

CHART 1. CORPORATION CONTRIBUTIONS, 1936 TO 1956





**A Study of**  
**COMPANY-SPONSORED**  
**FOUNDATIONS**

**By Frank M. Andrews**

**Russell Sage**  
**Foundation**

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F. M. A.



## A NEW SPECIES IN THE PHILANTHROPIC WORLD

ONE OF THE RECENTLY EVOLVED types of social institution is the company-sponsored foundation. It is a species so new that it has received little systematic study; yet already it is playing an important role in the nearly half a billion dollar annual philanthropic contributions of American corporations.

Contributions made by companies have risen spectacularly in the past twenty years. (See frontispiece.) In 1936 company contributions amounted to \$30 million, by 1946 they were up to \$214 million, and in 1956 they were \$418 million.<sup>1</sup>

As corporation contributions have increased, the people responsible for them have received each year a multitude of solicitations from a great variety of worthwhile organizations. They have accepted some of these as a legitimate responsibility, and have found in their contributions an opportunity to serve both their company and society. In an effort to make their rising contributions as effective as possible, increasing numbers of company officials have turned to the company-sponsored foundation.

The company-sponsored foundation is usually a tax-exempt and legally separate entity. The sponsoring company, and sometimes individuals closely associated with that company, contribute money to the foundation. The foundation, in turn, may

<sup>1</sup> During World War II and the Korean Conflict, special tax provisions favoring company giving were in effect. Note the especially heavy contributions in 1944 and 1953 shown in the frontispiece. Data are from *Statistics of Income*, U.S. Treasury Department.

spend the money it receives for "religious, charitable, scientific, literary, or educational purposes. . . ." <sup>1</sup>

### *Advantages Claimed for the Company-Sponsored Foundation*

Advocates of the company-sponsored foundation cite its numerous advantages. It is claimed that a foundation allows a company to even out its contributions between years of high and low profits. In theory, if a company sponsors a foundation, it will contribute heavily to it in a year of high profits and perhaps nothing at all when profits are low. Because the foundation is separate and may accumulate tax-exempt reserves when its receipts are high, it may maintain a steady flow of contributions independent of the parent company's profit position. Since social and welfare agencies are most needed when business is poor, it has been argued that it is undesirable to have their income too directly dependent on the profits of the companies that support them. The company-sponsored foundation—in theory—can provide the desired independence.

Advocates of company-sponsored foundations also suggest that there are substantial administrative advantages in establishing a separate entity to handle a company's contributions. A company with branches in many cities receives solicitations from the local agencies close to its branches. If there is no central clearinghouse for these solicitations, the officers of a company may have neither knowledge nor control of the contributions the company makes. Proponents of the company-sponsored foundation claim that in establishing a foundation a company formalizes its giving policies and centralizes its administration of contributions.

In addition to improving the administration of a company's contributions, some people have argued that a company-sponsored foundation may aid in establishing a more effective contribution program. The potential independence of the company-sponsored foundation may promote better planning of contributions. While a company official may consider requests

<sup>1</sup> Internal Revenue Code, 1954, Sec. 170 (c)(2)(B).



that soliciting organizations make to the company, a foundation official, perhaps even if he is the same person, may seek new ways in which a company can use its particular skills or interests to meet specific social problems. If the officers of a foundation so desire, they can undertake a major project (four-year scholarships, for example) requiring contributions from the company over a number of years. The company-sponsored foundation could be used to accumulate the necessary funds and assure that they would be available when needed.

A company-sponsored foundation may also promote a more effective contribution program by providing an independent "platform of review" for the solicitations received by the company. For example, an important customer or highly placed company officer sometimes makes requests for contributions that are of little interest to the company. However, they may be difficult to turn down or even consider dispassionately within the framework of the company. It is suggested that a company-sponsored foundation can highlight the problems, the opportunities, and the responsibilities of corporation giving and provide the independent setting for effective long-range planning.

And, finally, a company-sponsored foundation—in theory—can offer important tax advantages. In a year when a company's profits are high, it may wish to take advantage of the law allowing a tax saving for contributions.<sup>1</sup> It may feel, however, the charities it has been supporting would not use well an especially large contribution, and it may wish to avoid making contributions to other organizations it would be unable to support in the future. In this situation a company-sponsored foundation could receive a large contribution, and the company would receive the tax credit. While the reserve fund itself accumulated interest, its final disposition could await a period of low profits or special need.

Stabilized giving, improved administration, provision for independent long-range planning, and increased flexibility en-

<sup>1</sup> Since a corporation with taxable income exceeding \$25,000 paid tax to the federal government at the rate of 52 per cent in 1956, subject to certain limitations each \$100 it gave actually "cost" the corporation only \$48.

abling a company to take better advantage of the existing tax legislation—these are some of the advantages claimed for the company-sponsored foundation.

Many company officials have been persuaded by these advantages to establish foundations. Although a few companies had sponsored foundations prior to the end of World War II, the great increase in the number of company-sponsored foundations has occurred since 1950. For example, of an estimated 400 foundations set up by companies with central or branch offices in Chicago, more than two-thirds were chartered since the beginning of 1950. Although foundations have been established by only a small proportion of all companies (probably fewer than 5 per cent), they have already become an important factor in company giving. It is estimated that about one-third of the \$35-odd million contributed in 1956 by companies having some representation in Chicago was contributed by those that had established foundations.<sup>1</sup>

### *Some Problems Associated with Company-Sponsored Foundations*

Although the reasons favoring formation of a company-sponsored foundation are numerous and sometimes convincing, and although the company-sponsored foundation has shown striking popularity among company officials, there are a number of difficulties associated with them.

While the company-sponsored foundation is legally a separate (and usually tax-exempt) entity, people have questioned whether many such foundations are not in fact merely *alter egos* for their parent companies. If such were found to be the case, far-reaching legal and taxation changes could ensue. Second, company-sponsored foundations may bring certain problems of their own: a greatly increased demand for grants, the necessity of devoting increased time and attention to a company's contribution program, and the belief that the corporation has become a "fountain of money"—as one official has picturesquely phrased it—are frequent concomitants to the announcement that

<sup>1</sup> See p. 44.



a company has formed a foundation. And, third, some companies have shown that many of the advantages claimed for the company-sponsored foundation are not unique to the species. They demonstrate that a well-organized contribution program to which company officials are willing to devote time and thought may attain many of the advantages claimed for the foundation without the difficulties associated with establishing a separate organization.

The pages that follow present the results of a survey on contribution programs of companies with representation in Chicago. The focus is upon company-sponsored foundations: what they do and how they do it, and how the contribution programs of companies with foundations differ from those of companies without foundations.

