



CORPORATE COMMUNITY INVESTMENT PRACTICES, MOTIVATIONS AND CHALLENGES:

Findings from the Canada Survey of Business Contributions to Community

Michael H. Hall, Steven Ayer, Fataneh Zarinpoush & David Lasby



Imagine  Canada

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Finally, we would like to express our sincere gratitude to the many Canadian businesses that contributed their valuable time to participate in our survey.

FOREWORD

Imagine Canada has been championing the need for Canadian businesses to support charities since 1988 when its predecessor, the Canadian Centre for Philanthropy, established the “Imagine Caring Companies” program. This program encourages businesses to commit to give a minimum of 1% of their pre-tax profits to communities, to support at least one community investment project, to encourage and facilitate the personal giving and volunteer activities of employees, and to publish one page of information on their corporate citizenship activities annually.

Imagine Canada has launched a multi-year research initiative to assess and track the contributions of businesses to charitable and nonprofit organizations. We began in 2006 by conducting a series of roundtable consultations with representatives of Canadian businesses that were involved in their companies’ community contributions activities. The results of our initial research, which were reported in *Business Contributions to Canadian Communities: Findings from a Qualitative Study of Current Practices* (Hall et al., 2007) showed that businesses were involved in a variety of efforts to support charities and nonprofit organizations and that many, but not all, were attempting to find ways to develop strategies to align their contributions with their business objectives.

The first phase of this initiative was followed in 2007 by the Canada Survey of Business Contributions to Community (CSBCC), a ground-breaking study that provides the first-ever comprehensive portrait of business contributions to charities and nonprofit organizations in Canada. The survey included a representative sample of 1,500 businesses operating in Canada that had at least \$100,000 in annual revenues and a targeted purposive sample of the largest businesses in Canada, which included 21 members of Imagine Canada’s “Caring Companies” program that had committed to meeting the Caring Company target for contributions.

This report provides highlights of the survey’s findings on the community contributions of 93 of Canada’s largest corporations, which have annual revenues of over \$25 million. Our findings reveal that these companies appear to be leading the way in terms of the range and depth of their community investment efforts. The report is intended to help Canadian businesses assess their business contributions practices. We hope that it will also stimulate companies to consider how they can improve the support they provide to Canadian nonprofit and charitable organizations.

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EXECUTIVE SUMMARY

Corporate social responsibility (CSR) has become an almost essential part of business operations, and community investment initiatives are a prominent feature of CSR. This report presents findings from the Canada Survey of Business Contributions to Community (CSBCC), a research initiative funded by Encana Corporation. The CSBCC involved a survey of over 1,500 Canadian businesses, with a focus on the community investment approaches of 93 of Canada's largest corporations (those with more than \$25 million in annual revenues). It provides a portrait of the contributions made by some of Canada's largest corporations and compares their practices, attitudes, and motivations to those of the broader business community.

Our review of previous research shows that awareness of the benefits of CSR and community investment is now widespread among leading corporations. There appears to be growing interest among businesses in the returns that can be obtained from contributions to community organizations and some evidence that these contributions can be linked to improved financial performance. The literature also identifies a number of challenges that business face with respect to their ability to effectively manage their programs and adequately respond to increasing demand from the community.

The respondents from large corporations who participated in the CSBCC have very positive attitudes about charities and nonprofit organizations – far more positive than either the broader business community or the general public. Most (71%) strongly agreed that charities and nonprofit organizations generally improve the quality of life in Canada, and even more (79%) strongly agreed that businesses and nonprofit organizations can mutually benefit from collaborative relationships. Almost 8 in 10 (79%) agreed that most businesses would donate to charity even without financial benefits. Despite their positive attitudes, however, 38% of large corporations strongly agreed that too many charities are trying to solicit money for the same cause.

Virtually all (97%) of the large corporations in our study made financial donations to charities and nonprofit organizations. In addition, 73% donated goods or products, and 68% donated services. Well over half (57%) contributed through sponsorships, 26% engaged in cause marketing, and 21% purchased goods or services from charity or nonprofit suppliers. Donations accounted for 81% of the total value of all contributions while sponsorships and cause marketing accounted for 19%. The median or typical value of all contributions reported was \$340,000.

The median contribution as a percentage of profits was 1%, indicating that 50% or more gave at least 1% of their profits to charities and nonprofit organizations – the amount that Imagine Canada's Caring Companies program encourages businesses to give on average over five years. However, 25% of companies gave less than 0.06% of pre-tax profits, which indicates that many companies are significantly under-performing relative to the Caring Companies target. It should also be noted that we over-sampled Caring Companies, which are among the most generous companies in Canada, so that 21 of the companies in the sample were Caring Companies. Among these companies, the median contribution as a percentage of pre-tax profits was 1.34%.

The large corporations in our sample were most likely to make contributions to Social Services organizations (90% reported doing so), followed by Health (82%) and Sports and Recreation organizations (75%). However, the highest median contributions went to United Ways (\$60,000), followed by Universities and Colleges (\$45,000) and Social Service organizations (\$36,000). Three quarters of the total value of donations, sponsorships, and cause marketing went to five types of organizations: Social Services (19%), Health (17%), Universities and Colleges (15%), Arts and Culture (13%), and United Ways (9%). Large corporations were more likely than the broader business community to use sponsorship and cause marketing tactics, which may reflect more strategic

approaches to their contributions. They were also more likely to make larger donations.

However, the large corporations we surveyed did more than make contributions of money, goods, and services. Many helped mobilize efforts that address one of the most pressing challenges community organizations face – the need for skilled volunteers. Most corporations (82%) reported that they support employee volunteering programs. This support included allowing employees to adjust their work schedules to volunteer (79%) or take time off with pay (72%), and organizing company-sponsored volunteering events (72%). The more employees that a company had, the more likely it was to support many of these initiatives.

Large corporations also help community organizations by supporting fundraising initiatives. The large corporations we surveyed raised money from employees (reported by 83%), had payroll deduction programs for employee giving (71%), provided matching grants for employee contributions (62%), and raised money from customers or suppliers (50%).

The relatively high level of community support provided by large corporations appears to be driven, in large part, by an interest in the business benefits that can be obtained. Three motivations for contributing were identified as very important by nearly three quarters of large companies: to help build strong communities, which is good for business; because contributing is good for their company's relationships with the community, and because contributing fit their company's traditions and values. The potential positive impact on the company's reputation was a very important reason for just over half (54%). Finally, more than half (51%) reported that philanthropic motivations (contributing "is a good thing to do, irrespective of the financial returns to the company") were very important to them.

Although large corporations generally appear to have embraced the concept of community investment, many reported that they were facing challenges. Over three

quarters (76%) agreed they face difficulties arising from increasing requests for donations. More than half (60%) reported difficulties measuring the impact of their community investment programs on their business. Just over half (51%) reported difficulty managing the expectations of multiple stakeholders, and just under half (47%) reported a lack of resources.

Another indication of the extent to which the large corporations in our study have embraced community investment is the finding that 79% reported having regular and ongoing programs for their charitable contributions. However, many may not have fully adopted elements that are representative of a strategic approach to community investments. Only 39% reported that they had written policies, and only 27% reported that they measured the benefits of their contributions.

In general, while satisfaction was relatively high with contributions programs, the corporations that appeared to be taking a more strategic approach, as evidenced by the establishment of programs, written policies, and the measurement of benefits, reported being more satisfied with their programs. They also provided more support to charities and nonprofit organizations.

Our findings suggest that there are opportunities for large corporations to improve their impact on the community and on their businesses. For example, corporate support is concentrated on a narrow segment of the charitable and nonprofit sector. Businesses may therefore be missing opportunities to broaden their impact in the community and to distinguish themselves from competitors by supporting causes that are often overlooked.

The study also suggests that many large corporations have not fully developed the strategies they require to enable them to obtain the business returns many appear to be seeking. For example, challenges pertaining to increasing demand for support and a lack of resources may require strategies to avoid reputational damage (e.g., by creating formal policies to communicate funding interests to charities). In addition, many companies

reported difficulties measuring the impact of their contributions on the community and on their businesses, and relatively few measured impact at all. In order to maximize the benefits they seek, businesses may need to be more strategic in their approaches, which may mean investing in the development of knowledge, systems, and infrastructure.

The large corporations in our study are among the most active supporters of community organizations in Canada's business community even when we take into account that some were selected for the survey because of their commitment to the Imagine Caring Company program. This report provides insights for those businesses that are looking for ways to improve their community support and for those that want to compare their efforts to those of other companies. For those who are interested, much more detail about the practices of the broader business community is available in our companion report based on a nationally representative sample of Canadian businesses¹. We hope that this information, along with initiatives like Imagine Canada's Caring Companies program, will encourage companies to consider how they can improve the impact of their community contributions initiatives on both their businesses and the community as a whole.

¹ This forthcoming report presents findings from a representative sample of 1,500 businesses with revenues over \$100,000.

INTRODUCTION

A number of U.S. studies (Coady, 2007; Muirhead, 2007) show that the contributions that businesses make to charities and nonprofit organizations are a significant aspect of the corporate social responsibility (CSR) strategies of leading U.S. corporations. Surprisingly, there have been very few studies that have explored the community contributions of Canadian businesses, even though they have a long history of contributing to charities and nonprofit organizations in Canada (Bill, 1999; Sharpe, 1994). What research we do have suggests that the financial support that businesses contribute is less than that provided by individual Canadians. In 2003, Canadian charities and nonprofit organizations reported that they had received \$8 billion in donations from individual Canadians but only \$3 billion from corporate sponsorships, donations, and grants (Hall et al., 2005). However, there are a variety of ways in which businesses can support community organizations that go beyond cash contributions. These include gifts of goods and services, fundraising from employees and customers, and supporting employee volunteering. As this report shows, many businesses do much more than give donations to charities.

This report presents findings from a broad national survey of more than 1,500 Canadian businesses about their community contributions, focusing on the activities, interests, and motivations of 93 of Canada's largest corporations (those with revenues of \$25 million or more). It shows that while businesses in general are active supporters of charities and nonprofit organizations, the large corporations in our study appear to be leading the way in terms of the extent to which they have organized their efforts and the broad range of approaches they employ to support charities and nonprofit organizations. Their attitudes toward community organizations are very positive, and the support they provide combines both philanthropic and business interests.

Highlights

- Previous research shows that positive attitudes toward CSR and community investment have become widespread and that community investment has been associated with improved financial performance. While interest in strategic giving is growing, businesses are facing challenges.
- This report draws on data from the Canada Business Contributions to Communities Survey, the most comprehensive study of business contributions to Canadian charities and nonprofit organizations that has been conducted to date.
- Findings for 93 businesses with annual revenues over \$25 million (large corporations) are highlighted and compared to a representative sample of 1,500 Canadian businesses.

Community Contributions and Corporate Social Responsibility. “Community investment” activities are now often considered as one element of the broader concept of corporate social responsibility (CSR), which has been the focus of considerable attention over the past ten years or more (Crane, Matten, McWilliams, Moon, & Siegel, 2007; “Just Good Business,” 2008; Porter & Kramer, 2006). CSR can encompass an array of potential behaviours, including corporate philanthropy (contributions of direct cash or goods to charities or nonprofit organizations), sponsorship (often with a direct promotional or marketing benefit accruing to the contributing organization), cause marketing (the contribution of a percentage of sales or revenues to a particular cause or charity, thereby accruing a direct financial benefit to the company), encouraging employees to volunteer, and socially responsible business practices, such as being environmentally friendly (Kotler & Lee, 2004).

Positive attitudes toward CSR within businesses have become very widespread. A recent global survey of top executives by the Economist showed, for example, that only 3.8% indicated that they felt corporate responsibility is a waste of time and money (“Just Good Business,” 2008). The Economist article, part of a special report on CSR, also noted that even some outspoken critics of the practice of corporations contributing to charities now admit that making contributions has become an imperative for most large corporations.

This report focuses on those areas where businesses give something directly to nonprofit or charitable organizations (e.g., through sponsorship, cause marketing, or direct contributions) or mobilize or encourage support from others (e.g., by supporting employee volunteering or fundraising from employees, clients, and customers). The term community contributions is used in this report to refer to these specific aspects of CSR.

Business Benefits. There are a number of reasons why good corporate citizenship may be beneficial for business. Helping to build strong communities can create conditions for business success, whether by improving the ability of companies to attract and retain employees or by creating markets for products and services. It may also have an influence on consumers’ purchasing decisions. Finally, it can foster goodwill among citizens and governments and create an enabling environment for a company’s operations.

When done correctly, CSR initiatives can lead to improved financial performance (Kotler & Lee, 2004; Porter & Kramer, 2002, 2006). A recent comprehensive review of 167 studies that examined the relationship between corporate social responsibility and financial performance concluded that CSR has a small but positive relationship to subsequent positive corporate financial performance, with direct contributions to charitable organizations demonstrating the strongest linkage (Margolis, Anger, & Walsh, 2007). Similarly, Lev, Petrovits, & Radhakrishnan (2006) have demonstrated that corporations that donate to charities do well in years subsequent to the donations.

