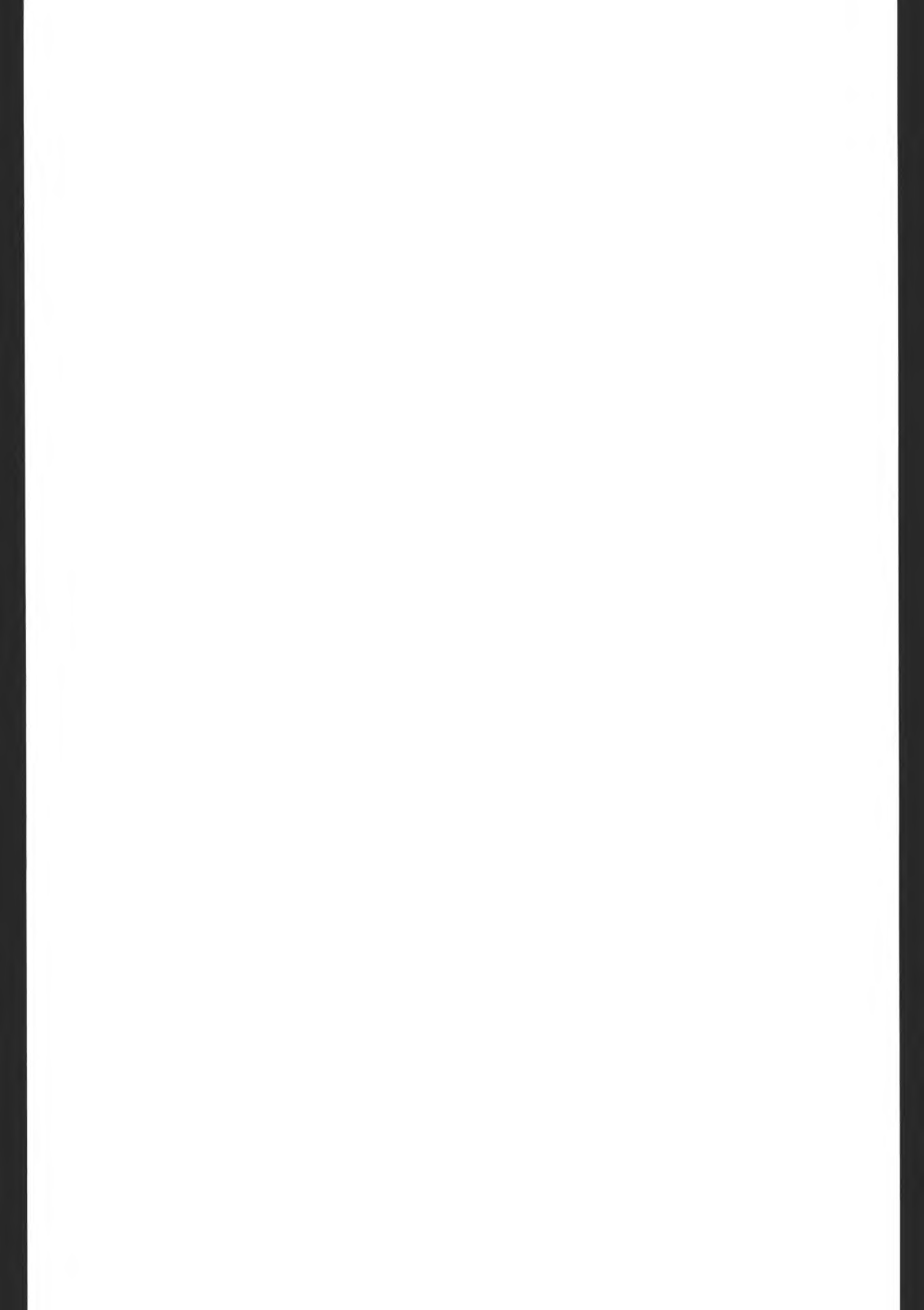


**Philanthropy or Advertising ?
Corporate Giving to the
Non-Profit Sector
in Ireland**

Freda Donoghue



National
College *of*
Ireland



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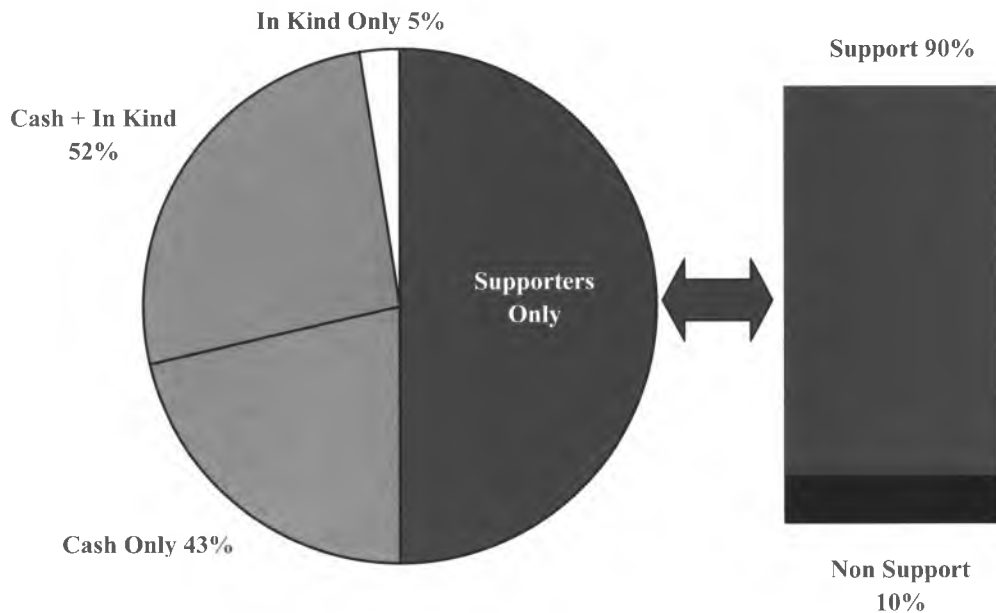
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EXECUTIVE SUMMARY

- The vast majority of respondents gave donations to the non-profit sector in 1997. Most of these gave cash or a combination of cash and in-kind support.



Corporate Support of the Non-Profit Sector

- Overall, £11.78 million was given by business to the non-profit sector in 1997. This comprised £10.5m in cash and £1.3m in non-cash support. If this value is imputed to the Top 1,000 companies in Ireland, it can be estimated that corporate donations ranged from £11.78m to £31.71m in 1997 or up to 0.04 per cent of company turnover.
- An average of £55,000 was given per company in combined cash and in-kind support. This was broken down into an average of £51,500 given in cash and almost £11,000 in non-cash support.

- The highest givers were companies involved in finance, renting and other services that is, those companies that have more contact with the public.
- Larger and more affluent companies were more likely to donate to the non-profit sector. Companies employing more than 500 people gave over three times the average size of donation. Companies in the Top 500 gave more than other companies in the Top 1000, and companies earning greater than £50m in turnover also gave larger amounts. The number of employees was the most significant factor, however, in determining corporate donations.
- Sports received the most support in monetary terms (23%), followed by community development (19%) and education (17%); overseas organisations received the lowest support (3%).
- In relation to the proportion of donors, however, community development received support from 71 per cent of all donors, sports organisations from 66 per cent of donors, education 57 per cent and social services 53 per cent.
- Companies gave primarily to support local community initiatives. In addition, they gave because they perceived donating as form of advertising but also because they saw it as a socially-responsible act.
- The main benefit of corporate giving was cited as advertising. One in five companies, however, said that there were few or no benefits to be had from corporate support.
- Lack of strategic thinking about corporate giving was apparent as only one-third of responding companies had a formal policy and these tended to be the largest companies in the sample. Managing Directors were most likely to be in charge of the policy, while they worked with designated officers on the actual allocations.
- The previous level of support was identified by over half of respondents as the main consideration in deciding what non-profit organisation to support. Significantly and, again, another sign of the lack of strategic thinking on corporate

philanthropy, one quarter of responding companies took no considerations into account when deciding on the level of support they gave.