## II

# SCOPE AND DESIGN OF THE STUDY

THE CHICAGO CHAPTER of the Public Relations Society of America, with financial support from the Harris Foundation, undertook a study of the contribution programs of companies with head offices or branches in the Chicago Metropolitan Area<sup>1</sup> in 1956. The study aimed to discover how much was given to various causes by companies of different sizes, their policies and procedures for handling contributions, the rationale of why companies contribute, and the changes that had occurred over the past several years and were expected to occur in the near future. It was believed that such a study would have particular significance for people in the public relations field, and that it would provide new information of interest to those concerned with corporate philanthropy.

Leo J. Shapiro and Associates, Inc., a survey research organization, collected the facts and developed the general findings.<sup>2</sup> Circumstances, however, prevented the original sponsors of the research from devoting special attention to company-sponsored foundations. When interest was expressed in this subject, the present writer, working within Russell Sage Foundation's program of Studies in Philanthropy, was granted use of the pertinent raw data. Although the information is that of the Public Relations Society of America, the interpretations and conclu-

<sup>1</sup> The "Chicago Metropolitan Area" was defined to include the following Illinois counties: Cook, Dupage, Kane, Lake, Will; and also Lake County, Indiana.

<sup>2</sup> *Company Giving: A Study of Contributions Policies and Practices in Metropolitan Chicago*. Leo J. Shapiro and Associates, Inc., Chicago, 1960.



sions derive from the separate analysis carried out by the present writer.

### *Sources of the Data*

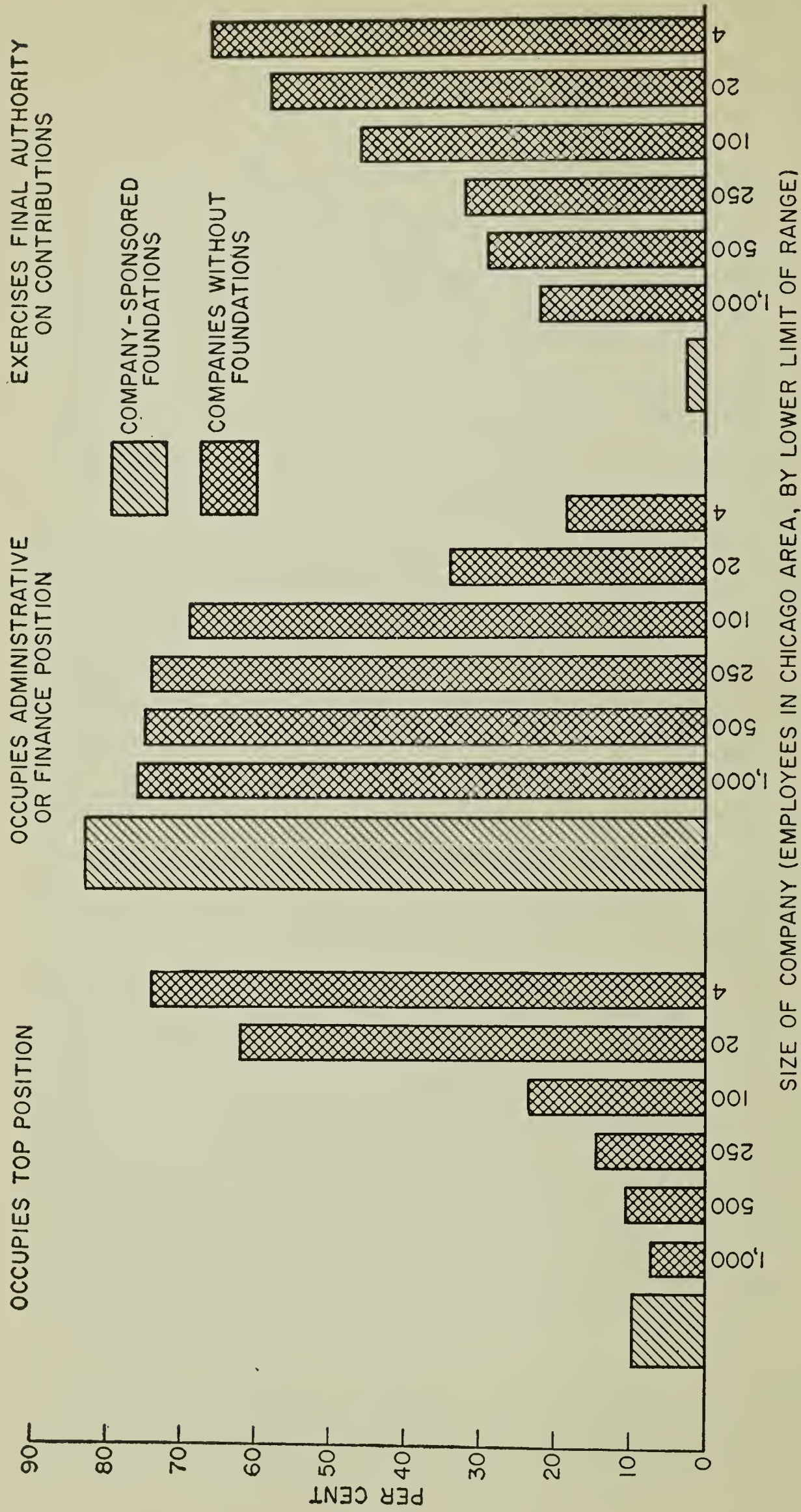
The information used in this study was obtained from the responses to two questionnaires. The first inquired about the contributions of companies, some of which had established foundations and some of which had not. It was sent to a randomly drawn stratified sample of all companies in the Chicago Metropolitan Area.<sup>1</sup> The second questionnaire was sent to those companies indicating they had sponsored foundations, and inquired about the foundation's contributions.

Many companies and company-sponsored foundations, like individuals, are reluctant to disclose the details of their contributions. In an effort to induce those falling in the sample to provide the desired information, a personal letter was sent to the company president by the president of the Chicago Chapter of the Public Relations Society of America. This told of the study, explained why it was being made, and asked the company president to name the person "most directly involved in the administration of the company's or foundation's contribution program." The research organization then got in touch with this person and a questionnaire was mailed to him.

The position in their respective companies occupied by the respondents to the first questionnaire can be seen from Table 1 or Chart 2. As is not surprising, these show that respondents working for large companies, regardless of whether there was a foundation associated with the particular company, were most likely to be in the finance or administration departments.<sup>2</sup> In the largest companies relatively few respondents occupied positions of top authority such as president, owner, partner, or chairman of the board of directors. As the size of the company decreased, the proportion of respondents having positions in finance or ad-

<sup>1</sup> Companies were stratified by size, as determined by the number of employees in the Chicago Metropolitan Area.

<sup>2</sup> These were defined to include the following positions: finance—treasurer, comptroller, auditor, corporate secretary; administration—executive vice-president, vice-president, manager, office manager, general manager.



*Top position* defined to include president, owner, partner, chairman of the board of directors.  
*Administrative or finance position* defined to include executive vice-president, vice-president, manager, office manager, general manager, treasurer, comptroller, auditor, corporate secretary, assistant to the president.

