

## **Corporate Giving**

**By Dr. Jennifer Newman and Dr. Darryl Grigg**

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Is it better to give than receive?

When it comes to corporate giving, both bring benefits.

While corporate giving is clearly good for the recipient of a donation, it has also been shown to bring psychological benefits to the staff of the donor organization.

Corporate giving falls into two general categories - sponsorship and philanthropy, said Faye Wightman, President and CEO of the Vancouver Foundation, which administers endowments and granting funds to B.C. community groups. She described corporate giving as a continuum.

“At one end are anonymous donors who don’t want to be identified or tell the agency how to spend the money (philanthropy) and the other end, a company says, ‘I’m buying the rights to this and I’ll want to tell you how to use the money (sponsorship),’” she said in a recent interview.

Corporate sponsorship is often seen as a marketing opportunity. Companies obtain a return on their sponsorship “investment,” enhance their profile, associate their logo with a cause or attract customers who support that cause. Giving becomes a type of contractual relationship between the recipient of the sponsorship and the donor—the charity features the sponsoring company in exchange for the financial support.

Many charities could not exist without this type of reciprocal relationship. Charities must account for each dollar spent, and by law they must spend 80 per cent of monies received on providing the services they exist to deliver. There is only 20 per cent left over for operating costs and fund raising. Enter corporate sponsorship. A company may fund something such as a marathon to help a charity. Spending by the charity on this type of fundraising event would

otherwise be prohibited since the charity does not exist to raise funds, but to deliver a service.

Corporate philanthropy means giving and asking for nothing in return – no logo associated with a charity, no role in telling the charity how it would like to see the monies spent. Instead, charities ask companies that engage in philanthropy if the charity can publicly recognize the gift.

Companies that engage in philanthropy tend to give regularly to the charity, sustaining it in a different way than is expected when charities accept sponsorship contracts.

What is the effect of these two types of giving on employees of the donating organization?

“Both forms of giving - sponsorship and philanthropy -benefit employees because giving gets employees involved and makes staff feel good”, observed Wightman.

When a company engages in giving, whether philanthropic or as a sponsorship, staff experience three highly positive psychological benefits regardless of the type of giving program:

### **1. Pride**

Many employees experience increased pride in their organization when they see it helping a charity, whether it's through no-strings-attached philanthropy or corporate sponsorship. Giving lets employees feel they're associated with a good cause, contributing to something important and helping others. For many, it is important to feel good about the company's public image and for it to be seen doing something worthwhile. When employees can be proud of their company because it is involved in giving back to the community in some way, they derive a sense of self-pride by association. This means staff can be proud of themselves because they work at a company that cares about others. Being associated with an organization that gives can be a source of immense satisfaction for some.

## **2. Meaning and Purpose**

Staff can experience increased meaning and purpose as a result of their company's generosity. Giving offers people a sense of being a part of a cause larger than themselves and of making a difference in others' lives. Corporate giving lets staff define their purpose at the organization as larger than their usual roles. Rather than confining their self-image to their single position at the company, employees can experience themselves in an expanded role of someone who assists others, expends energy for a cause or is a good neighbour. Employees see that the company exists not only for its stated business purposes, but also to provide opportunities to charities that need help. Work can become more meaningful when they observe that their efforts are benefiting others, as well as their employer.

## **3. Commitment**

Being a part of a corporate-giving initiative provides staff with a sense of commitment to a charity and to the company's part in that initiative. They may feel that the company is a place where they can be proud to work and where what they do matters in a larger context. Many employees help to choose the agencies their companies donate to and this inspires a sense of ownership of the charitable initiative. It also inspires a sense of ownership regarding the company's good works. People identify the company and the charity as "their's" which enhances the commitment to both. They may say, "I help my company achieve its charitable goals." or "That's our charity and this project helps my community."

While these benefits come through any kind of corporate giving, they can be enhanced through corporate philanthropy. According to Wightman, with corporate sponsorship, "Employees can tell the difference between sponsorship for marketing purposes and philanthropy for purely charitable purposes in which there is no expectation of getting a measurable benefit back."

Staff still derive psychological benefits from giving, no matter what the form.

Yet the sense of pride, commitment, ownership, meaning and purpose are even greater in connection to philanthropic giving.

Faye Wightman will be speaking at The Vancouver Board of Trade on Thursday, June 7<sup>th</sup> at the 2007 Psychologically Healthy Workplace Awards. Tickets can be purchased through [www.boardoftrade.com](http://www.boardoftrade.com)

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