There are a number of reasons why CSR could help improve the financial performance of businesses. Research has shown, for example, that consumers consider the social responsibility of companies when they make their purchasing decisions (Globescan, 2005). They are more likely to have positive attitudes toward corporations that contribute to charities, and these attitudes are somewhat reflected in buying behaviours (Devinney et al., 2006). Some businesses, such as those in mining and other highly regulated industries, look to CSR to help improve their relationships with their communities and to provide them with a “social license” to operate (Porter & Kramer 2006). A reputation for strong CSR may also give companies a competitive advantage with respect to the recruitment and retention of employees. For example, a survey conducted at 11 top MBA schools in the U.S. found that 97% of respondents were willing to forego some financial benefits to work for a corporation with a stronger commitment to social responsibility (Montgomery & Ramus, 2008). Finally, community contributions can help improve the long-term economic health of communities, which can, in turn, support the long-term financial performance of the businesses operating within them.

Increasing Interest in Strategic Giving. The potential business benefits that can accrue from community contributions has led to an increased interest among many corporations in the concept of “strategic giving,” with donations often used as a public relations or marketing device (Crane et al., 2008; Porter & Kramer, 2002). However, Porter and Kramer (2006) have argued that viewing giving as merely public relations or marketing may not be an effective strategy for improving a company’s performance, while integrating donations deeply into strategic planning can provide a major opportunity for a company to establish a sustainable competitive advantage.

The Challenges. Of course, while charitable and nonprofit organizations may receive many benefits from the support businesses provide, the extent of these benefits depends on how effectively the corporation manages its corporate contributions (Porter & Kramer, 2002, 2006). Some research suggests that CSR and community contributions activities may not be well managed or as effective as they could be, either for the business making

the contribution or the organization receiving the money (Hall, Easwaramoorthy, & Sandler, 2007; “Just Good Business,” 2008; Porter & Kramer, 2002, 2006). For example, giving a large number of small financial donations to a variety of community organizations is not as likely to have as much impact as a strategy that concentrates a wide array of a businesses’ resources (e.g., donations of goods and services; employee volunteering; fundraising from employees, customers and suppliers) on a few causes or organizations (Weeden, 1998).

Businesses report challenges with respect to their community contribution efforts. These include:

- responding to increasing numbers of requests for funding (Muirhead, 2006; Hall et al., 2007);
- obtaining sufficient financial and human resources to run community contributions initiatives (Hall et al., 2007; Muirhead, 2006);
- obtaining adherence to corporate community investment policies within the organization (Hall et al., 2007);
- balancing and managing the expectations of multiple stakeholders (Hall et al., 2007);
- determining how much to contribute (Robertson, 2006);
- measuring the full value of contributions (Hall et al., 2007; Robertson, 2006); and,
- assessing the impact of business contributions activities (Hall et al., 2007).

What We Know about Business Contributions to Communities in Canada. There is little Canadian research to guide those who are interested in understanding or advancing the practice of community investment in Canada. Most of the research in this area has been conducted in the United States and the United Kingdom and focuses on the strategic value of corporate community involvement and issues associated with measurement and reporting (e.g., Besser & Miller, 2004; Bollen, 2004; Marx, 1999; National Council for Voluntary Organizations, 2003; Moon & Muthuri, 2006; Saïia, Carroll, & Buchholtz, 2003; Stibbard, 2000; Witter, 2003; Zadek, 2004).

There have been a number of studies of the community contributions of U.S. companies. For example, the Committee Encouraging Corporate Philanthropy (Coady, 2007) provides an annual report on the contributions of large U.S. companies. It reports that its 2007 sample of 136 companies contributed 0.88% of their profits and 0.12% of their revenues and made total contributions of \$11.2 billion. The Conference Board surveyed 189 of the largest companies in the United States (Kao, 2008) and reported a median contribution of 1.16% of profit and 0.08% of revenues with total giving amounting to \$10.21 billion.

Imagine Canada’s analysis of taxation data found that 3% of Canadian businesses claimed charitable donations on their 2003 tax returns totaling \$1 billion (Easwaramoorthy, Barr, Gumulka, & Hartford, 2006). However, this likely underestimates total contributions because not all nonprofit organizations (e.g., those that work in the area of sports and recreation, arts and culture, or the environment) are able to register as charities, and there is no real financial incentive for a business to claim a contribution as a charitable donation as opposed to any other expense. In addition, businesses often provide support through sponsorships, which are not included as charitable donations. A separate study based on reports from over 13,000 charitable and nonprofit organizations in a national survey estimated that businesses contributed \$2.8 billion in both donations and sponsorships in 2003 (Hall, de Wit, Lasby, McIver, Evers, Johnson, et al., 2005).

There is also research that demonstrates that business contributions involve more than simply providing financial support. For example, Easwaramoorthy, Barr, Runte, and Basil (2006) conducted a representative survey of over 900 businesses and found that 53% encouraged their employees to volunteer during work hours or accommodated their employees’ volunteering activities. On the financial side, the Conference Board of Canada conducted a survey of 224 companies in the early 1990s (Rostami, 1992) and found that these companies contributed \$153 million in donations and sponsorships to support communities.

About This Study

This report draws on findings a survey that combined a representative sample of all Canadian businesses with revenues of \$100,000 or more with a targeted purposive sample of 93 of the largest corporations in Canada (i.e., businesses with annual revenues of more than \$25 million). A brief outline of our approach is provided below (for a more detailed description of the methodology and key definitions of terms employed in the report, please see the Appendix).

Previous U.S. research has shown that large corporations are highly active supporters of charities and nonprofit organizations. For example, the 136 companies that are members of the Committee Encouraging Corporate Philanthropy gave 0.88% of profits to community organizations (Coady, 2007) while 189 members of the Conference Board were found to give 1.16% of profits. (Muirhead, 2006). However, large corporations represent just 0.8% of enterprises in Canada (Statistics Canada, 2008) and are therefore very difficult and very expensive to locate in a random survey of businesses.

We used a combination of methods to draw the sample of large corporations employed in this study. First, we identified 52 companies with revenues over \$25 million from our representative sample of 1,500 businesses. We also recruited 41 participants from the member companies of the Canadian Council of Chief Executives, Alberta's Promise (an organization that encourages Alberta businesses to support charities that help children and youth) and Imagine Canada's Caring Companies (which had committed to donate at least 1% of pre-tax profits to nonprofit and charitable organizations).²

It is important to note that the sample of large corporations is not representative of all businesses with revenues over \$25 million. Rather, we believe that it is more likely to represent businesses that have an interest in community investment and that it consists of businesses that have already committed to support charities and nonprofit organizations. As such, it is reasonable to assume that it presents a portrait of large corporations that are likely to more supportive of community organization than their peers.

Analysis Strategy. In this report, we present detailed breakdowns of survey findings by size of company and number of employees. It is important to note that because of the small size of the large corporation sample, many variations in the data presented may not be statistically significant. We have confined our discussion to variations that have been demonstrated to be significant ($p < 0.05$). We have also chosen to highlight only those that are of substantive interest. When differences are statistically significant and noteworthy, they have been discussed in the text; otherwise, they have been omitted from the presentation of data.

In the following section, we discuss the attitudes of large corporations toward charities and nonprofit organizations and their views about contributing to community organizations. We then outline our findings about the types of contributions that large corporations make and show how these differ from those of smaller businesses. This is followed by a discussion of the reasons large corporations give for making contributions and a review of the challenges and opportunities these businesses face with respect to their contributions activities. Finally, we report on how these businesses organize their community contributions efforts and how this relates to their satisfaction with outcomes associated with community contributions.

² Twenty-one Imagine Caring Companies were included in the large corporation sample.

ATTITUDE OF CORPORATIONS TOWARD COMMUNITY CONTRIBUTIONS

The representatives of the large corporations in our study had very positive attitudes toward the nonprofit sector, which may not be surprising given the broad support that Canadians, as individuals, give to charitable and nonprofit organizations.³ More than 7 in 10 (72%) strongly agreed that charities and nonprofit organizations generally improve our quality of life.

Over 71% of survey participants also strongly agreed that “businesses and nonprofit organizations can mutually benefit from a collaborative relationship to contribute to their communities” (see Figure 1). In addition, 79% agreed that “most businesses that donate to charity would do so even if they did not get any business benefits in return.” Even when asked specifically about financial consequences, 73% of respondents disagreed with the statement “it is inappropriate for private sector businesses to spend corporate profits on charitable donations without getting a financial return.”

Despite these positive attitudes toward charities and nonprofit organizations, a large majority of large corporations (76%) agreed that there are too many charities trying to get donations for the same cause; almost 1 in 3 (31%) strongly agreed with this. Indeed, corporations hold stronger views than the public on this subject. For nonprofit organizations, this has several potential implications. Charities and nonprofit organizations may want to consider how to distinguish their causes from others when approaching corporations for support. Alternatively, they could consider partnering with others in their requests, because some corporations may prefer to fund a partnerships rather than having to choose between organizations pursuing similar causes. Partnerships may also enable smaller charities and nonprofits to undertake larger scale projects that might be more attractive to larger corporations.

Highlights

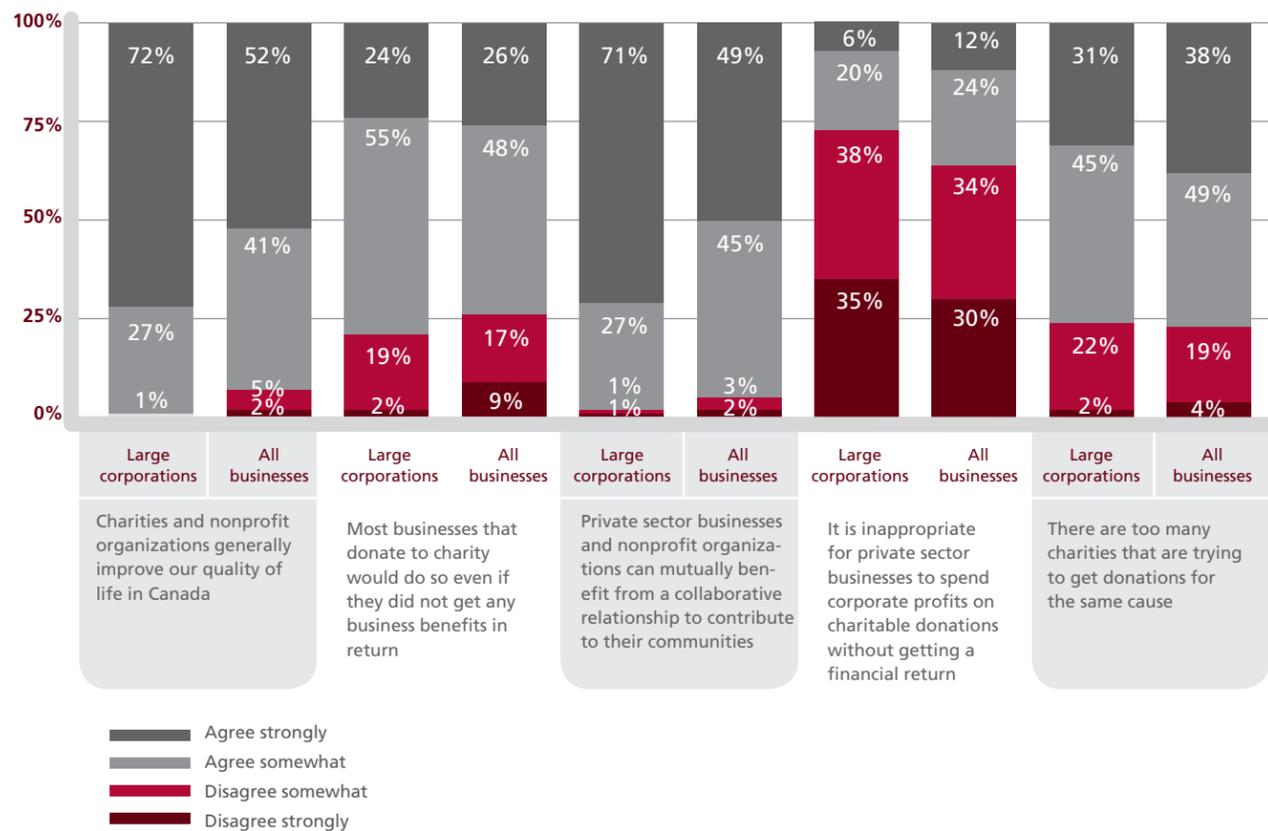
- 72 % of large corporations strongly agreed that charities and nonprofit organizations generally improve our quality of life.
- 71% strongly agreed that businesses and nonprofit organizations can mutually benefit from collaborative relationships.
- 79% agreed that most businesses would donate to charity even without financial benefits.
- Large corporations had far more positive views of the impact of charities and nonprofit organizations on quality of life and the benefits of collaboration than did smaller companies.
- Despite their positive attitudes, most large corporations agreed that too many charities are trying to solicit money for the same cause.

³ Almost all (85%) of individual Canadians make donations to charities and nonprofit organizations and 45% volunteer their time (see Hall, Lasby, Gumulka, & Tryon, 2005).

Large Corporations vs. the Broader Business Community. Large corporations generally hold more positive views of charities and nonprofit organizations than does the broader business community (see Figure 1). For example, 72% of large corporations strongly agreed that “charities and nonprofit organizations generally

improve our quality of life in Canada”, compared to 52% of all businesses. Similarly, 71% of large corporations strongly agreed that “businesses and nonprofit organizations can mutually benefit from a collaborative relationship to contribute to community,” compared to 49% of all businesses.