CHART 2. PER CENT OF RESPONDENTS OCCUPYING DESIGNATED POSITIONS: BY SIZE OF COMPANY



TABLE 1. NUMBER OF RESPONDENTS<sup>a</sup> OCCUPYING DESIGNATED POSITIONS AND NUMBER OF RESPONDENTS EXERCISING FINAL AUTHORITY ON CONTRIBUTIONS: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURES FOR COMPANY-SPONSORED FOUNDATIONS

SIZE OF COMPANY	POSITION OR DEPARTMENT OCCUPIED BY RESPONDENT															EXERCISES FINAL AUTHORITY
	TOTAL RESPONDENTS	Top <sup>b</sup> No With fdn. fdn.	Adminis- trative <sup>c</sup> No With fdn. fdn.	Finance <sup>d</sup> No With fdn. fdn.	Public Relations No With fdn. fdn.	Per- sonnel No With fdn. fdn.	Sales No With fdn. fdn.	Pro- duction <sup>e</sup> No With fdn. fdn.	Ass't to Pres. No With fdn. fdn.	Other No With fdn. fdn.						
Employees in Chicago Area	No With fdn. fdn.													No With fdn. fdn.		
1,000 and over	83 53	6 3	25 24	31 13	8 7	4 1	0 0	1 0	7 1	1 4	18 13					
500 to 999	48 14	5 3	22 3	12 6	1 2	3 0	0 0	0 0	2 0	3 0	14 3					
250 to 499	62 9	9 3	19 3	25 2	3 0	0 0	1 0	1 0	2 1	2 0	20 1					
100 to 249	68 8	16 4	20 2	25 1	3 0	0 0	0 0	0 0	2 0	2 1	31 3					
20 to 99	76 2	47 0	10 2	12 0	1 0	0 0	0 0	0 0	4 0	2 0	44 1					
4 to 19	65 2	48 0	9 1	2 0	0 1	1 0	3 0	1 0	1 0	0 0	43 1					
COMPANY-SPONSORED FOUNDATIONS <sup>f</sup>	41	4	19	15	1	0	0	0	0	2	1					

<sup>a</sup> As shown in Appendix A, respondents were supposed to be the person "most directly and immediately involved in the administration of the company's [foundation's] contributions program."

<sup>b</sup> Defined to include president, owner, partner, chairman of the board of directors.

<sup>c</sup> Defined to include executive vice-president, vice-president, manager, office manager, general manager.

<sup>d</sup> Defined to include treasurer, comptroller, auditor, corporate secretary.

<sup>e</sup> For example, plant manager.

<sup>f</sup> Throughout this study one must distinguish between two types of organizations: *companies* (which may or may not sponsor foundations) and company-sponsored *foundations*.

ministration departments became progressively smaller and the proportion of respondents occupying the top position became greater. Furthermore, the person who was "most directly involved in the administration of contributions" was more likely to exercise final authority on contributions in the smaller companies. Although administrative, financial, and "top position" were the most frequently mentioned categories, a few respondents designated themselves as being in the public relations, personnel, sales, or production departments.

As is evident from Chart 2, positions of respondents replying to the questionnaire on foundations closely followed the pattern for the large companies noted above. In addition to their company positions, 36 per cent of these people mentioned having a specific title within the foundation itself. In striking contrast, however, is the finding that only 2 per cent of the respondents to the foundation questionnaire claimed to have final authority on the disposition of foundation funds. This is the first of many indications that the contributions of companies that have established foundations are likely to differ from those of other companies.

### *Significance of the Study*

The information on which the present study is based differs from that used for other major studies of company giving in at least four aspects. It was gathered in 1957 and is therefore more recent than that used in previous studies. Second, it attempted to sample systematically a true cross-section of companies of all sizes within the defined population of "companies represented in the Chicago Metropolitan Area."<sup>1</sup> Other studies of corporation giving have tended to emphasize large companies, those making particularly large contributions, or those with membership in particular societies. Third, compared with previous studies, it achieved both a greater number and a higher proportion of cooperating respondents and is thus less likely to show bias due to those who did not participate.<sup>2</sup> (See Table 2.) And, fi-

<sup>1</sup> See note 1, p. 14.

<sup>2</sup> There seems little doubt, however, that companies and foundations complet-



TABLE 2. ESTIMATED NUMBER OF COMPANIES IN THE CHICAGO METROPOLITAN AREA,<sup>a</sup> NUMBER OF COMPANIES PROPOSED FOR SAMPLE, AND NUMBER OF COMPANIES PARTICIPATING IN SURVEY: BY SIZE OF COMPANY, WITH COMPARISON FIGURES FOR COMPANY-SPONSORED FOUNDATIONS

SIZE OF COMPANY Employees in Chicago Area	UNIVERSE Companies in Chicago Area	SAMPLE Number proposed	RESPONDENTS	
			Number	Per cent C is of B
	A	B	C	D
1,000 and over	215	215	136	63
500 to 999	225	100	62	62
250 to 499	600	100	72	72
100 to 249	1,846	100	77	77
20 to 99	11,269	100	81	81
4 to 19	35,634	100	68	68
COMPANY-SPONSORED FOUNDATIONS		89 <sup>b</sup>	42	47

<sup>a</sup> The “Chicago Metropolitan Area” was defined to include the following Illinois counties: Cook, Dupage, Kane, Lake, Will; and also Lake County, Indiana.

<sup>b</sup> Participating companies that indicated they had established a foundation.

nally, it is well adapted for a study with particular attention on company-sponsored foundations.

It should be noted that the study is based exclusively on data from companies represented in the Chicago Metropolitan Area. This is both a strength and a weakness. It has special relevance to the situation in Chicago as it existed in 1956. If, however, one wishes to generalize to the nation as a whole, one must make the assumption that conditions in Chicago were not significantly different from those in other American cities.

ing the respective questionnaires were on the whole more generous and/or had more active contribution programs than those that fell in the sample but did not cooperate.

### III

## COMPANY-SPONSORED FOUNDATIONS

ALTHOUGH CORPORATIONS IN AMERICA are now giving close to half a billion dollars annually to philanthropy, there remains some debate as to whether they should give at all. Those opposed to corporations playing the role of benefactor often cite the opinion that companies exist to make profits and that all such profits should go to the companies' owners to be spent—or given—as they, not company officials, see fit.<sup>1</sup>

Those in favor of corporations playing the role of benefactor would agree that a business enterprise ought not be concerned with "charity" but suggest that many charitable organizations, as well as many scientific, literary, and educational ones, yield either a direct or indirect benefit to the company and therefore to the company's owners. They point out that a company and its employees often benefit greatly from a hospital, a local college or university, or the stable, smooth-running community life which organizations like the Y.M.C.A., a civic music association, or the Boy Scouts help to produce. They also point out that if private philanthropy does not support the social and welfare organizations demanded by Americans, the government will step in, raising the necessary funds through increased taxes. Many corporations regard their contributions as both a responsibility and an opportunity.

