CORPORATE SUPPORT OF HIGHER EDUCATION: TRENDS IN CANADA AND THE UNITED STATES

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Abstract

U.S. and Canadian trends in corporate philanthropy and support of higher education are presented for the past 11 to 15 years. Comparative analyses reveal different corporate priorities and giving agendas which signal the need for unique approaches to university and college fundraising in each country. Though the percentage of U.S. corporate contributions allocated to higher education has not changed in 11 years, Canada's institutions of higher education appear to be competing directly with beneficiaries in culture and the arts, in terms of annual corporate giving priorities. Regarding allocations for various purposes within higher education, U.S. firms tend to have sponsorship agendas that follow established priorities and are programmatic in nature, unlike Canadian companies whose support for these purposes has varied considerably. This gives university and college fundraisers in Canada an opportunity to establish and nurture long-term programs of corporate support for capital projects, research, and student financial aid.
Although the enrollment declines of many university and college programs have been a prime cause of fiscal trouble for institutions in higher education, a deeper and more basic problem is the spectre of chronic underfunding. Underfunding leads to the deterioration of an institution's capacity to attract or hold competent faculty and bright students, to revitalize its mission and goals, and to muster the resources that are needed to create and disseminate knowledge in an era of rapid technological change and intense international competition. More concretely, underfunding leads to obsolescence in an institution's bricks and mortar, its capital equipment and teaching facilities. In addition, when an institution resorts to continual austerity measures to counter a state of underfunding, this has a thoroughly demoralizing effect on the people that can make a college or university relevant and excellent. The effects of underfunding are, consequently, painfully hard to reverse.

In the United States, public institutions of higher learning rely heavily on government funding as a source of operating income, though the tax structure is such that it tends to encourage giving from private sources. This reliance on public funds applies also in Canada, but there is a notable difference. Canadian universities and colleges rely on federal and provincial governments for roughly three quarters of their income, and since there are no private universities in Canada, this means every institution is in the same fiscal boat. In contrast to the United States, however, the generally higher levels of federal and provincial taxation discourage giving by the private
sector and encourage the attitude that it is a governmental responsibility to fund higher education. Despite this, government financing of higher education has not kept pace with rising educational costs and the need to replace deteriorating research and instructional facilities; in many cases, there have even been funding cutbacks from one budget year to the next, as governments struggle to reduce their deficits and reorder their priorities.

Given these circumstances, what strategic measures can the senior administrators of America's and Canada's public institutions of higher learning take? The purpose of our paper is to focus on the funding potential of alternate sources—namely, the corporations and industries that rely on university and college graduates for their highly qualified employees, for their own retraining needs, and often for their research and development needs. While our theme is certainly not new, we believe that this paper is unique in its focus on trends in corporate giving which may signal a need for changes in the approach taken by institutional fundraisers and by administrators whose aim is to strengthen the university-industry connection. It is our position that identifying trends in corporate contributions to higher education in Canada and the United States enhances the university or college fundraiser's ability to formulate an effective and, perhaps, long-term strategy to increase the level of private-sector sponsorship for the institution in question.

This paper takes a comparative approach, in that it contrasts U.S. and Canadian trends and levels in corporate giving, in order to highlight the potential for university and college fundraising—especially in Canada, where the tradition of private support for publicly funded institutions is less well established than it is in the United States.
SOURCES OF CANADIAN UNIVERSITY FUNDING

The 50, or so, degree-granting universities and colleges in Canada are supported primarily by funds from provincial governments, federal transfers to the provinces, and direct federal grants. Table 1 shows the various sources of total university income in Canada, by dollar amounts and proportions, in 1983-84. Gifts and non-government grants amounted to almost Can.$300 million, so, about 5% of total income came from the private sector. This figure has been increasing very slightly from 4.7% in 1979-80, to 6.0% in 1984-85 (Statistics Canada, 1983; 1985; 1986). Overshadowing this fragile trend, however, are steady declines in the proportion of Canadian governmental expenditures allocated to education, in general, and higher education, in particular. For example, data on total governmental expenditures on health and welfare, social services, transportation and communications, security, and education (all levels) reveal that, between 1969-70 and 1980-81, the percentage allocated to education declined from 22.1% to 16.0% (Statistics Canada, 1982). Similarly, Canadian university operating expenditures, as a percentage of total provincial government gross expenditures, fell from 8.0% to 5.7% in that same 11-year period (Davenport, 1981).

