



**Shedding some light on Corporate Giving and Non-Profit
relationships: A Case Study in Toronto, GTA**

Camila Pereira, PhD

Fellow, 2018-2019 AFP Fellowship
in Diversity and Philanthropy



Abstract

Even though corporate giving only represents approximately 10% of donations in the not for profit sector in Canada, its importance has been growing as corporations get more integrated in the community and make 'giving' an important part of their corporate strategy.

Over the last decade community investment has become more sophisticated with the growing number of causes and wide range of investment opportunities in the community. The purpose of this study was to shed some light on how social changes, specifically those of diversity, have impacted corporate giving and how/if corporations are integrating these important factors into their CSR giving strategy. The goal was to provide high level understanding – shed light – on the directions corporations and CSR strategies are going in their engagement with the not-for-profit sector, providing insight to non-profits to better understand private sector strategies as they seek their support.

This study used a qualitative methodology with data drawn from a document analysis and questionnaire. As a case study, it narrowed participants to these five corporate sectors: consulting, financial institution, law firm, technology, and science. A representative from each sector responded to a questionnaire with open ended questions including the opportunity to add their own final thoughts. The document analysis consisted of an examination of these organizations' website CSR / corporate giving page looking at whether or not their strategy mentioned diversity as one of their focus, as well as the range of areas/not-for-profits they currently support. The following themes were developed from the analysis of the questionnaires and website: *"Community giving strategy is often aligned with corporations' business mandate and goals"*; *"The focus in supporting the community is to strengthen the next generation and build stronger communities"*; *"There is great focus on supporting underserved, diverse and underrepresented communities where corporations can make greater impact"*; *"Through community giving employees have the opportunity to give back and impact their own communities, either volunteering or making financial donations"*.

Introduction

The charitable sector is a very important component of Canadian society and has the ability to facilitate change at home and abroad. Its primary importance is twofold: 1. charities, non-profits, and other forms of social purpose organizations deliver much needed services to millions of people every day, which without these organizations would likely not be able to be assisted; 2. these organizations are an integral part of the Canadian economy, employing over 2 million people, comprising 8.1% of the GDP and involving approximately 13 million volunteers every year (Giving Report 2018, Canada Helps.org). Canada's charitable sector is vital and serving communities from coast-to-coast.

For the purpose of this paper, when read "charitable sector" it is understood as charities and not-for-profit organizations only, due to the focus on the corporate sector giving.

Canadians are generous in giving and the country ranks third in the world for levels of individual giving (Lasby and Barr, 2017), and has the second largest charitable and non-profit sector in the world (Imagine Canada, Sector Stats).

As a very dynamic sector, the charitable sector is growing rapidly, and experiencing significant change driven by shifts in culture, politics, technology and demographics. The impact could be seismic and there is a pressing need for gaining a deeper understanding about how to best engage with rapid changes involving individuals and corporations who represent a growing percentage of donations to the sector.

Purpose of the study

This study focused on corporate giving trends and community engagement strategies designed to support non-profit engagement and partnerships. The purpose of this study was to, based on existing literature and data gathered in Toronto, GTA on these five sectors - consulting, financial institution, law firm, technology, and science, shed some light on how corporations are strategically, or not, choosing who to support; if diversity (in terms of engaging with multiple non-profits) is taken into consideration when giving back to the community; and

lastly how non-profits can best understand these key elements to best position themselves when seeking corporate support.

Giving in this paper is understood by any cash/monetary contribution a corporation makes to the charitable sector.

As a case study, this paper does not intend to provide solutions to the issue studied; but to present a scenario from which, in discussion with the current available literature, more insights and conversations, as well as further research opportunities, can be developed to further understand this issue.

Research Questions

This study focused on these two questions:

1. How corporations are strategically, or not, choosing who to support?
2. Is diversity being taken into consideration when giving back to the community?

Literature Review

Why Corporate Giving?

