

Imagine  Canada



CORPORATE COMMUNITY INVESTMENT PRACTICES, MOTIVATIONS AND CHALLENGES:

Findings from the Canada Survey of Business Contributions to Community

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IMAGINE CANADA CARING COMPANIES

Imagine Canada has supported a “Caring Company” 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 Company program are more generous than those that are not. The median contribution as percentage of pre-tax profits among Caring Company 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.

About Imagine Canada

Imagine Canada is a national charitable organization that looks into and out for Canada's charities and nonprofit organizations. We deliver research that puts the sector on the map and raises its profile in the minds of Canadians. We influence public policy and build support, encourage collaboration and engagement from businesses, government and individuals. And we deliver tools, resources and networking opportunities directly to nonprofits and charities to build and strengthen the sector one organization at a time. Together, they contribute to social progress and vibrant communities. For more information visit www.imaginecanada.ca.

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ISBN 978-1-55401-360-9

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This product is available as a standard printed publication at a price of \$935.00 (including taxes). Special rates available for Imagine Canada charitable and nonprofit members and Caring Companies. Bulk rate available for the purchase of 10 or more reports.

The following additional shipping charges apply (single issue rate):

CANADA: \$6.00

UNITED STATES: \$8.00

OTHER COUNTRIES: \$10.00

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Cover photo credits: courtesy of Manulife Financial, courtesy of Investors Group.

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ACKNOWLEDGEMENTS

We would like to thank EnCana Corporation for its generous funding and support for this research. We also extend our sincere appreciation for the contributions of the members of our Advisory Committee who offered guidance on the design of the study and provided valuable comments and suggestions on the report. The members of the Advisory Committee are:

Laurel Benson, Volunteer Calgary; Mary Ann Blackman, EnCana Corporation; Daniel Gagnier, formerly of Alcan Incorporated; Brenda Gainer, Schulich School of Business, York University; Tyra Henschel, Alberta's Promise; Colleen Kelly, Volunteer Vancouver; Susan McIsaac, United Way of Greater Toronto; Florence Murphy, EnCana Corporation; Brad Offman, Mackenzie Financial; Darcy Rezac, Vancouver Board of Trade; Mario Siciliano, formerly at Volunteer Calgary; Georgina Steinsky-Schwartz, Imagine Canada; and David Stewart-Patterson, Canadian Council of Chief Executives. Thanks also to our colleagues Jocelyne Daw and Mike Meadows at Imagine Canada for their input on the study and the report and to Glynis Babcock and Sara Cappe at Ipsos-Reid who worked on the data collection for this project.

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.

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.

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 an additional 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 Company program benchmark. 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 Company 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.

COOPER'S OFFICE FURNITURE: 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 office furniture, Cooper's Office Furniture became an important contributor to the office needs of many Toronto charities. The company then moved beyond office furniture and into supporting the household furniture and housewares needs of the 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 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 Furniture offers new office furniture at 10-13% above their 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 office 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 seven charities that had earmarked fundraised dollars to purchase dishes, all of which could then go 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 businesses the opportunity to donate." 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 Furniture's good works have given the company a great reputation in the community. Still, David Cooper 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 while building a stronger community."

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." Since 1994, Pfizer Canada has donated more than \$38 million worth of medications to the developing world and provides yearly free medicines to Canadians who are unable to afford Pfizer products.

When describing how Pfizer chooses specifically which organizations to support, Linda Sheehan, Community Programs Manager, 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.

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 in employees. Overall, EnCana gave over \$30 million to charities and nonprofit organizations in 2007, with more than 10% of that coming from matching employee contributions.

At its heart, EnCana's giving programs are focused on leveraging the efforts of its employees, both to create engagement among these employees and to maximize their contribution to the community. Its employee centered programs are all under the umbrella of its EnCana Cares program. This program commits to matching employee contributions to charitable organizations at a 1:1 ratio up to a maximum of \$25,000 per employee on an annual basis. For EnCana Cares, the emphasis is on employees, notes Mary Ann Blackman, Manager of Community Investment at EnCana. "It's all about our employees and their wishes. EnCana honours and respects each employee's individual giving preferences." The maximum amount matched in EnCana is generous, and EnCana instituted this limit after noticing some of its employees were giving up to this level. In 2007, the EnCana Cares program resulted in EnCana and its employees contributing over \$3.5 million, on a workforce of 5800 employees across Canada and the US.

For EnCana, the emphasis on donation matching programs goes beyond making the opportunity available. "We want to make it really easy to give," Mary Ann Blackman emphasizes. This includes making the process of matching employee grants incredibly simple. EnCana built an in-house online program that has a database of thousands of charities already listed; to donate to one, employees merely need to login and select the charity they wish to donate to. EnCana also tries to build awareness throughout the year, including a full month of giving campaign in October, making sure employees realize all of the options available to them.

To remain relevant to its employees, the EnCana Cares program emphasizes employee feedback. Using this information, the company recently developed an employee volunteering program, which supports organizations that employees volunteer for. Going beyond the basics, EnCana gives employees the option of counting an entire family's hours when they volunteer as a family. Not only is EnCana keeping its employees engaged, it's also leveraging this support into engaging entire families in volunteering together. Efforts like these have helped EnCana create an engaged workforce and a healthy, vital community.

Efforts like these are not purely philanthropic, however. By paying attention to the concerns and interests of its employees, EnCana Corporation has been able to have 91% of its workers rank EnCana as one of the best places to work in 2007, up 4% from 2006. This is among the 90th percentile of employee satisfaction in the industry, and the community investment program plays an important part in engaging employees, according to Ms. Blackman.

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 in the community, it has to use the funds effectively; otherwise, it’s wasting shareholder dollars.”

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 EPCOR CENTRE for the Performing Arts, which has a one-day arts school program that gives a day of professional arts instructions to curricular learning 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.”

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 more than \$4 billion in earnings 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.

Sarah Saso observes measuring the value of community investment programs helps to ensure their longevity. "In a difficult economic climate, corporate donations of time and money can be seen by some as a luxury rather than a necessity. What we see at Manulife is that these programs can reap huge rewards for the HR functions of a corporation – as one example. Community Relations professionals need to prove the value of the sector to those who demand accountability for shareholder dollar."

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 Company 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.