the company's vision in relation to social investment: focus, the areas and aims of social activities.
- Clear definition of the reasons for alignment: which alignment perspective do you want to privilege?

2 Governance: pluralistic membership of boards

- Ensure plurality of visions, avoiding the predominance of one-off perspectives and those linked only to the corporate environment.
- Participation of independent advisors in deliberative and consultative boards can be an important component, especially when these advisors have links and affinity with public-interest agendas.

3 Processes of interaction between institutes/foundations and businesses

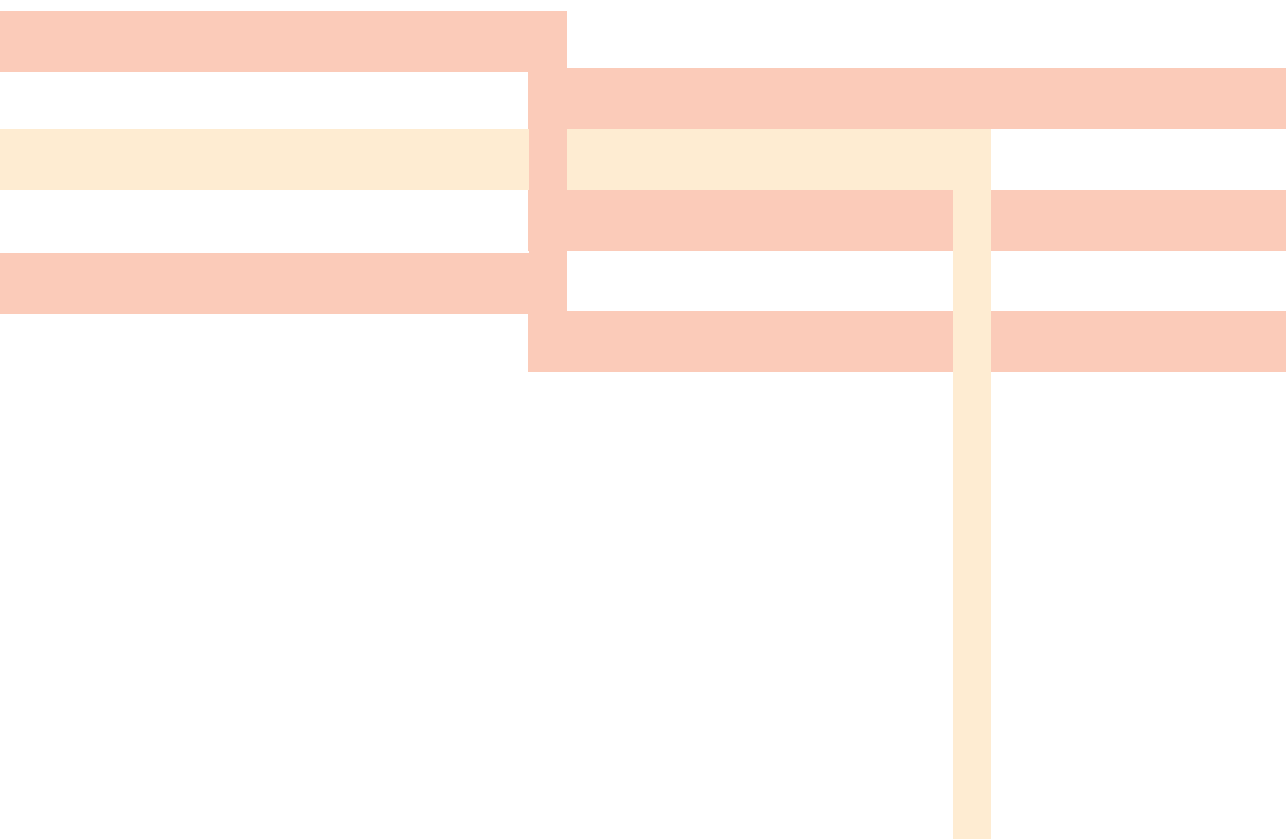
Processes of interaction, whether formal or not, between institutes and foundations and areas of the company are useful and relevant.

