



Systematic deconstruction of corporate charitable donation: Data from corporations between the year 2009 and 2011

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ABSTRACT

In recent years, corporate donations has become very popular, which can be an effective way to share corporate social responsibility and solve many social problems. Corporate donation behaviors in eastern China from 2009 to 2011 are analyzed in detail from aspects of motivation, dimension and planning by SPSS11.5 in this paper. Based on descriptive statistics analysis, the results are as follows: (1)Long-term interest is the major donation motivation and domestic and foreign corporate donation ideas are different; (2)Corporate donation structure is more strategic, including field, pattern, amount and non-profit organization selected; (3)But there is severe lack of corporate donation planning. Besides, enterprise scale, stage of development and other factors also have an influential impact on corporate donation management conditions.

Key words: Corporate donation, deconstruction, motivation, dimension, planning

INTRODUCTION

With the aggravation of global business competition, companies begin to change their traditional social welfare behaviors for resources and cost considerations and integrate public charity into the overall strategic plan of enterprise, intended to achieve the win-win of economic and social benefits, which promotes the further development of corporate donations. In recent years, corporate donation has renewed and developed a broader donation field involved, including education, arts and culture, medical care and health, environmental protection and community building etc., and donation resources are very rich, in addition to funding, embracing products, equipment, personnel services, training etc.. Moreover, the effectiveness of donations is emphasized by corporations and entrepreneurs who want their charitable donations to achieve desired objectives. Entrepreneurs are intended to improve their reputation, and meanwhile companies want to increase brand awareness level, loyalty of customers and employees and corporate image through donations. It can be predicted that, with the improvement of internationalization level and gradual maturation of philanthropic philosophy, all companies will participate in donations to a certain extent, and the behavior of charitable donations will be gradually incorporated into the management of enterprise as well, being an indispensable part of enterprise development strategy.

Multinational corporations with mature charity concept, through extensive community involvement activities and cooperation with local non-profit organizations, integrate donation behavior with corporate strategy closely, and a standardized and systematic operation mechanism has been formed. However, although the charity donations of Chinese enterprises have also made a great contribution, charity awareness is relatively backward, and donation programs have not combined with corporation development strategy and business interests. Thus, corporate donation behaviors in eastern China from 2009 to 2011 have been investigated and analyzed in detail from aspects of motivation, dimension and planning in this paper, attempting to explore the characteristics of corporate donation behaviors and decision-making management methods and provide experience and theoretical guidance for the charity strategy-choosing of Chinese enterprises in order to compete in the future.

EXPERIMENTAL SECTION

Data collection and sample survey

Data are collected for research by questionnaire survey. Sample selection includes corporations in eastern China. The reasons for sample selection in eastern China are listed as follows. (1) The demand of research design. Eastern China is the multiple economic district made up of 6 provinces (Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shandong) and 1 cities (Shanghai). There are many corporations of different ownership in eastern China which is one of the largest economic districts. And there are both old traditional industries and new growth industries in eastern China. (2) Sample in eastern China is representative of corporations nationwide. Corporations in eastern China are competitive and their economic profitability is in the forefront among companies nationwide. Therefore, the idea of "corporate social responsibility" is introduced earlier than in other districts. More corporations in eastern China donate to the society than that in other districts. (3) Data can be attained. Our work team has made close cooperation with corporations of eastern China in recent years. These enterprises are willing to provide some information and give an interview, after we connect with them. So a mass of data can be attained easily.

In order to ensure the number of samples and satisfy the need of distribution regions as much as possible, we take advantage of many channels to collect samples, including internet search, direct mail, employment consultation agencies, focused interviews and personal relationship and so on. Because senior managers may have more donation information, all questionnaires are filled out by middle and upper managers of enterprises in our study. 2538 questionnaires are sent through different channels, and 617 of them are reclaimed, that is, the reclamation rate of 24.3 percent. 135 of 617 regained questionnaires are cast away because of too many blank and obvious mistakes. So we receive 482 valid questionnaires and the valid rate is 78.2 percent. In other words, 482 enterprises had made donations between 2009 and 2011 of eastern China in our study.