While many people believe contributions are justified as a

<sup>1</sup> One proponent of this view is Theodore Leavitt, whose article "The Dangers of Social Responsibility" sets forth this side of the debate, *Harvard Business Review*, vol. 36, September–October, 1958.



legitimate business expense yielding a benefit to the company, there is reason to think many company officials derive considerable personal satisfaction from the contributions they, in the name of their company, are able to make.

It is not the purpose of this study to discuss the development of company giving, the philosophy that supports it, or the laws that allow it.<sup>1</sup> Nevertheless, changes in federal tax legislation have been associated with marked changes in the rate at which company-sponsored foundations have been formed. These need brief mention.

### *Recent Rapid Growth*

Since 1936 tax laws have allowed corporations to deduct from their taxable income the contributions they made during the year.<sup>2</sup> Because contributions are deducted from the highest bracket of a company's income, the higher the tax it would have to pay, the lower the "cost" to the corporation of the contribution. Between 1947 and 1949, in marked contrast to what was to develop later, corporations were taxed not more than 38 per cent on even their highest income bracket. Beginning July 1, 1950, and continuing through 1953, however, a regular plus excess profits tax diverted 82 per cent of the top bracket of many corporations' incomes to the government.<sup>3</sup> Thus in 1953 a corporation with income reaching into this bracket could contribute \$100, deduct this from the income on which it was paying 82 per cent tax, and the actual "cost" to the corporation was only \$18! (In 1956, as noted above, corporations were paying 30 per cent of their taxable income under \$25,000 to the federal government, and 52 per cent of that portion over \$25,000.) Between mid-1950 and the end of 1953, corporations with large incomes could "give" much more cheaply than ever before. It is not surprising that it was during this period that company-sponsored founda-

<sup>1</sup> The interested reader is referred to existing studies of these subjects; for example, those by F. Emerson Andrews, Richard Eels, and the National Industrial Conference Board.

<sup>2</sup> The law has allowed this deduction for all contributions not exceeding 5 per cent of a company's taxable income.

<sup>3</sup> An excess profits tax provision was also in effect during World War II.

tions were being formed at unprecedented rates and were receiving large gifts from their parent companies for contemporary and future use. Chart 3 indicates the high proportion of company-sponsored foundations formed during the early 1950's.<sup>1</sup>

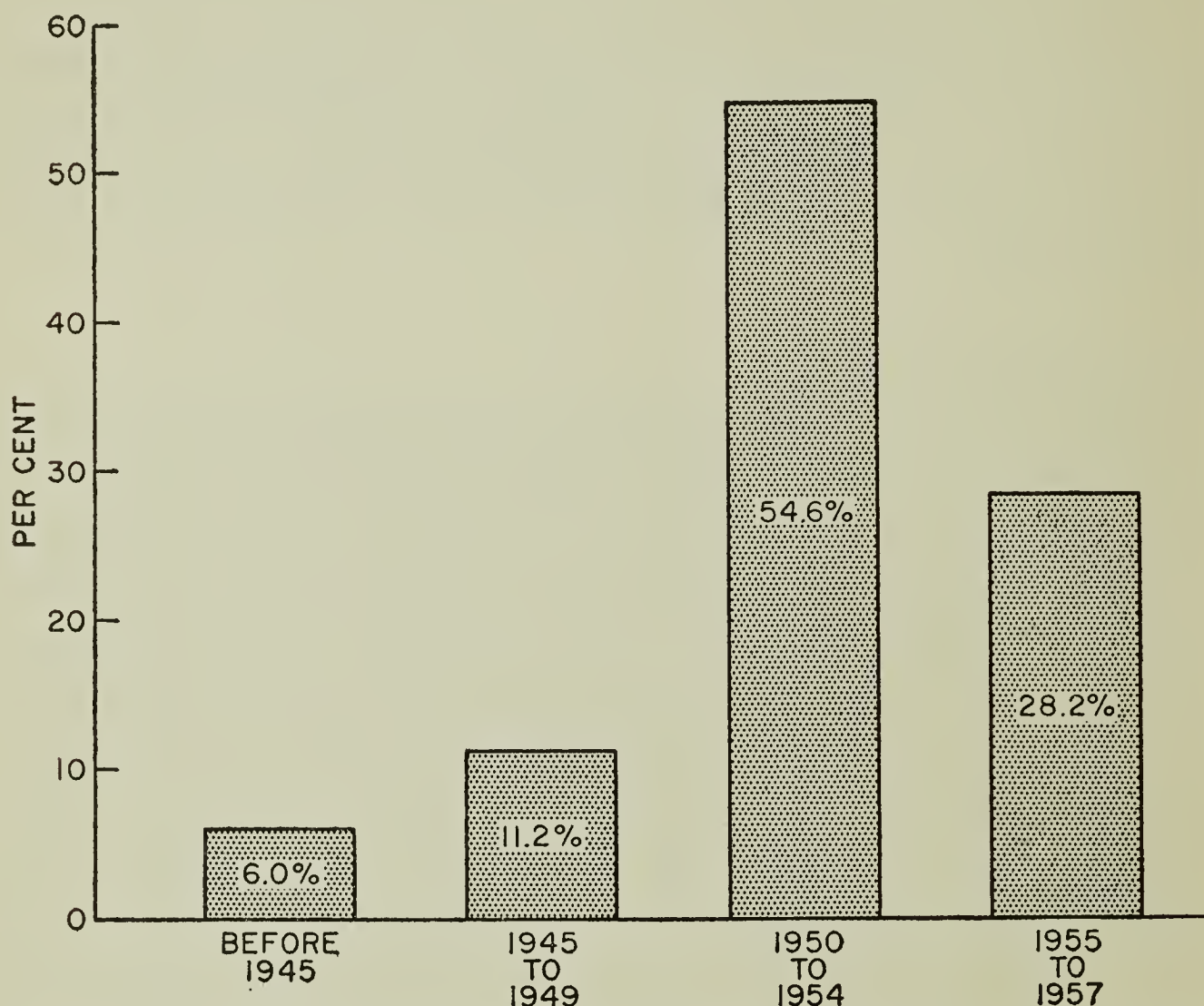


CHART 3. PER CENT OF PARTICIPATING COMPANY-SPONSORED FOUNDATIONS FORMED DURING DESIGNATED PERIODS

The rate at which company-sponsored foundations were formed rose gradually until 1950, then showed a sudden increase during the early 1950's, and rapidly dropped after 1953. It would appear that nearly three-quarters of existing company-sponsored foundations have been formed since 1950. That they are a relatively new phenomenon is obvious.

