

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

Brynn Clarke & Steven Ayer

Introduction

This easy-to-use fact sheet summarizes some of the key findings from Imagine Canada's survey on Canadian corporate citizenship, the Canada Survey of Business Contributions to Community (CSBCC).¹ For the purposes of this fact sheet, the term large corporations include the 93 businesses surveyed in the CSBCC with revenues of \$25 million or more. The terms all businesses and broader business community refer to the representative sample of 1,500 businesses from the CSBCC.

- Large corporations (those with revenues of \$25 million or more) contributed more often than the broader business community (97% versus 76%, respectively)
- Finance and insurance companies were most likely to give cash donations
- Retail and wholesale trade companies were most likely to donate goods
- Professional services businesses were most likely to donate services
- Businesses from all regions invested in their communities

The Who

1. WHICH COMPANIES WERE MOST LIKELY TO CONTRIBUTE?

Large corporations were considerably more likely to donate to charities and nonprofits, compared to the broader business community. Specifically, 97% of large corporations provided funding to charities or nonprofits, versus 76% of all businesses. Large corporations also gave much larger median donations.² The median value of financial contributions was \$190,000 for large corporations versus \$2,000 for all businesses. Large corporations were also most likely to engage in other types of support, including employee fundraising and volunteer programs, and sponsorship and cause marketing campaigns (greater detail on these types of support is provided in question four).

Different industry sectors also showed particular patterns of giving. Finance and insurance businesses were most likely to contribute by donating cash (77%), while businesses that acted as the intermediary between manufacturers and consumers (e.g. retail trade and wholesale trade) were the most likely to donate goods (62%). Companies in the professional services sector were most likely to donate services, including public relations,

¹ The Canada Survey of Business Contributions to Communities was conducted in 2007 and 2008 using data gathered from a representative sample of 1,500 businesses with more than \$100,000 in annual revenue. This fact sheet was written using data compiled from the survey and subsequent reports. It is important to note that this research was conducted prior to the economic recession which began in late 2008. See References and Related Resources for more about the previous analysis done using the CSBCC survey results..

² The median contribution is the value at which half of all donations are higher and half are lower. Median values are used because they present a more accurate picture of the activities of a "typical" business than does the mean (or "average"), which can be unduly influenced by the presence of a relatively small number of very large or very small values.

marketing and/or market research help (29%), IT advice (20%), and strategic planning advice (34%).

Based on a regional analysis, businesses across every region of Canada supported charities and nonprofits in their communities. However, Quebec companies were least likely to engage in any community investment practices measured by the CSBCC.

2. WHICH ORGANIZATIONS WERE MOST LIKELY TO BE SUPPORTED?

Large corporations were most likely to donate to Social Services organizations (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.

- Social Services organizations were supported most often by all businesses
- Arts and Culture organizations received the largest (median) sponsorships
- United Ways received the largest gifts from large corporations

Interestingly, companies often gave their largest donations to organizations that they supported less often. For example, Universities and Colleges ranked seventh (of 12 types of organizations) based on their support from large corporations and yet they attracted the second largest gifts (a median donation of \$45,000).⁴ Similarly, only 13% of all businesses supported Industry or Trade organizations but they received the largest gifts (with a median donation of \$450).⁵

Arts and Culture organizations received the most lucrative sponsorships, with a median value of \$39,500; however Social Services organizations were most likely to receive sponsorships from large corporations (72% of large businesses sponsored these types of charities). Health organizations (excluding hospitals) were supported most often by the broader business community (58% of all businesses sponsored these types of organizations).

Seventy-five percent of the total value of all donations, sponsorships and cause marketing from large corporations went to Social Services organizations, Health organizations (excluding Hospitals), Universities and Colleges, Arts and Culture organizations, and United Ways.

The How

3. HOW MUCH DO BUSINESSES TYPICALLY GIVE?

In total, the 93 large corporations included in the CSBCC donated a total of \$333 million to charitable and nonprofit organizations in their communities. The average company

³ 66%, 66%, 58% and 48%, respectively.

⁴ The largest median donation from large corporations went to United Ways (\$65,000) and the next largest donations after Universities and Colleges went to Social Services organizations (\$36,000), Hospitals (\$22,500), and Environmental organizations (\$18,500).

⁵ The next largest median donations from all businesses went to Health (excluding hospitals) (\$400), Sports and recreation (\$375) and Social Services (\$340).

- In 2003, charities and nonprofits received \$2.8 billion from corporations
- Large corporations donated an average of \$3.7 million in cash, goods, products, and services; median of \$275,000
- The broader business community gave a median of \$3,000
- Large corporations gave 1% of their profits or 0.06% of total revenues
- The broader business community gave 1.25% of its profits or 0.63% of total revenue

contributed \$3.7 million total in cash, goods, products and services to the charitable and nonprofit sector. However the median value of total donations was \$275,000, indicating that some companies give substantially more than others.

Meanwhile, the median value of total donations for the broader business community was \$3,000. However it is important to remember that these businesses do make up the vast majority of businesses in Canada and their aggregate contribution is quite high.

As a percentage of their pre-tax profits,⁶ large corporations contributed a median of 1% and they gave 0.06% of their total revenues.⁷ Interestingly, the broader business community gave more. The total value of contributions from all businesses as a percentage of pre-tax profits was 1.25%; as a percentage of revenue, all businesses gave 0.63%.

The What

4. IN WHAT WAYS DO BUSINESSES SUPPORT CHARITIES IN THEIR COMMUNITIES?

Donations (cash, goods, and services).