- The lack of strategic thinking was also apparent when one quarter of responding companies stated that they did not know about current government incentives to encourage corporate support. Half of all responding companies, meanwhile, thought that government incentives were insufficient. Almost two thirds, consequently, thought that more tax incentives would encourage their giving.
- One fifth of responding companies thought that voluntary organisations should become more professional and businesslike in order to attract further support. Another fifth of companies, however, thought that voluntary organisations did not need to do anything to attract support from actual or potential corporate donors.
- In summary, people and personal connections emerge as key factors in corporate support in Ireland. On the one hand, because personal connections and the reputation of the non-profit organisation are seen as important both in deciding to give and in whom to support. On the other hand, those companies with the largest number of employees, that is people, are the ones who give the most support. A concern with the local community, and its people, therefore emerged as one of the most important reasons for giving. Furthermore, people-oriented organisations, that is, those involved in services, particularly financial services, were more likely to be among the highest givers.
- Finally, there are various stakeholders in a corporate entity and those companies that are responsive to their stakeholders appear to have an edge on others. As the Celtic Tiger continues to roar, the time may be opportune to examine and investigate different means of collaboration between corporate bodies and voluntary agencies that satisfy the different expectations and needs of both parties. A more proactive approach to corporate giving coupled with strategic tactical thinking could be of benefit not only to the development of philanthropy in Ireland but to the mutual benefit of the parties involved in the process.

PHILANTHROPY OR ADVERTISING?

Corporate Giving to the Non-Profit Sector in Ireland

INTRODUCTION

Non-profit organisations derive support from a number of quarters, one of which is the corporate sector. While studies on other sources of support to the non-profit sector have recently been conducted (Donoghue, Anheier and Salamon 1999, Ruddle and Mulvihill 1999), little has been done to date on corporate giving in Ireland (ICTRG (1997) and Lucey, Donnelly-Cox and O'Regan (1997) excepted). Yet, corporate giving in other countries is big business, linked to advertising and strategic planning (Marx 1999, Drucker 1989) and, at the same time, also an expression of a corporate's sense of its social responsibility.

The non-profit sector is made up of organisations that are, by definition, organised, non-governmental, non-profit distributing, self governing and that involve some degree of voluntary input (Salamon and Anheier 1997). As such, the non-profit sector includes organisations as diverse as schools, colleges, hospitals, social service voluntary organisations, voluntary organisations operating in the fields of mental, physical and sensory disability, health care, economic, community and social development, poverty relief and human rights. Many, if not most, of these organisations are charities.

This paper reports on the findings from a study of corporate giving by top companies in Ireland. Derived from a survey of the Top 1000 companies, it shows the extent of this support, the types of beneficiaries, the reasons why companies give and the benefits perceived of such support. It outlines the main considerations in deciding who and what to support and places the findings in the context of the international situation, in general, and also of philanthropy in Ireland.

As Ireland becomes a richer country and the economy continues to grow at a fast rate, we have evidence that corporations – and individuals – are becoming wealthier. The harnessing of private or corporate wealth has not, however, happened to any huge degree, if research on individual giving (Ruddle and Mulvihill 1999) and some

anecdotal evidence on corporate giving are to be believed. Corporate foundations are few, if existent at all, and philanthropic foundations are small in number. Yet other countries, whether in the EU or in the Americas, demonstrate a more cohesive picture of philanthropy with many players and types of actors involved.

A number of questions, therefore, remain to be answered in relation to Ireland's corporate activity in the non-profit sector. The Irish have prided themselves on having an image as generous givers (most notably since Live Aid in 1985 when donations *per capita* in Ireland were supposedly higher than in many other countries). Furthermore, as individual giving is of greater importance to the non-profit sector in Ireland than to the non-profit sectors in other EU countries (Donoghue, Anheier and Salamon 1999), it is timely to explore other facets of philanthropy in this country. Evidence on individual giving, for example, indicates that although an image of generosity prevails, donating is not keeping pace with our recent economic growth (Ruddle and Mulvihill 1999). Is it the case, therefore, that Irish companies, or more precisely companies located on Irish soil, are also generous or is there more to this image than meets the eye? This report aims to make a further contribution to the 'unpacking' of that image and to filling some of the gaps that currently exist in our knowledge of the operation of philanthropy in Ireland.

LITERATURE REVIEW

As the field of corporate philanthropy is possibly most developed in the US (Willsher 1996), it is not surprising that most of the literature on the field comes from that part of the globe. The US showed a marked increase in the level of corporate donations from the end of World War II which has been linked to favourable changes in government tax policies such as the imposition of the excess profit tax which led to charitable giving becoming very attractive (Smith 1989). Further recent changes in tax legislation have also helped the profile of corporate philanthropy in the US, and it has been suggested that the level of corporate giving amounts to one per cent of pre-tax income (Clotfelter 1993, Useem 1987). In addition, even though the most recent evidence points to an overall decline in the amount of money being donated, this level of giving appears to have remained constant (Blum and Lipman 1999).

In Britain the picture is not as clear cut as in the US. Although corporate philanthropy has a higher profile than in Ireland - helped by a more favourable tax regime and several government incentives such as Business In the Community and the Per Cent Club (Lane 1994, Fogarty and Christie 1990) - the level of corporate support has not risen significantly during the 1990s. Indeed, in the earlier part of that decade a decrease in donations occurred (Lane and Saxon Harrold 1993). By the mid 1990s, however, the topic of corporate support was itself generating much interest at corporate level (Willsher 1996), which corresponded with an increase in the level of donations although the rise was lower than the rate of inflation (Pharoah and CAF Information Unit 1996).

There is a marked link between the economy of a country, or its corporate sector, and the level of corporate philanthropy (Useem 1987). As a country becomes richer its level of corporate giving rises. Similarly, as a company becomes richer its support of the non-profit sector rises. Yet, economic indicators are not the only way to measure corporate philanthropy. Himmelstein (1997) calls corporate giving an economic act with social and political dimensions and argues that there are a number of variables to be considered in the equation, and not just the bald level of support and whether that rises and falls. Exploration of corporate donations reveals that certain patterns emerge which indicate that the economy of a company is not the sole factor in determining whether or not a company gives or the level of giving. Other important factors include: the significance of the surrounding locality within which the company is situated (Lane 1994, Useem 1987, Himmelstein 1987) and the effect of peer company comparisons (Useem 1987). The image of a company is said to improve through supporting charitable causes (Andreasen 1996), and the enhancement of a company's image occurs not only among all its various stakeholders (employees, customers, potential customers, for example) but also among its peer group. Consequently, the company looks like a good place to work, invest in, buy from and support. Bolstered by an image of being a supporter of charity, the company also appears to be profitable and successful, based on the assumption that if it can afford to engage in corporate support, its finances must have reached a certain comfort level (Willsher 1996, Useem 1987). There is, therefore, a high correlation between a company's advertising and its philanthropy (Himmelstein 1997, Useem 1987). In other words, for many companies,

corporate philanthropy makes sound business sense (Benjamin 1996, Smith 1994, Smith 1989, Useem 1987).

Marx (1999), as a result, refers to the process as strategic philanthropy and describes it as targeting contributions to meet two ends: the company's business objectives and the beneficiary organisation's needs. Not surprisingly, therefore, Smith (1989) argues that corporate support of the non-profit sector is not philanthropy as self interest is the primary rationale for giving. Certainly, the literature is clear about the marketing and PR value of corporate donations (Marx 1999, Arulampalam and Stoneman 1995, Smith 1994). Caution is noted, however, as corporate giving supports a longer-term marketing strategy rather than resulting in short-term gains for the company.

What is also very apparent from the literature is that corporate donations, although important for marketing and the company's self image, do not yield a huge amount to the non-profit sector. Several estimates are given for the absolute size of corporate support in a variety of countries and the evidence indicates that such support is less than two per cent of pre-tax income in the US, and is far less than that in the UK (Arulampalam and Stoneman 1995, Useem 1987). Indeed, Useem argues that it is 'safe' to assume that corporate giving does not make up more than one per cent of pre-tax income in the US (1987: 340). In Britain, meanwhile, corporate support measured against pre-tax profits in the mid-1990s was 0.2 per cent (Pharoah and CAF Information Unit 1996).

What appears to be important, however, is that corporate philanthropy establishes lines of communication and relationship between the non-profit and business sectors. As Himmelstein notes, corporate gifts 'usually flow from, create, or sustain deeper relationships' (1997: 128). A focus on the simple economic equation of the relationship, therefore, misses out on this wider meaning and its future potential. Public-private partnerships have been noted in the US as one of the ways in which corporate philanthropy has been supported (Useem 1987). A proactive stance has been adopted in the area of corporate giving in the US and corporate philanthropy forms part of business planning and is linked to goals, objectives, budgetary priorities, planning and accountability (Smith 1989). In Ireland, meanwhile, the era of social partnership has yielded many high profile collaborations, most notably in the area-

based partnerships. Corporate philanthropy in Ireland, therefore, needs to be placed in this broader context.

