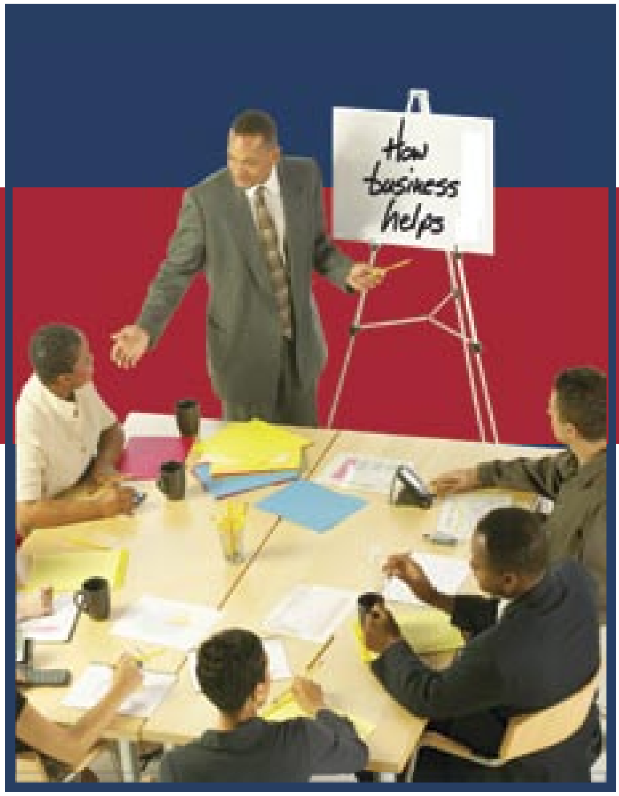

RESEARCH

Business Contributions to Canadian Communities:

Findings from a qualitative study of current practices

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Imagine Canada

About Imagine Canada

Imagine Canada is a national charitable organization that looks into and out for Canada's charities and nonprofit organizations. Members of our Caring Company program are businesses that adopt the principles of good corporate citizenship, and commit to meeting Imagine Canada's benchmarks for community investment. For more information, visit www.imaginecanada.ca.

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Executive Summary

Canadian businesses are significant supporters of charitable and nonprofit organizations. However, surprisingly little is known about their community investment practices. This report presents the results from the first phase of a long-term research initiative that addresses this gap in our knowledge. It summarizes the findings of a review of the literature on community investment and outlines the results of a series of roundtable consultations with 47 representatives of Canadian businesses that were actively engaged in community investment. The study reveals a diverse set of practices and motivations and shows that, for many businesses, community investment has its challenges.

Our review of the available literature on community investment practices reveals just how limited our understanding of this area is in Canada. While there are estimates that indicate that the financial contributions of businesses are substantial, these estimates vary widely depending upon what is being measured and the types of businesses that are being studied. There is also evidence that many businesses contribute to communities by supporting the volunteer activities of their employees. There are only a handful of Canadian studies in this area, however, and while somewhat more research has been conducted in other countries, their findings may not translate well to the Canadian context.

Why Do Businesses Contribute to Community Organizations?

In our roundtable consultations, most participants indicated that their support for community organizations was part of their overall business strategy, and identified four general reasons for their companies' contributions: 1) because it helped market the company's brand; 2) because the success of the company depended upon having strong communities; 3) because of the need for a social license to operate; and 4) because it improved the ability to recruit and retain employees. However, a number of participants reported that their companies contributed to charities and nonprofit organizations primarily because of their philanthropic commitment to communities.

What Are Businesses Doing to Support Communities?

A variety of approaches were reported to be used to support community organizations. These include making financial donations, donating goods and services, supporting employee volunteering, sponsoring charity events, and matching employees' charitable contributions. Practices varied according to such factors as: 1) the size of the organization; 2) the type of industry; 3) the size of the community in which the company operated; and 4) whether the target market was individual consumers or other businesses. For example, participants from larger companies were more likely than others to be report being involved in a wider range of activities and were often more concerned about aligning their community investment with their business objectives.

