

Giving Around the Globe: A New Report from CECP

Host: Ted Hart

Guest: Carmen Perez - CECP

Announcer: Welcome to the *CAF America Radio Network*, a production of the Charities Aid Foundation of America. As the leader in global giving, CAF America offers more than 20 years of experience and expertise to corporations, foundations, and individuals who wish to give internationally and with enhanced due diligence in the United States. Through its industry leading grant management programs and philanthropic advisory services, CAF America helps donors amplify their impact. This show is dedicated to these donors and the charities they support.

CAF America is uniquely positioned to serve as the bridge between these important partners and transforms vision into meaningful action. Guests on the CAF America Radio Network are leaders in their field who share tips for success and stories that inspire. Our host is Ted Hart, the CEO of the Charities Aid Foundation of America. This is a live call-in show. Add your voice by calling 914-338-0855. After the show, you can find all of our podcasts at cafamerica.org. Don't forget to dial 914-338-0855. Now, welcome the host of the *CAF America Radio Network*, Ted Hart.

Ted Hart: Welcome here to the latest edition of the *CAF America Radio Network*. It is my pleasure to be here, coming to you live from the global headquarters of CAF America here in Washington, D.C. Today's topic is a very important one, certainly here at CAF America, the global giving of corporations is something that we track and interest that we have in common with CECP. Today, it's my pleasure to welcome here on *CAF America Radio Network*, Carmen Perez, the manager of measurement and standards of CECP. Carmen leads the organization's global research, including implementing the global guide reporting standard and authoring the publication *Giving Around the Globe*, which is our topic today. I welcome here to the *CAF America Radio Network*, Carmen Perez.

Carmen Perez: Thank you so much, Ted. We're really happy to be here.

Ted: It's great to have you here. Certainly, you folks have been leaders in this field in terms of gathering information, providing insights into international giving. This is a topic that is hugely important here at CAF America and for corporations, particularly those who have global footprints. We're interested in getting right into the findings of this *Giving Around the Globe* report. We do have a link to it at cafamerica.org in our radio links for the show, so people can actually read the report themselves. Why don't we start off right at the beginning. What is CECP?

Carmen: Sure. I'd love to talk about that. First of all, though, we would like to thank you and CAF America for having us here today and talk about our report and thanks for all you all do as an organization. It's really important to have companies to have access to your resources when they're trying to support their key causes abroad. First of all, thanks to all of you and all the

work that you do. You're right that we share a common interest in this area. The first thing about CECP that everyone should know is that our mission is to create a better world through business. We're a coalition of CEOs united in the belief that societal improvement is an essential measure of business performance.

It's at that intersection of societal and business progress, founded 15 years ago by Paul Newman and a few other key CEOs. It grown out to a movement of over 150 CEOs. Together, the revenues are over seven trillion dollars at U.S. annually. We're non-profit and we offer participating companies one-on-one consultation, networking, comparative data, media support, case studies and corporate engagement. We're trying to help them advance their vision and a view of how their programs can expand in the future. Anyone who wants to find out more can just go to cecp.co.

Ted: During that period of time since your founding, you folks have certainly see the international space growing in interest among corporations.

Carmen: Without a doubt. I think that a key thing that we found in writing *Giving Around the Globe* when interviewing companies about how they've expanded their international portfolios has been really trending alongside the global expansion of the business. It was just incredibly strong notion from companies that when they're developing these international strategies, the business cases come in first in giving as following. There may be a new market of businesses entering and they want to see what philanthropy, what corporate giving in contribution should be there as well to support the corporate strategy in new markets.

Ted: In your study, you focused on 60 of the largest multinational corporations headquartered around the world in this report. How did you approach and identify the corporations that would be part of this report?

Carmen: Well, CECP has for a long time been reporting on corporate giving through our reports *Giving in Numbers*. We have a really strong and solid base in the U.S. A lot of the largest companies here-- Last year it was 60 from the Fortune 100, so we started there obviously. We've already seen lots of demands from companies headquartered primarily in Europe, some in Asia. We started with the companies that have already engaged with CECP.