It must be recognised also that corporate support may well be greater than the findings to be reported later will suggest. Indeed, even though the data in the US are better, it has been noted there that corporate support of smaller companies is generally not known as this does not appear on tax returns. According to Bothwell and Wiener corporate giving in the US is 'shrouded in secrecy' (1989: 353). It is to that process of 'unshrouding' the situation in Ireland that attention now turns.

FISCAL AND LEGAL CONTEXT

Limited tax relief exists in Ireland on corporate support. Although relief for gifts to charities operating in certain sectors has been available for some time it is probably only since 1997 that any significant relief has been available with the passing of the Finance Act 1997. The relief that currently exists comprises the following:

- Companies donating between £100 and £10,000, or up to 10 per cent of their income, are allowed tax relief as an ordinary business expense (under the Finance Act 1997) to a list of 'eligible' charities (currently about 500 on a list maintained by the Revenue Commissioners). These 'eligible' charities lodge annual accounts and are subject to review.
- Tax credits are available under the Finance Act 1995 for companies donating a relevant gift to an approved body (such as the National Archives, the National Gallery, National Library, National Museum, the Irish Museum of Modern Art)
- Gifts of between £100 and £10,000 from companies to certain educational establishments (there are about 100 approved by the Revenue Commissioners) are allowable as a business expense.
- Tax relief is available for gifts of money to the Minister for Finance for use in certain projects that benefit the public

- Tax relief is available for gifts of between £100 and £10,000 to Cospoir, the National Sports Council
- Tax relief is available for education in the arts to an 'approved' body

METHODOLOGY

In 1997 questionnaires were sent to the Top 1000 companies in Ireland.¹ Of these, 260 were returned (giving a response rate of 26 per cent). As three respondents refused to answer the questionnaire, although they returned it, this left a valid sample of 257 (and a response rate of just under 26 per cent).² The questionnaire was extensively tested and piloted before a final revised version was distributed.

A postal questionnaire survey was considered best in the circumstances in order to gain some profile of the extent of corporate support in Ireland, an exercise which had not been carried out to the same degree prior to this (Lucey, Donnelly-Cox and O'Regan 1997, ICTRG 1997). Problems, similar to other countries (Pharoah 1996), were experienced such as a low response rate and a reluctance to divulge financial details; these were not unexpected (see footnote 2).

CORPORATE GIVING IN IRELAND: THE EXTENT

Ten per cent of respondents (N=25) stated that they did not support voluntary organisations while 90 per cent stated that they did (N=231). Of these latter, four respondents refused to provide any details of their support, while only 214 gave precise financial data on their support. Cash donations are the most popular means of support and 95 per cent (N=204) of companies provided support in this way. Just over half (57 per cent) of companies (N=122) gave support of an in-kind or non-cash nature. Figure 1 gives a breakdown of this support and indicates that a combination of both cash and in-kind support is provided by the majority of respondents while cash only support was the second preferred type of support.

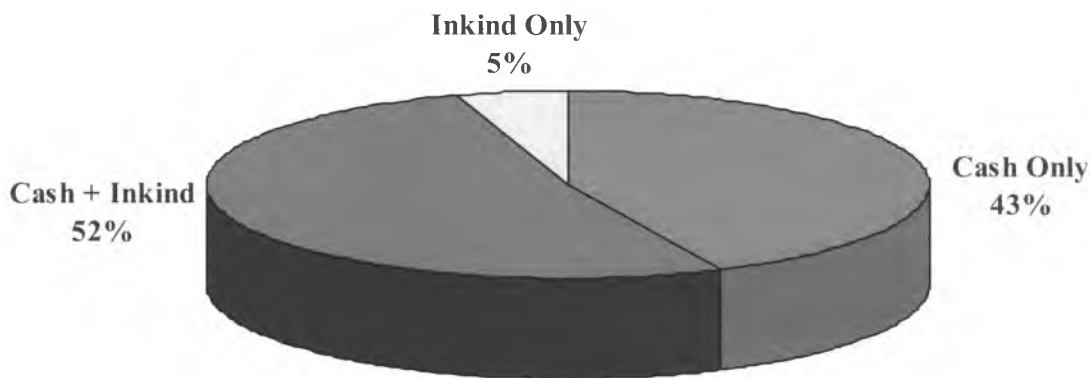


Figure 1: Types of Corporate Support

The popularity of cash support is also evident in other countries. In the US, for example, the majority of large companies make cash contributions to the non-profit sector (Useem 1987). Similarly, British corporate donors also prefer cash support to in-kind support (Saxon-Harrold 1990, Lane 1994). In these countries, however, the tendency as the Irish data also indicate, is to give both kinds of support to the non-profit sector.

Table 1 gives a breakdown of the type of companies supporting non-profit activity in 1997. It should be noted that the proportionate breakdown of each type of company mirrors the proportion of responses received from each sector. While a greater percentage of industry gave support to the non-profit sector, therefore, service companies, as will be shown below, tended to give higher levels of support; the lowest levels of support came from building and civil engineering ($p=.000$). The literature has suggested that companies with greater public contact, such as financial, retail and food companies engage in greater levels of corporate support (Clotfelter 1985, Arulampalam and Stoneman 1995). The Irish findings, similarly, indicate that while 90 per cent of the sample were engaged in support of the non-profit sector, service organisations were the most likely to give above average levels of support.

Table 1: Type of Company Supporting Voluntary Activity

Type	Supporting (%)
Agriculture	5
Industry	62
Services	33

Another factor that determines levels of corporate support is company size. Larger companies give more than smaller companies (Clotfelter 1985, Useem 1987, Arulampalam and Stoneman 1995) and a similar picture has already been indicated for Ireland (Lucey, Donnelly-Cox and O'Regan 1997). In the current survey, when corporate support was examined by a breakdown of companies *within* the Top 1000, 61 per cent of supporting companies came from the Top 500, while 39 per cent came from the 'remaining' 500. A further indication that companies who support non-profit activity in Ireland tend to be large is the finding that supporting companies had a combined turnover of £29,080m and employed a total of 119,614 people in 1997. The average turnover of the sample supporting non-profit activity was £160m, which compares with an average turnover of £146m for the whole sample. The average turnover of non-supporting companies, on the other hand, was £37.6m. The average number of employees in supporting companies was 522 compared with an average of 165 employees in the non-supporting companies, and an average of 486 employees for the whole sample. Supporting companies, therefore, showed a tendency to be larger and more affluent.

CORPORATE GIVING IN IRELAND: THE AMOUNT

In 1997 the Irish corporate world donated a total of £11.78m to the voluntary non-profit sector.³ This comprised £10.448m in cash and £1.335m in in-kind or non-cash

support. The following table (Table 2) gives a breakdown of this support to different components of the non-profit sector.

Table 2: Total Amount of Support (£) to Non-Profit Sector in 1997

	Cash (£)	%	In-kind (value £)	%	Cash + In-kind (£)	%
Sports	2,640,845	25	64,400	5	2,705,245	23
Community Dev*	1,976,925	19	212,550	16	2,189,475	19
Education	1,563,483	15	475,900	36	2,039,383	17
Other	1,163,899	11	80,700	6	1,244,599	11
Health	1,098,951	11	105,500	8	1,204,451	10
Social Services	914,508	9	111,100	8	1,025,608	9
Arts	859,746	8	111,497	8	971,243	8
Overseas	234,931	2	173,614	13	408,545	3
TOTAL	10,448,288	100	1,335,261	100	11,783,549	100

*Community Development

As Table 2 shows, sports was the one group receiving the largest proportion of cash support while education received the largest proportion of in-kind support. Of significance too was the support given to community development organisations and, to a lesser extent, health organisations. 'Other' organisations, which received 11 per cent of the total value of corporate support in 1997, included environmental organisations, advocacy groups, civic groups, philanthropic organisations and citizens' advice services. The profile of corporate support in Ireland differs from that in the US where education, health and social services receive the vast majority of support (71% cited in Useem 1987: 342, and 60% in Marx 1999: 193). In the UK, similarly, education, health and social services receive 62 per cent of donations (Lane 1994: 207).

When support to the sector is examined by the number of corporate donors, however, a somewhat different profile emerges as Table 3 shows. Community development organisations attract a larger number of supporters (although sports get the largest

amount of support). Sports come second followed by education. It is interesting to note, too, that although social services attracts support from over half the sample of corporate donors, it receives less than 10 per cent of the total value of support.

