

# Giving Beyond Borders:

## A Study of Global Giving by U.S. Corporations



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SCHOOL OF PHILANTHROPY  
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## **A Study of Global Giving by U.S. Corporations**

Sponsored by



Researched and Written by



**LILLY FAMILY  
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INDIANA UNIVERSITY  
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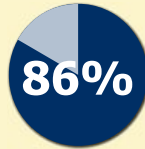


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October 2013

### Snapshot of International Giving



Companies that give internationally plan to **increase or maintain** their international giving budget size in the next fiscal year.



### Factors Influencing International Giving



NEEDS IN RECIPIENT COMMUNITIES

78%



A COMPANY'S FINANCIAL PERFORMANCE IN RECIPIENT COUNTRY

52%

### Factors Influencing Nonprofit Partnerships



NONPROFIT'S EFFECTIVENESS IN PRODUCING RESULTS

68%



NONPROFIT'S ACCOUNTABILITY

25%



NONPROFIT'S REPUTATION

17%

### Scope and Scale of Foreign Operation Matters

(between 2000 and 2010)



Companies with at least one foreign subsidiary gave more charitable gifts at the million-dollar-plus level than companies with no foreign subsidiaries.



Companies with a larger share of overseas sales revenue gave more internationally at the million-dollar-plus level.



### Growing Global Philanthropy

**CORPORATIONS:**  
Make sustained investments that create lasting change in beneficiary communities.



**NONPROFITS:**  
Demonstrate and quantify impact and value.

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# Research Background

About two decades ago, important questions were raised for future research studying multinational corporations' social responsibility:

- “To which society should a multinational enterprise be responsible—home, hosts, or all of these?”<sup>1</sup>; and
- “To which society's values does a company refer when making its principled decisions?”<sup>2</sup>

As globalization opens new international markets, companies are adapting their strategic focus to evolving business conditions. Stakeholders now dot the globe—employees, shareholders, suppliers, sales agents, customers, and competitors. Corporate social responsibility, especially corporate philanthropy, is often considered critical to a company's success in many countries. How do U.S. companies realign philanthropic strategies in response to this increasingly connected world? Are they able to maintain the unique American philanthropic model and philosophy? And how do they find shared economic and societal values to address social issues in an international context? This

research aims to contribute to the debate surrounding these critical questions by providing a snapshot of large U.S. companies' global philanthropic engagement.

Beginning in January 2013, this study involved three phases: 1) secondary research analyzing data on the top 100 companies on the 2012 Fortune 500 list; 2) a web-based survey of a select group of Fortune 500 companies; and 3) case study interviews with four large U.S. companies. Key findings from these three research phases are organized into eight sections in this report: International Giving, Giving Strategies, Philanthropic Funding, Partnerships, Disaster Giving, The Context, Evaluation, and Future Outlook. A detailed discussion of methodologies employed in each research phase can be found in the Research Methodology section of this report.

We greatly appreciate the invaluable insights provided by all companies that participated in the study and hope that this report will help both corporations and nonprofits create positive, lasting social change in this global community.

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<sup>1</sup> Wood, D. J. (1991). Corporate social performance revisited. *The Academy of Management Review*, 16(4), 691-718, p. 701.

<sup>2</sup> Wood, D. J. (1991). Social issues in management: Theory and research in corporate social performance. *Journal of Management*, 17(2), 383-406, p. 397.

# Key Findings

**C**ompanies increasingly expand their philanthropic initiatives globally, opening many questions for practitioners and researchers. How do companies donate across borders? What factors influence their philanthropic decision-making? What attributes do companies look for in a nonprofit partner? In which areas do companies seek improvement in the future? This study provides insights into these questions by analyzing the data obtained from secondary databases, a web-based survey of a select group of Fortune 500 firms, and interviews with four large U.S. companies. A total of 59 companies took part in the survey, representing the various sizes and industries of Fortune 500 firms.<sup>3</sup>

This section details key findings for corporate giving domestically and abroad. International giving is covered exclusively in Snapshot of International Giving and Practices of International Giving, while Strategies of Overall Charitable Giving and A Strong Emphasis on Evaluation explore both domestic and foreign giving.

## Snapshot of international giving

### Giving internationally (see page 7)

In the past fiscal year, nearly 60 percent of companies (27 out of 47 companies responding to international giving questions) reported foreign charitable donations.

### Giving to developing countries (see page 7)

Many companies that gave internationally supported end recipient organizations in both developed and developing countries, with 19 percent giving only to developing countries.

### Giving by region (see page 8)

Asia and the Pacific region attracted the most attention from companies that donated internationally, with a majority (70 percent) giving to this geographic area.

### Outlook for international giving (see page 9)

Interest in international giving will persist to the next fiscal year, as more than four-fifths (86 percent) of companies that gave internationally reported planning to increase (19 percent) or maintain (67 percent) their foreign giving budget size.

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<sup>3</sup> The exact number of responding companies varies for each survey question. Please refer to specific sections in the report.

## Practices of international giving

### **Geographic distribution** (see page 8)

Most surveyed companies that gave internationally did not focus on a specific geographic region. Nearly 60 percent made charitable contributions globally to almost every geographic area or without a specific geographic focus, while 26 percent gave in a focused manner, giving to only one or two regions.