How Do Businesses Organize Their Contributions?

Larger companies were more likely than others to have more formal structures, policies, and procedures for their community contributions. In these businesses, decisions tended to be made by dedicated management staff following policies that were often approved by the company's board of directors. These staff often worked within dedicated community investment departments, separate corporate foundations, or within public affairs or communications departments. Distinctions were made between donations and sponsorships, with the latter often reported to be the responsibility of a marketing department. In smaller businesses, owners often appeared to make the decisions about community investments.

How Do Businesses Assess and Evaluate Their Contributions?

Many of the participants in our roundtables reported difficulties producing accurate estimates of the total dollar value of their cash donations. In addition, most did not attempt to measure the value of their other contributions (e.g., employee volunteering initiatives, pro-bono service, in-kind donations) and frequently did not report the value of their sponsorships. Few companies reported evaluating the impact of their community investment on their business and none reported evaluating the impact of their contributions on the community organizations that they supported, or on the broader community. However, many acknowledged the need for better measurement and evaluation and expressed interest in having access to tools and methodologies to assist them in this area.

The Challenges Businesses Face

Businesses identified three main types of challenges that they were facing with their community investments: 1) limited staff and resources to enable them to respond to requests for support; 2) a lack of adherence to corporate community investment policies within the organization; and 3) difficulties balancing and managing the expectations of multiple stakeholders.

Conclusions and Implications

Our roundtable consultations revealed the ties that many companies have with their communities. Canadian businesses support community organizations in a variety of ways and many are attempting to align their community investment efforts with their business objectives. However, as a field of practice, community investment is not very well developed and practitioners appear to be grappling with a variety of issues, including those that pertain to the tracking and measurement of contributions and the evaluation of their impact.

Our findings suggest that efforts to provide practitioners with better information, training, education, and opportunities to share experiences would be well-received. They also raise questions about the extent to which community investments are being effectively managed and whether returns on these investments are being maximized. In addition, it may be worthwhile to explore whether the inability of many companies to satisfy the many requests for support that they receive poses risks to their reputations, and whether there are other ways that businesses could support communities (e.g., by working in partnerships with other community stakeholders). Community organizations also might benefit from better information about business community investment practices

Today's community investment practitioners, like the early explorers, appear to be making their way without the benefit of detailed maps, relying mainly on their own experience and common-sense and the stories of others for guidance. In the next phase of our research, we will begin to map the community investment terrain more completely by conducting a national representative survey of Canadian businesses that will provide a more detailed portrait of the state of their support for communities.

Introduction

Canadian businesses provide significant support to charitable and nonprofit community organizations; however, surprisingly little is known about the ways in which such support is provided or the perspectives that businesses have about their contributions. As a result, businesses that are considering how to develop initiatives to support communities or are exploring how to improve their contributions will find themselves in mostly uncharted territories with little solid information to guide their way. This can pose unforeseen problems because, as will be seen, providing support to communities can have its challenges.

This report marks the beginning of a major research initiative to explore and better understand the ways in which businesses support communities through their contributions to Canadian charitable and nonprofit organizations (often referred to as community investments). As part of the first phase of our research, we reviewed the existing literature on community investment and held a series of roundtable consultations with 47 representatives of Canadian businesses who were actively engaged in community investment. Our purpose was to understand practitioners perspectives about the various ways that businesses are supporting communities, the reasons why businesses provide such support, how this support is organized within these businesses, and the challenges, if any, that they face.

Businesses have a long tradition of supporting community organizations in this country (Bill, 1999), which is probably due, in no small part, to the philanthropic values of business leaders and employees. With 85% of Canadians making charitable donations to charities and 45% volunteering their time over the course of year (Hall, Lasby, Gumulka & Tryon, 2006), it is clear that a substantial proportion of business people are personally involved in their communities. It is reasonable to expect that their interest in their communities accompanies them to their place of business.