We also have a lot of interest from companies like CAF America and also CECPs in other countries that have a really wide network of companies working with them and doing some benchmarking research on the domestic basis. Working together with those domestic efforts, we found some really strong partnerships to bring companies on board. A good example is Comunitas in Brazil. Another is Korea Productivity Center in Korea.

Ted: The aggregate total giving reported in this report is staggering, \$6.8 billion. That's an incredible showing from the 60 multinational corporations.

Carmen: It is. Certainly, 60 companies, that was actually doubled from our *Global Guide* pilot that we did on 2011 giving where we only had 30. As with all CECP, we're really serving the largest companies in the world and because we're a benchmarking organization, we like to help companies use data for their decision making. The largest companies are drawn to our research effort. This really, really large scale giving is reflective of the large scale of these companies themselves. It's also reflective of companies thinking across all their corporate assets, both in domestic and international giving, so there's a big growth in non-cash giving that's a part of that. It's a really important way that companies are thinking, "How can we truly engage and really address this social causes that are important for our business?"

Ted: I found that interesting in the report. Now, I want to get into some of the details, but I think you focused in three different types of giving, direct cash, foundation cash, and the non-cash.

Carmen: That's true. That's the highest level breakdown that we always track in *Giving in Numbers* and in *Giving Around the Globe*. The foundation cash is any giving that's going through a corporate foundation. It's a separate legal entity from the company, but receives funds from the company and is managed by the company, connected to it through strategy in different ways. Direct cash giving is what—

Ted: In many ways, that's seen as part of the coordinated effort.

Carmen: Yes. 80% of CECP companies in *Giving in Numbers* have a corporate foundation of some type. Direct cash is giving any funds that are coming from any other budget within the company. I think it's something that people are-- Sometimes surprised by. This makes up almost half of total corporate giving, both in *Giving in Numbers* and in *Giving Around the Globe*. That could be any number of budgets. It could be from community relations, corporate affairs. It could be that different regions have budget they manage themselves. It's a mix of giving types that helps companies be really strategic] in how they address these issues. Non-cash giving can include product and service donations as well as pro bono service, which is a growing field as well.

Ted: For the companies, I would imagine that the way that you organize a report and the ability to track and benchmark against peers overtime may help them organize their efforts in those three areas.

Carmen: I think so. I think that CECP's mission is really around helping companies advance the movements around all these different societal challenges where business can really play an important role. We believe that data can help make decisions. You come to CECP trying to make a particular case internally as a company, and we can provide our data and insight to help support that case. We got to over a hundred companies every quarter, that enhances the research that we do.

Giving Around the Globe provides a lot of key insights, and that's what's happening across all companies to show important trends and what the numbers will tell you, and then you can speak to CECP to get the insight behind that and what we see as the future and how things are advancing.

Ted: Let's look at specifically some of the findings that you had. I was wondering for our listeners today, if you give some insight into regional breakdown of total giving that you found by fund type, the three fund types that we were just talking about do vary around the globe in terms of where the funds are coming from, where the support is coming from.

Carmen: Yes. Thanks for honing in on that, because I think it's one of the key things that we're really excited about. As I have mentioned, CECP has been reporting on international giving through *Giving in Numbers* for a long time, but *Giving Around the Globe*, one of the key new things that we're excited about is that we're able to compare companies from different regions and how they give differently. That funding type breakdown is the first way we see that. One key funding there is that Asian companies actually are giving the least amount in non-cash giving, looking at the three-part breakdown.

What we found there is that there's actually some tax disincentives in some markets. Value added tax or additional reporting burden that draw companies away from non-cash giving. In Latin America, the percentage of non-cash giving was actually similarly low. In that case, it's actually probably a question more of reporting. Companies are doing this type of giving, but maybe are not seeing it as a priority for something that they need to track, and yes, I think that now drawing the comparison against North American companies where there is a little bit more balance between these three giving types, it may encourage companies from other regions to say, "Well, maybe we should think about stepping up non-cash or maybe we should be investing more," et cetera.