Descriptive statistics of sample enterprise characteristics

There are three parts in the questionnaire, that is, motivation, dimension and planning of donations. Motivation of corporate donations includes 3 items, while dimension of corporate donations consists of 4 items. 7 items are listed to analyze the planning of donations. By using SPSS11.5 software to process the data, we make an application of descriptive statistics to the analysis of data of corporate donations. According to 482 valid questionnaires, we make a descriptive statistics analysis of enterprise characteristics (see table 1).

Table 1: Descriptive statistics of enterprise characteristics

Enterprise Characteristics	Item	Frequency	Item	Frequency
district	Shanghai	79	Fujian	46
	Jiangsu	96	Jiangxi	42
	Zhejiang	83	Shandong	82
	Anhui	54		
ownership	state-owned			224
	private			163
	foreign-owned			95
size	Large			249
	Middle			103
	Small			130
stage	Pioneering			56
	Growth			187
	Maturity			160
	Decline			77

RESULTS AND DISCUSSION

Motivation of corporate donation

Based on the previous analysis, corporate donation motivations could be divided into three categories: public altruistic motivation, short-term business strategy motivation and long-term mutual benefit motivation in our study. As we can see from the further descriptive statistics for the donation motives of corporations of different economic natures, the pure public donation motives of state-owned enterprises (including state-owned, state-holding and state-owned shareholding) and private enterprises account for 45.6% and 41.2%, while long-term mutual-benefit motivation in foreign enterprises accounts for 83.7%, reflecting differences between concepts of foreign and Chinese corporate donations (see table 2). Charitable participating concepts of domestic enterprises has not been yet mature, still stuck in the initial stages of pure altruism, and corporate donations mostly stem from benefit of the community, to seek a self-fulfillment sense of accomplishment or goodness philosophy of business managers [1]. Therefore, more ethnic emotions and individual will are involved in domestic corporate donations. Although it pays more attentions to the balance between human social demands and spiritual life, it appears fragmented and haphazard due to lack of effective integration with rationality [2]. In contrast, donations from foreign enterprises are mostly derived

from the long-term win-win and mutual-profit motivation, embodying the charitable cultural concept of "corporate citizenship" that companies can not only pursue profits, but also bear responsibility for environment and community. It is understandable that enterprises should also enjoy the corresponding rights while fulfilling responsibilities and obligations, such as publicizing image, improving reputation and so on. Hence, corporate donations become autonomous and conscious social moral behaviors of foreign companies and combine with corporate development strategies and marketing development strategies, to form a sustainable institutional operational mechanism, so the donation effect is relatively remarkable.

Table 2: Corporate donation motivations based on enterprise nature

Motivation	State-owned	Private	Foreign-owned
Public altruistic	45.6%	41.2%	9.1%
Short-term business strategy	13.9%	27%	7.2%
Long-term mutual benefit	41.5%	31.8%	83.7%

Dimension of corporate donation

Target field of corporate donations

Corporate donations are oriented to extensive fields, and Lu Hanlong (2000) has divided the fields of corporate donations into two categories- provision of public assistance and promotion for social development. Specifically, the public assistance category comprises disaster relief, poverty relief, social welfare, community services, health care etc. The social development category embraces environmental protection, education and scientific research, sports, culture and other fields. Nearly 10 donation fields of 482 companies have been analyzed and surveyed. It shows that corporate donations mainly concentrate on disaster relief, education and scientific research, poverty alleviation, and environmental protection in years of 2009-2011, and the proportions are 56.9%, 53.1%, 40.2% and 36% respectively (table 3). The others are social welfare (25.3%), medical care (19.6%), community services (17.7%), and sports accounts for the least, indicating that only 7.8% of companies donated this subject. From the aspect of enterprise nature, 70.8% of state-owned enterprises, 52.4% of private enterprises selected "disaster relief" as their main donation fields. Another 57.3% of state-owned enterprises, 46.6% of private enterprises and 68.3% of joint ventures chose "education and scientific research" as the main direction of donation. In summary, most domestic enterprises donate in the direction of "relief", while "education and research" has become the most important donation field whatever the nature enterprises are. Apparently, corporations take advantage of the extensively interactive characteristics of educational donations, expanding donation influential range, which reflects the strategy consciousness of enterprises during the process of charitable donation. Further analysis shows that the donation field of domestic enterprises hardly correlates with the business, while in the choice of donation field, most of foreign firms would choose to donate the exact business or related fields, focusing on donation strategy.