- Developing and extending time spent on the strategic planning of the institute or foundation with the direct involvement of representatives from diverse areas of the company.
- Using mechanisms to periodically consult strategic areas of the company in order to carry out the annual planning of the institute or foundation.
- Promoting the regular participation of collaborators from institutes and foundations in company meetings and working groups in order to encourage the exchange of experiences and ideas, the integration of initiatives, and the creation of forums for reciprocal influence and learning

4 Knowledge of the business and strategic influence

Alignment requires greater mutual knowledge of the activities, expertise and visions of the institutes and foundations and the companies involved.

- Mutual knowledge is an essential starting point in order to identify cooperation possibilities and synergies.
- Knowledge of the business is important so that institutes and foundations can have a greater ability to influence and can offer a greater strategic contribution to the company.
- Institutes and foundations have the potential to act as an internal think tank within the company.



6

Perceptions and experiences

The aim of this last chapter is to highlight a set of perceptions and experiences recounted in the interviews with executives of companies and of institutes and foundations, which may be of wider interest, especially among institutions involved in developing closer links with business.

6.1 Strategic clarity

Perhaps the most recurrent point made in the accounts of the interviewees is the understanding that alignment between PSI and business requires “strategic clarity”, something generally linked to the definition of the aims of the process, of the roles of the parties involved, and of the processes necessary for structuring the relationship between institutes and foundations and the various areas of the company.

Most of these accounts, given by leaders of corporate foundations and institutes, combine different perspectives: the retrospective vision of institutions that are at a more advanced stage in the process and that recognise the contribution of the efforts (albeit partial) made in this direction; the vision of institutions that are beginning to confront the theme of alignment with business and that, in some cases, resent the absence of a strategic vision capable of giving a more precise meaning to an overall orientation; and also more skeptical views in relation to the general meaning of this kind of alignment, which demand greater strategic clarity with regard to the “agenda” as a whole.

Below are some examples of these different perceptions.

“There was a time when the company was demanding greater alignment. But then when anyone asked the company what that would mean, it became clear that the company itself did not have strategic clarity. The strategic clarity of a company is, consequently, an essential pre-requisite. What really is the company’s social commitment? Alignment also presupposes a conceptual alignment, one of understanding”

(head of an institute/foundation).

“In order for the process to be able to advance it is necessary, first, to have an initial alignment. The vision of the world, the beliefs of the institute have to be in some way linked to the company’s vision of the world, even if their activities are completely different. But the essence has to be aligned. Another very important thing is the question of governance, which needs to be clear, a clear criterion chosen by the foundation’s advisors so that it does not get lost over time. It is also very important that the company as a whole is aware of what is being done in the institute so that it can be recognised”
(head of an institute/foundation).

“We have many more questions than answers. What we know today is that there is an expectation that we will form closer links with areas of the business – what that means, we’re not entirely sure, but we know what that does *not* mean, we know where we will *not* get involved” (head of an institute/foundation).

“It is fundamental to create a clear and shared definition of the company’s vision as regards social investment. Focus, areas and aims of social activities”
(head of an institute/foundation).

“This alignment has to be continuous, meetings, conversations, shared coffee breaks, it is necessary to continually bring the two worlds together, reinvigorate alignment, create environments for interaction, forums for dialogue” (head of an institute/foundation).

“The key issue is clearly locating what is private interest and what is public interest in order to build the same vision for both these fields. It is necessary to see clearly what initially seems to be in the public’s interest, but deep down is of private interest. Alongside this, it is necessary to be clear about what alignment is intended to achieve. What is motivating alignment? What are the reasons that motivate alignment? To present the company as an integral whole, to shatter the fragmented vision of what private social investment and business is?

Which alignment perspective do you want to privilege?
It is also necessary to define clearly the roles of each of
the parties involved’’ (head of an institute/foundation).