FIGURE 1. ATTITUDES ABOUT CHARITIES AND CONTRIBUTIONS TO CHARITIES



THE CONTRIBUTIONS BUSINESSES MAKE

Large corporations draw on a wide array of resources to support communities, ranging from contributions made directly to charities and nonprofit organizations, such as gifts of money, goods, and services, to more indirect support, such as encouraging or facilitating employee volunteering and helping to raise funds from employees, customers, and suppliers. Although it is difficult to quantify the value of indirect support, the amount of direct support that large corporations provide is considerable. The 93 companies in our study reported donations of \$333 million in cash, goods, products, and services in the previous year. The average total contribution was \$3.7 million while the median contribution⁴ was \$275,000, indicating that some companies contributed substantially more than others. We begin this chapter by reviewing our findings about the direct support that large corporations provide through donations of cash, goods, products and services, sponsorships, and cause marketing. We then examine how donations are allocated among the various types of charities and nonprofit organizations in Canada. Next, we turn to a discussion of findings about sponsorship contributions and how they are allocated. Finally, we show how the total value of all contributions (donations, sponsorships, and cause marketing) is distributed among the various types of charities and nonprofit organizations.

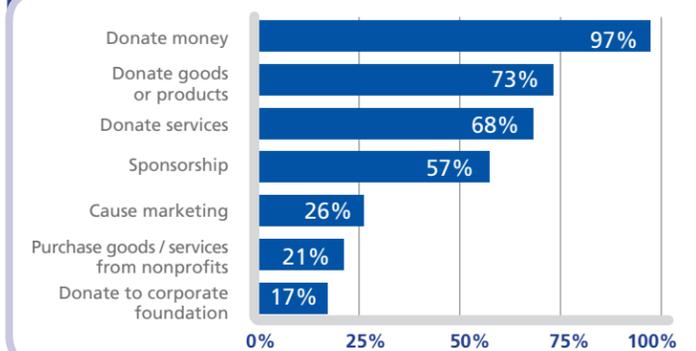
Virtually all (97%) of the large corporations we surveyed made financial donations, and a large majority also donated goods or products (73%) or services (68%) as Figure 2 shows. Gifts to corporate foundations were relatively infrequently reported (17%), especially compared to studies of large corporations in the United States, where the percentage of large corporations giving to their foundations was found to be as high as 44% (Kao, 2008).

Types of financial support that were more likely to involve an element of promotion for the business were also quite common, with 57% of large corporations providing sponsorship dollars and 26% engaging in cause marketing with nonprofit or charity partners.

Highlights

- 97% of large corporations donated money, 73% donated goods or products, and 68% donated services.
- 57% provided sponsorships and 26% engaged in cause marketing.
- 81% of the total value of all contributions came from donations.
- Large corporations contributed a median of 1% of profits and 0.06% of revenues, which is similar to values found in American studies.
- Large corporations contributed more frequently than other businesses and gave larger amounts.
- 75% of the total value of donations, sponsorships and cause marketing went to Social Services, Health (excluding hospitals), Universities and Colleges, Arts and Culture, and United Ways.

FIGURE 2. THE WAYS LARGE CORPORATIONS CONTRIBUTE TO CHARITIES



Another less-well-recognized method that businesses can use to support charities and nonprofits is to purchase goods and services from these organizations. There have been initiatives in recent years to facilitate these types of transactions through the establishment of social purchasing portals, which enable businesses to identify nonprofit or charity suppliers (see www.sppcanada.org). Such purchases were reported by 21% of large corporations.

⁴ We use median values in this report because they present a more accurate picture of the activities of a “typical” business than does the mean, which can be unduly influenced by the presence of a small number of large values. The median contribution is the value at which half of all donations are higher and half are lower.

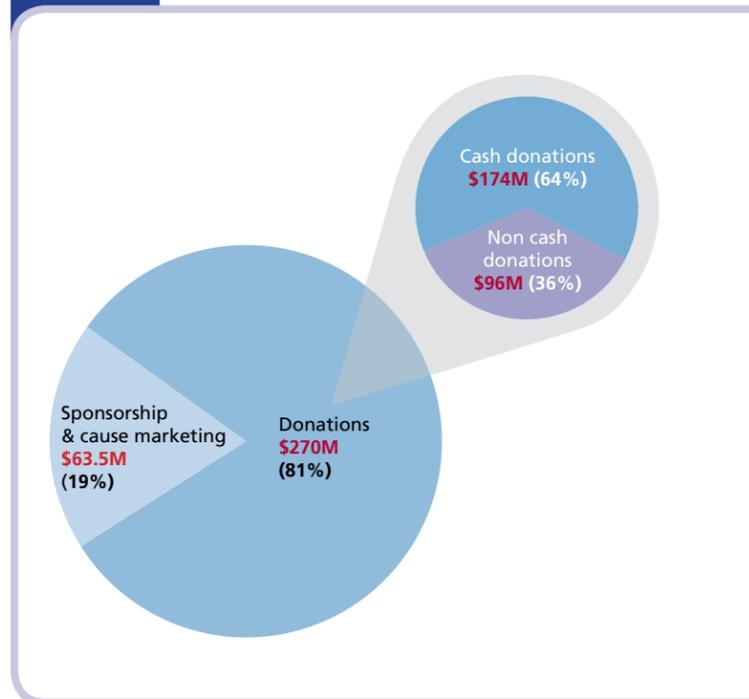
Donations of Money, Goods, Products, and Services

Most (81%) of the total value of direct contributions came from donations of money, goods, or services as opposed to sponsorships or cause marketing initiatives (see Figure 3). Of this, almost two thirds (64%) came from financial gifts; the rest (36%) took the form of donations of goods and services. Among donors, the median value of financial donations (\$190,000) was typically much larger than the median value of both goods (\$20,000) and services (\$20,000).

The predominance of cash donations is noteworthy because in making these donations, large corporations are giving something that directly reduces the profit available to shareholders. By contrast, donations of goods, products, or services may come out of excess capacity, while sponsorships and cause marketing have elements of direct self-benefit. When a business makes a sponsorship contribution, it often receives at least some direct promotional benefit whereas when it donates cash, goods, or services, the benefit accrued to the business may be less direct.

Large Corporations vs. the Broader Business Community. Large corporations reported donating money and goods and services and making gifts to a corporate foundation much more frequently than did the broader business community (see Table 2). For example, 97% of large corporations reported donating money compared to 76% of all businesses. They also reported much larger donations: for example, the median value of donations of goods or products was \$30,000 for

FIGURE 3. DISTRIBUTION AND VALUES OF DIRECT CONTRIBUTIONS BY TYPE OF CONTRIBUTION



large corporations compared to \$1,000 for all businesses. Large corporations also placed relatively more emphasis on donations of cash than on gifts of goods or services. The median amount of financial donations made by large corporations was almost six times larger than the median value of either goods or services whereas there is much smaller variation in the median values of the three types of donations made by all other businesses.

TABLE 1. PERCENTAGE PROVIDING DIRECT CONTRIBUTIONS AND MEDIAN VALUES: LARGE CORPORATIONS VS. BROADER BUSINESS COMMUNITY

Type of direct contribution	LARGE CORPORATIONS		ALL BUSINESSES	
	% Supporting	Median value*	% Supporting	Median value*
Donate money	97%	\$190,000	76%	\$2,000
Donate goods or products	73%	\$30,000	51%	\$1,000
Donate services	68%	\$20,000	43%	\$1,750
Total direct contributions	99%	\$275,000	88%	\$3,000
Purchase goods/services from nonprofits**	21%		14%	
Donate to corporate foundation	17%	\$950,000	5%	\$5,000

* Median values include only companies making contributions.

** Monetary values not available

CASE STUDY

COOPER'S OFFICE SUPPLY: EFFECTIVELY DONATING GOODS AND PRODUCTS

Although many businesses contribute goods and products to charitable organizations, few make comparatively large in-kind donations and have discovered how to do so effectively. One exception is Cooper's Office Supply, a fourth-generation business that sells retail office furniture in the Toronto area. In 1995, Cooper's president David Cooper noticed that there was an excess of used office furniture in the market but very few interested customers. Because of high warehousing costs, it was actually cheaper to donate this excessive inventory than to store it.

By giving away used furniture, Cooper's Office Supply became an important contributor to the office needs of many Toronto charities. The company then moved beyond office furniture and into supporting the furniture needs of people leaving the homeless shelter system. Building upon the expertise he had gained from giving away office furniture, David Cooper – along with others – founded STUFF (Supporting Today's Underprivileged for the Future), an independent nonprofit group that acts as a no-fee broker for any business that wants to donate goods to charities and individuals in need.

For charities that prefer options other than the currently available donated furniture, Cooper's Office Supply offers furniture at 10-13% above cost. The company also has a program that provides its retail space free to charitable organizations that are holding fundraisers. When someone attends one of these fundraisers and then purchases furniture from Cooper's, Cooper's donates a portion of the sale to the charity, thereby linking the promotion of charitable causes to the sustained success of the business.

Philanthropic contributions of time that make a real difference in the community, such as the time Mr. Cooper devotes to STUFF, can greatly boost a company's reputation. This is particularly the case for private companies. STUFF Canada gives away up to a \$1 million in goods in a busy month, and this is not limited to used furniture. As David Cooper explains,

"We've seen anything from a truckload of gummy bears, to 86,000 condoms, to trained animals. We've even received a shipload of \$200,000 in dishes that went to six or seven charities that had earmarked fundraised fees to purchase dishes, all of which could then go to into delivering programs."

"There are a number of people who give to the community by writing a check, but there are many people who want to do more than that, if they're given an idea of what they can do, they feel good about that," Mr. Cooper says.

"One of the things that STUFF does is find creative ways to give."

Mr. Cooper emphasizes that almost anything that a business produces or uses in its day-to-day operations can also be put to use for some sort of charitable purpose.

Cooper's Office Supply's good works have given the company a great reputation in the community but David Cooper isn't interested in keeping all the glory for himself. He is more than happy to help any business that is looking for effective ways to give goods away and encourages "anyone to call me if they have a question about how they can donate. I just might be able to come up with a creative way to help them and someone in need."

Where Donations Are Directed

Most large corporations support a wide variety of types of charities and nonprofit organizations (see Figure 4). Almost all (90%) reported giving donations to Social Services organizations, followed by Health organizations (excluding Hospitals; 82%), Sports and Recreation organizations (75%), and Hospitals (74%).⁵ They were least likely to donate to International Aid organizations (28%). Education organizations are less of a priority for businesses in Canada than they are for those in the United States, where education is often one of the causes most supported by large corporations (Coady, 2007; Kao, 2008).

FIGURE 4. PERCENTAGE OF LARGE CORPORATIONS MAKING DONATIONS BY TYPE OF BENEFICIARY

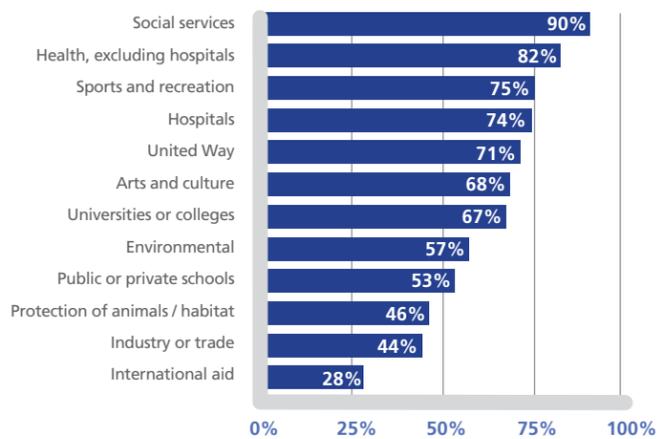


TABLE 2. BENEFICIARIES OF SUPPORT: LARGE CORPORATIONS VS. BROADER BUSINESS COMMUNITY

Type of direct contribution	LARGE CORPORATIONS		ALL BUSINESSES	
	% Supporting	Median value	% Supporting	Median value
Social services organizations	90%	\$36,000	66%	\$340
Health, excluding hospitals	82%	\$12,950	66%	\$400
Sports and recreation	75%	\$9,125	58%	\$375
Hospitals	74%	\$22,500	48%	\$300
United Way	71%	\$60,000	28%	\$250
Arts and culture	68%	\$10,000	30%	\$300
Universities and colleges	67%	\$45,000	24%	\$300
Environmental	57%	\$18,500	20%	\$250
Public or private schools	53%	\$7,500	36%	\$250
Protection of animals / habitat	46%	\$3,426	24%	\$200
Industry or trade	44%	\$11,000	13%	\$450
International aid	28%	\$2,000	22%	\$300

The organizations that are most frequently supported by large corporations in Canada do not necessarily attract the largest donations. For example, United Ways⁶, with the support of 71% of large corporations, attracted the largest gifts (a median donation of \$60,000), followed by Universities and Colleges (\$45,000), Social Services organizations (\$36,000), Hospitals (\$22,500), and Environmental organizations (\$18,500; see Table 3).

Large Corporations vs. the Broader Business Community.

As Table 3 shows, large corporations support a far wider variety of causes than does the broader business community. The large corporations in our study were particularly more likely to support United Ways, Arts and Culture organizations, and Universities and Colleges. In addition, they generally gave substantially larger median donations, particularly to United Ways, Universities and Colleges, Social Services organizations, and Environmental organizations. The broader business community, on the other hand, gave relatively more to Industry or Trade Associations, Health, and Sports and Recreation organizations.