Social services compare quite unfavourably with other welfare areas such as education and health, which attract fewer donors but more money. It may be conjectured that a) corporate supporters are not approached for large amounts by social services organisations, b) they do not feel that it is in their interests to support them, or c) they feel that this area is the responsibility of government. It is interesting to compare this position with the situation in the UK where social services attract 15 per cent of the total value of corporate support (versus nine per cent in the Republic of Ireland) (Lane 1994:207).⁴

Table 3: Support by Corporate Sector

	Cash		In-Kind		Cash + In-kind	
	N	%	N	%	N	%
Community Development	134	66	60	29	152	71
Sports	134	66	31	15	142	66
Education	98	48	66	32	122	57
Social Services	104	51	28	14	113	53
Health	101	50	15	7	105	49
Arts	93	46	20	16	99	46
Other	59	29	11	5	64	30
Overseas	49	24	13	6	57	27
TOTAL	203		123		214	

The relatively unpopular position of social services can be seen in greater detail when the mean amounts of support to each group are compared. Table 4 below gives the amounts of support and the proportion that they comprise in cash, in-kind and total support.

Table 4: Average Amounts Given per Company

	Cash £	In-Kind £	Total £
Other	19,727	7,336	19,447
Sport	19,417	2,077	19,051
Education	15,955	7,211	16,717
Community Development	14,754	3,543	14,405
Health	10,881	7,536	11,471
Arts	9,245	5,575	9,811
Social Services	8,793	3,968	9,076
Overseas	4,795	13,355	7,167
Total Average Amounts Given	51,469	10,945	55,063

Table 4 also highlights the relatively poor showing of overseas organisations whose total average support is the lowest of all recipients but whose in-kind support is of a greater value than the other sectoral groups. In other words, the relatively fewer donors to overseas organisations gave above average amounts of in-kind support to this group, yet overall support was low. The poorer showing of overseas organisations in comparison with other types of non-profit organisations has also been found elsewhere. In the UK, for example, Lane (1994) has noted that corporate giving to international aid agencies was least popular as a preference and that domestic organisations, in particularly locally-based ones, attracted greater support. The popularity of locally-based non-profit organisations will be examined below when considerations governing corporate giving in Ireland are examined.

In line with the significant difference found between the Top 500 and other companies in the Top 1000 in relation to their support of non-profit activity, there was also a significant difference in the value of support. Companies among the Top 500 gave an average of £63,252 each compared with an average of £42,392 each given by those

companies outside the Top 500. Disaggregating this support, the Top 500 companies gave an average of £59,079 each in cash, and an average value of £12,258 each in in-kind support. In comparison, lower levels of support were given by companies outside the Top 500; they each gave an average of £39,772 in cash and £8,617 in in-kind support.

When examined in relation to company size, it appears that not only were the Top 500 companies more likely to give but, again, that the larger companies were the most likely to provide support. First of all, Table 5 shows that a greater proportion of companies employing between 100 and 500 employees support non-profit activity. The support of all of these companies combined, however, was well exceeded by that of the largest companies in the sample, although a smaller number of the largest companies were engaged in giving. The largest companies, although only comprising 18 per cent of supports of non-profit activity in Ireland gave over 60 per cent of support to the non-profit sector. Interestingly, too, while only 14 per cent of supporters came from the smallest companies in the sample (with up to 50 employees), their average donation and the total amount of their support was higher than that of many larger companies.

Table 5: Corporate Donors by Number of Employees and Amount of Support

Number of Employees in Company	Support of Non-profit Sector %**	Average Amount of Support (Cash and In-Kind £)*	Total Amount of Support (Cash and In-Kind £)*
1-50	14.0	41,436	1,243,083
51-100	17.6	12,495	474,794
101-200	26.1	20,127	1,066,749
201-500	24.3	29,912	1,525,542
501+	18.0	181,133	6,883,081
Total	100	55,063	11,783,549 †

*significance at p=.000 level

** significance at p=.05 level

† £590,300 was donated by companies who provided no details on employee numbers

Further examination revealed a significant difference between companies employing less than or more than 150 people. While the average amount of support by companies with less than 150 employees amounted to £24,939 (per company), the average amount of support by companies employing more than 150 workers equalled £79,582. In addition, total support among smaller companies (with less than 150 employees) amounted to £2.5m, while companies with more than 150 employees gave more than £8.6m in 1997 (all significant at $p=0.05$ level). Similarly, Himmelstein (1997) has noted that in the US support for the non-profit sector is greater among the more labour intensive companies than among those companies with fewer employees. Arulampalam and Stoneman (1995) also note the positive effect that being a very large company has on support of the non-profit sector in the US.

A significant difference was to be found in the types of organisations benefiting from this support. Corporate donors with greater than 150 employees were more likely to support arts and health organisations than those with fewer than 150 employees. The average donation by companies with over 150 employees to arts organisations was £14,466, while each gave an average of £12,484 to health organisations. Companies with fewer than 150 employees, on the other hand, gave an average of £4,840 to arts organisations and £5,006 to health organisations (significant at $p=.020$ for arts and $p=.035$ for health).

To test further the relevance of company size for corporate support in Ireland annual turnover was also explored. The average annual turnover of supporting companies was £160m compared with an average turnover of £146m for the sample as a whole and £37.5m for those companies that do not support the voluntary sector. A difference was found between companies with an annual turnover of less than or more than £50m and the amount of support that such companies gave to the non-profit sector, as Table Six shows.

Table 6: Turnover of Corporate Donors and Amount of Support

Annual Turnover	Average Amount of Cash Support £**	Average Amount of In-kind Support £*	Average Amount of Total Support £**
Less than £50m	22,270	5,801	24,400
Greater than £50m	60,464	13,125	65,193
Total	51,470	10,945	55,064

*significant at p=.01 level

** significant at p=.05 level

The double effect of number of employees and size of turnover can be seen in the average amounts of total support and cash support but was not evident in in-kind support. Analysis of variance (ANOVA) reveals that the largest companies gave largest amounts of cash and total support. As Table 7 shows the effect of the number of employees is very significant and, indeed, emerged in regression analysis as more important than turnover size. As can be seen, the company employing more than 150 people and with a turnover of less than £50m donated more on average than the company employing fewer than 150 people but with a turnover of greater than £50m. While the largest companies, therefore, gave greatest amounts of average and total support, the number of employees rather than the size of turnover was found to be of greater importance in deciding levels of giving.

Table 7: Corporate Support and the Effects of Company Size

Support	<£50m turnover and <150 employees	<£50m turnover and >150 employees	>£50m turnover and <150 employees	>£50m turnover and >150 employees
Total Support*	8,737	54,742	45,978	71,598
Cash Support*	6,946	54,860	38,250	68,438

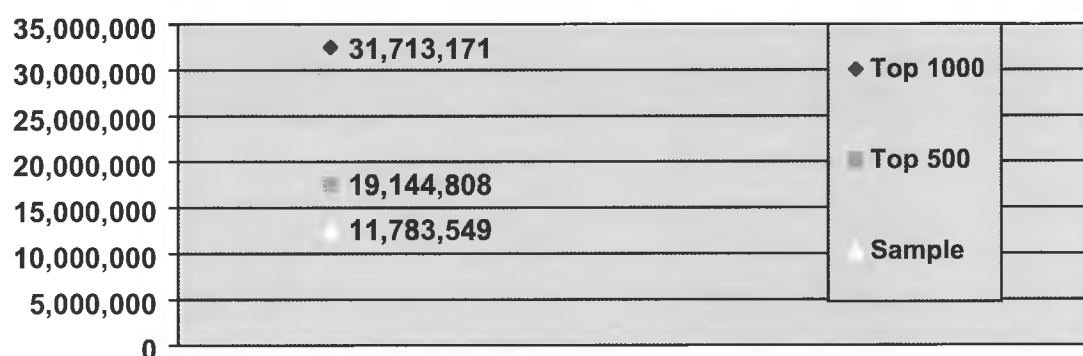
∇*Significant at p = .005

Finally, the number of sub-sectors within the non-profit sector benefiting from corporate support was examined. An average of just under four sub-sectors (3.8) were given cash support, while an average of two sub-sectors were given in-kind support. Companies in the Top 500⁵, employing more than 150 workers⁶ and with a turnover of more than £50m per year⁷ were more likely to support a greater number of sub-sectors, averaging at 4.1 sub-sectors, compared with just 3.5 sub-sectors for smaller companies.