Even though corporate giving represents only about 10% of donations to the charitable sector, its importance has been growing as corporations get more integrated in the community and make 'giving' an important part of their corporate strategy. However, only recently, just over 10 years ago, there has been a particular interest in conducting more comprehensive studies focused specifically on understanding corporate giving support and engagement in the community, and beyond that, building knowledge in the non-profit sector to help them understand how to best seek corporate support and engage in partnership with corporations.

Imagine Canada's contribution to understanding corporate giving has been unique and highly instrumental to the charitable sector. Since 1988, they have been championing the need for Canadian businesses to support charities and have established the "Caring Company" program. This program encourages businesses to commit to giving a minimum of 1% of their pre-tax profit to communities, to support at least one community investment project, and to annually publish at least one page of information on their corporate citizenship activities.

In an effort to contribute to the understanding of corporate giving and non-profit relationships, in 2006 Imagine Canada began a research program focused on helping charities and non-profits understand the importance of industry sectors in corporate community investment. In 2007, the results of this first study was published, called “Business Contributions to Canadian Communities” (Hall, Easwaramoorthy, & Sandler, 2007). Some of their findings pointed out that businesses were involved in a variety of efforts to support charities and non-profit organizations and that many, but not all, were working on developing strategies that would align their contributions with their business goals.

In early 2008, a ground-breaking study – Canada Survey of Business Contributions to Community (CSBCC), was conducted and provided the first-ever comprehensive portrait of business charitable contributions in Canada. They surveyed the largest sample of companies to date – just over 2,000 businesses, representing the broad philanthropic behaviour of the business community in Canada at a national level – in size, industry, and region. The final report – “Corporate Community Investment Practices, Motivations, and Challenges: Findings from the Canada Survey of Business Contributions to Community” pointed out that Canada’s largest corporations – those of \$25million+ in annual revenue, are leading the way in business contributions. Most participants expressed that their support for charities was part of their overall business strategy for the following general reasons: (1) marketing – way of building company’s brand and reputation among consumers; (2) shared fate rationale – business can benefit from healthy and prosperous communities and supporting charities is an important way to build strong communities; (3) a social license to operate – in order to be successful in the community, businesses believe that being involved with charities and communities can build social capital; (4) improved ability to recruit and retain employees – company’s support to the community fosters pride and loyalty among employees.

This study also contributed to a better understanding of what types of charities businesses support and why. The following are key in their support decision-making: (1) support causes that are related to their core business; (2) impact on the community; (3) preference to support local communities – where the business operates.

In 2010, Imagine Canada released their third report focused on corporate giving. Called “Insights for Strategic Corporate Fundraising: Findings from the Canada Survey of Business Contributions to Community”, it relied on the survey dated from 2008 and focused on profiling community contributions of business in 10 different industry sectors divided in two types of sectors as follows:

- Goods-Producing Sectors: primary; mining, oil and gas; construction; manufacturing
- Service-Producing Sectors: wholesale trade; retail trade; transportation and warehousing; finance and insurance; real estate and leasing; professional services; and other

This study across industry sectors highlighted how understanding these differences could help charities and non-profits get support from more corporations as well as deepen their relationships with the corporations that already supported them.

Some of its findings shed light on the types of support these businesses give to the community in terms of variety of charities and range of financial support. According to them, large corporations were more likely to donate to charities, compared to the broader business community. 97% of large corporations provided funding to charities, versus 76% of all businesses. Large corporations also had the capability of giving much larger cash donations – 6 figures; they usually engaged with charities in other ways, such as employee volunteering and fundraising, sponsorships and cause marketing campaigns. Also this study was able to identify patterns of giving related to different industry sectors: finance and insurance businesses were most likely to donate in cash (77%), businesses that acted as the intermediary between manufacturers and consumers – such as retail trade, were the most likely to donate goods (62%), companies in the professional services sector were most likely to donate services such as marketing and/or market research help (29%), IT advice (20%), and strategic planning advice (34%). Regarding charitable support, large corporations were most likely to donate to Social Services (90%), as well as Health organizations (82%), Sports and Recreation (75%), and Hospitals (74%). The broader business community also supported these four types of charitable organizations the most, though not in such high percentages.³ International Aid organizations

were least likely to receive donations from large corporations (28%), while only 13% of Industry or Trade organizations received support from all businesses (Clarke and Ayer, 2011).