Table 3: Target field of corporate donations

Category	Field	Percent
Public assistance	disaster relief	56.9%
	poverty relief	40.2%
	social welfare	25.3%
	community services	17.7%
	health care	19.6%
Social development	environmental protection	36%
	Culture	9.9%
	education & scientific research	53.1%
	Sports	7.8%

Pattern of corporate donation

Many scholars have studied the forms of corporate donations, such as Austin [3] in America and CHEN Jing-hua [4] in Taiwan. Monetary donations, in-kind donations (including donations of the products and products of other enterprise), providing professional and technical services, encouraging employees to serve as volunteers (volunteer service) etc. are five sorts of enterprise donation patterns [5]. It is demonstrated by survey results that, among donated resources, the vast majority (89.6%) of enterprises tend to adopt monetary donation that is direct and simple, without excessive management processes and operation procedures, and can achieve their goals rapidly. 37% of the enterprises donate their own products, so that on one hand the recipients can be benefited directly, and on the other it also helps to promote the circulation of enterprise products, expanding corporate reputation. A large number of 19.2% of enterprises adopt the approach of encouraging employees to participate in volunteer service, while corporations that donate professional and technical services account for 14.5% of the amount. Because other enterprise products are less relevant to donated fields and the recipients, only 6.9% of the companies chose to donate products of other corporations. In addition, a very small number of enterprises (2.8%) adopted other donation

pathways except the above-mentioned five kinds of donation patterns, such as participation in public projects and the construction of welfare facilities.

As regards corporate nature, 92.4% of state-owned enterprises choose monetary donation pattern, relatively homogeneous. Private enterprises tend to combine monetary (79.8%) with product (43.6%) donation. Moreover, foreign enterprises donated funds (83%), equipment products (45.3%), technology (21.7%) and services (22.1%) simultaneously.

In regard to the analysis of the donations of enterprises at different development stages, regardless of the stage enterprise at, cash donations account for the largest proportion, in detail, of 65.3%, 80.1%, 82.5% and 74.2% at pioneering, growth, maturity and decline stage respectively. Specifically, for corporations at pioneering period or growth stage, they mostly donate their products to establish a brand, while enterprises at mature stage adopt a variety of pathways to donations, and product donations and volunteer services are also popular except cash donations. Nevertheless, non-business products and professional technical services were relatively less donated. Besides, enterprises in a recession only adopt cash donations and volunteer service donations.

Amount of corporate donations

The 482 companies that had donated from 2009 to 2011 differ greatly in average annual donation amount due to their different scales and economic strength difference. Based on the results of this survey, the average annual donation amounts of enterprises in eastern China will be divided into the following categories: small donations of <¥ 200,000, medium donations of ¥ 200,000 ~ ¥ 1 million, substantial donations of ¥ 1 million ~ ¥ 5 million and huge donations of >¥ 5 million. Obviously, the amount of corporate donations currently presents the trend of “small sides and large center”. As shown in Figure 4, medium donations account for 51.5% (above 1/2) of the sum, and 27% of corporate donations are small donations, while substantial and huge donations accounts for only 21.5%, where the proportion of huge donations is less than 10%. (See table 4)

Table 4: Average annual amount of corporate donations

Average annual amount of corporate donations (Yuan)	Percent	
Small amount	Under 100,000	12.3%
	100,000-200,000	14.7%
Middle amount	200,000-500,000	28.6%
	500,000-1million	22.9%
Large amount	1million-3 million	11.1%
	3 million-5 million	5.4 %
Enormous amount	Over 5 million	5%

