

# The Transparency Problem in Corporate Philanthropy

Companies contribute billions annually to the public good,  
but most of them aren't reaping the full value of their largesse.

Patricia A. Banks

# The Transparency Problem in Corporate Philanthropy

Patricia A. Banks

Companies contribute billions annually to the public good, but most of them aren't reaping the full value of their largesse.



Despite increasing demands by employees, investors, and communities for environmental, social, and governance transparency, philanthropy remains an often overlooked and almost entirely opaque sphere of corporate activity. This is no small issue: In 2021, corporate giving in the U.S. alone is estimated to have exceeded [\\$21 billion](#).

To explore the dimensions of this problem and understand the use of disclosures in corporate philanthropy more broadly, I studied transparency in the philanthropic foundations of Fortune 100 companies. These foundations are only the tip of the iceberg in corporate giving, but they are indicative of the state of philanthropic transparency across the business world. The research revealed the difficulties that leaders and stakeholders face in trying to gauge the efficacy of giving, ensure accountability for it, and capture the full value it may offer to both the givers and recipients of corporate largesse.

## Corporate Foundations Have Opaque Pockets

Sixty-seven Fortune 100 companies operate active private foundations. In 2019, their combined grants approached \$2.3 billion, which was directed to a variety of causes, including health and social services, community and economic development, education, civic and public affairs, arts and culture, the environment, and disaster relief.

There is no comprehensive set of disclosure protocols for company-sponsored foundations in any of the major international standards, such as the [Global Reporting Initiative's sustainability reporting framework](#). However, there is an extensive set of [disclosure protocols](#) for foundations in the nonprofit sector, including having a searchable grants database, sharing a categorized grant list, and providing online access to the 990-PF tax forms they file, which list grant amounts and the names of their recipients.

My analysis of the foundation and corporate websites of the Fortune 100, as well as their foundation and corporate social responsibility (CSR) reports, revealed that the vast majority of the companies do not follow any of the three protocols (a searchable database, a categorized grant list, or online 990-PFs). Only 4.5% of the companies provide a searchable grant database, only 7.5% offer a categorized grants list, and just 7.5% provide online access to their 990-PF filings.

# The Case of Racial Justice Giving

Among the problems created by this lack of transparency is stakeholders' inability to assess the impact of corporate foundations. For instance, in the two years since the Black Lives Matter uprisings in 2020, racial justice giving by companies has been [widely reported](#). However, the lack of transparency in corporate giving means that a full and precise accounting of racial equity grants fielded through corporate foundations is challenging at best.

As I reported in *Black Culture, Inc.: How Ethnic Community Support Pays for Corporate America*, companies tend to produce subjective narratives that describe their giving. As a result, determining the recipients of racial equity grants and grant amounts requires a close reading of a wide range of texts, including CSR reports, press releases, and blog posts, and even then a comprehensive portrait is elusive.

For example, in a section labeled “Advancing Social Justice and Racial Equity,” the 2021 corporate citizenship report released by [Cardinal Health](#) discloses that the Cardinal Health Foundation provided matching gifts to nonprofits such as the Equal Justice Initiative, the NAACP Legal Defense and Educational Fund, and the National Urban League. But there are no details about how much each organization received.

Walmart maintains one of the few [searchable grant databases](#) among the Fortune 100, but it omits information necessary to fully assess racial justice giving by the company's foundation. A keyword search shows that the Association of Black Foundation Executives received a \$1 million gift from the company's foundation in fiscal year 2021 and a \$50,000 corporate (non-foundation) gift in fiscal year 2022. But since no information is provided about gifts outside of those two years, it isn't possible to identify the long-term trend in giving to the foundation, and because the database includes only donations over \$25,000, it's possible that smaller contributions to the organization are not accounted for.