To gauge the total value of corporate support in Ireland, therefore, a number of assumptions can be made in order to decipher a continuum along which support could be said to occur. Firstly, as Figure 2 indicates, £11.78m is taken as the lowest point on the range (that is, based on the actual amounts reported by respondents to this survey). Secondly, this figure can be imputed to the Top 1,000 companies in Ireland, by multiplying the average amount given (£55,063) by 1000, and weighting this derived figure by the difference (0.5759434) between the average turnover of the sample and the average turnover of the Top 1,000 in 1997 (using data supplied by Business and Finance magazine 1998). It can be assumed, thus, that a total of £31.713m is donated by the Top 1000 companies in Ireland (see Statistical Appendix).

If, however, the Top 500 companies give more than the remaining Top 1,000 companies, as the data indicate is the case, then it is possible to find a mid-point along this continuum, which can be derived for donations by the Top 500 only. By multiplying the average amount given by companies among the Top 500 in the sample (£63,253) by 500 and weighting that figure by the difference between the average turnover of the sampled Top 500 and the Business and Finance Top 500 (0.6053503), a figure of £19.14m can be assumed.

Figure 2: Range of Corporate Support in Ireland (£)



Corporate giving in Ireland amounts to approximately 0.04 per cent of company turnover of those companies that donate to the non-profit sector and this holds for both the sample and the inferred amount given by the Top 1000 companies in Ireland. This is lower than in the US (Useem 1987, Clotfelter 1993) where corporate donations average at one per cent of a corporate's pre-tax income and have been recorded as higher. In Britain, meanwhile, data suggest that corporate support is less than one per cent of pre-tax profits (Lane and Saxon-Harrold 1993) while Arulampalam and Stoneman suggest that it amounts to only 0.2 per cent of pre-tax profits (1995: 935).⁸ When donations per employee are examined, however, a more optimistic picture of corporate support in Ireland emerges. Data for giving in Britain indicate that in the early 1990s giving per employee amounted to £71 (Lane and Saxon Harrold 1993: 26). In Ireland, by comparison, giving in 1997 came to an average of £98 per employee.

Table 8: Summary of Corporate Support in Ireland

Total corporate support	£11.78m
Corporate support as % of turnover	0.04%
Amount given per employee	£98.51

Table 9 provides an examination of average amounts of support from each sector and shows that the highest level of support to non-profit organisations came from financial services, followed by other services, while the lowest came from agriculture. Yet, significant differences emerged between different sectors and the types of support given. While financial services provided the highest average amount of support for both cash and in-kind gifts, the second highest cash giver (other services) is notable for providing one of the lowest average amounts of in-kind support. Meanwhile, low cash givers, such as metal manufacturing and engineering and transport and communication gave above average amounts of in-kind support. In other words, different types of companies opt for different kinds of support.

Table 9: Average Corporate Donations by Sector

Sector	Total*	Cash*	In-kind∇
Finance and renting	288,597	264,197	30,500
Other services	159,629	183,984	3,375
Other manufacturing	65,937	61,246	11,1003
Overall Average	55,063	51,469	10,945
Transport and communication	48,595	45,117	14,278
Distribution, repairs and catering	38,930	38,302	6,480
Metal manufacturing and engineering	27,334	19,765	15,213
Chemicals	24,858	22,734	5,133
Building and civil engineering	18,960	17,025	4,837
Agriculture	10,622	9,347	3,081

*Significant at p=.005 level

∇Significant at p=.05 level

Finally, given that there is a difference between the types of support favoured by the various sectors, what is the nature of in-kind support to the voluntary non-profit sector in Ireland? Table 10 shows the types of support and that gifts in-kind were the most popular type of non-cash support that year. The provision of expertise, facilities,

scholarships and training were also popular. The total value of such support was £1.33m and almost half of all responding companies gave support in this way.

Table 10: Types of In-Kind Support

Types	N	%
Gifts in-kind	115	68.0
Expertise	57	33.7
Use of facilities	47	27.8
Scholarships	44	26.0
Provision of training	39	23.1
Other	39	17.6
Staff secondment	29	17.2
Accommodation	12	7.1
Total	123	

No significant difference could be found between the Top 500 and other companies within the Top 1000 in the types of in-kind support that they gave except for gifts and scholarships (which were very significant at $p=.004$ and $.000$ respectively). Three quarters of the Top 500 companies gave gifts in kind and 89 per cent gave scholarships to the non-profit sector. Companies with fewer than 150 employees were less likely to give in-kind support than those employing more than 150 workers (significant at $p=.018$); only 41 per cent of the former compared with 57 per cent of the latter gave this type of support. Similarly, a significant difference was also found between these companies in relation to the giving of gifts in kind, where just over half (56%) of those with fewer than 150 employees gave support in the form of gifts compared with three-quarters of companies with more than 150 employees (significant at $p=.010$).

Concluding Remarks

Corporate support of the non-profit sector amounted to £11.78 million in 1997. Cash rather than in-kind gifts was most popular, a finding that has also been seen in both the US and Britain. The value of in-kind support came to just over 11 per cent, a similar proportion to that which occurs in the US (Useem 1987). Gifts in kind were found to be the most popular form of in-kind support and were more popular among the Top 500 companies and in those companies employing more than 150 people. Companies within the Top 500 were also more likely than other Top 1000 companies to provide support in the form of scholarships.

Sports benefit the most from corporate Ireland, followed by community development and education. Ireland reveals quite a different profile from the US, where education, health and human services receive the majority of support and higher education in particular (Himmelstein 1997, Useem 1987). The lowest support goes to overseas organisations, which has also been noted in Britain (Lane 1994). Arts organisations do not benefit very much either, getting less than 10 per cent of the total amount of corporate support. An exploration of cash and in-kind support revealed, however, that sports received one-quarter of the former, but only five per cent of the latter. Education, on the other hand, received over one-third of the latter, while also behaving respectably in the former garnering 15 per cent of support. Community development tended to fare quite well getting fairly similar levels of both cash and non-cash support.

As Himmelstein (1997), when discussing corporate support in the US, has noted, the economic side of corporate giving does not, in itself, provide sufficient explanation for what is going on. Attention now turns to the reasons given for their support by corporates in Ireland followed by an examination of the perceived benefits of such support.

CORPORATE GIVING IN IRELAND: THE REASONS AND BENEFITS

As Table 11 shows, the most important reason for companies donating to the Irish non-profit sector was in order to support local initiatives. This was followed by advertising and public relations reasons but the respondents were noteworthy for their

philanthropic views: social responsibility and a worthy cause were highly ranked as were the support of different causes like health, sports, arts, education and research.

Table 11: Reasons for Corporate Support

Reasons	%	N
Support to local community initiatives	57.1	125
Advertising and PR	28.8	63
Social responsibility	22.4	49
Worthy cause	21.5	47
Support health, sport, arts, education and research	15.1	33
Creation of goodwill	14.2	31
Support to employees	11.9	26
Get asked	8.2	18
Mutuality of benefit	4.6	10
Managing Director's pet project	4.1	9
Other	1.4	3

The mixed motives that appear in the data deserve some investigation. Firstly, it has been noted elsewhere that support for local initiatives is popular (Himmelstein 1997, Useem 1987). Indeed, Lane (1994) claims that the popularity of local causes is a reason why support for overseas initiatives is low. The importance of supporting local causes has been linked to the self image of the company and to the importance of corporate support as a form of advertising (Himmelstein 1997, Willsher 1996, Useem 1987). It is not surprising, therefore, to see that almost one in three companies cited the importance of advertising and PR. Furthermore, it is probably of note that these were open-ended questions, that is respondents were not prompted to choose from a set range of options. Interestingly, too, philanthropic motives deserve some mention as one in five companies cited social responsibility and the worthiness of the cause as reasons for supporting non-profit activity. Although Smith (1989) asserts that philanthropy does not exist in the corporate world and that business objectives take primacy of position, it appears from the respondents in this survey that some

value is placed on the ideal of corporate responsibility. While the literature has cited the fact that corporate support is a mutually-beneficial exercise (Benjamin 1996, Smith 1994), this has not been recognised, in the main, by Irish companies, only five per cent of whom mentioned this as a reason for their support.