With rapid changes in the community investment field due to technology-driven shifts, consumer demands, the workplace, and the global environment, comes the urgency for more evidence-based decision making, as giving becomes an integral part of strategic partnerships aimed at supporting business goals.

In December 2018, Imagine Canada released their newest report called “Corporate Giving in a Changing Canada – Community Investment Report”. This report aims to explain how the aforementioned changes may have affected community investment directions, and also identify lessons and best practices that can aid corporate leaders and non-profits in understanding the opportunities involved in partnerships and of successful community investments.

This wide-ranging report highlighted the multitude of ways corporations engage with charities and their impact in the community:

- companies that integrate their community investment within their overall business strategy reported higher social and business impact;
- tragedies, such as forest fires, and flooding, that strike Canadian communities receive substantial support from companies to help their recovery;
- strategic partnerships with select non-profits are common, leading to fewer funds for the rest;
- over the last decade companies have become more strategically focused and sophisticated in giving back to the community – direct contributions, leveraging employees, leveraging marketing or customers, and leveraging supply chain.

Overall companies are being more strategic:

- traditional philanthropy, in which companies provide cash support to organizations, continues to play part in their strategy; however, in addition to cash support, more and more often companies leverage their employee skills – something “money can’t buy” as valuable contributions to communities, in a way to more closely engage with non-profits and create greater impact in communities.

- companies are developing deeper relationships with causes. Even though some companies might engage with a diversity of non-profits, companies tend to establish strategic partnership with at least one non-profit with close ties to their business and longer-term commitment.

- as a consequence, companies that establish strategic partnerships tend to support fewer non-profits to focus more on their signature partnership.

On a brighter side, this latest report also shared insights on the future of corporate giving. The good news is that many companies are planning on increasing their dedication to community investment as this becomes pivotal to their CSR and overall company strategies; this means companies are looking into strengthening their relationships with non-profits and increase their budget for cash support (Imagine Canada, 2018).

For the past 13 years we have increasingly acquired significant knowledge in the dynamic relationship between CSRs and charities and most of it on a National level. It is important to consider particularities and community needs from each province in Canada. This study sought to shed light on how these five industries - consulting, financial institution, law firm, technology, and science, in Toronto GTA are supporting the community.

Methodology

This study used the case study design. This qualitative design can be characterized as: particularistic, descriptive, and heuristic (Merriam, 1998). It is particularistic because it often provides a vivid description of a particular situation, person, group, or phenomenon, within a larger setting (Stake, 1994; Bogdan and Biklen, 2001). Case studies are problem-centred, small scale, entrepreneurial endeavors (Shaw, 1978, p.2, in Merriam, 1998, p. 29). The end product of a case study is rich, descriptive on the phenomenon under study. It can reveal the discovery of something, extend the readers experience, or confirm what is already known. This design served best for the purpose of this research which consists of broadening our understanding of how corporations – through their CSR department, are engaging with a diversity (or not) of non-profits as they expand their community engagement efforts.

This case study utilized data from two different sources: questionnaire with open-ended questions and a document analysis that consisted of an examination of these organizations' website CSR - corporate giving page/content. This examination focused on whether or not the word diversity was mentioned, if their strategy mentioned diversity as one of their focus, as well as the range of areas/not-for-profits they currently support. Diversity in this study means the range of causes/ non-profits a corporation supports/engages with.

As one of the purposes of a case study is to gain more knowledge on a current issue, it allows for a more holistic and large narrative of the findings, contributing to "shedding light" on a specific issue and considering possible further study explorations. Using this design, made it possible to gain insights on the direction of CSR and corporations as they engage with non-profits and communities.