Non-profit organizations selected

The “Public Welfare Donations Law” of China stipulates that natural persons, artificial persons or other organizations may choose public welfare social organizations or nonprofit institutions meeting their donation willingness to donate, and the donated property shall be entitled to dispose and legitimate. The so-called alleged public welfare social organizations refers to foundations, charitable organizations and other social groups established by law, for the purpose of the development of public welfare. The nonprofit public welfare institutions are non-profit educational institutions, scientific research institutions, health care institutions, public cultural institutions, public sports organizations and social welfare institutions etc. established by law and engaged in public welfare undertakings [6]. As a result, corporate donations would be realized through these nonprofit organizations, so the choice of non-profit organizations is an important factor affecting donation effect. Survey results exhibit that the mostly selected three organizations are China Charity Federation and its branches, Project Hope Foundation and the Young Volunteers Association with selection proportion of 56.8 %, 47.2 % and 31.3% respectively. Thus, these three non-profit organizations are the donation agencies with great popularity, most well-known by enterprises.

Planning of corporate donation

For the 482 companies that had donated, the following questions were organized in this paper to investigate their donation management states. Q1: Whether a special department has been established to manage donations. Q2: Whether a dedicated philanthropic capital budget has been established in the enterprise. Q3: Whether a complete annual donation program has been formulated. Q4: Does your company have a detailed understanding about recipients? Q5: Whether the enterprise has a complete evaluation system for donations. Q6: The willingness of enterprise to continue donation. The overall donation management of enterprises are described in table 5.

Table 5: Planning of corporate donations

Question	Item	Frequency	Percent
Q1	yes	243	50.4%
	no	239	49.6%
Q2	yes	80	16.6%
	no	402	83.4%
Q3	yes	106	22%
	no	376	78%
Q4	yes	289	60%
	no	193	40%
Q5	yes	74	15.4%
	no	408	84.6%
Q6	yes	387	80.3%
	no	27	5.6%
	probable	68	14.1%

243 enterprises had established special departments to manage donations, accounting for 50.4% of the sampling amount. Secondly, only 80 enterprises had established a dedicated charitable fund budget, accounting for 16.6% of the sum. In addition, 106 companies of 22% of the sum had formulated a complete annual donation program. On the other hand, 289 companies (60%) have a detailed understanding of donated objects, but only 74 companies (15.4%) had established a complete system to evaluate donations. With regard to the survey of willingness to continue donation, most of the enterprises (80.3%) declared that they would proceed to participate in donations, while a small number of enterprises (14.1%) hesitated to donate in the future, and only 5.6% did not prepare to continue donation. Overall, these corporations paid significantly insufficient attentions to the management of donations, and most of the enterprises had not formulated donation programs, with a lack of communication and interactions with recipients. Meanwhile, the donation effect was rarely to be evaluated and summarized. The further specific analysis of donation management situations of enterprises with different natures and at distinct development stages is described.

Although the overall donation management situation of enterprises is not excellent, after the analysis of enterprises with different economic natures, it can be seen that joint ventures account for the largest proportions of 38.5%, 46.0%, 60.2%, 31.8% and 49.5%, from all aspects, of donation department establishment, charitable funds budget establishment, donation program formulation, the understanding of recipients and the establishment of donation evaluation system, respectively. Private enterprises also account for large proportions to set up charitable funds budget, to understand donation objects and the establishment of donation evaluation system, only smaller than those of joint ventures, of 21%, 27.5% and 26% respectively. While the state-owned enterprises possess smaller proportions in aspects of donation program, evaluation and so on, less than 1/5. Thus, the foreign-funded enterprises appear to be slightly superior to domestic firms in regards of donation organization, decision-making and evaluation, which is an influential reason for the lower effect of domestic corporate donation.