To present the other side of the picture, respondents were asked why they did not support the non-profit sector. As only 25 of the responding companies stated that they did not support the non-profit sector and of these only 19 gave reasons for their non support, the number is too small to make any conjectures about why companies are not donating. The majority of non-supporters (N=14), however, cited financial reasons. This could possibly be seen as an indication that business objectives receive priority (Smith 1989) and that the image of a corporate supporter of the non-profit sector is a company that is successful enough to donate (Useem 1987).

An examination of the perceived benefits of corporate support of the non-profit sector shows (see Table 12) that advertising is, by far, the greatest benefit and was cited by almost half of responding companies. According to Useem (1987), there is a high correlation between advertising and philanthropy. Doing 'good' - whether that entailed generating goodwill or promoting corporate citizenship - was also cited by respondents. Again, the importance of the local community was mentioned. Yet, almost one in five supporting companies thought there were very few benefits to be gained, which clearly indicates that a consciousness-raising exercise would be of use. According to Willsher (1996), corporate support of the non-profit sector is big business and is becoming increasingly important. The wider benefits - which may not be very evident in the short term (Marx 1999) - need to be recognised. In the US, for example, companies cite longer-term benefits such as improvement in the image of the company and the effect of that on all the company's stakeholders (Marx 1999). This has also been noted in the case of Japan (Smith 1994).

Table 12: Benefits of Corporate Support

Benefits	N	%
Advertising	94	48.5
Community improvement/development	49	25.3
Very few or no benefits	36	18.6
Positive employee morale	35	18.0
Goodwill	29	14.9
Good corporate citizenship	28	14.9
Feelgood factor	23	11.9
Mutuality of benefit	19	10.3
Tax effective in some cases	4	2.1
Each case is unique	1	0.5
Education	1	0.5

To briefly summarise, community development emerged as the most oft-cited reason for corporate support of non-profit organisations and advertising was the most popular benefit. This suggests that the benefits of local support include enhanced self image and the importance of demonstrating to stakeholders that the company is worthy of support, because of the assistance it provides elsewhere (Smith 1994). Interestingly, although under five per cent of companies stated that a reason for their support of the non-profit sector was mutuality of benefit, ten per cent of respondents noted that this was one of the benefits. This finding indicates that the mutual gain from corporate giving could profit from greater recognition. Finally, Top 500 companies emerged as more likely to cite social responsibility, the support of local initiatives, advertising and the support of worthy causes as reasons for their giving. They were also more likely than other Top 1000 companies to quote the top benefits as advertising, good corporate citizenship and community development.⁹

Given the range of different supports that corporate donors are providing, the preference for cash over in-kind support and the stated reasons for supporting the sector, it must be asked whether Irish companies have a policy on support or whether

their support is merely a reactive response to direct requests. The next section looks at how decisions are made on corporate support.

CORPORATE GIVING IN IRELAND: THE DECISION-MAKING PROCESS

Companies that support the voluntary non-profit sector in Ireland are notable for not having a formal policy on support for only 36 per cent of responding companies stated that they had a policy. This appears to be similar to the situation in the UK where corporate giving is not very formalised (Willsher 1996). In the US, however, written policies on company giving are more prevalent. In the early 1980s, for example, 80 per cent of large companies had a formal policy on gift giving (Siegfried and McElroy (1981) quoted in Useem (1987) p.344). In Ireland, the tendency to have a written policy on company giving rises with company size (see Table 13 below). As many larger companies would be foreign-owned multinationals, having a written policy is not altogether surprising.

Table 13: Company Size and Policy on Corporate Support

Size of Company	% with Policy
1-50 employees	20.0
51-100 employees	15.2
101-500 employees	35.6
501+ employees	65.8
Total	35.6

p=.001

Yet, despite the fact that most companies do not have a formal policy, they assign responsibility for their support of the non-profit sector within the company, in relation to both decisions about the type of funding to be made and the actual allocation process. All respondents who engaged in corporate support in 1997 made decisions about the types of voluntary organisations that they were going to support as Table 14 shows. For example, in a large number of companies senior management or the board

(76%) is involved in decisions about giving. The two most important decision-makers in this process are the managing director and the board of directors. Yet, it is only the former that carries this responsibility through to decisions about actual allocations. In one-third of responding companies the managing director becomes involved in deciding what organisations will get the funding that the companies have decided to give and, in this instance, they are slightly less important than a designated allocations officer. The literature suggests that a similar situation occurs elsewhere particularly in the US where senior and top management are involved in both decision making and allocation (Smith 1994, Useem 1987).

Table 14: Responsibilities re Policy and Allocation of Funding

	Policy		Allocations	
	%	N	%	N
Managing Director	43.8	100	33.8	77
Board of Directors	21.1	48	7.5	17
Designated Officer	15.8	36	35.5	81
CEO	9.6	22	7.5	17
Committee	7.9	18	8.8	20
Chairperson	1.3	3	0.9	2
Other		1	10.5	24

Having examined where the responsibility for corporate donations lies, what are the criteria taken into consideration, when deciding a) on the level of support that the company will give and b) on the actual organisations that the company will support? We will look first of all at how the decision is made on the company's side before exploring how voluntary organisations with certain qualifying criteria can benefit.

Table 15: Deciding Overall Level of Donations

	N	%
Previous level of support	121	54.5
Number of requests	75	33.8
Pre-tax profits	65	29.3
No particular considerations	54	24.3
Turnover of company	20	9.0
Health of economy	17	7.7
Peer company comparisons	16	7.2
Fixed percentage	14	6.3
Total	222	

Companies tend to be guided by the support they had given previously (see Table 15) while also making allowances for the number of requests that they receive and their own pre-tax profits. More interesting, however, is the finding that one-quarter of respondents stated that no particular considerations were significant. In the US, by comparison, Useem (1987) has noted that pre-tax profits are the most important consideration, 60 per cent of large companies stating that they take this as their priority, while the previous level of support is only considered by 30 per cent of companies (1987: 345). Indeed, recent evidence suggests that although fluctuations may occur in the *amount* of donations, the level of donations, at one per cent of pre-tax profits, has remained constant during the late 1990s (Blum and Lipman 1999). The likelihood, therefore, of US companies stating that they had 'no particular considerations' is far slimmer than in Ireland, particularly where management theory and practice have encouraged strategic linkages between corporate support of the non-profit sector and business objectives (Drucker 1989).

From the perspective of potential beneficiaries, however, what are the prospects for attracting corporate support? Organisations that are situated in the locality of the corporate funder, that have a reputation, and that have personal connections with the funder are most likely to be viewed favourably or to be selected as Table 16 shows.

Table 16: Factors Governing the Selection of Beneficiaries

	N	%
Organisation in locality	164	72.6
Reputation of requesting organisation	133	58.8
Personal connections	117	51.8
Supported organisation previously	100	44.2
Philosophy of requesting organisation	91	40.3
Quality of funding proposal	68	30.1
Effectiveness of Requesting Organisation	59	26.1
Likelihood of completion	42	18.6
Quality of Administration of Requesting Organisation	24	10.6
Other	22	9.7
Size of Requesting Organisation	16	7.1
None	9	4.0
Total	226	

Supporting the local community was cited above as a main reason for corporate giving by 57 per cent of companies. Understandably, therefore, whether or not organisations are situated in the neighbourhood of the donating company was the first criterion used by respondents to select beneficiaries as can be seen in Table 16. This finding can also be linked to the third important criterion 'having personal connections with the organisation'. The value of advertising and PR can be seen, meanwhile, in the finding that 59 per cent of companies thought that the reputation of the requesting organisation was a very important criterion in their selection process. It is interesting, however, that these findings demonstrate that Irish companies' priorities are quite different from US companies. Data cited in Useem (1987) indicate that companies in the US rate the following in order of preference: effectiveness of requesting organisation in delivery services (53%) and quality of administration of requesting organisation (48%). Meanwhile, criteria that are higher up on Irish companies' lists are not as important. For example, the reputation of the requesting organisation was supported by 29 per cent of companies in the US (compared with 59% in Ireland), and the philosophy of the requesting organisation was a criterion for

18 per cent of US companies compared to 40 per cent in Ireland (Siegfried, McElroy and Biernot Fawkes 1983, cited in Useem 1987: 345). While the US data are much older than the Irish data being presented here, they are possibly a further indication of the disinclination among Irish companies to adopt a proactive approach to corporate giving.

All of the main reasons for supporting the non-profit sector are also reflected in deciding on the level of support. The inter-linked reasons of supporting local community initiatives, advertising and the social responsibility that a company feels towards a worthy cause are incorporated in the finding that the previous level of support was a key consideration (55% of respondents) and that the number of requests received was also important (34%). When these reasons are seen in the context of criteria identified as important such as the reputation of the non-profit organisation, its philosophy, and whether it had received support previously, the significance of the corporate giving process becomes apparent.

