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# Networks of Giving: How Corporations Choose to Give

By [Henrich Greve](#)

**If this year is like last year, people in various places can soon watch Citigroup bankers clean beaches, prepare summer camps for children from poor households, and distribute food to the hungry. They participate in what Citigroup calls Global Community Day, a “Day of Service” done by many large corporations. I can imagine various reactions to bankers picking garbage and operate soup kitchens, but as a management scholar I think “Nice, but could they also do something that uses their expertise?” In all fairness, they do, in the form of teaching financial literacy to people in need.**

Other companies, such as IBM, place a much greater emphasis on matching their capabilities to the activities. IBM appears to have a day of service, but it is actually a collection of various ongoing skill-based programs involving entrepreneurship and use of technology to serve communities. That’s what IBM knows how to do; start and grow businesses and use technology.

It turns out that these are two competing approaches to corporate community service; both with proponents in the community of social corporate responsibility (see my previous post for more on CSR). I usually study diffusion of strategies and technologies among firms, but occasionally I wonder how such community service spreads. A [forthcoming article by Ryan Raffaelli and Mary Ann Glynn](#) in *Academy of Management Journal* has looked at the question, and found an interesting answer.

It was probably obvious to you that the day of service is easier to do than the skill-based programs. It is not necessary to take into account what people know; they will be doing simple stuff. It is not necessary to motivate them for lengthy commitments. And, for workers who find the tasks unrewarding, going out to do something useful and social with co-workers can be a good motivation in itself. Think about it: can you identify people in your workplace

who would be fun company for a beach cleaning trip? I can.

And it turns out that the difficulty level affects how these programs spread. The easy day of service programs only require that the firm is connected to the CSR community where such practices are promoted. Many large firms have such contacts; they can afford them and cannot afford to seem uncaring about their communities. The difficult skill-based programs spread to firms that have CSR contacts and are in industries where such programs are wide-spread.

This finding makes the story relevant to my favorite topic of how strategic actions spread. In order for a company to do something new, it needs to learn two things: (1) is it good? (2) how is it done? Often, as in this case, one or a few network ties are not enough to learn both of these. It takes either a rich network or multiple networks for it to happen. So, strategic change will continue to be hard, and bankers will continue to serve soup once a year.

**Raffaelli, R. and M. A. Glynn. Forthcoming. Turnkey or Tailored? Relational Pluralism, Institutional Complexity, and the Organizational Adoption of More or Less Customized Practices. Academy of Management Journal, forthcoming.**

#### **Find article at**

<https://knowledge.insead.edu/entrepreneurship/networks-giving-how-corporations-choose-give>

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