In essence, these are trends signalling a major, long-term reordering of priorities and reallocation of budgets by Canada's main source of funding for higher education, the governments. Their effect, of course, has necessitated or even encouraged a neglect, over many years, of college and university
buildings, teaching and research facilities, faculty renewal, and expansion into new, dynamic fields of specialization or competence. To many administrators it is amply clear that a principal thrust of today's universities must be to play "capital catch-up," and a primary target of that thrust must be the private sector. Underlying this is a recognition that to keep a nation competitive and in the forefront of technological advancement, the corporate and industrial sectors of the economy need a continuous supply of high-quality graduates from its universities (McDonald, 1986). Hence, this is seen as a time to call upon the corporation to fill the gap created by perennial government underfunding.

THE DATABASE

The analyses presented in this paper are based on two data sources. The United States data are from the Annual Survey of Corporate Contributions (1980; 1982; 1983; 1984; 1985; 1986), conducted jointly by The Conference Board and the Council for Financial Aid to Education. Companies with a corporate contributions program were selected to represent a cross section of the corporate population, by industry classification and geographic distribution. Since large companies are the major sources of contributions dollars, all companies that have appeared, over several years, in the Fortune Double 500 Directory are included in the annual survey samples. Between 1974 and 1981, a four-page questionnaire was sent to the chief executive officer in each of some 4,500 companies in order to obtain annual financial and contributions data. Sample sizes varied annually between 732 and 814 companies responding. From 1982 onward, questionnaires sent to the
Contributions Officers or the C.E.O.s of the top 2,000 U.S. corporations have yielded annual sample sizes ranging between 422 and 534 firms.

The Canadian data are from equivalent annual surveys (IDPAR, 1976 to 1987; Ryerson Corporate Services, 1973 to 1975; Services Division, 1972), conducted, since 1975, by the Institute of Donations and Public Affairs Research. Each year, about 2,500 questionnaires, similar to the ones employed in the U.S. surveys, were sent to industrial and non-manufacturing corporations of all sizes. Sample sizes also varied yearly, and range between 201 and 351 firms. In both the U.S. and Canadian surveys, the distribution of companies sampled annually is skewed toward larger firms and firms with major or well developed contributions programs. In fact, the annual dollar totals contributed by these sampled companies account for, on average, 38% of all corporate giving in the United States, and 23% of all corporate giving in Canada.

LEVELS OF CORPORATE PHILANTHROPY IN CANADA AND THE UNITED STATES

Some overall statistics will give the reader an initial perspective on the respective magnitudes of corporate magnanimity in the United States and Canada. In 1984, American corporations made charitable contributions totalling $3.8 billion. This represents a significant real growth in corporate donations over the past 12 years— from a 1972 total of $1.0 billion— given that the deflated 1984 figure is actually $1.6 billion, in constant 1972 dollars (Annual Survey of Corporate Contributions, 1986, p.1). In 1985, Canadian companies gave a total of Can$274.2 million to all causes, a per-capita giving level which was roughly 70% of the per-capita dollar amount of
corporate donations in the United States. Looking at the 12-year trend in constant 1974 Canadian dollars, the total amount of corporate giving in Canada has declined from $123 million in 1974, to $114 million in 1985 and $100 million in 1986 (IDPAR, 1976; 1986; 1987). These overall statistics at the national level reflect the giving of all U.S. and Canadian companies, respectively, not just of the sampled companies in the annual surveys outlined in the preceding section.