Ted: In your estimation, is it may be a factor of maturing markets where Asian companies may be more in a traditional mode of philanthropy equals cash, whereas over time, as different economies emerge, you may see more of a balanced approach across the globe?

Carmen: I think you might be able to say that, but I think from our experience, we presented on *Giving Around the Globe* in Seoul, Korea, in December. I think that actually what we find in most markets is that similar to the U.S., all companies are on a continuum of sophistication and strategy and how they think about their CSR programs. Some are really highly advanced and invest significantly in the staff that are managing their programs, and some are more on the traditional end of how they think about their philanthropies. I think that there's a range everywhere.

I think the other important thing when we think across the globe in different ways that companies give depending on the influence of their headquarters' country, there's cultural issues. It may be seen that non-cash giving or product giving is actually not really a benefit. I think that there are differences there that exists, but I think coming together around the global

effort and transparency in reporting as a way for companies to learn from each other and push on something that they might have had as what they thought to be standard.

Ted: How do you evaluate the finding in your report regarding government institutions, and whether that has increased or decreased?

Carmen: I'm sorry, Ted, I had quite a bit of feedback there. I couldn't fully hear your question, but I did pick up enough to see that you focused on the alternate recipient types finding that we have in the report. I can speak a little to that. Actually, we're really excited about this. We think that it's one of the frontier issues and something that's under development for companies. It's a sign that they're thinking about their charitable giving portfolios in new ways. If the objective is really around training teachers, it's not just thinking about who are the best charities or nonprofits that are out there to execute that strategy.

It may be that there are some for profit partners and that could be more in the area of social enterprises that they need to partner with to make those goals happen, and the same is true with government institutions. I think this issue came up for CECF in the development of the global guide in *Giving Around the Globe* because there are some domestic markets where the development of civil society is happening differently and there may be challenges to setting up an NGO that don't exist in other places. That makes government and for-profit institutions a more likely choice. It's still a minority activity, I would say. It's not something across all companies that we see, but it's something that we're interested with and that we track outside of total giving as a trend area.

Ted: Similarly, you saw strategy being important and where the money goes, where the end recipient is. I'm noticing in your report that when you focus in on the top 200 in the Forbes Global 2000, international end recipient is larger to that category. Certainly not a majority, but large compared to others.

Carmen: Sorry to say, I lost you again right at the end, but I do think if you're asking about what's the reasons behind the Global 2000, the top 200 showing this higher international percentage, I think you're right on. If you mentioned that the level of globalization of the company and where their revenue and employee base is, is reflective of that percentage of international giving as well. We did some analysis around comparison of domestic to international revenue and domestic to international employees, and we see that the level of international giving drives trends along as those two other measures increased, but not at the same rate.

I think that we haven't seen yet that companies are one-to-one matching the presence of their revenue or employees that they're giving but I think that that's actually a sign for growth, because we certainly hear that companies around their motivations for giving internationally is typically around aligning their giving with where the business is most prominent.

Ted: ... and that is the importance of the employee footprint the employee footprint.

Carmen: I'm sorry, could you repeat that question? I couldn't hear you.

Ted: Sorry. The employee footprint as a driver for international giving and that number seem to almost rival business company strategy. In other words, they're almost the same percentage. We're certainly seeing that as a trend here in terms of messaging that we're getting from corporations, is the importance of the employee factor.

Carmen: I think you're definitely right. I think that a trend issue that we hear a lot about is the expansion of the global, expansion of international employee engagement. I'm not talking about some of the smaller scale in terms of the number of employees who can access them like international sabbaticals, but the global expansion across the company of a company-wide day of service, or of paid time off, or of matching gifts. There's a lot of demand there, and I think that it comes from two places.

It comes from management wanting to make sure that all employees of the company have access to the same programs because they see the value that comes back to the company in increased engagement retention, pride in the company, et cetera, and also demand from employees in locations where these programs may not be available. They want to have the ability to connect with causes that are important to them personally or connect to causes that are important for the company that they have belief in as well.