⁵ Please note that we did not ask about donations to Religious organizations in the present study, even though these organizations receive 45% of the total value of individual donations in Canada (Hall et al., 2006).
⁶ United Way organizations raise significant funds for social service agencies. However, this is not their exclusive role and for that reason they have been categorized separately from social service agencies.

CASE STUDY

PFIZER CANADA: DECIDING WHERE TO GIVE

With over 160,000 charitable and nonprofit organizations in Canada, a major issue for any corporate community investment program is deciding where to give. Pfizer Canada, the Canadian branch of a global corporation, has successfully tackled this issue and, in doing so, has forged a path in corporate giving that is distinct from its parent.

Pfizer is one of Canada's largest corporate donors and a long-time member of the Imagine Caring Company program. It gives in excess of \$25 million a year to more than 1,000 organizations and projects. Pfizer has focused its contributions on six different programs that are in line with its mission, values, and long-term strategic priorities. The programs are Corporate Philanthropy, Science and Health Education, Disease Awareness, Local Communities, Scientific and Academic Community, and Product Donations. Pfizer also publishes an online list of the types of organizations it will and will not support. This helps to ensure that it receives appropriate requests for funding.

The list of organizations that Pfizer supports makes it clear that many of its contributions are strategic. Investing in education and in the scientific community helps ensure that Pfizer has a continued supply of high-quality researchers to develop future streams of new products, and improving health knowledge and disease awareness ensures that people know about health problems and how to treat them properly.

Pfizer's program for local communities highlights its belief that a strong community will allow the business to thrive and that giving away product helps support its "social license to operate."

When describing how Pfizer chooses specifically which organizations to support, Linda Sheehan, Manager of Community Investment, notes that the selection process has "always been extremely difficult." Online software has made it smoother in recent years; software has been developed that allows companies to better manage information received from organizations and help them decide which organizations to support. Even so, Pfizer receives more than 150 requests a month, which Linda Sheehan says is, "far more than we can handle, and we say 'no' a lot more than we can say 'yes'." Organizations approaching Pfizer for support for the first time may be disappointed because Pfizer often tries to strengthen existing partnerships rather than find new organizations to support.

Other businesses can learn from Pfizer Canada's approach to selecting which charities will benefit from its community investment activities. Having distinct giving programs ensures that nonprofit organizations have a clear idea of whether or not they qualify for support and helps safeguard Pfizer's reputation by minimizing the number of requests it turns down. Pfizer's approach also demonstrates that deciding where to direct a company's support best stems from the company's priorities and values. Finally, by focusing funding on areas in which it has expertise, Pfizer can ensure that its community investment is beneficial for business while also making an impact on diseases that affect the lives of millions of people both domestically and abroad.

Since 1994, Pfizer Canada has donated more than \$35.4 million worth of medications to the developing world and more to Canadians who are unable to afford Pfizer products.

Sponsorship and Cause Marketing

Sponsorship and cause marketing are two ways of supporting nonprofit organizations that are more likely than donations to directly benefit a corporation, particularly by promoting its brand. For the purpose of this study, sponsorship was defined as “the transfer of money, goods, or services to a charity or nonprofit organization in exchange for explicit advertising or promotional benefits to your business.” Cause marketing was defined as a situation in which a “company promotes and stands for a cause in partnership with a charity or nonprofit organization in exchange for financial benefits.”

The majority (57%) of large corporations we studied provided sponsorships to charities and nonprofit organizations while cause marketing relationships were reported by only 26% of companies (see Table 4). As noted earlier, sponsorships and cause marketing are a significant source of financial support for charities and nonprofit organizations. Sponsorships and cause marketing respectively account for 16% and 3% of the total value of direct contributions made by large corporations. The median value of sponsorships was \$90,000; the median value of cause marketing arrangements was \$22,000.

It is somewhat surprising that more large corporations do not take more advantage of the marketing and strategic benefits that could accrue from being associated with community or charitable causes, although evidence

suggests that both these types of support are rapidly increasing in importance, perhaps due to an associated increase in strategic philanthropy (Porter & Kramer, 2002).

Large Corporations vs. the Broader Business Community. As is the case for donations of goods, products, and services, large corporations were much more likely than other businesses to provide sponsorships (57% of large corporations reported using sponsorship compared to 14% of all businesses); there were no statistically significant differences in their use of cause marketing. As noted earlier, there is a growing interest among marketers in making greater use of these approaches. However, our research indicates that sponsorships are still concentrated in the largest firms.

Large corporations typically provided substantially more lucrative sponsorships and cause marketing arrangements than did companies in the broader business community, as the median values in Table 4 show. Large corporations were also more likely to provide sponsorships and engage in cause marketing. However, these types of contributions accounted for a similar percentage of the total support provided by both large corporations and all businesses (19% and 22% respectively). This indicates that these tactics are a more pivotal component of the contributions strategies of companies within the broader business community that use them than they are among large corporations.

TABLE 3. PERCENTAGE USING SPONSORSHIPS / CAUSE MARKETING AND MEDIAN VALUES: LARGE CORPORATIONS VS. BROADER BUSINESS COMMUNITY

Type of direct contribution	LARGE CORPORATIONS			ALL BUSINESSES		
	% Supporting	Median value	% Value of all donations	% Supporting	Median Value	% Value of all donations
Sponsorship	57%	\$90,000	16%	14%	\$2,000	18%
Cause Marketing	26%	\$22,000	3%	8%	\$1,200	3%
All sponsorship and cause marketing	63%	\$120,000	19%	17%	\$2,000	22%

Where Sponsorship Dollars Are Directed⁷

Identifying unique sponsorship opportunities can be particularly important to large businesses that are attempting to act strategically (Porter & Kramer, 2006). Our previous research found that these companies are often searching for a unique niche for their community contributions that can distinguish them from their competitors (Hall et al., 2007). Figure 5 highlights this data for the 57% of large corporations that reported sponsorship contributions.

As was the case with donations, large corporations supported a wide variety of types of organizations through their sponsorship initiatives. However, they supported Social Services organizations much more frequently than other types of organizations (72% of large corporations that engaged in sponsorships supported these organizations). It is important to note, however, that while the value of the sponsorships provided to nonprofit Sports and Recreation organizations is relatively small, businesses also provide significant sponsorships to individual athletes and for-profit sporting teams. (O’Reilly & Seguin, 2007).

⁷ Our discussion is restricted to sponsorship because only a small number of respondents (26%) reported engaging in cause marketing.

The most lucrative sponsorships tended to be with Arts and Culture organizations (a median value of \$39,650; see Table 5). This may be because Arts and Culture organizations are able to provide greater opportunities than other types of organizations for companies to promote their brand to the public. The least lucrative sponsorships tended to be with Industry Associations, Private and Public Schools, and Sports and Recreation organizations.

FIGURE 5. PERCENTAGE OF LARGE CORPORATIONS USING SPONSORSHIPS BY TYPE OF BENEFICIARY

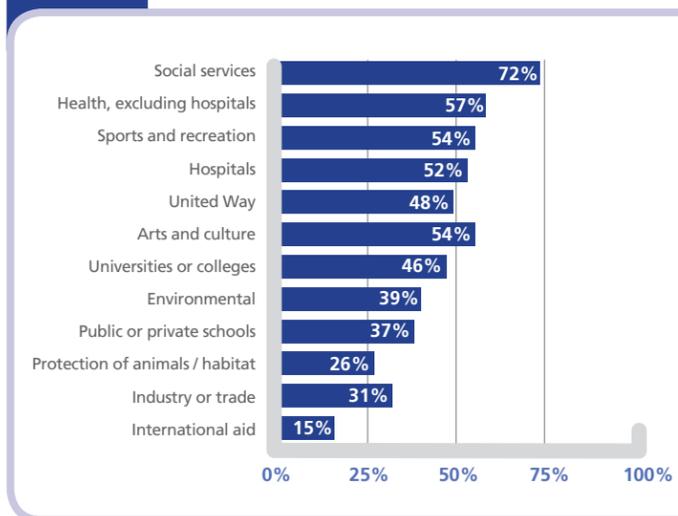


TABLE 4. PERCENTAGE OF LARGE CORPORATIONS AND ALL BUSINESSES PROVIDING SPONSORSHIPS AND MEDIAN VALUE OF SPONSORSHIPS BY TYPE OF BENEFICIARY ORGANIZATION

Type of organization	LARGE CORPORATIONS			ALL BUSINESSES		
	N	% Large corporations	Median contribution	N	% All Businesses	Median contributions
Social services	39	72%	\$22,000	103	49%	\$450
Health, excluding hospitals	31	57%	\$20,000	121	58%	\$500
Sports and recreation	29	54%	\$5,200	113	54%	\$500
Hospitals	28	52%	\$20,000	78	37%	\$500
United Way	26	48%	\$6,600	44	21%	\$400
Arts and culture	29	54%	\$39,650	46	22%	\$250
Universities and colleges	25	46%	\$16,000	40	19%	\$360
Environmental	21	39%	\$20,000	37	18%	\$200
Public or private schools	20	37%	\$3,750	57	27%	\$250
Protection of animals / habitat	14	26%	\$20,000	31	15%	\$125
Industry or trade	17	31%	\$2,000	24	12%	\$500
International aid	8	15%	\$8,113	32	15%	\$250

Assessing the Total Amount of Contributions Provided

Previous research has demonstrated that larger companies contribute larger amounts than do smaller companies; this can be attributed to the fact that they simply have more resources at their disposal (Coady, 2007). It is useful, therefore, to consider how much companies contribute as a percentage of their pre-tax profits or their revenues.

Taking into account the total value of all donations and sponsorships, the median contribution for large corporations as a percentage of pre-tax profits was 1.00%. This means that 50% of large corporations in our study met or exceeded the benchmark standard of 1% of pre-tax profits established by Imagine Canada's Caring Companies program.⁸ However, our findings also show that 25% of large corporations contributed only 0.06% of pre-tax profits, which indicates that many were giving at significantly lower levels than the Caring Companies target.

To facilitate comparisons with U.S. studies on corporate contributions conducted by the Committee Encouraging Effective Philanthropy (Coady, 2007) and the Conference Board (Muirhead, 2006), we created a measure of total contributions that includes all donations of goods, services, cash, a portion (80%) of sponsorships, and contributions to foundations (but not pay out from foundations).⁹ The resulting median contribution for the large corporations in our study was 1.00% of pre-tax profits and 0.06% revenues.

⁸ The Imagine benchmark also includes the fair market value of any release time that companies contribute for employee volunteering activities. These values are not included in our estimates. The Imagine benchmark does not include the value of contributions through cause marketing.

⁹ The Committee Encouraging Corporate Philanthropy assumes 80% of a sponsorship to be part of a community investment, with the other 20% being assumed to be benefits accrued by the business (unless the organization has specific data on this for each sponsorship).

Our findings indicate that the large corporations in our company donated somewhat more as a percentage of pre-tax profits than did the corporations that participated in research conducted by the Committee Encouraging Corporate Philanthropy, which reported a median contribution of 0.88% of pre-tax profits but somewhat less as a median percentage of revenues (0.12%).¹⁰ Our findings are closer to those reported by the 189 companies participating in the Conference Board study, which reported a median contribution of 1.16% of pre-tax profits and 0.08% of revenues.¹¹

Large Corporations vs. the Broader Business Community. The total value of contributions from large corporations as a percentage of pre-tax profits is lower than that of the broader business community (median value of 1.0% vs. 1.25% respectively). Large corporations also give less as a percentage of revenues (median of 0.06% compared to 0.63%).

The Charitable and Nonprofit Sector Perspective: Where the Support Goes.

Up to this point, our analysis has focused on how large corporations provide support to charities and nonprofit organizations and what types of causes they contribute to. However, it is also useful to examine how contributions are distributed across the charitable and nonprofit sector. As Figure 6 shows, 75% of the total value of donations of money, goods and services, and sponsorships and cause marketing goes to five types of organizations: Social Services (19%), Health (17%), Universities and Colleges (15%), Arts and Culture (13%), and United Ways (9%).

¹⁰ The difference in the median contribution as a percentage of revenues may be because the sample in our study had a higher representation of companies involved in primary industry and extraction industries, which often have lower profit margins.

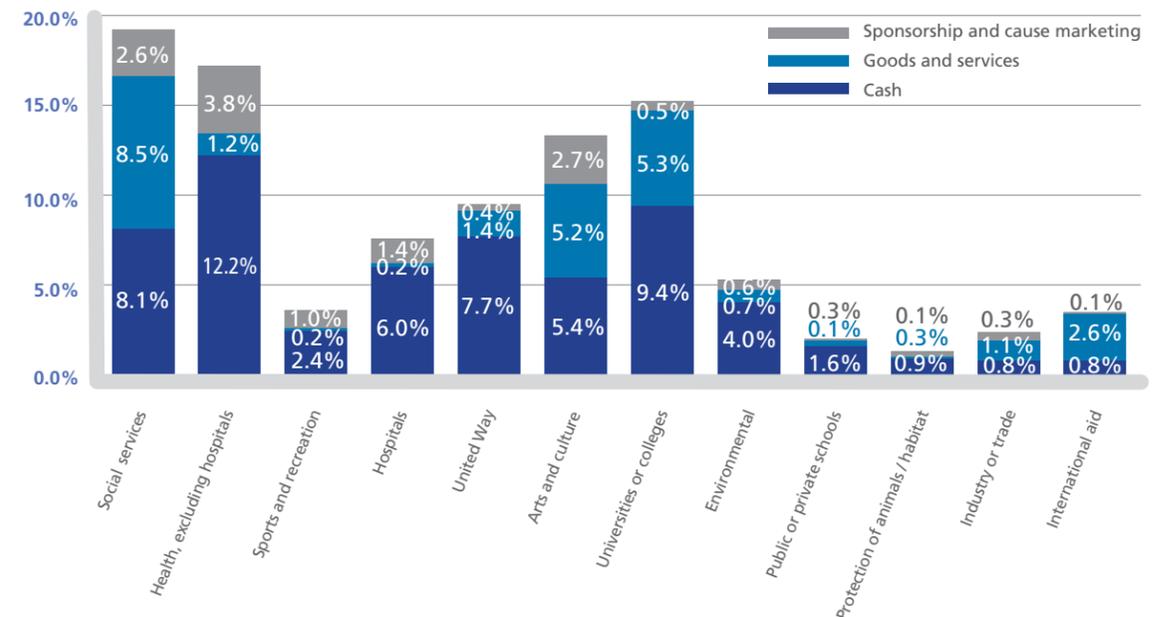
¹¹ Because the Conference Board did not provide details on how they calculated these percentages; their findings may not be directly comparable to those of this study.