It is useful to begin by examining trends in overall giving, to all causes, by both Canadian and American corporations in the survey database. Empirical analysis of Internal Revenue Service statistics on United States firms in 36 industry groups, for the years 1946 to 1973, suggests that corporate contributions are positively correlated with other business expenses (such as advertising budgets) and, therefore, that contributions are a profit-motivated expense (Fry, Keim & Meiners, 1982). Thus, it makes sense to first examine corporate giving in terms of pretax profits, that is, the rate of giving—the total annual amount donated by all surveyed companies, as a percent of their total worldwide pretax net income. Figure 1 reveals the historical pattern in the rate of giving to all classes of beneficiaries (health and welfare, education, arts and culture, civic causes) by United States and Canadian companies. Over a span of 15 years, Canadian firms have collectively been giving at a rate that hovers between 0.4% and 0.5% of their total profits, before taxes. The slight, long-term downward trend in the rate of giving apparent among Canadian corporations, in Figure 1, may be an artifact of sampling variations, since larger firms have a somewhat lower ratio of contributions to pretax net income than smaller firms, and as survey sample sizes have diminished a little over the past ten years, the smaller
samples tend to include a greater proportion of larger corporations with established track records in giving.

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Figure 1 about here

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American companies, on average, also donated about 0.5% of worldwide pretax net income to various beneficiaries, until 1980. Since then, the rate of giving has increased sharply, to the point where U.S. firms currently give at more than double the rate of Canadian corporations. Canada's traditionally heavy reliance on governments for the funding of social services, educational and cultural institutions and a less well established attitude that free enterprise should support such causes, undoubtedly has something to do with the comparatively slower response by Canadian corporations to the financial cutbacks suffered lately by institutions. Also, fundraisers in the United States have been more systematic and active in their drives for private sector contributions and, in the last five or so years, U.S. companies, themselves, have taken a proactive stance as benefactors. For example, a growing number of corporations, especially medium to small-sized firms, have joined informal, industry-sponsored "two-percent" and "five-percent clubs" in various regions of the U.S., by pledging to maintain their donations at the level of 2% or 5% of their pretax incomes (Annual Survey of Corporate Contributions, 1983, p. 6). Taking a lead from the currently higher rate of giving among U.S. companies, there is clearly a potential for university and college fundraisers in Canada to narrow this gap by getting firms to channel a greater share of their pretax profits into higher education.

Countering this lower and slightly erratic Canadian trend in rate of
giving is the generally consistent yearly increase in the average amount donated, per company, by the surveyed firms in Canada, even after adjusting for inflation. Figure 2 shows that, between 1975 and 1985, the average amount given annually by a corporation to all causes, in constant 1971 Canadian dollars, increased by 80% from $58,803 to $106,093. Thus, while Canada's overall corporate contributions in constant dollars have fallen in recent years, corporations which continue to give are increasing their individual contributions. A parallel increase has occurred in the average amount of giving to all causes by U.S. corporations. Between 1972 and 1984, the average amount donated yearly, in constant 1972 U.S. dollars, doubled from $728,111, per company, to $1,465,378 (Annual Survey of Corporate Contributions, 1982; 1986).

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Figure 2 about here
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At the same time, the competition for the Canadian corporate gift dollar has intensified (Table 2). In 1985, the 222 firms providing information on the number of separate requests they had received for financial support, from all sources, reported a total of 182,000 requests—an average of 819, per company. Five years earlier, this average was 355 requests. Although no comparable data were found for the U.S., American corporations have been reporting "strong increases in the number of funding requests they receive" (Annual Survey of Corporate Contributions, 1984, p. 11). In addition, both Canadian and American corporations have become more selective about the beneficiaries and causes they support and are carefully scrutinizing their donations programs (Annual Survey of Corporate Contributions, 1982, p. 5).
CORPORATE FUNDING OF HIGHER EDUCATION

Having examined some recent trends in overall giving by both Canadian and American corporations, the stage is set to focus on the degree of competitiveness among beneficiaries of the corporate dollar. After all, given the finite amount that a corporation earmarks for philanthropy each year, whether this be some target level of giving or determined by the previous year's profits, the university or college fundraiser must compete with many other publics for the corporation's contribution budget. Both the Conference Board, in the U.S., and The Institute of Donations and Public Affairs Research, in Canada, categorize the recipients of corporate donations into five major groups: health and welfare, education, culture and the arts, civic and community activities, and "other." We limit our discussion to the three beneficiary groups whose respective shares of the annual corporate contributions pie are either the largest or have changed the most, over the past 15 years in Canada and 10 years in the United States. The three are health and welfare, education, and culture.³