I think you're right. When business corporate company strategy came first, it's probably a piece of that as also around as demand from employees and wanting to make sure that that employee element is always part of how companies are thinking about their strategy.

Ted: You brought up a very interesting point that I guess I hadn't thought of. If I'm understanding you correctly, some of this is playing a little bit of catch up to international employees being provided the same opportunities that maybe domestic employees have enjoyed for many years?

Carmen: I do think that companies that I've met with that are headquartered outside of the U.S. have said to me that the U.S. sentiments around volunteering and around matching gift programs are unique and have been around for more years. It might offer a higher level of benefit and also have maybe more uptake with the employees, but that they're seeing it as a really phenomenal program, and when employees abroad find out about it, they want at least to be able to offer it to the employee base across the whole company. It may also be a corporate strategy to want to make sure that the company builds cohesion among regions, and one way to do that is making sure that programs are available across the board.

Ted: I found it really fascinating, and of course, this is the area that CAF America is in as the premier intermediary for corporate international giving. You found that the median number of countries that international giving is taking place in for your companies that are part of this report was 25. That struck me as on the high side. How does that read to you?

Carmen: Well, I think it's interesting, because everyone has a different reaction to it. I think that, as I mentioned, one of the things we're really excited about is this first time ever doing a comparison across regions. The other thing we're really excited about is exactly this deeper dive into companies' international geographic portfolios. The research isn't cause-oriented, but we are able to say a lot about the geographies where funds are going. I think that yes, right now, this is the first time we've we found—

This is our first time presenting this finding, so I think through the years we'll be interested to see how it changes, and also how we can look at it from different angles. We just see there was a really wide range, there was many companies that were really at the lower end, even in the single digits, and some that were 80 plus. It can depend on why, what drives that. It might be that they have a non-cash strategy that reaches more countries. It may be that they've really focused on local giving, so that requires that the footprint of their company is such that they have to give in a lot of different places.

It's something that we definitely want companies to think about, react to, and let us know how it resonates for them. It's a benchmark that they can use if they want to expand internationally to drive that decision making around what the geographic strategy is. The other thing that's really quite interesting is that we think that the main drivers for where international funds are right now is to neighboring countries and to emerging markets.

Ted: Sure, yes. We would definitely agree in terms of the trend lines that we see here, where giving is flowing from our corporate donors here. In your report, it shows that 40% of the companies are giving to 40 or more countries, that's a pretty impressive footprint.

Carmen: I think so. I think that it's reflective of where the businesses are. As I mentioned, our research is open to all large companies across the U.S. free of charge. It's actually open right now, we're collecting data. I think that it's reflective of those companies' larger corporate footprint that their giving is going to this many places as well. It's a priority now for businesses to think about their corporate giving strategy as part of how they might enter a new market, or how they have to be in every market where the business is active. It's not a sideline activity anymore, it's really part of the business. I think that is what's driving this geographic expansion of giving.

Ted: ...

Carmen: I'm sorry to say, I lost you there again, but I know that you're talking about our country findings. The way that we think about who rose to the top there is this drive towards giving in neighboring countries and drive to emerging markets. The hierarchy of countries on that finding, we think, is driven also by our sample, which does tap North America more than other regions, which is why I think Canada is in that second slot.

Ted: That would make sense.

Carmen: Yes. I think that's because of CECP history and I think that through time that will change as our research expands more across the globe. I do think that, yes, the neighboring element I think is important there, and I think that that's also where business priorities fall as well.

Ted: If I'm reading this correctly, companies have some giving into the Russian Federation, almost 50%.

Carmen: What we did here was actually we saw this trend around emerging markets. I should say that most companies when we asked them about it, it wasn't necessarily a strategy to give to emerging markets. It's just that's where the business priority was and it happened to be in an emerging market. We used an IMF list to determine what was qualified or considered an emerging market. So, we wanted to look at Russia for that reason. It was about 42% of participating companies giving their-- It's interesting because, among the BRIC countries, they had the lowest percentage of investments from companies.