The fomenting of a relationship that, according to Smith (1994), represents a reconciliation between profit-making strategies and the welfare of a society is important. Corporate donors proceed quite cautiously in Ireland, however, as support only stands at 0.04 per cent of company turnover. They also appear to be more reactive than proactive and philanthropy has yet to start happening in a planned strategic way.

There may also be an argument for non-profit organisations themselves to become more strategic and to engage in tactical thinking, which, Useem (1987) says, occurs among non-profit fundraisers in the US. What can voluntary organisations do, then, to improve their chancing of funding apart from relocating their operations to become a neighbour and personal friend of the larger corporate donors? The next section will examine routes that corporate funders thought might be explored in order to increase levels of giving.

CORPORATE GIVING IN IRELAND: HOW CAN IT BE ENCOURAGED?

As Table 17 shows, half of responding organisations (and not just those supporting the non-profit sector) thought that government incentives for encouraging corporate support of the non-profit sector were insufficient. A further one-quarter admitted, however, that they did not know anything about government incentives. A similar proportion thought government incentives were sufficient or fairly sufficient. The legal section above outlined the limited range of tax benefits that exist. Clearly, companies feel that more could be done to encourage their activity in this area. This is most likely the case for foreign-owned multi-national companies, which not only benefit from low corporate tax rates but are also aware of the incentives that exist elsewhere, most especially in the US. Interestingly, the literature indicates (Arulampalam and Stoneman 1995, Clotfelter 1985) that a reduction in corporation tax does not lead to an increase in corporate donations. There is possibly some link, therefore, between the low levels of both corporate tax in Ireland and corporate giving. This is not to suggest that taxes should be increased but that corporate giving is not a simple phenomenon (Marx 1999).

Table 17: Opinion on Government's Incentives

	N	%
Sufficient	25	10.3
Fairly sufficient	38	15.6
Insufficient	119	49.0
Don't Know	61	25.1
Total	243	100

Given that half of all respondents thought that current government incentives were insufficient, when asked what the government could do to encourage corporate support, almost two-thirds of respondents requested more tax relief (see Table 18).

Table 18: What Government Could Do to Encourage Corporate Support

	N	%
More tax incentives	130	64.5
Establish protocols for funding	16	7.9
Government cannot do anything	16	7.9
Incentives for giving of time	11	5.4
Increase government support of non-profit organisations	6	3.0
Don't know	4	2.0
Tax deductions to certain non-profit organisations	4	2.0
Subsidies	3	1.5
Set up government-corporate body	3	1.5
Encourage amalgamation of non-profit organisations	2	1.0
Reduce VAT on goods	2	1.0
Donate more lottery funds	2	1.0
Other	3	1.5
Total	202	100

Both actual and potential corporate funders also thought that there was an onus on voluntary organisations to do something to improve their own chances of success in acquiring corporate support (see Table 19). Corporate respondents thought that this course of action could include the non-profit organisation becoming more professional and business like, increasing their marketing and ensuring greater publicity for the corporate donor.

The reasons and benefits for engaging in corporate support of the non-profit sector underlie the respondents' thoughts on what non-profits could do. A focus on advertising and PR as a reason for corporate support is translated into the non-profit organisation putting more effort into marketing and publicity. Considerations that companies take into account when deciding on who or what to support can also be seen in the concern with the accountability of non-profit organisations and the fact that some companies would like to see non-profit organisations reduce their

administration costs. Of most interest, however, was the finding that one in five responding companies thought that the non-profit organisation did not have to do anything. This indicates again that there is a certain lack of strategy underlying the corporate donation process in Ireland. It can also be linked to the lack of formal policies on corporate support and the fact that one-quarter of respondents did not take any considerations into account when deciding on the level of support

Table 19: What Can Non-Profit Organisations Do to Attract Corporate Support

	N	%
Nothing	45	21.9
Become more professional or business like	44	21.0
Greater transparency and openness in financial matters	35	16.6
Increase marketing	27	12.9
Reduce administration costs	22	10.5
Ensure publicity is given for contribution	11	5.2
Reduce over-canvassing	9	4.3
Less fragmentation within the voluntary sector	7	3.3
Don't know	3	1.4
No professional fundraisers	3	1.4
Deliver on promises	2	1.0
Longer planning timetable	1	0.5
Total	210	100

Exploration of corporate donors' thoughts on what the non-profit sector reveals that smaller companies, that is those with a turnover of less than £50m, were most interested in greater transparency among non-profit organisations¹⁰ and improvements made to the marketing strategies of voluntary agencies.¹¹ Companies earning over £50m, on the other hand, were more likely to feel that non-profit organisations did not have to do much to attract support.¹² This would indicate that perhaps some large

companies may be engaging in corporate giving as a matter of course although they have a vested interest in the advertising and PR value of such support. This would suggest that relationships and collaborative ventures between the two sectors deserve greater development and planning.

PHILANTHROPY IN IRELAND

How does corporate giving compare with individual donations and what does corporate support contribute to the field of philanthropy in Ireland? Previous research has indicated that Irish people are fairly generous givers and that individual donations in Ireland comprise a larger proportion of the non-profit sector's income than in many other EU countries (Donoghue, Anheier and Salamon 1999:27). Yet Irish people are not known for giving large single amounts of money and there is no history of large donors in Ireland, which would be unlike the situation in, for example, the US (Ruddle and Mulvihill 1999).

The data presented in this report indicate that corporate giving does not represent a major slice of income to the Irish non-profit sector. At £31.7m (using the highest imputed level, see Figure 2 above), company giving amounts to about 15 per cent of the value of donations from private givers.¹³ Interestingly, this is not much lower than the ratio that has been obtained in the US where it has been estimated that corporate giving amounts to just under 17 per cent of individual giving (Clotfelter 1985). If compared to income from other sources, corporate giving amounts to about one per cent of total income to the non-profit sector and increases the value of all donations from private sources to 11.13 per cent of total income to the non-profit sector (see Donoghue, Anheier and Salamon 1999). Useem (1987) indicates that large non-profit organisations seldom receive more than 10 per cent of their income from corporate gifts – in Ireland this may be a lot less.

Clearly, there is some scope for improvement, therefore. If corporate giving in Ireland is to begin to match US levels (which, it has been noted, do not represent the biggest source of income for the non-profit sector there either), it will need to increase to one per cent of pre-tax profits. Using the turnover data given by respondents to the current research, donating the equivalent of one per cent would increase the level of

giving to £29.1m, rather than the reported £11.78m donated by the sample. For the Top 1000 companies in Ireland, giving at the level of one per cent of turnover would amount to £79.275m (up from the imputed value given in this report of £31.7m). Based on the data supplied by the sample in this report, therefore, corporate giving would have to increase by 25 times its current level in order to approach the one per cent of pre-tax income currently being donated by companies in the US.

A breakdown of support to the non-profit sector from both corporate and individual donors reveals that while individual givers tend to donate to social services and health, corporate support is concentrated in sports, community development and education. In fact, the two types of giving go to quite different sub-sectors of the non-profit sector, which means that low corporate giving to one sub-sector is contrasted with high individual giving to that sub-sector, and *vice versa*. Interestingly, the pattern of individual giving in Ireland appears closer to that of corporate giving in both the UK and US, where donating to the social welfare and health services is popular. The distinction between social services and community development may, however, be academic (see Donoghue, Anheier and Salamon 1999) and classification differences made by corporate donors may also be an explanation. Furthermore, many social services organisations now operate with a community development ethos, that is, they focus on empowerment and social inclusion, which could lead to their being included in either sub-sector.

Table 20: Comparison of Corporate and Individual Giving in Ireland

Sub-Sector	Proportion of Individual Giving*	Proportion of Corporate Giving
Social Services	34	9
Health	27	10
Overseas	15	3
Sports	12	23
Education	7	17
Community Development	2	19
Other	2	11
Arts	1	8

*Source: derived from Ruddle, H and Mulvihill, R (1999): *Reaching Out: Charitable Giving and Volunteering in the Republic of Ireland. The 1997/1998 Survey*, Dublin: Policy Research Centre, NCI. Donating to religion and to 'forget' excluded.