Figure 3 shows the percentages of the total (= 100%) U.S. corporate support dollar that went to health & welfare, education, and culture, between 1974 and 1984. Health & welfare beneficiaries have received a progressively smaller share of the pie each year, whereas the portion collectively obtained by beneficiaries grouped under all levels and types of education has grown
slightly, over the years. By 1984, education's share (38.9% of all giving) was 2.9% greater than it was in 1974. Note, however, that the percent of corporate contributions allocated specifically to higher education has not increased in this 11-year period, but has consistently remained at around 25% of total giving; and if the total, nationwide amount of corporate giving to education is considered, higher education in the U.S. received $395 million, in 1984 (Chronicle of Higher Education, 1986b). What is more, a recent trend in the U.S. is the increase in the number of corporations that have stopped limiting their educational gifts to universities and colleges and have shifted their giving priorities to education at the pre-college level (Hollie, 1987). Concerned about a shortage of labor with the education and skills needed for increasingly complex entry-level jobs, companies appear to be coalescing around the issue of literacy and basic competency, and channeling more of their contributions into elementary and secondary schools and pre-college community education programs. For the foreseeable future, therefore, fundraisers in higher education are likely to encounter greater competition for corporate funds from beneficiaries within the educational sector, itself, who are favored by the current corporate giving agenda.

Meanwhile, the percentage of corporate support received by culture & the arts, between 1974 and 1981, represents a steady increase in further competition for the corporate dollar from a different sector.

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Figure 3 about here
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Figure 4 reveals the corresponding situation in Canada. Health & welfare beneficiaries have collectively managed to receive a remarkably steady
percentage of the Canadian corporate dollar, averaging about 40% over a span of 15 years. This signals a well-established connection with corporate sponsors and a systematic approach to tapping these funds. Beneficiaries in education, by contrast, have not fared as well during this same period. Collectively, their 1985 slice is 28.1% of the corporate support pie, down from 42% in 1971. Furthermore, the trend for beneficiaries in culture & the arts represents a significant increase in corporate allocations from 5.3% in 1971 to 13.3% in 1985—the same strong growth trend apparent until 1981, in the U.S. Because the percentages received by three of the five categories of beneficiaries, health & welfare, civic & community activities, and "other," have remained relatively constant in Canada over this 15-year period, in effect, education's losses have been culture's gains. This is quite apparent in Figure 4; the 15-year graph for culture is very nearly a mirror image of the graph for education.

Figure 4 about here

With respect to education as a beneficiary, there is a major difference between Canada and the United States. During the 15-year period shown in Figure 4, virtually all (94.3%) of the Canadian corporate sponsorship dollars for education annually went to higher education. Thus, the Canadian trend for higher education will be virtually identical to the trend graphed for total education. In the U.S. (Figure 3), higher education annually received, on average, only 65.5% of the total corporate dollar given to the education category. As a result, it turns out that, since 1974, the average percentage received by higher education beneficiaries in Canada was 25.6% of the total
corporate contributions dollar, a portion almost identical to the 25% received
annually by higher education in the U.S., even though the year-to-year
variation in this percentage was considerable in Canada, and down from a peak
of 41% in 1971.

Education's and, specifically, higher education's fortunes as a
beneficiary of corporate giving in Canada appear to have taken a turn for the
worse around 1971, when corporate executives began to reevaluate their
sponsorship priorities. At a conference on corporate giving, company
executives captured the prevailing shift in priorities for corporate support:
"Pollution, conservation, drug abuse, are relatively new areas for action,
whereas building hospitals and universities seems to be relatively of less
concern for corporations. We are moving away from the bricks and mortar
concept of corporate giving, and most of us will not be building monuments
[bearing] our corporate names" (Hurlbut, 1972, p. 2). In the wake of the
rapid expansion in colleges and universities to accommodate the post-war baby
boom cohort, and the frequent appeals for capital building programs during the
late 1960s, corporations were questioning the need for further funding of
capital projects and facilities: "I believe, however, that such requests
should now come under a far more searching analysis...until such time as some
hard statistics are available that show the need for additional expansion"
(Webb, 1972, p. 29). Such was the collective corporate attitude that would
prevail in Canada for the next ten years, and the necessity, thereafter, for
Canada's institutions of higher education to provide increasingly hard
evidence that could "show the need for additional expansion." In present-day
parlance, that has meant bringing about a reversal in the long-term neglect of
capital assets which is reflected in the deterioration of university and
college buildings, research facilities, equipment, classrooms and library collections.