IMAGINE CARING COMPANIES

Imagine has supported a "Caring Companies" program since 1988. This program encourages leading companies to contribute at least 1% of pre-tax profits to charitable and non-profit organizations, on a five-year rolling average. To become a Caring Company, a company must also encourage and facilitate employee volunteering initiatives, have at least one community investment initiative supported by the CEO, and publish a public report annually that describes its community investment practices. Currently, the program has over 120 members (21 of which had revenues of \$25 million or more and responded to our invitation to participate in our study).

As expected, those companies that are involved in the Caring Companies program are more generous than those that are not. The median contribution as percentage of pre-tax profits among Caring Companies was 1.34%, compared to 1.0% among all large companies. Compared to all large corporations, Caring Companies were much more likely to donate through sponsorships (91% vs. 48%) and to contribute services to nonprofit organizations (91% vs. 62%), while no significant differences were noted in the use of donations through cash, goods, or foundations. Caring Companies also appear to leverage many more of the resources at their disposal to make community contributions than do other businesses, including encouraging employee volunteering, and engaging stakeholders in fundraising efforts for charities.

FIGURE 6. PERCENTAGE OF TOTAL CONTRIBUTIONS GIVEN BY ORGANIZATION TYPE AND DONATION TYPE



ENCOURAGING STAKEHOLDER SUPPORT: EMPLOYEE VOLUNTEERING AND FUNDRAISING

Almost all of the large corporations in our study reported providing direct assistance to Canadian charities and nonprofits by donating money and goods or services, entering into sponsorship arrangements, developing cause marketing initiatives, or purchasing goods and services from charities and nonprofit organizations. Many large corporations also reported that they provided support by encouraging or facilitating the contributions of employees, customers, and clients (see Figure 7).

Over 80% of large corporations reported that they had programs or events that raised money for charity from their employees and that they supported or encouraged their employees to volunteer for charities or nonprofit organizations (e.g., by providing flexible work hours, financial support, or access to company facilities). Nearly 70% reported that they provided payroll deduction programs, and 62% reported matching grants for employee contributions. Half reported having events or programs that raised money from customers or suppliers.

Large Corporations vs. the Broader Business Community. Large corporations were much more likely than the broader business community to report using a variety of ways of encouraging employees, customers, and suppliers to support charities and nonprofit organizations (see Figure 7). For example, 83% of large corporations raised money from employees compared to 18% of all businesses, and 71% provided a payroll deduction program compared to 8% of all businesses.

Highlights

82% of large corporations reported they support employee volunteering. Most (79%) allowed employees to adjust their work schedules to volunteer,

- Large corporations were much more likely to allow employees to take time off with pay to volunteer (72% vs. 47%).
- Compared to the broader business community, large corporations were more likely to attempt to engage employees through company-sponsored volunteer events (72% vs. 29%), donating to organizations employees volunteer for (77% vs. 52%), and providing matching grants for employee donations (62% vs. 9%).
- Large corporations were also more likely to engage in fundraising activities for charities, such as raising money from employees (83% vs. 18%), raising money from customers or suppliers (50% vs. 22%), and providing payroll deduction programs for their employees (71% vs. 8%).

FIGURE 7. METHODS USED TO ENCOURAGE STAKEHOLDER SUPPORT



CASE STUDY

ENCANA CORPORATION: LEVERAGING EMPLOYEE DONATIONS

For EnCana Corporation, one of Canada's largest companies and a North American leader in the energy industry, supporting the community is a major priority, both for the benefits it delivers to the community and for the engagement it helps engender among employees. EnCana gave \$29.7 million to charities and nonprofit organizations in 2007. More than 10% of that amount took the form of matching employee contributions

At its heart, EnCana's giving programs are focused on leveraging the efforts of its employees. Its employee-centered programs are run under the umbrella of the EnCana Cares program, which has made a commitment to match employee contributions to charitable organizations at a 1:1 ratio up to a maximum of \$25,000 per employee. This emphasis on employees is "all about our employees and their wishes," says Mary Ann Blackman, Manager of Community Investment at EnCana.

"EnCana honours and respects each employee's individual giving preferences."

The maximum amount that EnCana will match is extremely high and was instituted when EnCana noticed that some of its employees were giving up to this level. In 2007, EnCana matched \$3.5 million in employee contributions, an impressive amount given its workforce of 7,250 employees and contractors across Canada.

For EnCana, the emphasis on its matching donations programs goes beyond making the opportunity available. "We want to make it really easy to give," Mary Ann Blackman emphasizes. EnCana built an in-house online program with a database of thousands of charities; to qualify for a matching grant, employees merely have to log in and select the charity they have donated to. EnCana also tries to build awareness of its program throughout the year and holds a month-long giving campaign in October to help employees see all of the options available to them.

To remain relevant to employees, the EnCana Cares program emphasizes employee feedback. Using information gathered from employees, the company recently developed a program to donate to the organizations that employees volunteer for. It goes beyond many similar programs by giving employees the option of counting the hours of their whole family when they volunteer as a family, which has helped to promote increased employee participation. Efforts like this have helped EnCana create an engaged workforce and a healthy, vital community.

Matching donations is not purely philanthropic, however. By paying attention to the concerns and interests of its employee, EnCana Corporation saw 91% of its workers in 2007 rank EnCana as one of the best places to work, up 4% from 2006. EnCana is in the 90th percentile in employee satisfaction in the industry, and the community investment program plays an important role in this, according to Mrs. Blackman.

Support for Employee Volunteering

Canada's large corporations appear to be at the forefront of the business community's efforts to support employee volunteerism. Such support is critical for Canadian charities and nonprofit organizations because the need for volunteers is one of the biggest challenges that these organizations report facing as they work to fulfill their missions (Hall et al., 2005).

As Figure 8 shows, among the 82% of the companies in our study that reported that they supported employee volunteering, the most common types of support were allowing employees to adjust work schedules to volunteer (79%), providing financial donations to the organizations that employees volunteer with (77%), allowing employees access to company facilities and equipment (e.g., computers, fax machines or meeting rooms) for their volunteer activities (75%), and having company-sponsored volunteer events in which employees volunteer for a cause selected by the company (72%). Over half (58%) permitted employees to volunteer during working hours without pay.

Generally, the more employees a company has, the more likely it is to provide support for employee volunteering (see Figure 9). For example, almost all (96%) large corporations with 1,500 or more employees sponsored volunteer events compared to 74% of companies with 250 to 1,500 employees and 39% of companies with less than 250 employees. Similarly, almost all (92%) corporations with 1,500 or more employees donated to organizations for which their employees volunteered and they were much more likely than other companies to allow employees to take time off with or without pay to volunteer. There are two exceptions to this general pattern. Companies with between 250 and 1,500 employees were more likely than other companies to allow employees access to company equipment and facilities. In addition, companies did not significantly differ in the extent to which they allowed their employees to adjust their work schedules in order to volunteer.

FIGURE 8. WAYS BUSINESSES SUPPORT / ENCOURAGE EMPLOYEE VOLUNTEERING

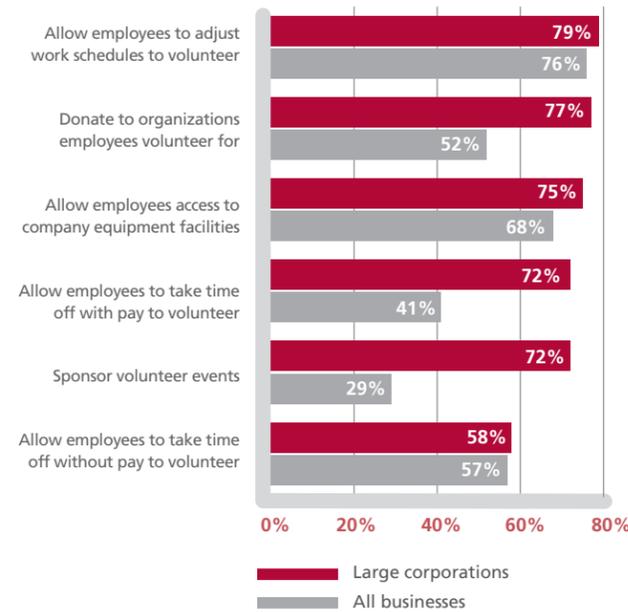
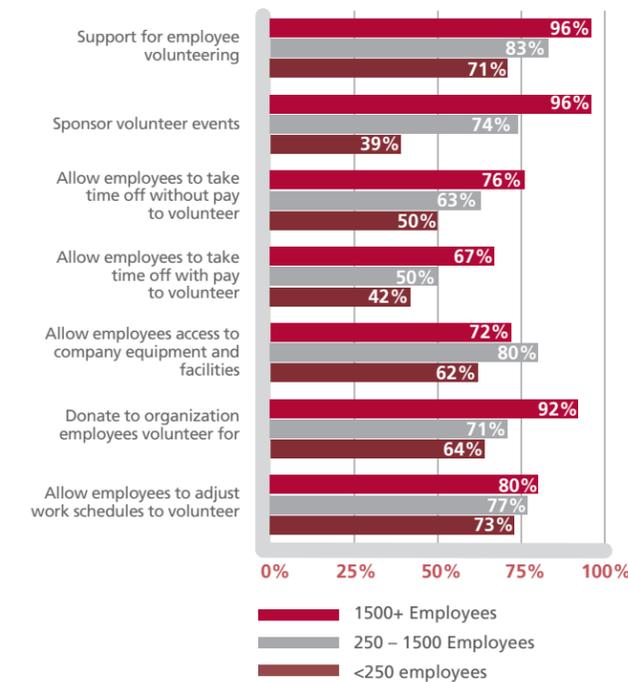


FIGURE 9. TYPES OF SUPPORT FOR EMPLOYEE VOLUNTEERING BY NUMBER OF EMPLOYEES



Large Corporations vs. the Broader Business Community. Although large corporations were just as likely as those in the broader business community to allow employees to adjust their work schedules to volunteer, they were significantly more likely to allow employees to take time off with pay (72% vs. 41%), to donate to organizations that employees volunteer with (77% vs. 52%), and to have company-sponsored volunteer events (72% vs. 29%; see Figure 8).

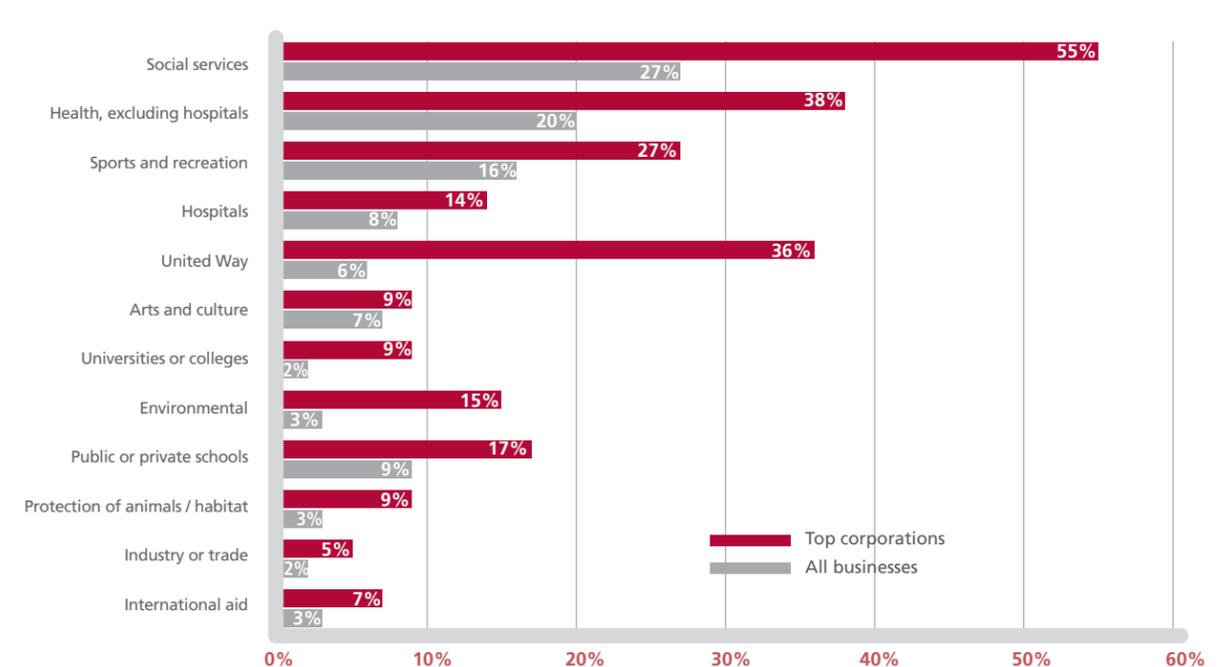
Where Large Corporations Direct Their Support

There are many similarities between the types of organizations that corporations support through their formal employee volunteer programs and the types of organizations they support through their contributions (see Figure 10). However, large corporations are much

more likely to support Social Services organizations through employee volunteering than they are any other cause whereas when it comes to direct financial support, the gap between support for Social Services and support for other causes is less dramatic.

