

Making Generosity Decisions for a Business Held by Investors: Balancing Profit and Purpose



John Scroggins, May 2025

When making generosity decisions for a business with investors, it's crucial to strike a balance between fulfilling fiduciary duties to investors and contributing to social good.

Here's a breakdown of key considerations and strategies:

1. Understand Investor Perspectives:

- **Diverse Motivations:** Investors may have varying perspectives on corporate generosity. Some might prioritize maximizing financial returns, while others may be interested in companies with a strong commitment to social and environmental impact.
- **ESG Integration:** Many investors increasingly consider Environmental, Social, and Governance (ESG) factors when making investment decisions. Demonstrating a commitment to responsible practices can be attractive to these investors.
- **Transparency & Communication:** Openly communicate your company's approach to generosity, including the rationale behind your decisions, the initiatives you support, and the impact you're achieving.

2. Align Generosity with Business Strategy:

- **Strategic Giving:** Ensure that corporate generosity initiatives align with the company's core values, mission, and business objectives. This approach can maximize impact and generate positive returns for both the company and the community.
- **Employee Engagement:** Consider implementing workplace giving programs that empower employees to contribute to causes they care about. This approach can boost morale, foster a positive work environment, and enhance employee engagement.
- **Community Partnerships:** Partner with local nonprofits or community organizations to support initiatives that address social or environmental issues relevant to your business and community.

3. Explore Various Forms of Generosity:

- **Philanthropic Giving:** Consider direct donations, matching gift programs, volunteer grants, or corporate sponsorships.
- **Ethical & Sustainable Practices:** Implement ethical labor practices, reduce environmental impact, and ensure supply chain transparency.
- **Community Engagement:** Encourage employee volunteerism, support local initiatives, or provide in-kind donations.

4. Measure & Report on Impact:

- **Track Key Metrics:** Use Key Performance Indicators (KPIs) to track the effectiveness of your corporate generosity initiatives. Consider tracking metrics like employee participation rates, volunteer hours, and dollars donated.
- **Report on Outcomes:** Provide regular updates to investors and other stakeholders about the impact of your generosity initiatives. Transparency and clear communication can build trust and enhance your company's reputation.
- **Seek Feedback:** Engage with employees, nonprofit partners, and community members to gather feedback and improve your corporate giving programs.

5. Balancing Financial Considerations:

- **Tax Benefits:** Explore potential tax benefits associated with charitable contributions. This can help offset the costs of your generosity initiatives.
- **Long-Term Value Creation:** Focus on the long-term benefits of corporate generosity, such as improved brand reputation, enhanced employee engagement, and strengthened community relationships. These factors can contribute to long-term value creation for the company and its investors.

Ultimately, the key to successful corporate generosity in a business held by investors lies in finding a balance between financial performance and social impact. By carefully considering investor perspectives, aligning generosity with business strategy, exploring various forms of giving, and measuring your impact, you can create a program that benefits all stakeholders. Be aware that if you are trying to run your business from an overtly Christian worldview (which may include gospel-centered, gospel-explicit core values, missional and ministry outreach, etc...) that you may encounter investors who don't hold to those same values and so seek to restrain or alter your approach. Choose investors wisely.

ASK YOUR MENTOR

1. What influence do your investors have on how you run the business?
2. Have you experienced a tension between pursuing a generosity and gospel-centered purpose for your business with maximizing profit for your stakeholders? What did that look like?
3. What would you do the same or differently for the above?
4. What advice would you give to someone seeking outside investors and who also has a strong sense of purpose for how they want to use the business beyond making a profit?

Go Do

1. If you are considering seeking outside investment, Ask God, "What do YOU want for the business you've given me to steward? Shall I seek investors? If so, how? Who?"
2. Practice. How I will practice this over the next month:

Sources & Resources

Article: Investors: Investing for Kingdom Impact, <https://www.faithdriveninvestor.org/blog/investing-for-kingdom-impact>