Finally, it is useful to examine trends in corporate giving agendas, within the subcategory of higher education. Which types of activities or beneficiaries have been supported by company gifts, and how have corporate giving priorities within higher education changed, over time? Figure 5 reveals the extent of U.S. corporate support in four major areas of higher education between 1974 and 1984. Annual giving to these four subcategories adds up to 100% of the corporate dollar for higher education. It becomes clear that corporate support in the form of grants for capital projects and "other" purposes (mainly employee matching gifts for higher education, and unrestricted operating grants) has diminished markedly, in favor of grants for research projects and departmental programs. Contrasting the corporate emphasis in support in 1980 with that in 1984, the 10.6% decline in capital grants and 13.0% decline for "other" categories, has been replaced by a 22.6% increase in research grant and project funding. The remaining 1.0% increase went to student financial aid, whose percentage of the higher education support pie has not changed much in 11 years.

Figure 5 about here

Figure 6 reveals the changing status of various beneficiaries of Canadian corporate contributions to higher education, in each year between 1971 and 1985. What is immediately apparent when Figure 6 is compared to Figure 5, is the considerable amount of year-to-year variation, as well as long-term variation, in the levels of support given to different higher education causes.
by Canadian corporations. These fluctuations cannot really be explained by annual company sampling variations, alone. More likely as a cause, is a less well-established pattern of giving, as guided by a corporate policy which outlines long-term priorities. Supporting this contention are findings by the Institute of Donations and Public Affairs Research, which periodically supplements its annual surveys of Canadian corporate giving with questions on how a company determines its annual giving budget and the beneficiaries it will support. Half of the industry groups reporting this information in 1983 included companies that had no formula or set policy for determining and/or allocating their donations budgets (IDPAR, 1984b, p. 9). By contrast, contributions activity among major U.S. corporations "has become institutionalized" and contributions programs remain intact even in years when profits decline (Annual Survey of Corporate Contributions, 1984, p. 1). In addition, U.S. companies show a greater emphasis on long-range planning, in that money is set aside in profitable years (usually by replenishing the coffers of the company foundation) to provide a reserve for corporate philanthropy in years when profits are lower or losses occur (Annual Survey of Corporate Contributions, 1985, pp. 5-7). The results are, therefore, smaller annual (or biannual) fluctuations in the support of specific beneficiaries, or steady, long-term changes in support priorities, as apparent in Figure 5.

Further evidence of the lack of clear priorities among many Canadian firms supporting higher education is the sharp increase, since 1981, in the proportion of gifts that could not be classified, were classed as unrestricted.
grants, or went to various education-related agencies, and were, therefore, collectively designated as "Other" in Figure 6. This 5-year trend is opposite to that observed for U.S. companies. "Research grants" is the only other category showing any growth, but the long-run increase in Canadian corporate contributions allocated to research is very modest, in comparison to the priority given to university research activities by U.S. companies. This is a surprising finding, considering that virtually every major newspaper in Canada has, over the last six years, repeatedly carried articles by or about industrialists, scientists, academics and government officials who are calling for greater cooperation between universities and industry, in light of Canada's critical need for basic and applied research (cf. The Business Community and the University, 1983).