Large Corporations vs. the Broader Business Community. As Figure 10 shows, large corporations show a consistent pattern of more frequently supporting a broad variety of types of community organizations through formal volunteering programs than does the broader business community. Large corporations, however, are particularly more likely to support Social Services organizations and United Ways, paralleling the pattern observed for direct contributions.

FIGURE 10. TYPES OF COMMUNITY ORGANIZATIONS SUPPORTED THROUGH FORMAL EMPLOYEE VOLUNTEER PROGRAMS



REASONS FOR MAKING CONTRIBUTIONS AND CHALLENGES FACED

Why do businesses support charities and nonprofit organizations and what, if any, challenges do they face in trying to do so? Our survey findings confirm what we found in the qualitative phase of our research (Hall et al., 2007). Large corporations support community organizations for both altruistic and business reasons. They appear to have a strong interest in supporting their communities and in seeking benefits for their business. However, many are challenged by an increasing number of requests and by difficulties in measuring the impact of their contributions on their business, difficulties managing the expectations of various stakeholders and a lack of resources.

Reasons for Making Contributions. Participants in our survey were asked to indicate the degree of importance they placed on seven possible reasons for contributing to community organizations in the previous year (see Figure 11). The reasons that were considered to be most important by large corporations reflect an interest in the business benefits of making community contributions. These include making contributions because:

- it helps build a strong and healthy community, which is good for business (identified as very important by 72% of large corporations);
- it is good for the company's relationship with the community (72%); and,
- it is good for the company's reputation (54%).

That said, more than half of the respondents from large corporations also identified reasons that were focused more on the philanthropic value of supporting communities: 51% indicated that a very important reason to contribute was that "it is a good thing to do, irrespective of the financial returns to the company."

Nearly three quarters (72%) of large corporations indicated that a very important reason for making contributions was that it fit company traditions and values. Finally, while our qualitative research suggested that

Highlights

- The majority of large corporations reported that they made contributions for reasons that relate to potential benefits to their business.
- The fit between company values and traditions and community contributions was also considered to be a very important reason by most large corporations (72%)
- 51% of large corporations indicated that philanthropic reasons were very important.
- Larger corporations and the broader business community placed similar levels of emphasis on philanthropic reasons, but large corporations placed more weight than other companies on all other reasons.

community contributions might be undertaken as part of a strategy to recruit and retain employees, this was considered to be very important by only 28% of companies, although 47% considered this reason to be somewhat important.

Large Corporations vs. the Broader Business Community. Large corporations and those within the broader business community placed a similar level of importance on philanthropic reasons for supporting communities ("it is a good thing to do irrespective of the financial returns..."). However, the broader business community placed less importance on all of the other reasons explored in the study (see Table 6). We speculate that this may be a reflection of the lack of less clearly articulated community investment strategies among smaller businesses, which may be making their contributions more as a response to being asked than out of a planned approach to their contributions. As will be shown in the next section, these businesses do not appear to have devoted as much attention to organizing their community contribution strategies.

FIGURE 11. THE REASONS LARGE CORPORATIONS MAKE CONTRIBUTIONS TO COMMUNITIES

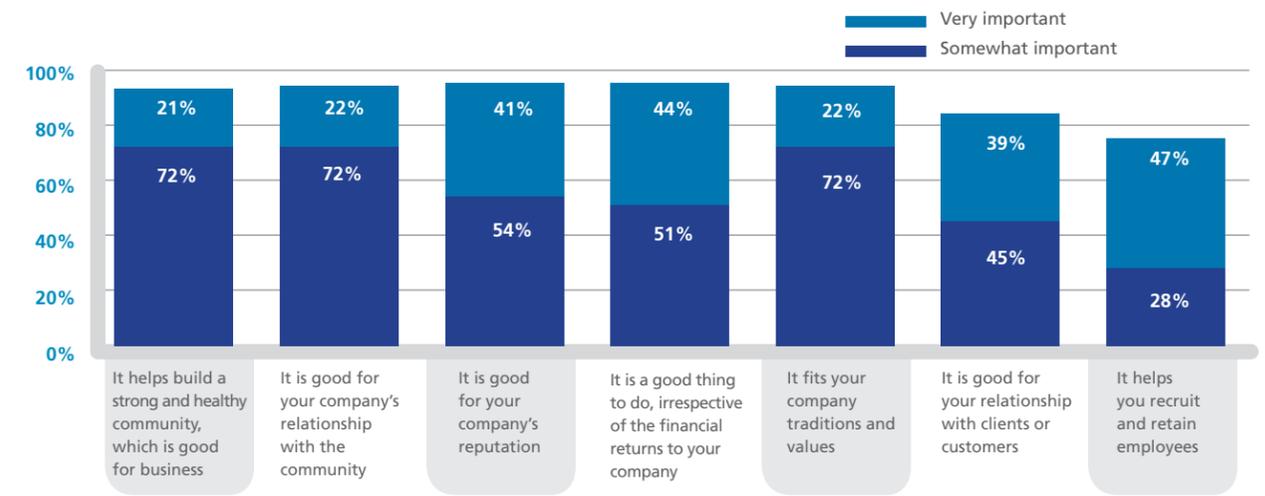


TABLE 5. REASONS FOR MAKING CONTRIBUTIONS TO COMMUNITIES: LARGE CORPORATIONS VERSUS ALL BUSINESSES

Type of direct contribution	LARGE CORPORATIONS		ALL BUSINESSES	
	Very important	Somewhat important	Very important	Somewhat important
It is a good thing to do, irrespective of the financial returns to your company	51%	44%	45%	37%
It fits your company traditions and values	72%	22%	48%	37%
It is good for your company's reputation	54%	41%	33%	40%
It is good for your relationship with clients or customers	45%	39%	32%	37%
It helps you recruit and retain employees	28%	47%	7%	19%
It helps build a strong and healthy community, which is good for business	72%	21%	50%	36%
It is good for your company's relationship with the community	72%	22%	46%	38%

Perceived Challenges. Overall, both the results of our qualitative report (Hall, Easwaramoorthy & Sander, 2007) and our survey findings lead to the same observation: large corporations are generally motivated to support the community. But it is also evident that these businesses face a number of challenges with their contribution activities. Over three quarters (76%) of large corporations agreed that difficulty responding to increasing requests from charities and nonprofit organizations posed a challenge for their contribution activities and almost one third (32%) strongly agreed that this was a challenge (see Figure 12).

Six out of ten (60%) pointed to difficulties measuring the impact of community contributions on the business while close to half identified difficulties managing the expectations of multiple stakeholders (51%) or issues associated with lack of resources (47%). Interestingly, only a small minority identified a lack of interest or support from employees (27%) or management (24%) as a challenge. It appears that community investment is widely accepted within large corporations.

Large Corporations vs. the Broader Business Community. Large corporations differ from the general business community in three main ways, as Table 7 shows. They were less likely to strongly agree that the difficulty responding to demand was a challenge for them (32% strongly agreed vs. 46% of all businesses) and that they were challenged by lack of company's resources (10% vs. 28%). On the other hand, large corporations were more likely to agree that measuring the impact

of contributions on business posed a challenge (60% vs. 45% of all businesses). Problems arising from a lack of support from employees or management were reported by relatively few large corporations or other businesses, indicating that lack of enthusiasm from employees or management is not a major barrier to community contributions.

FIGURE 12. PERCEIVED CHALLENGES TO CONTRIBUTION ACTIVITIES

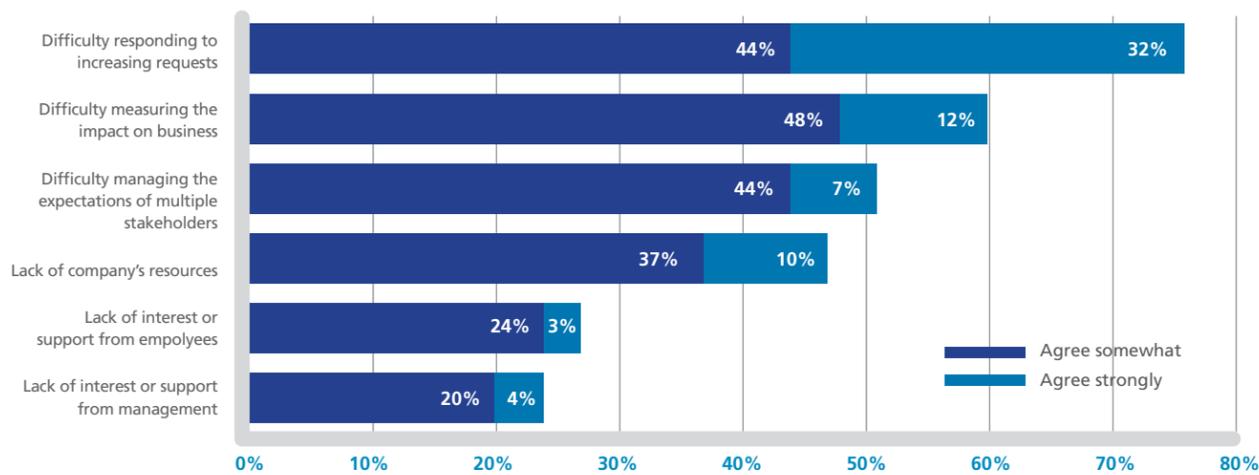


TABLE 6. PERCEIVED CHALLENGES TO CONTRIBUTION ACTIVITIES: LARGE CORPORATIONS VERSUS ALL BUSINESSES

Type of direct contribution	LARGE CORPORATIONS		ALL BUSINESSES	
	Agree strongly	Agree important	Agree strongly	Agree important
Difficulty responding to increasing requests	32%	44%	46%	33%
Difficulty measuring the impact on business	12%	48%	12%	33%
Difficulty managing the expectations of multiple stakeholders	7%	44%	10%	27%
Lack of company's resources	10%	37%	28%	36%
Lack of interest or support from employees	3%	24%	7%	25%
Lack of interest or support from management	4%	20%	7%	19%

THE INTERNAL ORGANIZATION OF COMMUNITY CONTRIBUTION ACTIVITIES

As we have shown, businesses are active supporters of Canadian charities and nonprofit organizations, and the large corporations in our study lead the way in terms of the variety of supports they offer, the monetary value of their contributions, their use of more strategic approaches such as sponsorship and cause marketing, and their interest in aligning their contributions efforts with their business interests. It is not surprising, then, to find that large corporations appear to have given much more attention to formalizing and measuring the impact of their activities than have other businesses.

Most (79%) of the large corporations in our study reported having “a regular and ongoing program for charitable contributions” (see Table 10). Almost two thirds reported that either a member of the senior management team (54%) or a board member (11%) played the largest role in providing strategic leadership for their company's charitable contributions program (see Figure 13). However, only 39% indicated that they had a written policy on charitable contributions, and only 27% reported that they measured the benefits of their community contributions.¹²

Large Corporations vs. the Broader Business Community. As Table 8 shows, large corporations were much more organized about their community contributions than were businesses in general. Only a minority (22%) of all businesses reported having ongoing charitable contributions programs, and very few had written policies (8%) or measured the benefits of their contributions (13%). These findings are part of a general pattern that shows that businesses in general are less likely to engage in strategic forms of philanthropy such as sponsorships and cause marketing and to make contributions in order to gain benefits for their business.

¹² Because of instrumentation problems, only half of the large corporation respondents answered questions about written policies or the measurement of benefits.

Highlights

- Most (79%) large corporations had contribution programs.
- Relatively few large corporations attempted to measure contributions (27%) or had written guidelines to guide contributions (39%).
- Less than one quarter in the broader businesses community had ongoing contributions programs and even fewer attempted to measure contributions or had written guidelines for contributions.
- In 65% of large corporations a member of the senior management team or the board played the largest role in providing strategic leadership to the community contributions program.
- In general, companies that had written policies and ongoing contributions programs, measured the benefits of their programs, and used sponsorship tended to be more satisfied than other companies with the benefits their contributions accrued.

The lack of formal programs and policies within the broader business community may make it difficult for charities and nonprofit organizations to find businesses that are interested in their specific cause. In addition, businesses that do not have formal programs or policies may be subject to more requests for support from community organizations than those that do because of the difficulty organizations may face determining in advance whether or not a business will be a good prospect for their request for support.

FIRST CALGARY SAVINGS: LEVERAGING MEASUREMENT PROGRAMS

Strong measurement practices for community investment programs are not solely the province of massive companies with billions of dollars in revenues. First Calgary Savings, a Calgary-based credit union with 2007 revenues of slightly more than \$100 million, has a stellar record of successfully measuring the impact of its contributions program.