Ted: Which, of course, you hear an awful lot about the Brazil, Russia, India, China, and while they do show up in your report, they're not necessarily the top areas that focus.

Carmen: Well, India is at the top, China is the third in terms of - Yes, in terms of the number of companies giving you these places in Brazil.

Ted: You know what, I'm reading your report. I'm just noticing that as I'm reading here, taking a look at your report, I was focusing on the bottom six, which makes this even more interesting to see the Russian Federation and South Africa in particular. Those seem to stick out to me as interesting to be in the bottom of your report.

Carmen: Yes. I think what's important is to definitely look at those two figures side by side, and *Giving Around the Globe* figures, 11 and 12. The first shows the top 15 countries. That's regardless of whether they're an emerging market or not, to see where our company is investing, and you can see India, China, Brazil are all on those lists. If you go into other emerging market lists, like, a lot of those are on there as well, Columbia, Argentina-

Ted: Indonesia,

Carmen: -Indonesia. There's, a lot of emerging markets, I think, that are really the high places where companies are contributing. Another thing about this is that we looked at it two ways. It's the percentage of companies contributing, it may be only one grant. Then, alongside that, we have the percentage of aggregate international giving. You can see that those two measures are fluctuating in all cases. Because we have this finding around emerging markets, we wanted to look at the full list of emerging markets and see how giving performed in other places. That's where you can see Russia, Turkey, South Africa, with smaller numbers of companies contributing.

I think that this also draws back to where companies have the largest business investment. We think these things are so closely tied, that it could be reflective of really where the corporate strategy is and where the revenue growth is, et cetera, and why it might be those emerging markets are lower.

Ted: Right, because by the very nature of the fact that they're emerging, so it may be that as your report continues over time, you'll see those areas growing. The other thing I'm keenly interested is the excellent reporting that you're doing on the dual components here, a business company's strategy and employee footprint, and how those are really driving some of these decisions.

Carmen: Yes, I think that that's really true. It's something that CECP, as I said, we're really focused on how companies can use data and insights to make their decisions internally. We have to then talk to companies on a regular basis in order to understand those insights and what's driving the choices that they're making in their strategies. That's ongoing right now, as I mentioned. I'd just like to let everyone know who's listening that our current survey is actually open for giving in numbers, and any large company is welcome. There's no cost to be a part of our research, but get to us sooner than later, because our deadline is April 1st.

Ted: That's great. Well, thank you for mentioning that. In the final two minutes that we have here on the show, I want to ask you to do two things. One is to let our listeners know how they can reach you. Secondly, because most of our listeners are going to be donors, looking at the international space, what's the most practical advice to take away from this report?

Carmen: To contact me directly is the cperez, C-P-E-R-E-Z at cecp.co. That's also our website, cecp.co. You can go on there and there's lots of different ways to connect with our whole team here, depending on what your current need is for your company and your business. I think the most important practical advice that CECP gives always is to use data for decision making and tap into external standards. That's what *Giving in Numbers* and *Giving Around the Globe* are all about. The reports I think, have a lot of implications for the field, for nonprofit organizations, academics and others who read them, but really, for companies and donors it's how can we provide data that you can actually use internally to make the case to expand your strategy, to think about how you would develop your programs?

Also, another practical piece of advice with that in mind is that, people in the CSR departments can really be the leaders for integrating these strategies within the company. What is the intersection of business strategy and societal causes? How can you bring that forward thinking across all business assets for your company so that you can truly tap into the mindset of our founder Paul Newman corporation.

Ted: Terrific resources, very important study, Carmen Perez from CECP. We're out of time, but thank you so much for bringing us this very important report.

Carmen: Thank you, Ted.

Announcer: Thank you for listening to the *CAF America Radio Network*. Tell all your friends and colleagues to check out our production schedule. Sign up for our free newsletter and download our iPad and iPod friendly podcasts at cafamerica.org. Thanks for listening to *CAF America Radio Network*.