The two remaining categories in Figure 6 reveal further differences between Canadian and U.S. corporate giving priorities within higher education. Corporate funding of capital projects in Canadian institutions of higher learning has gone through two phases. After a sharp, 5-year drop from 50%, in 1971, the sponsorship of capital activities was maintained, over the next 10 years, at an average share of 33% of all contributions to higher education. Financial aid to students, in scholarships and fellowships, has represented a progressively smaller share of gifts to higher education, and reflects the fact that, since 1981, Canadian companies, unlike their U.S. counterparts, have tended to withdraw from funding student aid, in favor of the "other" (unclassified or unrestricted) category of beneficiaries. This has brought the most recent level of corporate allocations for student financial aid to about the same percentage that has prevailed in the United States— at or under 10%.
The end result of differing priorities among U.S. and Canadian corporations is evident in the percentage of the total corporate contribution dollar presently allocated for specific purposes to each nation’s institutions of higher learning:

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<tbody>
<tr>
<td>Other purposes</td>
<td>11.6%</td>
<td>Research grants 12.2%</td>
</tr>
<tr>
<td>Capital funds</td>
<td>9.0%</td>
<td>Other purposes 8.6%</td>
</tr>
<tr>
<td>Research grants</td>
<td>3.0%</td>
<td>Capital funds 2.1%</td>
</tr>
<tr>
<td>Student aid</td>
<td>2.7%</td>
<td>Student aid 1.8%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>26.3%</strong></td>
<td><strong>24.7%</strong></td>
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**FUNDRAISING AND THE CORPORATE RATIONALE FOR GIVING**

The data presented imply that there is considerable year-to-year jockeying in Canada by many publics, projects, agencies and groups of beneficiaries for the limited Canadian corporate contribution budget. Within higher education, U.S. firms, by contrast, tend to have sponsorship agendas that follow long-run priorities and are programmatic in nature. In Canada, corporate giving is not characterized by the same degree of long-range and strategic planning, but this means that university and college fundraisers have more leeway and greater opportunities to establish long-term beneficiary-benefactor relationships with Canadian companies. In fact, we dare say that Canadian firms need and perhaps want more guidance in allocating their contributions budgets in a systematic manner that brings in measurable results, in the longer run.

In Canada, the tradition of private sector support for higher education
is younger and less well developed than it is in America, but in light of budgetary strictures from public funding sources, fundraising efforts directed at corporations must become more proactive and, indeed, aggressive. This puts the onus on the fundraiser to work at long-lasting relationships in the private sector, where sponsorship of college and university priorities can be developed systematically and become the corporation's giving agenda. Part of this task is to understand the corporation's reasons for giving, and we end this paper with some of the reasons for corporate philanthropy in the sphere of higher education.

Gupta (1983) has identified several rationales for corporate donations specifically to higher education that go beyond the corporation's reasons for giving, in general. These suggest that the conscientious, farsighted fundraiser has a number of important business rationalizations or incentives to draw upon in securing the cooperation of prospective corporations, when it comes to supporting a university or college.

1. The need for high-quality graduates. Faced with rapid technological change, intense international competition, and the need to staff jobs that are becoming more complex, companies need high quality personnel to run the corporation, so their interest will naturally focus on the supply of competent college graduates. This is probably the single most salient and important company rationale for supporting higher education.

2. Being a good corporate citizen. Companies often view their contributions to higher education as a social responsibility, partly as self-motivated behavior and partly in response to actions in this regard taken by other firms (corporate peer pressure, for want of a better term). In a 1983 survey of Canadian corporate giving, 24% of executives chose "duty to the
community as their major reason for sponsorship, in general (IDPAR, 1984b, p. 4a).

3. Public recognition. Giving money to the university or college and receiving recognition for this, is seen by the company as good for its public relations and corporate image, particularly if the firm's identity is tangibly associated with the contribution. In the survey described above, 14% of executives chose "public relations" as the major reason for giving. This rationale for corporate giving would therefore appear to be (long- or short-term) profit motivated (see Fry, Keim & Meiners, 1982).

4. The recruiting motive. The company may intentionally donate to institutions of higher education which have strong programs in fields of specialization that are of interest to it, hoping that its association with those programs will increase its visibility to, and, thereby, spur graduates in that discipline to seek employment with this company.

5. Serving employee interests. The corporation may prefer to support colleges and universities that are geographically close to its own employees, in order to encourage continuing education, retraining and the use of the institution's facilities among the company's workers. For this reason, geographic proximity appears to be a major factor in a company's decision to support a particular institution (Gupta, 1983, p. 87).