6.2 Governance: pluralistic membership of boards

In tune with the demand for greater strategic clarity, the issue of governance frequently crops up in the accounts, and the boards of institutes and foundations are recognised as a relevant forum for reflecting on and directing alignment, when it is actively underway.³²

The membership of boards is generally seen as a critical variable by the interviewees. There is considerable agreement that, from the alignment perspective, the presence of representatives from the company is useful and necessary in order to increase knowledge of (and familiarity with) the field of social responsibility and its initiatives in the corporate environment; to bring corporate strategy and the challenges of institutes and foundations closer together, helping to identify opportunities for synergy or the development of new actions; and, thus, to “legitimise” PSI in the eyes of internal collaborators and executives, something that is favoured by the direct participation in the board of the head corporate leaders, such as CEOs and vice-presidents.

Despite this assessment, however, there are frequent opinions of the need to ensure a *plurality of visions*, avoiding the predominance on boards of perspectives and voices only linked to the corporate environment. From the perspective of the interviewees, this can restrict understanding of the field of social responsibility and inhibit making the best use of the synergies, resources and expertise of institutes and foundations, and even go as far as weakening their public orientation, as previously mentioned.

From this perspective, the participation of independent advisors in deliberative and consultative boards is seen by various interviewees as an important component, notably when these advisors have links and affinity with public-interest agendas. When this happens, the feedback is that there are gains in terms of discussions about the programmes and projects of institutes and foundations, with positive impact on discussions about alignment and on the actual self-perception of companies.

When the regular participation of independent advisors in these forums had not been planned, one interesting initiative, related by one of the interviewees, took the form of inviting external authorities and specialists to present or discuss specific issues at board meetings. According to the account given by this interviewee:

“We invited people from outside who could talk about the roles of a foundation, its meaning, its role in relation to the company, and about the social contribution of the business. Members of the public and of the business community with a social conscience, who the vice-presidents of the company would have interest in listening to. We wanted to ‘educate’ the board so that everyone could better grasp what the institute/foundation could offer”
(head of an institute/foundation).

In this example the invitation went out to external participants during the initial phase of operations of a recently created board. It is not necessary, however, for such a possibility to be restricted to the initial stage of activities.

6.3 Processes of interaction between institutes/ foundations and business

In addition to the possibilities linked to the high-level governance forums of institutes and foundations, the interviews underlined the use and relevance of other processes of interaction, whether formal or not, between institutes and foundations and areas of the company. Three experiences stand out from the examples mentioned.

First, the development of *strategic planning* opportunities by the institute or foundation with the direct involvement of representatives from different areas of the company. This experimental initiative was recounted by three of the leaders interviewed, and in two of these cases the planning marked the beginning of the process of alignment. Among the motivations for integrated discussions of this type, the following were highlighted:

“The institute’s strategic planning must bear in mind the vision of the leaders of the various areas of the company, involving all the relevant directors, so that everyone can express their opinions and take part in discussions, becoming co-creators of the results”
(head of an institute/foundation).

“It is important to involve in the strategic planning of the institute key people in the company, to include the perspective of the business in order to identify opportunities for joint action that take into consideration the expertise of the company (for example, in social business, inclusive business)” (head of an institute/foundation).

“It is fundamental to clearly define the role of each party. We managed to create a decision-making flow, within more general discussions of governance, which brought with it peace of mind and predictability” (head of an institute/foundation).

“The direct impact of the operation is the company’s responsibility; but indirect impact (local development, creation of an agenda for the future, encouraging improvements in public management, strengthening of social control), [in] all this the institute/foundation can help us. The responsibilities chart makes it clear what the company can expect of the institute/foundation, and this helps build links” (company director).

A second experimental initiative recounted by an interviewee is the use of mechanisms to periodically consult strategic areas of the company when drawing up the institute or foundation’s annual plan. As one head stated:

“Another privileged forum for interaction with the company occurs during the institute’s annual planning period, when I interview all the directors of the company to find out how they currently see the institute/foundation, what the coming year is going to be like etc. I feed this information into our planning process. These forums ensure a great deal of proximity”.
(Head of an institute/foundation).