Good corporate citizenship can also be good for business. Consumers, for example, are taking note of the social responsibility of companies when they make their purchasing decisions (Globescan, 2005). In addition, strong communities help create conditions for business success, whether by improving the ability of companies to attract and retain employees, or by creating markets for their products and services. Finally, the goodwill of citizens and governments can help create an enabling environment for a company's operations.

Why is it important to have better information about business support for communities? Businesses may want to know how their contributions stack up against others, how their approaches to providing support compares, and whether any challenges they are experiencing are shared by others. For charities who want to obtain the support of business, it is useful to know what types of supports businesses are offering, the types of causes they support, and the expectations they have for their relationships with community organizations. Finally, for those who want to encourage businesses to become more active, it is important to know the magnitude of business support and whether it is increasing or declining.

What Do We Know About Business Support for Communities?

Those who are interested in understanding or advancing the practice of community investment in Canada will find that there is little knowledge to assist them. Most of the research in this area has been conducted in the United States and the United Kingdom. This literature often 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; Saiia, Carroll, & Buchholtz, 2003; Stibbard, 2000; Witter, 2003; Zadek, 2004).

There have been a few U.S. studies which have surveyed companies about their community contributions activities (e.g. Muirhead, 2004; Muirhead, 2005; Shuh, Morgan, & Rochlin, 2006). However, most of these studies have tended to employ small samples (typically less than 300 companies) or non-representative samples and have focused mainly on larger companies. As a result, their findings are not generally representative of the broad business community in the United States.

The largest and most representative study of business support for communities to date was conducted in Australia (Australian Government Department of Family and Community Services, 2005). Based on a survey of 2,705 businesses, it found that 67% of Australian businesses contributed a total of $3.3 billion to a variety of community causes. Over two-thirds (68%) was donated in the form of money, 16% was given in goods and 16% was given in services. Close to half (47%) was given through sponsorships, 40% was given in donations and 13% were given via community business projects.[1]

Estimates of the contribution of Canadian businesses to community organizations vary widely. A survey of 224 businesses conducted by the Conference Board of Canada in the early 1990s (Rostami, 1992) found that these companies contributed $153 million in donations and sponsorships to support communities. More recently, Imagine Canada's analysis of taxation data found that 3% of Canadian businesses claimed charitable donations on their 2003 tax returns totalling $1 billion (Easwaramoorthy, Barr, Gumulka, & Hartford, 2006). 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).

Canadian research also demonstrates that businesses contributions involve more than simply providing financial support. For example, a representative survey of over 900 businesses found that 53% encouraged their employees to volunteer during work hours or accommodate their employees' volunteering activities (Easwaramoorthy, Barr, Runte, & Basil, 2006). An earlier study (employing a smaller non-representative sample of 205

1 These are defined as co-operative arrangements or partnership between a business and community organizations, institutions, government bodies or individuals that are independent from the business.

Canadian businesses) found that 65% of companies encouraged employees to volunteer on their own time, but fewer than half accommodated volunteer activities during working hours (Rostami & Hall, 1996).

While many Canadian businesses are active supporters of communities, there is some evidence that community investment has its challenges. Robertson's report on interviews with 13 representatives from 10 Canadian companies and Muirhead's study of just over 200 U.S and Canadian companies found that community investment practitioners are experiencing difficulties:

- determining how much to contribute (Robertson, 2006);
- measuring the full value of contributions (Robertson, 2006);
- measuring the impact of contributions on the community and on the business (Muirhead, 2006);
- responding to increasing numbers of requests for funding (Muirhead, 2006); and
- obtaining sufficient financial and human resources to run their community contribution initiatives (Muirhead, 2006).