Cash donations were the most common type of donation from businesses to the charitable sector in Canada. Seventy-six percent of Canadian businesses donated cash to charities and nonprofits, while 97% of large corporations did the same. The median value of financial donations from the broader business community was \$2,000. Large corporations gave substantially more, with a median value of \$190,000.

Corporations also frequently **donated goods, products and services** to causes in their community. Seventy-three percent of large corporations donated goods or products (51% of all businesses did the same) and 68% donated services (compared to 43% of the broader business community). The median value of donations of good or products was \$30,000 for large corporations and \$1,000 for all businesses. Large corporations were also more likely to donate services than were the rest of Canadian businesses (68% versus 43%, respectively). As is the case with goods or products, the median value of donations of services by large corporations was much higher than for all businesses (\$20,000 versus \$1,750).

A relatively small percentage of businesses **purchased goods and services** from charities or nonprofits in their communities. Twenty-one percent of large corporations and 14% of all businesses engaged in initiatives to purchase goods and services from charities.

- 97% of large corporations donated cash versus 76% of all businesses
- The median value of cash donations from large corporations was \$190,000
- 73% of large corporations and 51% of all businesses donated goods or products
- 68% of large corporations and 43% of all businesses donated services to charities and nonprofits in Canada

⁶ Giving as a percentage of pre-tax profits is defined by the CSBCC as "a business contribution index that show the relationship between the profitability of companies and their level of community contributions."

⁷ Giving as a percentage of revenue is defined by the CSBCC as "a business contribution index that shows the relationship between the general financial status of companies and their level of community contributions."

Although 81% of the total value of business contributions to charities and nonprofits in Canada came from donations of money, goods, or services, corporations supported their communities in many other ways.

Sponsorship and cause marketing

Large companies were much more likely to provide **sponsorship**⁸ dollars to charity and nonprofit partners than the broader business community. Fifty-seven percent of large corporations provided sponsorship dollars to charities and nonprofit organizations. By contrast, only 14% of all businesses provided sponsorships to charities and nonprofits.

- 57% of large corporations provided sponsorship dollars compared to only 14% of all businesses
- The median sponsorship agreement was valued at \$90,000 (large corporations)
- 26% of companies were involved with cause marketing campaigns

The median value of sponsorship agreements from large corporations is \$90,000 (the median from all businesses was \$2,000), while the median value for cause marketing campaigns was just \$22,000. Of the total value of direct contributions to charities and nonprofits, sponsorship and cause marketing accounted for 16% and 3%, respectively.

Twenty-six percent of large corporations reported being involved in **cause marketing**⁹ campaigns.

Employee volunteering or fundraising

Another important way that Canadian companies supported charities and nonprofits was through **employee volunteering or fundraising programs**.

Eighty-three percent of large corporations had programs and/or events that raised money for charities from their employees and 82% supported or encouraged their employees to volunteer through programs that offered flexible work hours, financial support or access to company facilities. By contrast, only 18% of the broader business community had similar fundraising programs and 43% supported or encouraged employee volunteering. Seventy-one percent of large businesses provided payroll deduction programs (versus 8% of all businesses), 62% matched grants for employee contributions (versus 9% of all businesses) and half (50%) organized events or programs to raise money from customers or suppliers (versus 22% of all businesses).

- Large corporations supported employee volunteering and fundraising more often than the broader business community
- 83% of large corporations had programs to raise money from their employees
- Only 18% of all businesses had similar programs

Large companies were also more likely to allow employees time off to volunteer with pay (72% versus 47% of all businesses), to engage volunteers through volunteer events (72% versus 29%), and to donate to organizations employees volunteer for (77% versus 52%).

⁸ Sponsorship was defined for the purposes of the CSBCC as “the transfer of money, goods, or services to a charity or nonprofit organization in exchange for explicit advertising or promotional benefits to your business.”

⁹ Cause marketing was defined for the purposes of the CSBCC as a situation in which a “company promotes and stands for a cause in partnership with a charity or nonprofit organization in exchange for financial benefits.”

The Why

5. WHY DO BUSINESSES CONTRIBUTE?

Companies gave back to charities and nonprofits in their communities for both altruistic and business-related reasons.

- 72% of large corporations contributed because healthy communities are good for business
- 51% of large businesses identified philanthropic reasons for giving
- 45% of all businesses said they gave because it is a good thing to do, regardless of the business benefits

However, large corporations were more likely than the rest of the business community to identify being inspired by business benefits, in addition to philanthropic motivations. Seventy-two percent of large corporations made contributions to their communities because creating healthy communities is ultimately good for business. Similarly, 72% believed contributing helped a company's reputation and relationship within the community. Fifty-one percent of large corporations identified philanthropic reasons as very important motivators to donate to their communities.

For the broader business community, helping to build strong communities to create conditions for business success was also the most common motivating factor (50% said this was very important). However 48% of all businesses were motivated to give because it fit their company's traditions and values and 45% donated because it is a good thing to do, irrespective of the financial returns for the company.

References and Related Resources

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About Imagine Canada

Imagine Canada is a national charitable organization whose cause is Canada's charities and nonprofits. We reinforce the sector's collective voice, act as a forum and meeting place and create an environment in which organizations contribute to building stronger communities.

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IMAGINE CANADA

2 Carlton St., Suite 600, Toronto, ON M5B 1J3

PHONE: (416) 597-2293 or TOLL-FREE at 1-800-263-1178

E-MAIL: info@imaginecanada.ca

www.imaginecanada.ca