A third aspect that was highlighted was the regular participation of collaborators from institutes and foundations in company management meetings and working groups as a mechanism that favours the exchange of experiences and ideas, and the integration of initiatives, as well as being a way of institutes and foundations having an influence on projects:

“We take part in all the processes of defining and monitoring strategy, being informed about the growth of the company (...) there are weekly meetings of the company’s managers, which the institute also participates in. In these meetings diverse management aspects are discussed, and strategic aspects of the operation as a whole. These meetings lead on to others – both face-to-face and virtual – all the time. One of the items discussed in these meetings is always social investment”
(head of an institute/foundation).

“It is fundamental to participate in business meetings. The institute must be situated at a strategic level within the company’s organisational chart, so that ideas emerge and projects are developed in an integrated way. This began to happen after strategic planning, alignment. From time to time the institute evaluates, selects and defines the issues and projects to be prioritised, taking into account the company’s most pressing concerns”
(head of an institute/foundation).

6.4 Knowledge of the business and strategic influence

Among the interviewees there is a recurrent view that alignment requires greater mutual knowledge of the activities, expertise and visions of the institutes and foundations and the companies involved.

With regard to institutes, this perception expresses itself at two levels. At a more basic level, it reflects the understanding that knowledge is an essential starting point in order to identify possibilities for cooperation and synergies:

“It is important to learn from the business to see how we can link our social and public intelligence and in what ways the company can use its specific intelligence to benefit social projects” (head of an institute/foundation).

“It is necessary to get rid of preconceptions, that is crucial. On both sides there is a belief that, if you think the business is doing something wrong, then you’re going to mess things up. The second point is: if you are in the institute, see the company as an asset, think about what

assets the company offers and that can be mobilised – and vice versa. The third aspect: it is necessary to look at the business, ask what the business needs. There are a series of opportunities to bring about change and impact there” (head of an institute/foundation).

“Institutes and foundations have to immerse themselves in the business to be an actor in the alignment process. It is necessary to know the business in order to know which doors can be opened and how to open them. This is a permanent and constant process” (head of an institute/foundation).

Some accounts, however, point to more far-reaching developments, linking the decision to gain greater knowledge of the business to the expectation that this will facilitate a greater strategic contribution to the company.

In these cases, efforts to get to know the business go beyond finding out about the strategy or even the operational realities of the company, and are more like a strategic *diagnosis* anchored in a socio-environmental perspective.

In this respect, institutes and foundations become a kind of internal think tank within the company, and in some of the cases recounted in the interviews, such a role involves carrying out in-depth studies of various kinds. The statements below reflect this type of approach:

“The institute has to understand the business, understand that it is part of the company, that it represents the company, understand what the business needs, know the company’s strategy; if the institute wants to be strategic, it has to have a knowledge of the company and value the business, not be opposed to the business. (...) The institute must know the impact caused by the company in a given community, and how this impact can be minimised” (company director).

“The institute/foundation commissioned a study of technological trends last year. How can technologies change society? This became a permanent project, to update this study. And it is not only used for our planning purposes. It has also sparked interest in diverse areas of the company – the advisors asked for that!” (head of an institute/foundation).

“The institute piloted a study to find out the view of the communities, from a triple- bottom-line perspective, and that led to an awareness of the need to align actions and change the false perceptions of the community”

(head of an institute/foundation).

“We carried out a study that assessed whether in fact the presence of the company had any impact, comparing other locations where the company was not active. We found that, on average, the presence of the company did not lead to any particularly different kinds of impact. Our social legacy in those areas is not neutral, given that the company’s presence has important economic effects: employment, revenue etc. How then can we activate this potential? At the moment we are also re-evaluating our previous choices” (head of an institute/foundation).