### *Companies That Sponsor Foundations*

It comes as no surprise to learn that the proportion of companies that sponsor their own foundations varies markedly with

<sup>1</sup> Based on Table A in Appendix B.



the size of the company. The survey indicated that under 5 per cent of all the companies represented in the Chicago Area had established a foundation by 1956. If, however, these companies are divided into groups of various sizes, one finds that over a third of the largest companies had established their own foundations. Table 3 indicates how these proportions varied with size.

TABLE 3. NUMBER OF PARTICIPATING COMPANIES SPONSORING A FOUNDATION: BY SIZE OF COMPANY

SIZE OF COMPANY Employees in Chicago Area	COMPANIES Number of com- panies participating	FOUNDATIONS	
		Number of companies with foundations	Per cent <i>B</i> is of <i>A</i>
	<i>A</i>	<i>B</i>	<i>C</i>
1,000 and over	136	53	39
500 to 999	62	14	23
250 to 499	72	10	14
100 to 249	77	8	10
20 to 99	81	2	2
4 to 19	68	2	3

From data made available by a question asking the principal business of the cooperating companies (see Table 4), it appears that sponsorship of a foundation was related not only to company size but also to type of business. In general, companies were more likely to have established a foundation if their business was manufacturing, financial, or communications, than if it was retail or wholesale selling, or such service operations as restaurants and utilities. Since manufacturing was the most frequently designated business,<sup>1</sup> it is not surprising to find that more foundations had manufacturing companies as sponsors than any other type of principal business.

Another question asked respondents to compare their company's rate of growth with that of other companies in the same industry. It is of interest to discover that companies which had established a foundation more often described themselves as growing "faster" or "much faster" than did other companies of comparable size. (See Table 5.)

<sup>1</sup> Appendix D presents government estimates of the number of corporations of various industries in the nation as a whole and provides comparable figures from the present survey for the Chicago Metropolitan Area.

TABLE 4. NUMBER OF PARTICIPATING COMPANIES IN DESIGNATED INDUSTRIES: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION<sup>a</sup>

NUMBER OF COMPANIES LISTING THEIR PRINCIPAL BUSINESS AS:																
SIZE OF COMPANY	TOTAL	Manufac- turing		Finance		Communi- cations		Service		Whole- sale		Other				
		No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.					
Employees in Chicago Area	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.				
1,000 and over	82	53	50	39	1	2	11	5	9	2	8	5	2	0	1	0
500 to 999	45	14	31	14	1	0	2	0	7	0	2	0	2	0	0	0
250 to 499	62	10	40	7	5	2	4	0	5	0	3	1	4	0	1	0
100 to 249	68	8	42	3	3	1	2	1	12	1	5	1	4	1	0	0
20 to 99	77	2	24	0	3	1	2	1	23	0	16	0	9	0	0	0
4 to 19	63	2	13	1	6	0	2	0	9	1	23	0	10	0	0	0

<sup>a</sup> See also Appendix D.



TABLE 5. NUMBER OF PARTICIPATING COMPANIES CLAIMING A FASTER RATE OF GROWTH THAN OTHERS IN THE SAME INDUSTRY: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION

SIZE OF COMPANY Employees in Chicago Area	NUMBER OF COMPANIES ANSWERING QUESTION		COMPANIES CLAIMING FASTER GROWTH RATE THAN OTHERS IN THE SAME INDUSTRY			
			Number of companies		Per cent of com- panies answering	
	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.
1,000 and over	60	38	26	25	43	66
500 to 999	30	9	7	4	23	44
250 to 499	39	4	15	3	38	a
100 to 249	37	3	8	2	22	a
20 to 99	22	2	4	0	18	a
4 to 19	12	2	5	0	42	a

<sup>a</sup> Number of cases is too small to cite a meaningful percentage.

And, finally, companies with their home offices in Chicago were more likely to have established a foundation if they also had branch offices outside Chicago. Thus sponsorship of a foundation appears to have been associated with geographically dispersed operations. (See Table 6.)

Participating companies that had sponsored foundations, therefore, had the following characteristics. They were likely to have been large rather than small. They were more likely to have claimed their principal business as manufacturing, finance, or communications than retailing, wholesaling, or service. Compared to companies of comparable size that had not formed

TABLE 6. NUMBER OF PARTICIPATING COMPANIES WITH GEOGRAPHICALLY DISPERSED OPERATIONS: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION

SIZE OF COMPANY Employees in Chicago Area	NUMBER OF COMPANIES ANSWERING QUESTION		COMPANIES WITH HEAD OFFICES IN CHICAGO HAVING BRANCH OFFICES OUTSIDE			
			Number of companies		Per cent of com- panies answering	
	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.
1,000 and over	58	34	45	33	78	97
500 to 999	30	10	19	8	63	80
250 to 499	36	3	23	1	64	a
100 to 249	35	3	16	3	46	a
20 to 99	23	2	5	0	22	a
4 to 19	13	1	2	0	15	a

<sup>a</sup> Number of cases is too small to cite a meaningful percentage.

foundations, they were more likely to claim they were growing faster than other companies in the same industry, and they were more likely to have branches away from the immediate area in which their home offices were located.

### *Goals and Objectives*

The reasons company officers give for forming a foundation vary greatly. The most frequent answer to the question "What were the major objectives of the company in starting a foundation?" was the desire to spread contributions more evenly over both the "fat" and "lean" profit years. One respondent wrote:

To permit setting aside earnings in good years to provide a fund equal to three to five years' contributions and thus permit continuity of giving even in years of poor earnings.

Of the 35 foundation officials who answered the question, 68 per cent included a reason similar to this in their answers. Since many foundations were young when the survey was made and had not experienced a year of poor earnings by the parent company, some respondents were careful to say that although this was one of their major objectives they had not had occasion to test the foundation's effectiveness.

The second most frequently mentioned major objective (mentioned by 40 per cent of those who answered the question) was to improve the administration of contributions. In helping to centralize the control and handling of the company's philanthropy, it was generally felt that the foundation had lived up to expectations. Following closely behind the objective of better administration was the related one of better planning. Typical answers were these: "to establish long-range goals"; "[to provide a] climate for original and creative giving."

Other major objectives mentioned by some respondents included taking better advantage of the existing tax laws, increasing a company's contribution program or broadening its range of interests, and creating public good will for the company.

Whatever objectives a company had in establishing a foundation, it was likely to have done so with a substantial initial grant.



Although one company established its foundation with only \$500, half of the participating companies made initial grants to their foundations of more than \$47,000. One foundation received \$4,000,000 as the starting grant from its sponsoring company.

### *Control of Foundations: Their Directors and Administrators*

The people responsible for the operation of a company-sponsored foundation are usually officers of the parent company. Of the 56 companies that had sponsored foundations and provided the necessary data, only seven said that their foundations had even one officer drawn from outside the ranks of the company. In terms of personnel, the foundations seemed closely tied to their parent companies.