6. Promoting basic research. Companies in manufacturing and high technology industries usually are aware that fundamental research or academic science often leads to industrial innovation, technological breakthroughs and important patents. A report in *Science* indicates that U.S. industry finances about 20% of all biotechnology research at universities, and that industrial support of chemical and engineering research at universities may be even
higher (Chronicle of Higher Education, 1986a). Even so, the report suggests that universities should make certain they are not underselling their value to industry, especially if industries are making many patent applications based on university research.

7. Protecting university autonomy. Some companies recognize that if all of an institution's funding comes from a single external source (the government) the institution is vulnerable to budgetary pressures when outside priorities change and, therefore, its autonomy may be compromised. More than one source of funding for colleges and universities, public and private, lessens this dependence and strengthens the institution's autonomy and ability to exercise self-determination. As one Canadian executive put it, "private sector involvement reduces the need for further intervention by governments" (IDPAR, 1984b, p. 4).

8. Through-the-firm giving. Individual owners or managers of companies can occasionally exercise their personal philanthropic inclinations toward an institution of higher education by influencing the firm's giving activities. Thus, rather than making smaller, tax-deductible personal gifts as alumni, for instance, executives may derive satisfaction from seeing to it that the company contributes to favorite recipients in which they have a vested interest (an alma mater, or an institution on whose board or committee they sit). Such through-the-firm giving may be seen by the executive as a non-monetary form of compensation which company shareholders and directors would find less objectionable.
CONCLUSION

Our comparative analyses of United States and Canadian corporate contributions data examined both longitudinal giving patterns and differences in the levels of corporate giving to various beneficiaries that compete with higher education. As well, this paper probed the implications of changes in corporate donations priorities, within higher education. Six main findings are summarized, below.

1. The rate of giving, i.e., total annual contributions as a percent of net profits, before taxes, has increased sharply among U.S. companies in recent years, but has remained steady among Canadian corporations.

2. The average amount of giving, per corporation, is increasing annually in both Canada and the United States, even after adjusting for inflation.

3. Competition for the corporate dollar has intensified in Canada and the U.S., as the number of prospective beneficiaries applying for corporate assistance has multiplied many times, and as efforts to tap this funding source have become more professional and aggressive.

4. The percentage of U.S. corporate contributions allocated to higher education has not changed in 11 years; fundraisers in higher education are likely to encounter greater competition for corporate funds from beneficiaries in education at the pre-college level because of recent shifts in corporate giving priorities. In Canada, higher education receives the same portion of the total corporate contributions pie as in the U.S. However, beneficiaries in culture and the arts appear to be competing directly with higher education for year-to-year Canadian corporate support.
5. There are important U.S.-Canadian differences in where the corporate dollar goes, within higher education. U.S. support shows either smaller annual fluctuations in the support of specific beneficiaries, or steady, long-term changes emanating from sponsorship agendas that follow established priorities and are programmatic in nature. In Canada, there is considerable year-to-year and long-term variation in the levels of support given to different higher education causes, suggesting that corporate giving is not characterized by the same degree of long-range and strategic planning as in the United States.

6. Canadian firms need and perhaps want more guidance in allocating their contributions budgets in a systematic manner that brings in measurable results, in the longer run. Therefore, substantial opportunities exist for boosting contributions to higher education in Canada, because university and college fundraisers presently have plenty of leeway and greater opportunities to establish long-term beneficiary-benefactor relationships with Canadian companies.

Unquestionably, if the fundraiser's efforts are based upon a corporation's unique reason for making contributions to an institution of higher education, as well upon industry's common grounds for giving to higher learning, corporations are likely to give a greater portion of their philanthropic budget to a college or university. However, during the last 10 to 15 years, it is apparent that two changes had occurred: U.S. and Canadian corporations had realigned their priorities away from capital contributions to higher education, in favor of beneficiaries in other sectors or for other purposes, within higher education. Second, in Canada, higher education's efforts to sustain corporate contributions had slackened off, thereby opening
the way for beneficiaries within arts and culture to move in and take up the
corporate dollars previously allocated to education.