Participants & Sampling Method

This study focused on corporations in Toronto, GTA. In an effort to narrow down the scope of this case, corporations from these five industry areas were the participants: consulting, financial institution, law firm, technology, and science.

These participants were chosen using a stratified purposive sampling. This allowed the investigator to select a sample from which most information could be obtained (Bogdan and Biklen, 2003). According to Patton (1990) "the logic and power of purposeful sampling lies in selecting information-rich cases to study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research, thus the term purposeful sampling" (p.169). The sampling method was stratified on the basis of the five different industries being represented.

Data Collection and Analysis

This study analyzed these two different documents: 1. answers provided through a questionnaire (below); and 2. company participant's website – more specifically their CSR and/or community giving page and information available.

Questionnaire:

1. What is your organization's CSR strategic alignment & focus regarding community giving?
2. How is diversity included within your CSR strategy? Does it play a role in decision making?
3. Is it important that the not-for-profits(s) your organization supports in the community also reflects the people/employees in the organization?
4. What are your organization's top 3 objectives in supporting the community?
5. Final thoughts about organization's support to not-for-profits and giving back to the community.

The analysis was guided by each of the research questions. While analyzing them, data obtained through the website analysis was also taken into consideration as it provided deeper understanding and significant CSR information about the corporations' participants.

The next step was coding the data. These were means of sorting the descriptive data collected, so the material could be separated by topics. The topics were: (1) support, (2) service, (3) impact, (4) solutions, and (5) community.

Data were coded with phrases and/or words that were meaningful to the text. Common elements across the data set were sought. After coding the data, themes were developed from these codes representing important and meaningful aspects of the data collected.

Statements on each of the themes were drafted and related to the data. After this process, a final draft expressed the finding, which served as a basis for the results and discussion section.

Results and Discussion

The non-profit sector has proven to be a very dynamic one and experiencing significant change mostly driven by shifts in culture, politics, technology and demographics. Learning how to best engage and partner with organizations, donors, and supporters is vital for non-profits as they seek funding to support their work in the community.

The focus of this study was on corporate giving trends and community engagement strategies designed to support non-profit engagement and partnerships; and the purpose was to shed some light on: (1) how corporations are strategically, or not, choosing who to support; (2) if diversity (in terms of engaging with multiple non-profits) is taken into consideration when giving back to the community; and (3) how non-profits can best understand these key elements to best position themselves when seeking corporate support.

Even though this study looked at 5 different sectors - consulting, financial institution, law firm, technology, and science, this discussion section will not be by sector – as there is not enough data to generalize findings; but by themes that were drawn from the analysis of questions 1 through 4 of the questionnaires together with the analysis of the participants' websites.

The first research questions proposed in the study – How corporations are strategically, or not, choosing who to support?, aimed at better understand corporations' CSR and community giving strategy. Questions 1. What is your organization's CSR strategic alignment and focus regarding community giving? and 4. What are your organization's top 3 objectives in supporting the community? of the questionnaire aimed at providing data/knowledge to answer this question.

“Community giving strategy is often aligned with corporations' business mandate and goals”

Across all five sectors strategic alignment with organization's mandate was key for community investment. It was important for the participants corporations to remain in their area of expertise as a way to maximize their community engagement, as well as leverage their

employee professional skills as they engage with non-profit partners in volunteering opportunities.

Engaging with non-profits doing community work within the corporations' business area also seemed to create more opportunities for these corporations to provide possible solutions for the problems the non-profit is trying to solve and/or mitigate. The rationale is that as these corporations have the expertise in the area, professional skills (through its employees), and potential financial capabilities, they can also provide a specialized support that can maximize community impact through their partnership.