A few of the very largest company-sponsored foundations had a staff member who devoted full time to foundation affairs. In most cases, however, operating the foundation was only a part-time job included among a variety of other duties. The time spent on foundation affairs by the person most directly involved in its administration varied from full time to less than one day per year. Half of the participating foundations received less than 19 days per year from even the person most directly concerned with their operation. While most of these foundations were closely controlled by company personnel, they rarely received more than a small portion of the company officers' time. As will be seen later, however, the average foundation received more time from the person most responsible for it than did the average contribution program of even the largest nonfoundation companies.

The duties of these people sometimes included the administration of funds held by the foundation and formation of a contributions policy. Often they received and evaluated requests for contributions; they frequently were responsible for gifts being disbursed smoothly and on time; and occasionally they actually decided who would receive contributions. Some respondents indicated that with their foundations had come increased duties in keeping records and preparing tax returns, and also an increased number of solicitations requiring attention.

There is some sentiment that one of the duties of a foundation official should be the regular publication of a report on the foundation's activities. It is argued that if the public grants the foundation the privilege of tax exemption, it then has the right to know what the foundation does. Although some foundations produced a "private" report for the officers of the company, only one of the 42 foundations answering this question claimed to publish an annual report for public perusal.

### *Financial Operations in 1956<sup>1</sup>*

The main source of funds for company-sponsored foundations is their parent companies. In 1956 the median contribution received from the sponsoring company by the participating foundation was \$20,000. Some foundations, however (26 per cent of the 38 foundations providing the requested data), received nothing at all from their sponsoring companies, while three received \$1,000,000 or more from their sponsors. Considering only those that received *something* from their sponsors, the median amount received from the company becomes \$50,000.

Some company-sponsored foundations also receive funds from noncompany sources, most often from officers or owners of the company who may use the foundation as a channel for their personal giving. Even among the foundations sponsored by the largest participating companies, one in six received funds from outside the company. Among foundations sponsored by smaller companies, the proportion was higher. The amount foundations received, however, was rarely large. Of those that received *some* noncompany support in 1956, one half received \$10,000 or less.

In the present survey the age of a foundation appeared to be related to the funds it was likely to receive. Foundations that were formed before 1950, and thus were older and possibly better established than those formed since the beginning of 1950, had in 1956 significantly higher median receipts from their sponsoring companies and other sources than the younger founda-

<sup>1</sup> All findings in this section derive from figures for "last complete fiscal year" on the questionnaire presented in Appendix A. Since these were being answered during 1957, it is assumed that most respondents referred to their organization's 1956 fiscal year.



tions. Whether this shows that the income of foundations tends to increase as they become older, or that the foundations established after 1949 are somehow qualitatively different, must remain an open question.

Turning from the receipts of company-sponsored foundations to their expenditures, one finds that the median value of total 1956 contributions was \$54,000. The smallest total given by a participating foundation was \$1,000 while the largest was \$1,850,000. It is of interest to discover that even those foundations that received nothing from their sponsoring companies were able to make a median contribution of \$18,000. This is some indication that a foundation can, in fact, add stability to a company's contribution program by maintaining annual contributions even when the company itself does not wish to contribute.

TABLE 7. A PICTURE OF THE "AVERAGE" PARTICIPATING COMPANY-SPONSORED FOUNDATION<sup>a</sup>

( BASED ON MEDIAN FIGURES )

DESCRIPTIVE DATA

Year founded	1952
Founding grant	\$47,000
Time spent on administration of foundation by person most involved	19 days per year

FINANCIAL DATA

	<i>Fiscal year ending in</i>	
	1956	1953
Amount received from sponsoring company	\$20,000 to 50,000 <sup>b</sup>	\$58,000 to 72,000 <sup>b</sup>
Amount received from noncompany sources	1,500 to 10,000 <sup>b</sup>	100 to 10,000 <sup>b</sup>
Net worth at end of year	153,000	150,000
Amount of contributions	54,000	24,000
Median per cent of current receipts spent	99	42
Number of years prevailing rate of contributing could be maintained without additional receipts	3.5 <sup>c</sup>	5.0 <sup>c</sup>

<sup>a</sup> Additional data in Appendix C.

<sup>b</sup> The first figure is based on *all* foundations answering this question; the second is based only on those foundations which indicated some positive amount.

<sup>c</sup> This information was calculated individually for each foundation supplying the necessary data. The figure given here represents the median of these calculations.

Here again, figures for the older foundations (those established before 1950) exceeded those for the younger ones. They contributed, on the average, more than three times as much as the younger foundations.

Since the median number of grants made in 1956 by the participating foundations was 54, one might say that the "average" grant made by these foundations was about \$1,000. Of course, in practice the size of grants varies greatly, not only between different foundations but also among those made by a single foundation. It will be shown later, however, that this "average" size is larger than the average size of grants made by most nonfoundation companies.

It has been noted that company-sponsored foundations have the capacity to accumulate funds for use in the future. In any one year, therefore, they may spend either more or less than 100 per cent of the year's receipts. In 1956, however, foundations participating in the survey were in general not accumulating further assets. Of the 37 providing the necessary information, 18 spent 100 per cent or more of their total receipts for 1956. (The median proportion of current receipts spent in 1956 was 99 per cent.) Thus the "average" participating foundation spent on contributions virtually all it received during the year. Only a very small proportion of current receipts was allowed to accumulate for future use.

Respondents were also asked to indicate their foundation's net worth. At the end of 1956 the median value of assets held by participating foundations was \$153,000. Considering each foundation separately, one finds that current contributions amounted to a median of 29 per cent of net worth at the end of 1956. Thus the "average" foundation at the time of this survey could have maintained its 1956 level of contributions for 3.5 years without additional receipts. To put it another way, if all foundations had maintained their 1956 level of giving so long as they had funds, and if business had been so poor they received no support after 1956, by mid-1960 half of them would have been bankrupt while half would still have had funds to contribute.

Thus the "average" participating foundation spent \$54,000 di-



vided among 54 grants, gave out virtually all it received, but had accumulated sufficient assets from past receipts to last 3.5 additional years at the current rate of contributing.

### *A Comparison with Earlier Financial Operations*

Information was also gathered relating to the financial year 1953.<sup>1</sup> It shows some important differences from what has been noted for 1956. The median amount received from the parent company was considerably higher in 1953: foundations received a median of \$58,000. Since 1953 was the last year in which the excess profits tax was in effect, many companies may have been taking advantage of the opportunity to make contributions at low cost to themselves by making large gifts to their foundations. (The median value of funds from noncompany sources changed only slightly between 1953 and 1956.)

While foundations' average receipts were higher in 1953, their average expenditure on contributions was considerably lower. Half of the participating foundations spent less than \$24,000, as compared to \$54,000 spent by the average foundation in 1956. In contrast to the average foundation spending nearly all it received in 1956, the median portion of 1953 receipts spent on current contributions was only 42 per cent. At the end of 1953, median assets were \$150,000, almost exactly what they were in 1956.