Our brief review of the available literature on community investment practices reveals just how limited our understanding of this area is. While there are estimates that indicate that the financial contributions of businesses are substantial, these estimates vary widely depending upon what is being measured and the types of businesses that are being studied. There is also evidence that many businesses contribute to communities by supporting the volunteer activities of their employees. There are only a handful of Canadian studies in this area and research conducted in other countries may not translate well to the Canadian context.

About This Study

This study begins to address the gaps in our knowledge about the community investment practices of Canadian businesses. Between October and December of 2006, we conducted a series of roundtable consultations with 47 representatives from a broad range of Canadian businesses who shared their perspectives and insights about their companies' community contributions practices with us.[2] The study is the first stage of a multi-year research initiative that Imagine Canada is undertaking with funding provided by EnCana Corporation. The results of the roundtable consultations will help inform the design of a representative survey of 2,500 Canadian businesses. The survey will provide a broad picture of the community investment activities of Canadian businesses, as well as benchmark data to enable the tracking of contributions over time.

2 The roundtable consultations were held in Halifax, Montreal, Toronto, Winnipeg, Calgary, and Vancouver. All of the participants' companies were actively engaged in community investment and many were members of Imagine Canada's Caring Company program who had pledged to donate 1% of pre-tax domestic profits to charitable and nonprofit organizations. Participants were recruited to ensure broad representation from businesses of all sizes, (i.e., small, medium and large companies) and all major industries (e.g., Retail and Wholesale Trade; Manufacturing and Construction; Mining, Oil, Gas Extraction; Utilities; Agriculture, Forestry, Fishing, and Hunting; Finance and Insurance; Professional, Scientific, and Technical Service; Accommodation and Food Services). The consultations were conducted in English everywhere except Montreal where they were conducted in French.

Key Findings

Our roundtable consultations provided a practitioner's perspective of the community investment activities of Canadian businesses. They revealed that Canadian businesses support communities in widely diverse ways and for a variety of reasons. They also showed that community investment has its challenges.

We begin by discussing the reasons why businesses contribute to charitable and nonprofit organizations. We then review our findings about the ways in which contributions are provided and how companies have organized their efforts. Next, we turn to the question of how contributions initiatives are measured and evaluated. Finally, we examine the challenges that our roundtable participants are facing in their efforts to support community organizations.

Why Do Businesses Contribute to Community Charitable and Nonprofit Organizations?

A number of participants in our roundtable discussions reported that their companies contributed to charities and nonprofit organizations out of a philanthropic commitment to their communities. These philanthropically motivated companies were more likely to be privately owned, and the contributions that these businesses provided were often viewed as an extension of the personal philanthropic values and behaviours of the owners.

However, most participants indicated that their support for community organizations was part of their overall business strategy. They identified four general reasons for their contributions:

1. **Marketing**. Contributions to charities and nonprofits are used as a way to build their company's brand and reputation among consumers.

2. **Shared fate rationale.** Companies believe that they benefit and prosper from healthy and vibrant communities and that supporting charities and nonprofit organizations is an important way to build strong communities.

3. **A social license to operate.** Many businesses recognize that if they are going to be successful, they need to be accepted and valued by the communities in which they operate. Support for community organizations is believed to build social capital and support among citizens and governments.

4. **Improved ability to recruit and retain employees.** A company's support for the community is considered to play a role in helping to attract and retain employees. A number of participants reported how their community contributions fostered pride and loyalty among their employees.

"… we're still a family company, and the founder of our company was known as much as a philanthropist as a businessperson, so that's a core value that he instilled in the company and it carries on today…"

"… our future depends on the success and the vibrancy and the health of this community as a whole, so we recognize that we need to step up and support that in a meaningful way."

"Everything that we do, even the community board at the grassroots level, supports business strategy, so it is very strategic. It is about positioning the company, it's about building the corporate reputation, it's about our license to operate."

"I see nothing wrong with doing it for marketing purposes. It's a way of attaching your company's goals with the goals of the organizations that you will donate to. It brands them and it brands you."

"That pride in the company is one that is an intangible but is very significant in employee retention."