Even though these corporations were adamant in strategic aligning with non-profits within their business goals, all of them engage with multiple non-profits and are open to a conversation with non-profits serving communities where they do business and that do not align with their business goal. It is important to note that all websites indicated either strategic alignment or areas of focus for community investment partnerships. None of these corporations provided this 'extra' information on their website, which provides a barrier for non-profits seeking funding, as many would not pursue an opportunity once they identified lack of alignment based on the available website information.

Another interesting aspect was regarding opportunities for C-suite executives to serve on the board of key strategic partners. As corporations invest in communities through non-profit partnerships there is also interest in direct participation, such as non-profit's boards, as a way to elevate such partnerships within the corporations as well as increase impact in the community by directly contributing to decision making in these non-profits. Many of these partnerships can become organizations' signature partnerships.

“The focus in supporting the community is to strengthen the next generation and build stronger communities”

All corporations mentioned focused on “breaking down barriers”, and these were related to their areas of business. The organization in the banking sector, for example, aim at enhancing financial literacy and focusing on youth as they are the next generation. The areas of focus mentioned by the participants were: education, employment, technology, safety, health.

Non-profits are filling vital gaps in programs and services in the community and offering innovative, hands-on, research-based programs to youth that are not available in the day to day educational systems. Through partnerships with non-profits, corporations have the pivotal opportunity to play a part in providing and/or contributing to services and programs that directly impact the lives of children and youth.

It is also important to point out that corporations have a clear understanding that the next generation will also be their future employees and that investing in youth (particularly) means investing in their (businesses) own future.

The second research question proposed in the study – Is diversity being taken into consideration when giving back to the community? aimed at better understanding the role diversity plays in decision making in their community giving strategy. Questions 2. How is diversity included within your CSR strategy? Does it play a role in decision making? and 3. Is it important that the not-for-profit(s) your organization supports in the community also reflects the people/employees in the organization? of the questionnaire aimed at providing data/knowledge to answer this question.

“There is great focus on supporting underserved, diverse and underrepresented communities where corporations can make greater impact”

When asked if diversity was included within their CSR strategy all participants mentioned diversity being a key component, as well as the concept of IDEA, which stands for Inclusion, Diversity, Equity and Access. There is great understanding about the importance of having diversity within corporations and the impact it brings to business in terms of innovation and competitiveness.

Regarding diversity within non-profits, a few corporations mentioned they prefer to work and engage with diverse non-profit organizations; however, this is not a factor in their decision making. When asked about working with a diversity of non-profits (meaning many organizations), corporations tend to invest in a few non-profits (no exact number was mentioned, but a couple of participants said no more than 6 per year) that are having great

impact in the community and sometimes opt to choose a signature partnership (for a specific period of time).

All participants were adamant in making sure their non-profit partners serve underserved, diverse and underrepresented communities, as these are the ones most in need. They also believe their skills and expertise have greater impact and gives opportunities to people who would not have one if it wasn't for the work of the non-profit – again, non-profits filling an important gap in service and/or programs.

One of the participants made a very interesting point about this question – they talked about the importance of diversity and to make sure that businesses are not only diverse but to also make sure the next generation are 'feeling' included already. The focus of the conversation was around immigrants and the obstacles and hurdles they face when they arrive, and that these do not only affect adults, but it can psychologically and emotionally impact children and youth. The work of non-profits in these communities is crucial and sometimes the only option these families have as they look for programs and services that can best place them in the job market, help their children in school and make them feel like they have a place here. Besides, we should all look after the youth who will be the next generation and make sure they can thrive.

“Through community giving employees have the opportunity to give back and impact their own communities, either volunteering or making financial donations”

All participants encourage their employees to engage, donate their time and skills in community work. All participants mentioned having volunteer programs, and employees have at least 1 paid volunteer day a year. All participants also encourage financial donations and run campaigns - United Way, where the employee can designate their donation to a specific non-profit.

Volunteering was a very important component on non-profit partnerships. For some participants, not only the corporations' financial contribution is important, but they believe the skills of their employees can make significant impact in the community, providing a unique experience and contribute to education.