As compared with 1956, the year 1953 seems to have been a period when these foundations were receiving larger grants from their sponsoring companies, spending less on contributions, and thus building up a reserve for future use. For the "average" foundation, this reserve was still intact at the end of 1956.

### *The Causes Company Foundations Support*

A foundation's contribution program, like that of an individual, often shows interests unique to a particular industry or to

<sup>1</sup> Foundations formed after 1953, which were asked to give data for their first year of operation (see Appendix A), are not included in the description of the findings that follows.

the people who control the foundation. Sometimes the reason is that individuals use the foundation as a channel for their personal contributions, as was undoubtedly true in the case of a company-sponsored foundation that gave one of its larger gifts in 1956 to a music association, with this explanation:

A member of the board of trustees has an interest in the organization independent of any corporate consideration.

Other times the industry of the sponsoring company may motivate special interest in unusual areas. For example, one foundation in the restaurant business has established a foundation that sponsors research on foods. An insurance company has a foundation that gives support to programs of driver education and traffic safety. One person attached a letter to the questionnaire saying this about the interests of his company's foundation:

It makes contributions to charitable organizations primarily for maintaining its tax-exempt status. The foundation's primary function and interest are awarding scholarships [to high school graduates who are children of company employees].

Often companies have sponsored foundations yet continue to contribute directly to soliciting organizations themselves. There is some indication that companies with longer-established foundations are more likely to use a variety of contribution channels, making some gifts directly from the company and other gifts through the foundation. One person expressed the division of interest between the parent company and its foundation as follows:

We wanted to set up a fund to give to individual causes rather than the large groups. The company gives to Red Cross, Community Fund, Heart, and Cancer. . . . The foundation can give to smaller individual groups.

Thus a foundation's contributions sometimes reflect special interests of the people who control it and, because the company itself may do some direct contributing,<sup>1</sup> the foundation's gifts

<sup>1</sup> See Table 13.



may represent only a partial range of the full variety of causes to which company funds eventually go.

Respondents were asked to indicate which causes their foundations had supported in 1956 and the proportion of total contributions that went to each cause. Information made available by this part of the questionnaire is summarized in Table 8.

In several ways education stands out as a particularly prominent cause. Of the 42 participating foundations, 38 (90 per cent) claimed to have contributed something to at least one educational organization in 1956. No other cause received contributions from as large a proportion of these foundations. Furthermore, the relative size of all gifts going to educational causes is exceeded only by gifts to community chests. Comments made by respondents suggest that company-sponsored foundations may be playing an especially significant role in America's private support of education. Many foundations evidently found themselves with resources available and looking for worthwhile causes to support when the need of education became apparent. Indeed, 26 per cent of the 42 respondents to the foundation questionnaire indicated that one of the results of their company having a foundation was new or increased support to education. The following comments are typical:

QUESTION: Which of the foundation's programs probably would not have been undertaken or started as quickly by the company if it were not for the foundation?

ANSWER: Contributions to education institutions. These we sought out to accomplish foundation policy . . . previously company policy had been to weigh requests received and give or not give—no effort made to plan program and give even if not solicited.

ANSWER: Any program which requires firm commitments beyond the current year such as four-year scholarships. . . .

After education the next most frequently mentioned cause to which participating foundations contributed was hospitals. Although 88 per cent of the participating foundations gave something in the hospital category, compared to their other gifts these were rather small. The situation was much the same for

social welfare: a very large proportion of foundations contributed something to social welfare organizations, but their total gifts to this cause were likely to be smaller than their gifts to most other causes.

The most important cause receiving support from foundations in 1956 was community chests. Not only did they receive support from over 80 per cent of the participating foundations, but gifts to them ranked, on the average, in first place. If a division is made between gifts to the Chicago Community Fund and those to any other community chest, one finds that the Chicago Community Fund was mentioned more frequently. This is, of course, not surprising since the sample was drawn from companies with representation in Chicago.

Other causes receiving frequent mention were health agencies and the Red Cross. While roughly three-quarters of the participating foundations gave something to these causes, their gifts were not likely to be large.

TABLE 8. NUMBER OF THE 42 PARTICIPATING FOUNDATIONS MAKING GIFTS IN 1956 TO DESIGNATED CAUSES AND MEDIAN RANK OF TOTAL CONTRIBUTIONS TO DESIGNATED CAUSE<sup>a</sup>

CAUSE	FOUNDATIONS MAKING ANY CONTRIBUTION		MEDIAN RANK <sup>b</sup>
	Number	Per cent	
Education	38	90	2.6
Hospitals	37	88	4.1
Social welfare	35	83	4.4
Community chests	34	81	1.9
Chicago Community Fund	31	74	2.8
Other community chests	26	62	3.6
Red Cross	32	76	6.0
Health agencies	30	71	5.1
Other	31	74	
Youth and recreation	8	19	5.5
Business and civic	8	19	c
Religious	7	17	c
Cultural	5	12	c
Public and civil service	2	5	c
Miscellaneous	11	26	6.0

<sup>a</sup> Additional data in Appendix C.

<sup>b</sup> Each foundation's contributions to various causes, if any, were ranked according to size. The median of these ranks was then determined.

<sup>c</sup> Number of foundations supplying the necessary information is too small to cite a meaningful median.



In addition, a few respondents said their foundations had contributed to youth and recreational groups, to business and civic groups, to religious groups, and to certain cultural causes. In spite of the fact that many foundations establish a policy against contributing to religious groups, 17 per cent of the participating foundations gave at least one gift to a religious organization in 1956.

The diversity of causes to which foundations contribute, and the reasons they assign for providing this support, bring out an important fact. In spite of a sometimes impressive sounding name, of what may appear as a rational contribution policy, or of carefully listed benefits deriving to the company from the gifts of its foundation, contributions from company-sponsored foundations—as from most other sources—often reflect the emotional as well as the rational interests of the people who control them. Some causes receive support from more foundations, or in greater amounts, than other causes, but there is no consistent pattern of giving to which all foundations adhere.

### *Planning Contribution Programs*

One of the most important jobs to be done within a company-sponsored foundation is deciding which organizations shall receive funds. As noted earlier, a few foundations have been established for specific and very limited purposes or to give to nonsoliciting causes. For them, the selection process may be easy. Most foundations, however, receive a large number of solicitations and must select from among them.

Half the participating foundations received in 1956 over 200 requests for support. While one respondent knew of no requests received by his foundation, another said his foundation had received over 2,000 solicitations. These foundations obviously had to have some process of selection, for half of them made grants to fewer than 27 per cent of the organizations that had solicited.