What Are Businesses Doing to Support Communities?

Canadian businesses employ a wide variety of approaches to supporting charities and nonprofit organizations, according to the participants in our study. Practices include making financial donations, donating goods and services, supporting employee volunteering, sponsoring charity events, and matching employees' charitable contributions. These practices appear to vary according to the following key characteristics of the business:

" … it supports some of our brand attributes, and one of those brand attributes is people who care, and the other brand attribute is long and enduring partnerships …"

- **Size of organization.** Participants from larger companies often reported being involved in a wider range of activities than did those from smaller businesses (e.g., sponsorships, cash donations, donations of goods and services, employee volunteering) and they were generally more likely than others to align their community contributions with their business objectives. They were more likely to express an interest in finding a unique niche for their community contributions that would distinguish their companies from others. They also tended more likely to target their support to the United Way or to a small number of distinct causes, most often to organizations working in areas such as health, education, children, youth, arts and culture, the environment, and social services. In contrast, representatives of smaller firms (perhaps because they were privately held), appeared to be more willing to support a broader range of causes and were less concerned about the extent to which these causes were aligned with their business objectives. For example, one small company dedicated all of its marketing and promotional dollars (20% of its revenues) to charities and nonprofit organizations chosen by its customers. Another donated one book to a school for each invoice the company issued.

"...we're a business-to-business company so what we're basically trying to do is reputation management because we don't have a product that we sell to the community..."

- **Type of industry.** Many companies supported causes that were related to their core business. For example, pharmaceutical companies reported that their companies supported health-related causes, print media companies supported literacy organizations, and a forestry company supported causes related to the environment and conservation.

"Expectations in the community are very, very high; the number of organizations available to give to those charities asking is smaller…"

- **Size of community.** A number of participants from smaller cities felt that high expectations were placed on them in their communities to support charities and nonprofit organizations because of the small number of businesses to which these organizations could turn for support. Such expectations were viewed as making it difficult to adopt more focused strategies for their contributions.

"…we're a privately held organization, and the chairman of our company… feels that it's incumbent upon him to give back."

- **Target market.** Companies that sell directly to consumers were more likely than others to contribute to community organizations as a means of supporting their marketing efforts and building their brand. Companies that sell to other businesses, on the other hand, were more likely to contribute to the community in order to build goodwill toward the company in the communities in which they do business and to obtain a social license to operate.

- **Ownership.** Privately held companies tended to report a different approach to their business contributions than did those that were publicly held. Privately held companies generally expressed more altruistic motivations and were less likely to focus their contributions on causes that were aligned with their business interests. Instead, contributions were often reported to be influenced by the personal interests of the owners. As a result, privately held companies often supported a broader range of community organizations than did publicly held companies. Publicly held companies tended to base their decisions on business strategy and were more mindful of how they could account for their community contributions to shareholders.

"..there is that discretionary budget that's available to help them in those instances that they can draw upon when they need to support those client relationships or business relationships, and they do it, and sometimes it's done quietly so that it doesn't impact our focus in particular areas around children and youth.

Although the community investment practices of Canadian businesses are quite diverse, they generally appear to be more reactive than proactive. Companies tend to respond to requests from community organizations rather than to proactively seek organizations that are aligned with their strategic interests. This may be attributable to two factors. First, many businesses report that they are inundated with requests for support and they therefore have a variety of organizations from which to choose without having to go out and find them. Second, it is difficult to find information about charities and nonprofit organizations in Canada in any systematic way.

How Do Businesses Organize Their Contributions?

Larger companies tend to have more formal structures, policies, and procedures for their community contributions than do smaller companies, according to the participants in our study. In many of these companies, decisions are made by dedicated management staff, following policies that are often approved by the company's board of directors. A small number of companies reported that decisions were made by a separate committee of employees.

"And there's always a little pocket money for relationship requests, and I think all companies have them. The board of directors come for something or, you know, something regarding a relationship where it wouldn't make it in this mainstream request, but they do tend to give."