For the small number of businesses that release 990-PF

forms on their company or foundation websites, a full portrait of racial justice is also lacking. First, in most cases, tax forms for only the most recent years are provided. Second, 990-PFs can be cumbersome to evaluate: The 2020 990-PF for the Verizon Foundation on the company's website, for example, is over 1,000 pages long. So while it is possible to determine that the foundation made a \$1.4 million gift to NAACP Empowerment Programs for the purpose of “advancing racial justice” and a \$230 gift to an NAACP chapter in Roanoke, Virginia, through a matching incentive program, it isn't easy.

## Enhancing the Transparency of Corporate Giving Isn't Difficult

There are some simple steps that companies can take to remedy the low levels of transparency in their foundations and other philanthropic activities. In decreasing order of accessibility, these steps include:

- Having a regularly updated (at least annually, but ideally more often, such as biannually, quarterly, or monthly) online database going back at least 10 years that is at least minimally searchable by grantee name, address, and foundation status, as well as grant amount, purpose, and date.
- Sharing a regularly updated and downloadable spreadsheet with similar information covering grants from at least the past 10 years.
- Providing access to an online archive of at least 10 years of 990-PF tax forms.

For examples, see the websites of independent and family foundations such as the [Ford Foundation](#), the [Andrew W. Mellon Foundation](#), and the [Bill & Melinda Gates Foundation](#). Each provides a searchable database with detailed information and the ability to download several years' worth of 990-PFs.

While all large companies have the technical know-how to

provide philanthropic transparency, the decision to undertake these tasks is one that every company leader will need to consider carefully. Increasing transparency around philanthropy can have negative repercussions. For example, making detailed grant-making information publicly available may require some extra funding, and, more consequentially, donors and recipients could [face a backlash](#) if this information becomes more readily available. The costs of disclosure must be weighed against the benefits of greater transparency.

The benefits for companies include the capacity to more fully understand their giving and to provide more precise benchmarks for corporate giving more broadly. Implementing these practices will allow stakeholders to more readily compare corporate foundation giving across and within industries. For example, precise long- and short-term trends about giving to nonprofits with a racial equity-focused mission could be more easily discovered.

The potential benefits of greater disclosure flow not only to stakeholders but to the businesses themselves. For example, companies could more readily compare their own corporate foundation's giving practices to competitors'. Also, incomplete disclosure means that investors, customers, and other stakeholders are less likely to be aware of companies' giving, so transparency can have brand-enhancing effects.

For leaders who find that the benefits of increased disclosure outweigh the costs, a good first step is to post their company's 990-PF forms. Company-sponsored foundations are already required to make 990-PF forms publicly available for in-person inspection by law, and the forms eventually become available to the public on the IRS website. Thus, creating an online repository for them on a company or corporate foundation website is not likely to be a significant burden or risk.

In recent years, companies have committed to greater disclosure around social and environmental impact, including more detailed reporting of board composition, employee demographics, and pay equity. Now is the right time to extend that same commitment to charitable giving. Just as greater transparency in other areas helps to establish benchmarks and provide accountability around corporate activities, the same potential exists for increasing disclosure

regarding contributions to the public good.

## About the Author

[Patricia A. Banks](#) is a professor of sociology at Mount Holyoke College. She is the author of two books on philanthropy: *Black Culture, Inc.: How Ethnic Community Support Pays for Corporate America* (Stanford University Press, 2022) and *Diversity and Philanthropy at African American Museums* (Routledge, 2019).



**PDFs ■ Reprints ■ Permission to Copy ■ Back Issues**

Articles published in *MIT Sloan Management Review* are copyrighted by the Massachusetts Institute of Technology unless otherwise specified at the end of an article.

*MIT Sloan Management Review* articles, permissions, and back issues can be purchased on our website: [shop.sloanreview.mit.edu](http://shop.sloanreview.mit.edu), or you may order through our Business Service Center (9 a.m.-5 p.m. ET) at the phone number listed below.

To reproduce or transmit one or more *MIT Sloan Management Review* articles **requires written permission.**

To request permission, use our website [shop.sloanreview.mit.edu/store/faq](http://shop.sloanreview.mit.edu/store/faq), email [smr-help@mit.edu](mailto:smr-help@mit.edu) or call 617-253-7170.