“We are implementing a process of deliberation that may affect the *modus operandi* of the company, of the business. And the company is beginning to pay attention to important trends: for example, the idea of “companies with a cause”, which is now part of discussions about conscious consumption, shaping a new scenario. And when this happens, you do begin to have an influence. There is no way that you can engage in this type of discussion and the company doesn’t take it on board. This really shakes things up” (head of an institute/foundation).

End notes

³² The interviews illustrated a varied field of situations with regard to formal, high-level governance forums. There are cases where deliberative and consultative boards co-exist, and others where there is only a deliberative board. As specifically concerns deliberative boards, there are cases where they are only composed of shareholder representatives; others that are only composed of company executives; others that combine the two; and cases where there is also participation from independent advisors.

7

Brief summary and final considerations

In the introduction, the three main aims of this study were listed, as follows: to contribute to a better understanding of the different forms and meanings given to alignment; to identify the mechanisms and possibilities that are being explored and evaluated within the alignment agenda; to map and analyse the perceptions of the parties involved from different sectors in relation to this agenda. Having examined these aspects above, the intention of these final considerations is to provide a brief summary of the main points.

With regard to the first aspect, we have sought to illustrate that there is no single way of achieving alignment, or any single understanding of the concept. Conversely, there are various possible alignments – different responses to what can (or should) be the link between PSI and business.

On the one hand, there are institutions (institutes, foundations and companies) that understand alignment as a re-assertion of a vision in which PSI and corporate activities should remain independent spheres. Alignment, in such cases, expresses a shared knowledge of an understanding of PSI as action aimed at producing public goods, and not essentially at generating benefits that can be appropriated by companies. This is a form of alignment that is moving away from the more common and intuitive meaning attributed to the term.

At the same time, alignment is perceived by another group of institutions as a move towards greater proximity between PSI and business in order to make it possible to “generate value” for the company, with the expectation that the relevance and impact of PSI will be in some way made tangible in the corporate sphere. However, even this vision, which reflects the most recurrent meaning given to alignment, is not unambiguous, and there are different perceptions of the possibilities for generating value for the business from alignment.

In fact, among these institutions there are different expectations: some think that alignment should make it possible to increase the return linked to the commercial performance of the company in its strictest sense; to the operational efficiency of the business; to the company’s reputation and image; and also the perceived return in terms of the potential contribution of PSI to the strategic thinking of the company as a whole. The idea of generating value leads, in this way, to different mechanisms for linking PSI to business, and to different understandings of the role of institutes, foundations and companies within corporate social action and, thus, within corporate strategy as a whole.

When examining this variety of expectations (and of experiences), Chapter 3 of this study identifies the existence of a diverse range of “approaches” to bring about convergence between PSI and business – and institutes,

foundations and companies – stressing that different perspectives traditionally co-exist within the alignment agenda.

In this context, there are approaches, for example, that tailor social action to corporate interests, advocating that PSI should only occur when it generates valuable impact for the company – a vision reflected, notably, in the notion of “shared value”.

Elsewhere, alignment is seen as a possible way of taking fuller advantage of, or integrating knowledge acquired in, the sphere of PSI, by means of identifying socially and environmentally responsible businesses, and innovating products and services stemming from these opportunities, as can be seen in what is referred to as “corporate social intelligence”.

But also within the alignment agenda there are approaches that expect PSI to “benefit the company’s social performance”, influencing the formulation and monitoring of corporate strategy, which can manifest itself in different ways within the actions of institutes and foundations: as structured internal advocacy, in the production of strategic studies, providing leadership in discussions with society and governments about socio-environmental topics, and even in monitoring the socio-environmental performance of areas of the business.

The effectiveness of this approach requires alignment to be perceived as a two-way learning process, in which institutes and foundations are brought closer to the corporate reality, increasing their knowledge of the business, but demanding, equally vocally, that decision-making forums within companies are more open and permeable to perspectives and knowledge typically associated with the realm of PSI

This last approach is perhaps the one that offers the most significant contribution to the business. It presupposes that the mobilisation of the expertise and resources of institutes and foundations has the potential to help the companies fulfil a social role in a more integrated, responsible way, genuinely linked to the social, economic and environmental realities in which they are operating.