Decisions can also be influenced by the CEO, senior management, or board directors, who bring forward organizations to support based on requests made to them personally by an organization or by members of their personal networks. In smaller businesses, owners often make decisions about their company's community contributions in addition to their other business responsibilities. Some participants reported having "relationship funds" that were available for owners, directors, or senior management to use at their discretion.

Businesses varied in terms of where responsibility for these initiatives resided within the organization, and many made a clear distinction between donations and sponsorships. Responsibility for donations can lie with community investment departments, separate corporate foundations, or within public affairs or communications departments. Sponsorships were often reported to be the responsibility of a marketing department and to be part of a separate budget.

Among larger companies, the locus of decision-making about community contributions can also vary between head office and regional or local sites of business. In some companies, decisions were made both centrally and locally.

How Do Businesses Assess And Evaluate Their Contributions?

"We really don't hold charities accountable at all, and so I think that's a huge gap and I think that we've got lots of opportunities, you know, on both sides to work on that area."

Companies appear to be struggling with how to evaluate their contributions efforts. Many of the participants in our roundtables reported difficulties in tracking the total value of their contributions, and many were grappling with the question of how to assess the impact of their business contributions activities.

Most companies track their cash donations. In larger companies this can be complicated by the fact that contributions are made in a variety of places in the organizations (e.g., different departments, head office, local or regional offices or branches).

"…it's very difficult to evaluate or measure our programs in terms of performance because what do we base it on? What are the benchmarks?"

Many companies did not appear to be capturing the total value of all their contributions. While some businesses tracked and valuated such things as employee volunteering initiatives, pro-bono service, community economic development activities, and in-kind donations, many did not. In addition, businesses often reported having separate budgets for cash donations and sponsorships and varied in the extent to which the two were combined when reporting total contributions. Few businesses reported that they included the costs of running their community investment operations in their estimates of their contributions. These findings suggest that many companies may be underestimating the total value of their support to community organizations.

"I'm kind of in a tough place. If I had benchmarks and evidence saying, look this is the industry standard of what's expected to appropriately leverage a donation, so that there is some benefit to the firm, that's evidence I could use."

The diverse ways that businesses appear to measure, track, and report on their contributions makes it difficult to compare the public statements of the community investment activities of different companies. Businesses are also likely to find it difficult to benchmark their efforts against other companies or against industry standards.

Given the problems companies appear to be having simply tracking the value of their contributions, it is probably not surprising to find that few were evaluating the impact of their community investment on their business. For those that were, evaluation was restricted to assessing the impact of their program on public opinion and brand recognition via survey data. Others relied on informal, anecdotal evidence or their own impressions. None of our participants reported evaluating the impact of their contributions on the community organizations that they supported or on the broader community.

"…Anyone can give money away, but I want to ensure that I'm giving it in an effective manner, so how do you measure that?"

"… I'm continuously shocked at how little we measure it and track it…"

Many businesses do not appear to have formal processes for holding charity and nonprofit organizations accountable for what they did with the contributions they received. For example, some participants mentioned that when they received a request from a community organization for funding, they checked to see if the organization had provided them with a report about what they had done with any funding they had previously received. Although expectations about reporting seldom seemed to be communicated, a number of participants noted their surprise at how infrequently organizations provided them with reports about the use of the funding they received. A few participants noted, however, that when they make large gifts or multi-year contributions, they formalize their expectations of community organizations by developing gift agreements.

The biggest obstacle to evaluating community contributions initiatives appears to be the lack of tools and standardized methodologies for conducting such assessments. Most participants acknowledged the need for better evaluation and expressed a great deal of interest in tools and methodologies that could be used to help them evaluate their community contributions activities.

"I think managing demand is my biggest challenge these days. It seems to be growing at a much higher rate than I could ever have imagined and I hear the same thing from every organization.. And the size of the requests is going up."