Philanthropy in Ireland is generally underdeveloped in comparison with other countries although several studies have indicated a high level of goodwill and motivation. There are three parties that have a role to play in its development and all three are aware that each of the others, at any rate, should be doing something. In this research, corporate givers have indicated what government and the non-profit sector can do. The Green Paper on the voluntary and community sector, *Supporting Voluntary Activity*, issued in 1997 has indicated what the non-profit sector and donors can do. Meanwhile, an emphasis on funding and on ways in which this can be encouraged has been the focus of the non-profit sector for a long time. Recent examples of this emphasis can be seen in the successful tax reform campaigns mounted by the charity sector culminating in explicit concessions in the Finance Bills of 1995 and 1997.¹³

CONCLUSIONS

A total of almost £11.8m was given in cash and in-kind support to the non-profit sector in 1997. This comprised almost £10.5m in cash and the equivalent of £1.3m in non-cash support. About 90 per cent of respondents gave support to the non-profit sector in some form, over half through a combination of cash and in-kind donations.

Cash only was the second preferred form of giving while those contributing in kind only amounted to a mere five per cent of the sample. An average of £55,063 was given in both cash and in-kind support, which broke down into £51,469 in cash and £10,945 in non-cash support. Imputing the amount of support given by the sample to the Top 1000 companies in Ireland, it was estimated that £31.718m was given by the top companies in Ireland in 1997. This amounts to about 0.04 per cent of turnover, which is lower than in Britain (at between 0.2-0.5 per cent of pre-tax profits) and the US (between one and two per cent of pre-tax income).

Larger companies gave more than smaller companies with companies employing more than 500 people giving over three times the average size of donation. Companies in the Top 500 gave more than other companies in the Top 1000, and companies earning greater than £50m in turnover also gave larger amounts. The number of employees was the most significant determining factor, however. The literature noted that companies that have greater contact with the public tend to give more than other companies. In this research, financial, other services, and other manufacturing gave greater amounts of overall support to the non-profit sector than other sectors.

Sports, community development and education benefited most from corporate donations in 1997. This contrasts with donations from individuals, during a similar period, who showed a tendency to favour social services, health and overseas organisations.

A desire to support the local community was the primary reason for engaging in corporate giving. A sense of social responsibility coupled with an awareness of the value of corporate giving for advertising and PR purposes were other important reasons. Linked to these was the finding that advertising was identified by almost half of all respondents as the greatest benefit of engaging in corporate support. Interestingly, almost one in five companies could not identify any benefits.

Lack of strategic thinking about corporate giving emerged from the findings as only one-third of responding companies had a formal policy. Top and middle management were involved in decisions about who to fund and what to give while the previous

level of support was identified by over half of respondents as the main consideration in their decision making. The most important criteria used to select beneficiary organisations were the location of the beneficiary organisation, its reputation and whether there were any personal connections between the company and the beneficiary. Other important criteria included whether the organisation had been supported previously and its philosophy. All of these factors have been highlighted in the international literature and have been shown to be connected to the corporate donor's self image and the benefit that can be gained from connections with a reputable high profile non-profit organisation.

The lack of strategic thinking emerged again when companies were asked about incentives to encourage more giving. One quarter of responding companies stated that they did not know about current government incentives, while 22 per cent also thought that voluntary organisations did not need to do anything to attract support from actual or potential corporate donors. These responses were contrasted, however, with others who thought more tax incentives would encourage their giving, and those who stressed the importance of voluntary organisations becoming more professional, business like, transparent and accountable.

What Himmelstein (1997) has referred to as the 'struggle between looking good and doing good' was also evident among respondents. For almost half of responding companies advertising was the main benefit of corporate giving, while a smaller but sizeable proportion cited the importance of benefits to the local community, 'good will' and 'good' corporate citizenship.

There are various stakeholders in a corporate entity, as the literature has indicated, whose interests can be met through corporate social responsibility. Companies that respond to these appear to have an edge on others. As the Celtic Tiger continues to roar, the time may be opportune to examine and investigate different means of collaboration in order to satisfy different expectations and needs of both parties. Corporate social responsibility may be only one way of doing this and a more proactive approach coupled with strategic tactical thinking could be of benefit not only to the development of philanthropy in Ireland but to the mutual benefit of the parties involved in the process.

STATISTICAL APPENDIX

1. Significance was measured using chi square for cross tabs, Pearson correlation for others (or else run as part of test). Where significance levels are quoted, the following are used: $p=.001$ (confidence at 99.99% level); $p=.01$ (confidence at 99% level); $p=.05$ (confidence at 95% level).

2. To deduce total giving by the top companies in Ireland, the following calculations were made (see Figure 2 above).

Top 1000 Companies

The average amount given by each responding company (£55,063) was multiplied by 1000 and then weighted by the difference in turnovers between the responding companies and the Top 1000 (0.5759434) in order to reduce the effects of bias (if only based on the sample's response).

Therefore: $55,063 \times 1,000 = \text{£}55,063,000$

Average turnover of sample who give = £146.43m

Average turnover of Top 1000 (Business and Finance data 1997) = £84.3354m

Difference between the two = 0.5759434

$\text{£}55.063\text{m} \times .5759434 = \text{£}31.712\text{m}$

Top 500 Companies

Average given by each responding company in Top 500 = £63,253 multiplied by 500 to impute for all Top 500 companies = £31,626,500

Average turnover of sample in top 500 = £241.926m

Average turnover of Top 500 (Business and Finance data 1997) = 146.45m

Difference between the two = 0.6053503

$\text{£}31.626\text{m} \times .6053503 = \text{£}19.144\text{m}$

3. Giving as Percentage of Turnover

Total turnover of Top 1,000 companies in Ireland (Business and Finance data 1997) =
£79,275.29m

Turnover of sample in study = £29,080.17m

Amount donated by sample (£11.783m) divided by turnover of sample (£29,080.17m)
= 0.04%

Amount imputed as given by Top 1000 (£31.713m) divided by Top 1000's turnover
(£79,275.29) = 0.04%

If amount donated is increased to one per cent of turnover:

The sample would have given £290.8017m

The Top 1000 companies in Ireland would give £792.7529m

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NOTES

1. The ESRI is thanked for providing a database of the Top 1000 companies in Ireland
2. While acknowledging that the response rate is low, it is also quite respectable as a) response rates to questionnaire surveys are not usually high. Marx (1999) doing a survey of top companies in the US, surveyed 2,315 large corporations and received a total of 226 responses, which he said was 'relatively large' because of the type of information he was seeking and who the companies were (Marx 1999: 187); b) a previous shorter questionnaire postal survey of the Top 1000 companies in Ireland yielded a response rate of 17.1 per cent (Lucey, Donnelly-Cox and O'Regan 1997); c) Charities Aid Foundation which conducts regular surveys of corporate giving in the UK recorded a response rate of 20 per cent in 1993 (Lane 1994), and had experienced so many difficulties with response rates that in 1995 decided to redesign and shorten the questionnaire to one page (Pharoah 1996).
3. Interestingly, a survey conducted by the Irish Charities Tax Reform Group in 1997 as part of a pre-Budget submission on tax relief for corporate support of charities calculated that corporate donations to charities amounted to not more than £11m. (Irish Charities Tax Reform Group 1997:6).
4. Comparisons with the US are not possible to make because social services are classified with health as 'health and human services' (Marx 1999, Useem 1987).
5. Significant at $p=.008$
6. Significant at $p=.034$
7. Significant at $p=.006$
8. The Irish data cannot be compared to the British data because pre-tax profits, rather than turnover, are used as a measuring criterion in the British surveys. In the pilot to the current survey, the question on pre-tax profits was very unpopular and was dropped from the survey proper as a result. Turnover was perceived as less problematic to provide and 96 per cent of companies who provided data on giving (N=205) gave details of their turnover, which indicates that it was a less contentious question.
9. Significant at $p=.050$
10. Significant at $p=.021$
11. Significant at $p=.006$
12. Significant at $p=.044$
13. This was derived by comparing corporate giving to individual giving data as detailed in Ruddle and Mulvihill (1999) but excluding individual donations to religion and those that 'forgot' to whom they donated (see Clotfelter 1985).

13. As the Fiscal and Legal Context section indicated, tax relief, which benefits non-profit organisations, is available on individual donations to third world charities. Corporate donations are also tax deductible as an ordinary business expense to a list of approved charities. A pre-Budget submission on extending tax relief on individual donations to domestic charities (Ernst and Young/Policy Research Centre 1999) has not, at the time of writing, achieved its aim although there are indications that it may be considered in the Finance Bill 2000.

