

Dilemma: Right vs. Right

Corporate Giving: Follow Guidelines or Reap Short-Term Benefits?

Highland Electricity is well known for supporting community projects, and in recent years has increased its corporate giving. The company has also recently defined its giving strategy, particularly in how it relates to their business objectives.

As part of this overall effort, Highland clarified its giving guidelines. There are four broad funding areas (job training and economic development, education, emergency preparedness, and environmental stewardship), and grants are ideally awarded to organizations within the company's service area.

Arts and cultural organizations, which are not included in the four funding areas, have received few grants in recent years. Numerous arts organizations have been turned down with the explanation that the company is focusing its resources in its strategic funding areas. Requests from other organizations were turned down because they are outside the utility's defined service territory.

Contributions manager Clarissa Watt has recently received two funding requests from high-level managers within the company. The first is to provide a large (up to \$25,000) grant to an arts center in a small town in the service territory. A chief regulatory official's wife serves on the art center's board. The second request is for a grant to a nonprofit organization outside the service territory, but within the district of a very influential state legislator.

Both organizations are deserving of funding, and the activities to be funded are reasonable.

Though no linkage of any kind was asked for, offered, or implied by the regulator or the legislator, the internal promoters of the grants feel these contributions would provide opportunities for contact, relationship building, and good will that would serve the company well.

However, both grants are clearly outside the company's guidelines. And making an exception in either case could prove awkward and raise expectations among other organizations that do not meet the guidelines. On the other hand, granting funds for these two commendable projects could help their respective communities and create positive fallout for the company.

Analysis

If Clarissa opts for the short-term benefit of meeting these organizations' needs, will she encounter long-term confusion over the company's giving guidelines? Will she be compromising her principles if she is influenced by the prospect of favorable treatment for the company by a politician in one case and a regulator in the other? Yet she also reasons that the guidelines are only suggestions for action, and are based in large part on serving the company's business objectives; these particular projects offer to do just that.

Should Clarissa stick to the giving guidelines? Or should she make these exceptions for the sake of helping two deserving organizations, and to boost her company

at the same time?

Note: This and other dilemmas on this site come to you without their real-life resolutions. We encourage you to think for yourself about how you might resolve them, since the nature of each dilemma is highly individualistic. In sharing these dilemmas, we do not endorse them in any way, but rather offer them for your consideration.

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