The Challenges Businesses Face

The participants in our roundtable conversations identified three main types of challenges that they faced with respect to their community contributions activities:

1. **Lack of staff and resources to handle overwhelming demand.** The most frequently identified challenge was the difficulty finding the time and resources to respond to the large volume of requests for support that they received from community charity and nonprofit organizations.

"…we have guidelines that are board approved and all of those things and a formal process that has to be adhered to. It's just getting people internally to adhere to those processes that's one of our challenges."

2. **Lack of internal adherence to corporate policies.** Participants from larger companies that had formal community contributions policies frequently noted difficulties in obtaining company-wide adoption of those policies and getting everyone to adhere to them once they had been adopted. Although businesses undoubtedly have difficulty in getting company-wide adherence to a wide variety of policies, adherence to community contributions policies can be made uniquely difficult by the role that the personal interests and influence of the CEO, senior management, and board directors can play and by the challenges associated with developing centralized policies that adequately address the differing needs of local communities and regions.

"...expectations on behalf of the communities and expectations on behalf of the company, the employees. It's difficult to manage all of that. It's really difficult."

3. **Difficulties balancing and managing the expectations of multiple stakeholders.** There are multiple stakeholders in any company's community contributions activities, and they can have different interests and expectations. Stakeholders within the company include the board, senior management, employees, and shareholders. Beyond the company, there are the expectations of community organizations, consumers, and governments to consider. In larger companies there is also the need to balance the need of central or head office with those of regional or local business sites. Difficulties can arise when the needs and expectations of the various stakeholders differ. Rather than supporting charitable or nonprofit organizations that align with a company's business strategies, employees may prefer that the company contribute to individuals in need, local places of worship, or a community sports club. Shareholders on the other hand, may expect companies to demonstrate how the expenditure on community organizations contribute to companies' overall performance. Given the volume of requests that companies receive, many community organizations appear to expect that companies will support a broad range of causes, not just those that are aligned with their business strategies.

"… because we've really gone out and tried to actively engage our business units, they've become so interested that they want to get more involved and sometimes tend to take us down the wrong path that isn't necessarily strategic."

Conclusions and Implications

This exploratory investigation of the community investment activities of Canadian businesses reveals a field of practice that is not very well developed. Businesses support charitable and nonprofit organizations in a number of ways and do so for a variety of different reasons. Practices vary from business to business, and, within larger organizations, they may vary among different business units or different regional or local sites.

Internal procedures and systems to support community investment do not appear to be well developed among even the largest businesses that participated in our roundtable conversations. Although many businesses, particularly the larger ones, appear to be interested in strategically targeting their community contributions efforts to support business goals, their ability to do so appear to be limited by difficulties in:

- tracking and measuring the total value of the company's contributions (e.g., cash donations, in-kind donations of goods, employee volunteering, sponsorships, management and overhead costs associated with their community programs);
- implementing community investment policies throughout the company;
- measuring the strategic impact of community contributions programs;
- evaluating the effectiveness of community contributions programs and their strategic impact;
- understanding and tracking how community charities and nonprofit organizations use the contributions they receive; and
- measuring the impact of community contributions programs on the community.

Many of the representatives of Canadian businesses who participated in our roundtable conversations were candid about the need for better information and knowledge to inform practice and expressed interest in finding ways to improve their ability to develop and manage their community contributions initiatives. Our analysis suggests that community investment practitioners would benefit from:

- **Better knowledge about what other businesses are doing.** Data is lacking about what businesses are doing in terms of their community contributions. Companies are unable to benchmark their costs, contributions, or performance against industry standards.

- **Information about promising or innovative practices.** There is a lack of literature that documents what businesses are doing and little guidance about what constitutes good practice.

- **Opportunities for education or training.** Many business schools have yet to develop a comprehensive curriculum on community contributions, and there is limited opportunity for practical training in Canada.