“It is important to articulate both the business and the community benefits,” says Dani DeBoice, Manager of Corporate Citizenship. “It’s not all about measurement; first it’s going out and identifying the community need.” But, she adds, “if a company invests community money, it has to use the money effectively; otherwise, it’s wasting shareholder money.”

The measurement program at First Calgary Savings focuses on the leverage of inputs from First Calgary and community organizations and outputs that benefit the community and the business. At present, the company attempts to measure the benefits of 65% of its contributions, which consists of eight different programs, and it will soon be measuring about 90%, including all of its long-term partnerships.

One key benefit of establishing measurement procedures for a community investment program is that it forces a company to think about what it hopes to accomplish, how long this will take, and how the company will know if it has succeeded. The company can then work these measurement criteria into its agreements and reporting procedures for charities that receive substantial support.

For First Calgary Savings, this process has resulted in greatly improved relationships with many of its community partners and to the identification of new opportunities for leveraging its brand. Dani DeBoice gives, as an example, First Calgary Savings’ tracking of its sponsorship of the EPCORE CENTRE for the Performing Arts, which has a one-day event that gives immersive arts training to local students. From a

community perspective, the company knows that 2,615 students from 37 local schools participated in the 2007-2008 year (an 18% increase from the previous year) and that 107.5 days of art education were provided. From a business perspective, it knows that the program was awarded the Mayor’s excellence award, was nominated for a Volunteer Calgary Leadership Award, and increased brand awareness among many interested parents and volunteers. The company also measures brand awareness by tracking such things as logo impressions, articles about the company, and such metrics as how many tickets were given out to events compared to how many were redeemed.

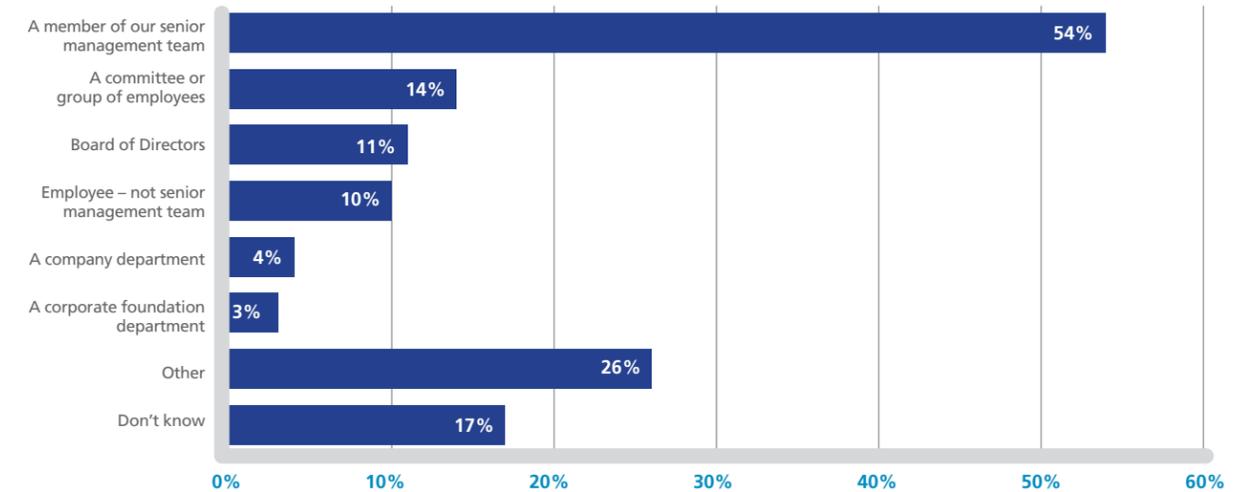
At the end of the day, Dani Deboice says, implementing a measurement program can reap great dividends for a committed corporate donor:

“Being able to provide certainty and demonstrate value creation made our work even more supported by the entire senior management team.”

TABLE 7. STRATEGIC GIVING BY LARGE CORPORATIONS

	LARGE CORPORATIONS	ALL BUSINESSES
Does your company have a regular and ongoing program for charitable contributions?	79%	22%
Does your company have a written policy regarding charitable contributions?	39%	8%
Does your company measure the benefits of its charitable contributions?	27%	13%

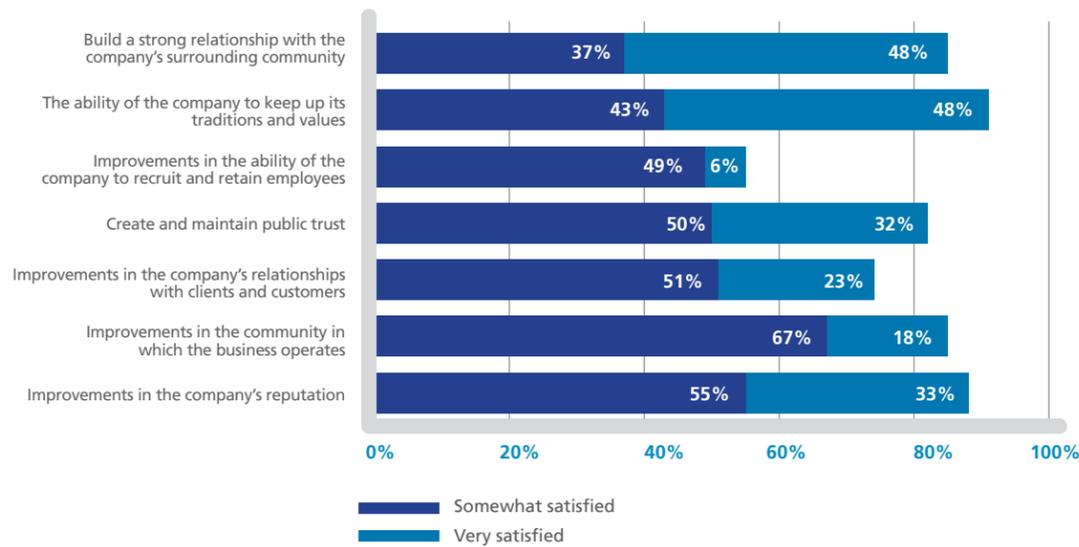
FIGURE 13. WHERE STRATEGIC LEADERSHIP OF COMMUNITY CONTRIBUTION PROGRAMS RESIDES IN THE ORGANIZATION



Satisfaction with Benefits of Contributions. Large corporations on the whole appeared to be reasonably satisfied with the benefits they obtain from their contribution efforts (Figure 14). Participants in our survey were asked to indicate their level of satisfaction with seven possible benefits of their community contributions over the previous fiscal year. They were most satisfied with their ability to build a strong relationship with the company’s surrounding community (48% indicated they were very satisfied) and the ability of their company to keep up its traditions and values (48%).

Large corporations generally reported lower levels of satisfaction with improvements in the ability of their company to recruit and retain employees than they did with the other possible benefits we explored. However, those with more employees were more satisfied with the role community contributions played in employee recruitment and retention than were those with fewer employees (e.g., 64% of companies with more than 1,500 employees were “somewhat satisfied” compared to 28% of those with fewer than 250 employees).

FIGURE 14. THE SATISFACTION OF LARGE CORPORATIONS WITH COMMUNITY CONTRIBUTION PROGRAMS



Do companies that have more formalized approaches to their community contributions have greater satisfaction with the impact of their programs than others? We created a measure of total satisfaction and compared the responses of large corporations that had established formal programs, developed written policies, or measured the benefits of their efforts with those that had not.

As Table 9 shows, those that had more formal strategies were more satisfied with the impact of their contribution programs. For example corporations that had ongoing programs had a higher mean satisfaction score than those who did not (4.1 vs 3.8) as do those that had a written policy (4.4 vs. 3.7).

13 Items were scored such that very dissatisfied =1, somewhat dissatisfied =2, neither satisfied nor dissatisfied =3, somewhat satisfied =4 and very satisfied=5. An average score for all satisfaction items was then calculated.

TABLE 8. OVERALL TOTAL AVERAGE SATISFACTION SCORES BY USE OF FORMAL STRATEGIES

	COMPANIES WITH FORMAL STRATEGIES	COMPANIES WITHOUT FORMAL STRATEGIES
Ongoing program for donations	4.1	3.8
Measure benefits of contributions	4.4	3.9
Written policy on contributions	4.4	3.7

CASE STUDY

MANULIFE FINANCIAL: MEASURING THE INTERNAL BENEFITS OF EMPLOYEE VOLUNTEERING PROGRAMS

Despite the growing interest in community investment programs, many businesses are unable to quantify the value of these programs both for their company and for society as a whole. This is not the case for Manulife Financial, however. In 2007, it donated over \$25 million to more than 600 organizations. More than 18,000 of its employees contributed 58,000 hours of their time to support nonprofit organizations. Manulife recently undertook one of the most extensive evaluations of the business benefits of employee volunteering ever conducted in Canada.

Manulife Financial is one of Canada's most successful financial services companies, with profits over \$4 billion in 2007. It relies on excellence from its employees to deliver its financial services products. Retaining highly skilled employees is extremely important and gives the company a competitive advantage. One of the findings from its three-year study of employee volunteering was that retention among employees who volunteered was more than three times higher than it was among those who did not volunteer.

Says Sara Saso, Director of Community Relations, "We always knew this had value for the company. We're just proving it now." The majority of employee volunteers are also highly skilled, making them a key target for retention. Highly skilled volunteers are also a recruitment priority for nonprofit organizations.

In order to fully engage employees, Manulife goes beyond simply offering an employee volunteering program. It sponsors a number of signature events, such as runs to raise money for health research, and has found that one of the best ways to leverage the value of these sponsorships is to involve employee volunteers. It has also discovered that involving employee volunteers in these events is an effective method of engaging employees in the company. In addition, Manulife has been very successful at getting friends and family, business partners, and suppliers to participate in its sponsored events.

Sara Saso observes that companies that use community investment programs as little more than a public relations tool may find that these programs are among the first to be cut when times get hard. She also notes that measuring the value of community investment programs helps to ensure their longevity.

"In trying times like these," she says, "our roles are the ones that get cast aside because we haven't done a good job in showing our value. We're showing that we're needed in business; a healthy community is one where a business can thrive, and healthy communities are ones with low unemployment, low crime, and good living conditions."

Not every company can undertake extensive multi-year studies like Manulife's to demonstrate the value of its community investment program. But any company can adopt some of Manulife's practices, such as collecting testimonials from employee volunteers to demonstrate how employees are engaged in the program, and tracking participation rates and the number of hours volunteered to help demonstrate the benefits of the program to senior management.

CONCLUSION

Our study of the support that a number of large corporations in Canada are providing to charities and nonprofit organizations indicates that these companies are leading the way among Canadian businesses in terms of the breadth of their contributions, their use of more strategic forms of support, and the extent to which they have organized their contribution activities. The large corporations in our study valued the role that charities and nonprofit organizations play in Canadian life and many supported these organizations for both strategic and philanthropic reasons. They deployed a wide variety of their assets, including mobilization of their stakeholder networks, in support of these organizations. Nevertheless, large corporations may have room to improve the impact of their contributions on both their businesses and the communities they support.

Attitudes Are Positive. The attitudes of respondents from large corporations in our study toward charities and nonprofit organizations were overwhelmingly positive – more positive than the attitudes of the broader community and the general public. Large corporations recognize that collaborating with charities and nonprofits can be beneficial to them and believe that it is appropriate for businesses to give to charities without regard to any possible financial returns. However, large corporations, like many in the general public, think that there are too many charities trying to solicit money for the same cause.

Donations of Money, Goods, and Services Are the Norm. Almost all of the large corporations in our study donated cash to community organizations and the vast majority also gave goods, products, or services. This is a very high level of participation given that such donations may offer little in the way of direct business benefits. Cash donations predominated, accounting for almost two thirds of the value of all donations.

Large Corporations Mobilize Their Stakeholder Networks and Support the Contributions of Their Employees. The large corporations we studied do much more than simply make donations or provide

sponsorships. The vast majority reported, for example, that they supported employee volunteering by allowing staff to adjust work schedules and to take time off with pay to volunteer and by donating to organizations that employees volunteer for. They also engaged their networks in supporting community organizations. Most raised money for charities and nonprofits from employees and facilitated employee contributions by providing payroll deduction programs. Half also reported raising money from customers, clients, and suppliers.

Large Corporations Lead the Way in the Broader Business Community. Comparing the activities of the large corporations we studied with our nationally representative sample of Canadian businesses with revenues of \$100,000 or more, we found striking differences. Large corporations were much more likely than other businesses to make contributions of all kinds (e.g., donations, sponsorships, cause marketing), to mobilize and support the contributions of their employees, clients, customers, and suppliers, and to have established formal ongoing community contributions programs. Our findings suggest that the broader business community is lagging a number of large corporations in terms of their recognition of the potential value of community investment to their business.

Strategic Approaches Are Common. A number of studies have documented an increasing use of sponsorships and cause marketing among U.S. businesses that is tied to a growing interest in aligning community investment strategies with business objectives (“Just good business,” 2008; Porter & Kramer, 2006). Although trend data are not available in Canada, more than half of the large corporations in our study used sponsorships, which, at a minimum, provide some recognition and promotional benefits to companies. Although cause marketing has been getting attention of late as a strategic approach (Daw, 2006), it was only used by a small minority of large corporations. It is noteworthy that the financial value of sponsorships and cause marketing initiatives are, however, only a fraction (one fifth) of the value of all contributions.