CONCLUSION

Primarily long-term interest motivation and Chinese and foreign corporate donation idea variance

Study has proven that pure public motivation, short-term profit motives and long-term interest motivation are the main reasons for corporate donations. In the survey, most of foreign enterprise and about 50% domestic enterprise donations generate from mutual-benefit long-term profit motive, illustrating the charity culture concept of "corporate citizenship" that enterprises can not only seek interests, but also bear responsibility for environment and community [7]. It is understandable that enterprises should also enjoy the corresponding rights while fulfilling responsibilities and obligations, such as publicizing image and improving corporate reputation etc. corporate donations turn out to be autonomous and conscious social moral behaviors of these companies and combine with corporate development strategy and marketing development strategy and a sustainable institutional operational mechanism has been formed. However, charitable involvement concept of some domestic enterprises has not been yet mature, and corporate donations mostly generate from benefiting society, seeking a self-fulfillment accomplishment sense or goodness philosophy of business operators. Hence, more ethnic emotions and individual willingness are embraced in some domestic enterprise donations.

More strategic corporate donation structure

In summary, enterprises have gradually realized the correlation between strategic goals and donation objective fields. Overall, the target range of corporate donations is relatively extensive, involving education and scientific research, poverty alleviation, disaster relief, physical health care, cultural undertakings, medical care, social welfare and other aspects. Among them, most domestic enterprises donate for the purpose of "Disaster relief", aiming to raise donation influence and attraction, and it is relatively practical. While foreign donations emphasize "education and research" strategically, apparently taking advantage of the significantly interactive characteristics of educational donations. It is seen that whether domestic or foreign enterprises, their donations focus on "education and research".

Thus, regardless of domestic or foreign-funded, all the donation fields are of purpose and relevance. But the donation fields of domestic corporations have little relevance to the own business, comparatively, which affects donation effect to some extent.

In the past, most companies only conducted monetary donation, which means the donation form is single. Recently, with the conversion of charitable strategy, enterprises not only make full use of their own resources combined with business natures of their own, while engaged in charitable activities, but also pay more attention to the diverse needs of recipients, making donation pathways increasingly various. In addition to cash, enterprises have extended donation resources to products, equipment, personnel, technology and many other aspects, and many enterprises even have established partnerships with nonprofit organizations to carry out charitable activities together, on account of complementary advantages. In this survey, monetary donation remains the most common and straightforward donation pathway. Not only because its operating procedures are simple, but the effect is significant. Simultaneously, products, personnel and technical services were also frequently donated, and many companies adopted a donation pattern using a combination of various resources.

The overall average annual amount of corporate donations presents the tendency of “low sides and high center”. Medium donations account for the highest proportion, while small and substantial (including huge) donations are of small ratios. A large number of enterprises begin to focus on social welfare act while obtaining considerable economic benefits recently, to establish a good image and explore international market, which is illustrated by the increase of donation amount to some extent.

Generally, enterprises tend to choose non-profit organizations with adequate resources, qualified personnel, high impact, extensive social networks, and standardized management mechanism, to make a donation. It is indicated by the survey that the mostly famous three non-profit organizations are China Charity Federation and its branches, Project Hope Foundation and the Young Volunteers Association. Enterprises can participate in and complete donations through these agencies, and donation goals could be reached.

Severe lack of corporate donation planning

Overall, from donation plan formulation, recipient selection to donation effectiveness assessment, enterprises lack sufficient attentions to aspects of donation management. However, besides this, the donation management conditions of enterprises with different economic natures are still distinct. More attentions are paid by foreign-funded enterprises to donation program, and the majority of foreign-funded enterprises donate according to the annual budget, while a special department has also established to manage donations. Moreover, corresponding institutional system has also been established to constrain and standardize recipient selection and donation decision-making process. In contrast, domestic enterprises are generally inferior to foreign-funded enterprises in terms of donation program, organization, decision-making and evaluation. Above all, the enterprises lack systematic donation program and clear donation goals, and many of them just drift along without purpose. Secondly, insufficient organization and management of donation results in blindness, arbitrariness, and passive donations. Moreover, donation decision-making process is simple and dominated by human factors. The entire process is neither managed by dedicated departments nor constrained by special system, not to mention the evaluation of donation effect. Only the corporate senior leaders make the decision on whether, what and how to donate according to government or social mobilization. It is obvious that the donation management situation, i.e. ambiguous objective, inefficient decision-making and lack of organization, is the main reason for the low efficiency of domestic corporate donation.

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