- **Opportunities to share practices.** There are few opportunities for practitioners to share their knowledge and experience with one another. Formal networks have developed in Calgary and Vancouver but are largely absent in the rest of the country.

- **Better information about charitable and nonprofit community organizations.** A number of businesses expressed an interest in finding community organizations whose causes were aligned with their strategic business interests. However, there is no systematic source of information about Canadian charities and nonprofit organizations that could assist them with this. Databases of charities and nonprofit organizations exist in other countries, such as the United States (www.guidestar.org) and the United Kingdom (www.guidestar.org.uk).

Finally, it is noteworthy that the most frequently identified challenges that business representatives identified in our roundtables pertained to capacity problems and difficulties in implementing policies and programs. This raises a number of questions to be considered:

- **Are there more efficient ways for businesses to manage contributions?** Many participants reported difficulties responding to what they perceive to be an overwhelming demand for support from the community. Yet many organizations did not appear to have very well-developed systems for managing applications and grants. There may be opportunities for businesses to consolidate what are essentially back-office functions to achieve greater efficiencies in their operations.

- **How much of a priority do businesses place on community investment?** Many of the participants in our study reported that their community contribution initiatives were aligned or were in the process of being aligned with their company's strategic business goals. This does not necessarily mean, however, that community investment is a top strategic priority for their business. Indeed, reports from our business representatives about the capacity challenges they face and the lack of evaluation of community investment efforts, suggest that it is not.

- **Are businesses maximizing their returns from their community investments?** While many companies reported making efforts to ensure that their community investment activities support their business goals, very few appear to be actually assessing the impact of their community investments on their business. Businesses may need to devote more attention to developing their knowledge, systems, and infrastructure in order obtain the benefits they seek from their community investment programs.

- **Does the inability to satisfy the many requests for community support pose risks to businesses?** Many businesses that support community organizations for strategic reasons are looking to either build their brand with consumers or create goodwill within the communities in which they operate. However, it is apparent that many more requests for support from community organizations are turned down than are accepted. As a result, there may be more community organizations that are disappointed with a company than there are those that are pleased with the company's support. Absent any evaluation or feedback mechanisms, companies are unlikely to know if their efforts are having unintended, negative impacts.

- **Would community organizations benefit from better information about the community investment practices of businesses?** Our findings suggest that many charitable and nonprofit community organizations have a low probability of obtaining support from business. If community organizations were more aware of the specific community investment interests of businesses and the limits to the support that business will provide, they may be better able to more effectively target their fundraising efforts.

- **Are there other ways for businesses to support communities?** The consistent reports about the volume of requests for support from community organizations also raises questions as to whether individual businesses acting on their own can have a significant impact on the needs of communities. Long-term solutions may require more collaborative initiatives that bring government, business, and community organizations together and draw upon the assets that each possess.

Our roundtable discussions with representatives of a wide range of Canadian businesses reveal the ties that many companies have to their communities. Support for community charities and nonprofit organizations is provided in a variety of forms. For some companies, it is an expression of philanthropic values; for others, it can be a strategic tool to support their business; and for many, it is no doubt a combination of the two. However, given the little attention that is devoted to assessing the impact of these efforts, there is little evidence that community investment initiatives are producing the maximum returns either to the businesses themselves or to the community organizations that they are supporting.

Within business, community investment appears to be very much an emerging field of practice. Today's practitioners are reminiscent of the early explorers who, by necessity, made their way without detailed maps, relying on their own experience and common-sense and the stories of Others. Our research suggests that efforts to improve our knowledge about community investment practices will be of benefit to businesses and to the communities they are supporting.

This study offers insights into the range of practices that some businesses engage in to support community organizations, the reasons for their involvement, and the challenges they are facing. The next phase of our research will build on these findings and broaden the sample of businesses studied by conducting a national representative survey of Canadian businesses. It will allow us to paint a detailed portrait of the state and nature of business support for charities and nonprofit organizations in Canada.

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