Businesses Are Looking for Benefits But Still Believe in Philanthropy. Many of the strongest reasons for supporting community organizations revolve around the value it has for business. That said, over half of the large corporations in our study strongly agreed that their companies support communities because it is a good thing to do, irrespective of the financial returns. These motivations are reflected in the approaches these businesses use to make their contributions to charities and nonprofit organizations.

Support is Concentrated on a Narrow Segment of the Nonprofit Sector. When all of the support that large corporations provide is considered together, it is clear there are favourite causes for corporate support within the charitable and nonprofit sector. Two thirds of all funding went to four types of organizations: Social Services, Health, Universities and Colleges, and Arts and Culture organizations. Together, these organizations together account for only 24% of the charities and nonprofit organizations in Canada (Hall et al., 2005a). When combined with other research (Hall et al., 2005b) that shows that 84% of corporate giving goes to the 7% of charities and nonprofit organizations with annual revenues of more than \$1 million, these findings suggest that businesses are playing a negligible role in supporting most charities and nonprofit organizations.

Opportunities Still Exist for Businesses to Identify Unique Niches for Community Support. In our qualitative research (Hall, Easwaramoorthy, & Sander, 2007), a number of participants expressed an interest in finding a unique niche for their contributions to distinguish their businesses from others. Canada has the second largest nonprofit sector in the world (Hall, Barr, Easwaramoorthy, Sokolowski, & Salomon, 2004) with 160,000 charities and nonprofit organizations that work in a broad range of areas including arts and culture, environment, development and housing, and education and research. Businesses may find distinctive opportunities by looking beyond the main types of charities and nonprofit organizations that most businesses support.

There Is Room for Companies to Do More. While the large corporations we examined give much more than other businesses and support a broader number of causes, their level of giving lags that of leading U.S. companies as well as that of individual Canadians. Although 51% gave 1% or more of their pre-tax profit to charities and nonprofit organizations and meet the target for giving promoted by Imagine Canada, there is a substantial group that gave much less and should be encouraged to consider whether they can improve the level of their support.

Large corporations draw on a much wider array of resources and assets to support charities and nonprofit organizations; however, the majority still focus their efforts on donations and sponsorships. Greater efforts to support or encourage volunteering are likely to be particularly well received by community organizations because a lack of volunteers is one of the biggest problems that keep them from fulfilling their missions (Hall et al., 2006). Policies that promote the purchase of goods and services from charities and nonprofit organizations would also help support a variety of community organizations because these organizations rely more heavily on earned revenues to fund their activities than they do on donations (Hall et al., 2005b).

Our findings also show that while many companies have established formal and ongoing programs, fewer have developed written policies or have attempted to measure the benefits of their contributions efforts. However, those that have taken these steps appear more satisfied with their contributions, which suggests that companies may want to consider taking steps to develop more formal approaches to their contributions activities.

The Challenge of Meeting Increasing Demands for Support. The biggest challenge that large corporations reported facing with respect to their community contributions was difficulty responding to increasing demand for support from charitable and nonprofit organizations. In addition, close to half identified the lack of company resources as a challenge. These two issues may be related because our qualitative

research found that many businesses often do not have well-developed systems for managing applications and grants that would enable them to respond to the requests they receive. Our finding that many large corporations lacked written policies for their contributions programs also suggests that charities may have difficulty channelling their requests to the corporations that are most interested in providing support to their type of cause. Businesses should consider whether the inability to satisfy the many requests for community support they receive poses reputational risks because there may be more community organizations that are disappointed with a company than there are that are pleased with a company's support. Clear policies and strategies for informing community organizations about the types of causes that are supported would help to mitigate these risks.

Are Businesses Maximizing Their Returns From Their Community Investments? As we noted in the introduction to this report, there is evidence that community contributions can have a positive impact on financial performance. Our study reveals that many businesses are indeed motivated to use their community contributions to obtain business benefits. However, it also reveals that many are struggling with the challenge of how to measure the impact of their contributions. More strikingly, it appears that many businesses are not measuring impact at all. Businesses may need to devote more attention to developing their knowledge, systems, and infrastructure if they are to obtain the benefits they seek from their community investment programs.

Our findings paint a remarkable picture of the engagement of large corporations in the support of Canadian communities. Virtually all large corporations provide some type of support to charities and nonprofit organizations, and many go well beyond simple donations of cash. Large corporations often appear to be working to find ways to support both the philanthropic motivations and interests of their stakeholders and to obtain business returns from their activities in a way

that improves their ability to contribute to the work of charities and nonprofits.

This study is part of a long-term program of research at Imagine Canada and an extension of our efforts through our Caring Companies program to encourage business support of Canadian charities and nonprofit organizations. We hope that its findings will stimulate businesses to evaluate their community contributions activities and consider the ways in which they can improve the impact they make.

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APPENDIX

Appendix 1: Survey Methodology

Imagine Canada commissioned Ipsos Reid to conduct the Canada Survey of Business Contributions to Community. It was conducted in the fall and winter of 2007-2008, primarily by telephone with an option for respondents to complete the survey online.

The Nationally Representative Sample. The population for the “all business” component of the study was all for-profit establishments operating in Canada that had annual sales of \$100,000 or more and at least one employee on their payroll. Interviews were conducted with 2181 businesses. After using a conservative weighting procedure, this created an effective sample of 1500. The margin of error for a sample of this size is plus and minus 2.5 percentage points, nine and half times out of ten. The effective response rate was XX%

Sample Design: The sample was stratified along three dimensions: six regions, ten types of industries, and three sizes of businesses (see Table 1). The survey employed the NAICS (North American Industry Classification System) for the classification and distribution of industries. Following Statistics Canada, Canadian Business Pattern (December 2006) and the report of “Business Support for Charities and Nonprofits (Easwaramoorthy et al., 2006), we selected ten industry categories for the survey (see Table 9).

Sample Selection Procedures: Ipsos Reid purchased a sample list from Dunn and Bradstreet of businesses in Canada. The survey consisted of a random sample of 1500 businesses across Canada.

While the sample was stratified along three dimensions of region, revenue size, and industries, some strata were over-sampled to ensure adequate numbers in each subset of the sample to allow for meaningful analysis. Table 9 shows the population counts, the target sample size and over-samples as well as the actual number of businesses that participated in the survey from each sampling stratum.

Survey Respondents: The target respondent in each company was the individual or individuals responsible for the company’s financial donations, donation of goods and services, employee volunteering, and sponsorship programs.

The majority of respondents were in a senior management position. More than half had the title of chief executive officer, president, or director (53%), 21% were the owner or co-owner of the business, and 9% were managers. One out of ten had a position in accounting (6%) or finance (4%), 4% were in human resources, and only 1% was in marketing departments.

Survey questionnaire. The questionnaire contained 47 questions and took approximately 25 minutes to complete over the telephone. Not every respondent answered every question. Particularly, many refused to provide their profit figures. The survey was also available online.

The Large Corporation Sample. The population for the large corporation component of the study was businesses with revenues of \$25 million or more. Interviews were conducted with 93 businesses who met this criterion. The margin of error for a sample of this size is plus and minus 10 percentage points, nine and a half times out of ten. The effective response rate was 19%.

Sample Design and Selection. The sample of large corporations was drawn by selecting 51 businesses that were surveyed as part of the nationally representative sample that had revenues of at least \$25 million in combination and by selecting an additional set of respondents who were recruited from the membership of Imagine Canada’s Caring Companies, Canadian Council of Chief Executives, and Alberta’s Promise.

These three membership programs had 436 businesses on their lists, but only 41 who participated in the survey met our our criterion of having revenues of \$25 million or more. Because of the purposive sampling

TABLE 9. STRATIFIED SAMPLE DESIGN AND ACTUAL SAMPLE OF CANADIAN BUSINESSES

Strata	Population N	Population %	Target sample N	Target over-sample	Actual Sample (unweighted) N	Actual Sample (unweighted) %
Region						
Atlantic	62,985	6%	86	114	212	10%
Quebec	198,293	19%	307	0	283	13%
Ontario	391,127	37%	560	0	810	37%
Man/Sas /NWT						
Nunavut	83,679	8%	112	88	261	12%
Alberta	162,230	15%	205	0	340	16%
British Columbia/ Yukon	164,393	15%	229	0	275	13%
TOTAL	1,062,707	100%	1500	202	2181	100%
Revenue Size						
Medium (\$100,000-\$499,000)	656,240	61%	915	0	819	38%
Large (\$500,000-\$1,900,000)	261,474	25%	375	34	799	37%
Very Large (\$2,000,000 and more)	144,993	14%	210	107	563	26%
TOTAL	1,062,707	100%	1500	141	2181	100%
Industry						
Primary Mining, oil, gas extraction	76,792	7%	128	0	112	5%
Construction	123,099	12%	173	0	208	10%
Manufacturing	54,820	5%	63	137	201	9%
Wholesale trade	68,711	6%	76	124	218	10%
Retail trade	133,455	13%	140	0	166	8%
Transportation and warehousing	56,239	5%	81	19	120	5%
Finance and insurance	43,303	4%	72	128	275	13%
Real estate/rental and leasing	74,186	7%	125	75	243	11%
Professional, scientific and technical services	204,190	19%	321	0	305	14%
Other	217,580	20%	310	0	229	11%
TOTAL	1,062,707	100%	1500	572	2181	100%

approach employed the sample is not considered to be representative of the population and we believe it over-represents companies that have an interest or are active in community investment.

Survey Respondents

The target respondent in each company was the individual or individuals responsible for the company's financial donations, donations of goods and services, employee

volunteering, and sponsorship programs. The majority of respondents were in a senior management position. More than half had the title of chief executive officer, president, vice-president, or director (55%); 14% were managers (see Table 10).

Survey questionnaire: The questionnaire was the same as the one used with the nationally representative sample of businesses with revenues of \$100,000 or more.

Key Characteristics of Large Corporations. Along with significantly larger revenues, large corporations have specific characteristics that should be considered when looking at their community contributions. A comparison of the general characteristics of large corporations in our sample with those of our representative sample of all businesses reveals that large corporations are more likely to be public companies (42% vs. 9% of all businesses), identify themselves as cooperatives (17% vs. 9%), have multiple locations (82% vs. 16%), and have a charitable foundation (17% vs. 5%; see Table 10). In our sample, these companies are also substantially more likely to be in mining, oil, and gas extraction (12%), retail trade (17%), and manufacturing (17%) than would be suggested by the distribution of businesses in Canada. Professional, scientific, and technical services and real estate/rental and leasing are also highly represented in the sample, comprising 17% and 12% of the participants respectively.

¹³ This category includes Utilities, Management of Companies and Enterprises, Administrative and Support, Waste Management and Remediation Services, Educational Services, Health Care and Social Assistance, Arts, Entertainment and Recreation, Accommodation and Food Services, Public Administration, Information and Cultural Industries.

TABLE 10. ORGANIZATIONAL POSITION OF SURVEY RESPONDENTS

Position	%
CEO President	13%
VP/Director	42%
Owner/Co-owner	1%
Manager	14%
Secretary	13%
Other	16%

TABLE 11. CHARACTERISTICS OF LARGE CORPORATIONS COMPARED TO REPRESENTATIVE SAMPLE OF ALL BUSINESSES

	Large corporations	Representative sample of all businesses
Industry		
Primary	4%	5%
Mining, oil, gas extraction	12%	5%
Construction	6%	10%
Manufacturing	17%	9%
Wholesale trade	2%	10%
Retail trade	17%	8%
Transportation and warehousing	2%	5%
Finance and insurance	8%	13%
Real estate/rental and leasing	12%	11%
Professional, scientific, and technical services	17%	14%
Other ¹³	4%	11%
Ownership		
Private	53%	91%
Public	42%	9%
Sector		
For profit	83%	91%
Cooperative	17%	9%
Other		
Multiple locations	82%	16%
Head office in Canada	81%	93%
Have charitable foundation	17%	5%

Appendix 2: Terminology

CAUSE MARKETING: supporting a cause in partnership with a charity or nonprofit organization in exchange for financial benefits. For example, Tupperware Canada ran a fundraising program in which it donated one dollar to MADD Canada, a charity, for every item sold, and The Gap sells specific t-shirts under the Red Product program from which a portion of the profit from each sale goes to The Global Fund to Fight AIDS, Tuberculosis & Malaria.

DIRECT CONTRIBUTION: a general reference to financial and in-kind contributions that are directly made by businesses and have a reported estimated dollar value and a targeted beneficiary. In this report, it includes two types of contributions: donations of money, goods, products, and services; and sponsorships and cause marketing.

DONATIONS: cash, goods and products (i.e., in-kind contributions), and services that businesses directly give to charities and nonprofit organizations.

EMPLOYEE VOLUNTEERING: programs created by businesses to either encourage or support the volunteer efforts undertaken by their employees.

GIVING AS A PERCENTAGE OF PRE-TAX PROFITS: a business contribution index that shows the relationship between the profitability of companies and their level of community contributions.

GIVING AS A PERCENTAGE OF REVENUE: a business contribution index that shows the relationship between the general financial status of companies and their level of community contributions.

SPONSORSHIP: transfer of money, goods, or services to a charitable or nonprofit organization in exchange for explicit advertising or promotional benefits to a business. For example, the CIBC sponsors the Run for the Cure, which raises money for the Canadian Breast Cancer Foundation, and Honda Canada sponsors ABC Canada Literacy Foundation's Family Literacy Day to promote the importance of reading.