

## Corporate In-Kind Donations and Economic Efficiency: The Case of Surplus Food Recovery and Donation

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**Abstract :** This paper is aimed at enhancing our current understanding of motivations behind corporate in-kind donations and to find out whether economic efficiency may be a major driver. Our empirical setting is consisted of surplus food recovery and donation by companies from food supply chain. This choice of empirical setting is motivated by growing attention on the paradox of food insecurity and food waste i.e. a total of 842 million people worldwide were estimated to be suffering from regularly not getting enough food, while approximately 1.3 billion tons per year food is wasted globally. Recently, many authors have started considering surplus food donation to nonprofit organizations as a way to cope with social issue of food insecurity and environmental issue of food waste. In corporate philanthropy literature the motivations behind the corporate donations for social purposes, such as altruistic motivations, enhancements to employee morale, the organization's image, supplier/customer relationships, local community support, have been examined. However, the relationship with economic efficiency is not studied and in many cases the pure economic efficiency as a decision making factor is neglected. Although in literature there are some studies give us the clue on economic value creation of surplus food donation such as saving landfill fees or getting tax deductions, so far there is no study focusing deeply on this phenomenon. In this paper, we develop a conceptual framework which explores the economic barriers and drivers towards alternative surplus food management options i.e. discounts, secondary markets, feeding animals, composting, energy recovery, disposal. The case study methodology is used to conduct the research. Protocols for semi structured interviews are prepared based on an extensive literature review and adapted after expert opinions. The interviews are conducted mostly with the supply chain and logistics managers of 20 companies in food sector operating in Italy, in particular in Lombardy region. The results shows that in current situation, the food manufacturing companies can experience cost saving by recovering and donating the surplus food with respect to other methods especially considering the disposal option. On the other hand, retail and food service sectors are not economically incentivized to recover and donate surplus food to disfavored population. The paper shows that not only strategic and moral motivations, but also economic motivations play an important role in managerial decision making process in surplus food management. We also believe that our research while rooted in the surplus food management topic delivers some interesting implications to more general research on corporate in-kind donations. It also shows that there is a huge room for policy making favoring the recovery and donation of surplus products.

**Keywords :** corporate philanthropy, donation, recovery, surplus food

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