### **Decision makers** (see page 11)

Regional and local offices have more autonomy in decision-making for international giving, while decision-making around overall (both domestic and international) charitable activities is generally centralized.

### **Giving channels** (see page 13)

When giving overseas, most companies donated through multiple channels to support end recipient organizations abroad. A majority (93 percent) of companies that gave internationally reported giving through U.S. nonprofits. About three-fifths (63 percent) made their charitable giving directly to foreign organizations equivalent to U.S. nonprofits.

### **Scope and scale of foreign operation matters** (see page 9)

Analysis of Fortune 100 companies' million-dollar-plus charitable gifts, their financial performance, and other attributes finds that operating in foreign markets influences their large international gifts.

Companies with at least one foreign subsidiary gave more gifts at the million-dollar level and above between 2000 and 2010 than companies that had no foreign subsidiaries.

Companies with a larger share of overseas sales revenue made more international gifts, and gave more internationally, at the million-dollar level and above between 2000 and 2010, compared to companies with over 90 percent of sales revenue from the U.S.

### **Host country factors influencing foreign giving** (see page 11)

"Needs in local communities" is the most influential factor determining corporate overseas giving, selected by the highest share (78 percent) of surveyed companies that gave internationally. "The company's business operation or financial performance in the host country" ranked the second, indicated by about half (52 percent) of companies.

### **Nonprofit vetting and employee engagement are most needed resources** (see page 13)

The top two resources that surveyed companies identified as most beneficial to their charitable involvement overseas are:

- "Vetting of nonprofits and facilitation of partnerships with international nonprofits" (50 percent); and
- "Employee engagement strategy" (46 percent).

## Strategies of overall charitable giving

### **Seeking a match between business mission and philanthropic passion** (see pages 17-20)

Companies' overall charitable giving goals reflect a widely held emphasis on shared value. The top two goals identified for giving by surveyed companies were "supporting the company's mission and values" (95 percent) and "giving



back to the communities where the company operates” (91 percent).

The notion of shared value is also reflected in companies’ decision-making over charitable funding. Surveyed companies most frequently prioritized “alignment with business objectives” and “needs in local communities” when making funding decisions.

**Building a sustainable business-nonprofit partnership** (see page 22)

When companies consider establishing or maintaining a relationship with recipient organizations, factors that encompass the shared interests of companies and nonprofits generally ranked higher than the attributes of nonprofit organizations themselves. The alignment between a nonprofit’s mission and a company’s philanthropic focus ranked as the most important deciding factor for companies (selected by 77 percent). Companies also prioritized the effectiveness and efficiency of nonprofits in

producing results over other organizational attributes (indicated by 68 percent).

**Company size, profitability, and risk matter** (see page 30)

Analysis of Fortune 100 companies’ charitable giving, their financial indicators, and other attributes reveals that companies’ charitable giving is influenced by their financial performance. There is evidence that companies give when they are financially successful, but they decrease their giving when cash is tight.

**A strong emphasis on evaluation** (see page 32)

Companies increasingly emphasize measurement and evaluation of philanthropic initiatives. The interviewed companies in this study expressed a desire to evaluate and measure the long-term, sometimes intangible, impact of their giving. Developing approaches to track both quantitative and qualitative measurements of philanthropic engagement helps inform better decision-making.

## Implications

**T**his study provides key insights and implications both for companies expanding their philanthropic footprint internationally and for nonprofits partnering with corporate funders to address social issues around the globe.

Reflecting their growing global engagement, many companies seek to refine their existing philanthropic strategies. An important step in doing so is reaching out to employees, customers, and other stakeholders to identify shared economic and societal values both in the home market and host countries. Matching the company's business mission and philanthropic passion domestically and internationally builds the foundation of a sustainable corporate giving program. Integrating this philanthropic involvement into the company's overall strategic planning can bring long-term value to the business, philanthropic partners, and local communities. Social media provides companies another tool to engage stakeholders in global charitable initiatives.

Partnerships present both opportunities and challenges. In a business-nonprofit relationship, the nonprofit is often the key player that brings other funders and local organizations together in a partnership. Sharing a common cause,

openness to new ideas and possibilities, and trust and honesty all contribute tremendously to a successful relationship. Leveraging each other's resources and expertise, companies and nonprofits can work together to test and improve solutions to address social challenges. Partners may find it helpful to look beyond surface-level issues to consider the underlying community context and environmental causes.

Deepening evaluation and strengthening sustainability are two overarching themes for future corporate philanthropy. Today's world is data-driven. Effectively producing results is important; presenting immediate and long-term impact is just as crucial. As companies shift from measuring output and outcome to quantifying long-term impact, they seek partnerships with nonprofits that prioritize results-driven effectiveness and efficiency. Nonprofits can integrate quantitative and qualitative evidence to illustrate their success and capacity.

Sustainable philanthropic engagements continue indefinitely, supported by the community, after the initial partners have left. Both corporations and nonprofits should consider how to form, manage, and transition out of partnerships over time, while respecting the individuals and communities they serve.