Final Thoughts

Non-profits are an integral part of the Canadian economy, employing over 2 million people, comprising 8.1% of the GDP and involving approximately 13 million volunteers every year (Giving Report 2018, Canada Helps.org). Canada's charitable sector is vital and serving communities from coast-to-coast.

Studies about the relationships between private sector and non-profits in the past 13 years have increasingly acquired significant knowledge in this dynamic relationship - CSRs and charities, and most of it on a National level. The latest report on this issue - Corporate Giving in a Changing Canada 2018 by Imagine Canada, shared insights on the future of corporate giving. The good news is that many companies are planning on increasing their dedication to community investment as this becomes pivotal to their CSR and overall company strategies; this means companies are looking to strengthen their relationships with non-profits and increase their budget for cash support.

The purpose of this case study was to shed some light on how social changes, specifically those of diversity, have impacted corporate giving and how/if corporations are integrating these important factors into their CSR giving strategy. The goal was to provide high level understanding on the directions corporations and CSR strategies are going in their engagement with the not-profit sector, providing insight to non-profits to better understand private sector strategies as they seek their support.

As a case study, this paper did not intend to provide solutions to the issue studied; but to present a scenario from which, in discussion with the current available literature, more insights and conversations, as well as further research opportunities, can be developed to further understanding on this issue.

The following themes emerged from the study: *“Community giving strategy is often aligned with corporations’ business mandate and goals”*; *“The focus in supporting the community is to strengthen the next generation and build stronger communities”*; *“There is great focus on supporting underserved, diverse and underrepresented communities where corporations can make greater impact”*; *“Through community giving employees have the*

opportunity to give back and impact their own communities, either volunteering or making financial donations”.

These themes indicated that corporations are not only investing (giving grants and firming partnerships with non-profits) in their community engagement, but also invested in impacting them by leveraging their employee skills, which is a unique way to give back to the community impacting them in an educational and skilled level.

Another important factor to consider is the alignment between corporations and non-profits as corporations give priorities to the ones doing work within their same business area. There is also growing opportunity for signature partnerships as corporations are interested in maximizing their investment and impact in the community.

There is definitely great interest and incentive to volunteerism. Over and over the participants expressed the importance of volunteer opportunities in their partnerships. Often accompanied by an opportunity to engage their diverse employee body in diverse communities.

Lastly, all participant corporations are concerned and aware of the diverse population within their business and in the city of Toronto. They believe partnerships with non-profits provide a ‘sweet spot’ where they are able to strengthen the connection to the next generation and build stronger communities which are key to the success of their business in the near future.

References

- Ayer, S. (2010). *Insights for Strategic Corporate Fundraising: Further findings from the Canada Survey of Business Contributions to Community*. Imagine Canada.
- Basse, M. (1999). *Case Study Research in Educational Settings*. Philadelphia, PA: Open University Press.
- Chirenda, T. (2018). *Corporate Giving in a Changing Canada*. Imagine Canada.
- Clarke, B. and Ayer, S. (2011). *The Who, How, What and Why of Corporate Community Investment in Canada: A summary of findings from the Canada Survey of Business Contributions to Community*. Imagine Canada.
- Easwaramoorthy, M, Hall, M, and Sandler, W. (2007). *Business Contributions to Canadian Communities: Findings from a qualitative study of current practices*. Imagine Canada.
- Merriam, S. (1998). *Qualitative research and case study applications in education*. San Francisco, CA: Jossey-Bass Publishers.
- Shaw, K. (1978) Understanding the curriculum: the approach through case study. *Journal of Curriculum Studies*, 10(1), 1-7. In Merriam, S. (1998). *Qualitative research and case study applications in education*. San Francisco: Jossey-Bass Publishers, p. 29.
- Stake, R. (1994). Case Studies. In N. K. Denzin, & Y. S. Lincoln (Eds.), *Handbook of qualitative research*. Thousand Oaks, CA: Sage.