The effectiveness of this approach requires alignment to be perceived as a two-way learning process, in which institutes and foundations are brought closer to the corporate reality, increasing their knowledge of the business, but demanding, equally vocally, that decision-making forums within companies are more open and permeable to perspectives and knowledge typically associated with the realm of PSI.

On this point, discussions about alignment inevitably return to the issue of the governance of institutes and foundations. The last few years have witnessed the increased participation of company representatives in the high-level deliberative forums of institutes and foundations. However,

a reduced presence of other stakeholders in these forums can also be observed, and the very limited participation of representatives of civil society organisations (CSO), of public partner institutions and independent representatives.

The participation of other parties may be an important factor in giving greater quality to the tightening of links between social investment and business, not only because it strengthens perspectives more in keeping with the public orientation of social investment, but also by increasing the possibilities for dialogue and sharing experiences and, in this way, the contribution of institutes and foundations to the strategic positioning of companies. This is a major challenge to be addressed.

From the point of view of the sector, it is an opportune moment for these discussions. When we look at the associate corporate foundations and institutes who took part in the GIFE 2014 Census, it becomes clear that the

The perceptions of those involved in relation to the possible benefits and risks of alignment appear to confirm that the sector is still wide open, with previously established and developing convictions co-existing alongside trajectories that have yet to unfold, as we indicated in the introduction to this study.

convergence of PSI and business has been taking place at a variety of paces and on different scales. Alongside experiences that indicate that alignment is already progressing to more advanced levels, and examples where the option to keep social investment more distanced from corporate operations has predominated, there is

an apparently large group of cases where the alignment process is still in its infancy, and a favourable opportunity for institutional learning and experimentation is taking shape.

The perceptions of those involved in relation to the possible benefits and risks of alignment appear to confirm that the sector is still wide open, with previously established and developing convictions co-existing alongside trajectories that have yet to unfold, as we indicated in the introduction to this study.

The fact is that in the statements collated in the interviews and in the responses to the GIFE 2014 Census given by sixty corporate foundations and institutes, uncertainty is combined with optimism with regard to the possible developments of alignment. The uncertainty expresses itself in the high incidence of responses that reveal doubts, both in relation to the benefits and in relation to the risks of the process. As we saw in Chapter 5, around 40% of the responses given to the questions in the Census recorded “partial agreement” with regard to the scenarios proposed by the study, a fairly significant percentage.

Nevertheless, it was also possible to identify a sense of optimism, with the identification of benefits outstripping the losses and risks associated with

alignment, which shows that, even modulated by not insignificant levels of uncertainty, there are strong indications that an ethos favourable to greater integration between PSI and business is taking shape.

Underpinning this optimism, there are two types of expectation: first, that alignment will contribute to a greater commitment on the part of leaders and collaborators to a given company's social activities, generating greater recognition of the activities implemented and of the potential contribution of PSI; and second, reinforcing the strategic social influence aspect, the expectation that institutes and foundations will be able to take on new roles, having greater positive impact on the company's management and social responsibility strategies, thus increasing the "two-way" benefits for PSI and for the business.

On the other hand, the perception of the risks of alignment among Census respondents is low, a slightly surprising outcome when we bear in mind that for a fair number of institutions the process is still in its infancy, and also the frequent mention, in the interviews and during other discussions among associates, of concerns regarding the possible results of alignment.

Some of the concerns that most stand out are the fear that the geographical scope of PSI might be restricted to the areas where the company operates, and also the fear that one of the current premises of private social investment – its impact on public policies – might be abandoned. There is also considerable concern that alignment might narrow the thematic scope of projects and the publics they reach, notably regarding agendas linked to the recognition and assertion of rights.

Given these findings, and despite the general perception revealed by the Census that the chances of alignment leading to significant disruptions in the profile of the social actions implemented, it is recommended that there is further reflection on these concerns in order to avoid possible unwanted effects of alignment – in the worst case, the loss of private social investment's public vocation.

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