As in any competition for limited economic resources which are not firmly
committed to the production process, the largest share of these corporate
contributions dollars will tend to go to beneficiaries who are best prepared
and most convincing of their social worth. Higher education, however, has a
unique advantage in this race: it can be presented as a cause that has very
direct benefits for corporate productivity. Perhaps a majority of colleges
and universities have not been asking in the right way, or have not persevered
long enough to present their respective cases in terms that are meaningful to
the corporate executive. The challenge, now, is to present the arguments for
giving to an institution of higher education in a manner that, a) reflects the
desire for a long-term, symbiotic business-university partnership and, b)
gives counsel and direction to the corporate decision makers who could be
making those funding commitments for many years to come.

Acknowledgments. We wish to thank President Richard A. Hopkinson and
Lois E. Todd, both of the Institute of Donations and Public Affairs Research,
in Montreal, for kindly making available, for analysis, the Canadian corporate
donations data, since 1971.

NOTES

1. Unless otherwise stated, all Canadian figures reported in this paper are
for "industrial" companies. This is because about 80 percent of the
Canadian firms surveyed annually by the Institute of Donations and Public
Affairs Research are classed as industrial companies, and its findings are reported separately for the industrial sector, which the Institute defines as: manufacturing, transportation, communications, utilities, wholesale & retail trade, and grain handling & sales. The remaining 20% consist of firms in the financial industry (banking, real estate, insurance, business services). However, The Conference Board's data for U.S. firms are reported for all companies, combined, as well as separately for "manufacturing" and "nonmanufacturing" firms, and this latter category includes transportation, telecommunications, utilities, and merchandising.

To make the U.S. and Canadian data more comparable throughout this paper, the data on corporate giving in the U.S. are for manufacturing and nonmanufacturing companies, combined.

2. The long-run annual trend in the total amount of Canadian corporate giving is synchronous with the business cycle. An examination of annual donations since the Second World War by all Canadian corporations filing tax returns shows a long-term growth, in constant 1971 dollars, from Can$24 million in 1946 to Can$95 million in 1980 (see Martin, 1985, p. 227).

3. U.S. corporate contributions to the civic & community activities category in 1983 and 1984 have increased sharply from the steady levels of 10%-12% of total corporate gifts during the previous nine years, but it is too early to tell whether this is a trend. On the other hand, the percentage of contributions going to culture & art has grown steadily over an 8-year period.

4. Since 1978, The Conference Board has collected data on corporate giving to subcategories, within each major category of beneficiaries, only in even-numbered years.
REFERENCES


<table>
<thead>
<tr>
<th>Source</th>
<th>Can.$ millions</th>
<th>Percent</th>
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<td>Investment income</td>
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<tr>
<td>Other</td>
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Data source: Statistics Canada (1985)
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<th>Number of Requests</th>
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<td>1985</td>
<td>222</td>
<td>181,925</td>
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Figure 1
Total donations, as a percent of total worldwide pretax net income, to all classes of beneficiaries by United States and Canadian companies, 1971-1985

(Data sources: IDPAR, 1976 to 1986; Ryerson Corporate Services, 1973 to 1975; Services Division, Corporate, 1972; Annual Survey of Corporate Contributions, 1980 to 1986)
Figure 2

Average annual donation, per Canadian company, to all causes, in constant 1971 Canadian dollars, 1971-1985

(Data sources: IDPAR, 1976 to 1986; Ryerson Corporate Services, 1973 to 1975; Services Division, Corporate, 1972)
Figure 3
Percentages of the total United States corporate contributions dollar received by four beneficiary groups, 1974-1984

(Data sources: Annual Survey of Corporate Contributions, 1982 to 1986)
Figure 4

Percentages of the total Canadian corporate contributions dollar received by three beneficiary groups, 1971-1985

(Data sources: IDPAR, 1976 to 1986; Ryerson Corporate Services, 1973 to 1975; Services Division, Corporate, 1972)
Figure 5
United States corporate giving priorities within higher education, as a percent of total contributions to higher education, 1974-1984

(Data sources: *Annual Survey of Corporate Contributions*, 1982 to 1986)
Figure 6

Canadian corporate giving priorities within higher education, as a percent of total contributions to higher education, 1971-1985

(Data sources: IDPAR, 1976 to 1986; Ryerson Corporate Services, 1973 to 1975; Services Division, Corporate, 1972)
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