The survey attempted to determine how this selection was made. There are a number of formal procedures—policy statements, established restrictions, budgets, and the like—that some foundations use. Of the participating foundations, 36 per cent

had a statement available to the public describing their contribution policies. (Many others had a policy statement exclusively for the guidance of company or foundation officers.) Slightly less than half had an established policy restriction on certain types of organizations that would not be considered for foundation support. The most frequently mentioned cause that foundations made ineligible for support was religious organizations, either because they felt they would receive little benefit from such contributions and thus that religion was not their responsibility, or because they feared disapproval from their stockholders. As noted earlier, however, at least 17 per cent of the foundations in the sample did make contributions to religious organizations in 1956. Once again, the diversity in giving patterns is apparent. Another way in which some foundations gave evidence of formal planning was to establish a budget. Of the participating foundations, 49 per cent budgeted their 1956 contributions.

Although some foundations do use the formal procedures, it would appear that a fair proportion of company-sponsored foundations—perhaps as large as a half—“plan” their contributions in an informal manner. While the more formal planning may be evidence of a more carefully thought out contribution program, it is possible, of course, that informal planning could be equally effective.

Whether a foundation's planning methods are formal or informal, somehow it must select from the many organizations that are likely to solicit certain ones to receive contributions. Respondents were asked to indicate the factors their foundations used in making this decision. The factors they frequently indicated were: purpose of the organization, how it used the funds it received, whether it had been approved by one or more of the charity investigating organizations, the names of its officers, and whether it had received Treasury qualification under section 170 (c) of the 1954 Internal Revenue Code. Frequently mentioned sources of the necessary information were the Chicago Association of Commerce and Industry, organizations such as the National Industrial Conference Board, the National Infor-



mation Bureau, and the better business bureaus, campaign literature and other material put out by the soliciting organization itself, and what one person succinctly described as "personal knowledge."

Some company-sponsored foundations conduct a careful investigation of the charities to which they contribute. A few, however, may be typified by the respondent who answered the question "Where do you get your information about soliciting organizations?" with the comment "So well known that sources of information mean nothing." Undoubtedly, the policies and procedures used to select recipients of foundation gifts range widely from the highly organized foundation with formal and critical methods of selection to the informal and very personal operation of others.

### *A Backward Look*

In establishing a company-sponsored foundation, a relatively new species in a philanthropic world undergoing numerous changes in tax legislation and conceptions of responsibility, many companies were taking what at the time may have seemed a bold step. The survey attempted to explore some of the unanticipated effects that might have resulted from this bold step.

Most respondents (75 per cent of the 37 answering) felt there had been neither unexpected advantages nor disadvantages. A few, however, mentioned that with the establishment of a foundation came a great many more requests for contributions. One person put it like this:

We are on hundreds of mailing lists and are besieged with requests, many of which are unworthy.

Another wrote:

College and university groups flood the mail. It seems once you are on the list for foundations they all think you have millions to give.

Among unanticipated advantages, the most frequently mentioned were better planning and administration of contributions.

One respondent said his company had discovered in the foundation an unanticipated creator of goodwill; another mentioned that it had become an important "buffer" against requests.

In all, six respondents felt that their foundation had not improved the company's giving, while 31 (84 per cent) felt that it "had made it possible to spend the company's contribution more effectively." The reasons they gave were better planning, a leveling of contributions between fat and lean years, centralized administration, and the possibility of undertaking long range commitments.

Thus we see the company-sponsored foundation: a relatively new type of institution with some old and well-established members; a species that has shown tremendous growth in the last decade, and plays an increasingly significant role in corporate philanthropy. Established for a multitude of good reasons, company-sponsored foundations have nevertheless brought with them a number of problems. As diverse in interests, in wealth, in originality, and acumen as the companies that sponsor them and the people who control them, they currently hold an important legal privilege. While many were established to take advantage of certain tax laws, this is not the sole advantage they have for their sponsoring companies or for society as a whole. Perhaps most important of all, in spite of the diversity among company-sponsored foundations and their contribution programs, five out of every six of the persons most intimately acquainted with them believed that they had made it possible for the sponsoring companies to spend their contributions more effectively.



## IV

# COMPANY GIVING: PERSPECTIVE ON FOUNDATIONS

HAVING EXAMINED the contribution programs and operating procedures of company-sponsored foundations, there still remains the task of providing perspective. A study of foundations would be incomplete if it did not provide information on the contribution programs of the companies that sponsored the foundations and comparable material for companies that had not sponsored foundations.

The basic conception is this: Most companies contribute. If a company has not sponsored a foundation, it contributes directly. If it has sponsored a foundation, it may contribute directly to its foundation and/or to charitable organizations *or* indirectly to charitable organizations through its foundation.

In this section we turn from foundations to companies and seek differences in contribution programs that may be associated with the sponsorship of a foundation.

### *Differences Previously Noted*

Four of the ways in which companies with foundations differed from those without foundations have already been discussed. As Table 3 indicated, a much greater proportion of large companies had established foundations than small companies. Second, it has been noted that companies in manufacturing, finance, or communications were more likely to have established

a foundation than those in retail, wholesale, or service businesses. Furthermore, companies with foundations more often claimed to be growing at a faster rate than other companies in the same industries. And, fourth, companies that had established foundations were likely to have more widely spread operations than other companies of comparable size.

While these differences help one to understand the type of companies that have sponsored foundations, other important differences are also evident.

### *Differences in Control*

One of the differences associated with sponsorship of a foundation occurs in the lines of authority by which contribution programs are controlled.

Some companies set up a formal contribution committee to bring a wider range of opinions and experience to decisions on their philanthropic programs. As shown in Table 9, participating companies that had established foundations were more likely to have a contribution committee than other companies of comparable size.

TABLE 9. NUMBER OF PARTICIPATING COMPANIES HAVING A CONTRIBUTION COMMITTEE: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION

SIZE OF COMPANY Employees in Chicago Area	NUMBER OF COMPANIES ANSWERING		COMPANIES WITH CONTRIBUTION COMMITTEES			
			Number of companies		Per cent of com- panies answering	
	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.
1,000 and over	80	53	26	30	33	57
500 to 999	46	14	13	6	28	43
250 to 499	59	10	12	4	20	40
100 to 249	68	8	9	2	13	25
20 to 99	79	2	2	0	3	<sup>a</sup>
4 to 19	65	2	3	2	5	<sup>a</sup>

<sup>a</sup> Number of cases is too small to cite a meaningful percentage.

Closely related to this is a second difference in the lines of authority controlling contributions. Many companies divide, according to the amount of the gift, the authority to make contri-



butions in the company name. They may allow a local manager or administrative officer to make small contributions, while requiring the approval of a higher officer or committee for the large ones. If authority was divided,<sup>1</sup> sponsorship of a foundation appears to have been associated with an interesting difference in control of the larger contributions. As Table 10 shows, companies that had a foundation were more likely to assign the authority for making large gifts to a committee and were less likely to assign it to the company president than companies of comparable size without foundations. This is further evidence that the contribution programs of companies that have established foundations are likely to be more formal than in other companies and are less likely to be based on the judgment or interests of a single individual. This may be one explanation for the claims that better planning and administration of contributions had been the results of establishing a company-sponsored foundation.

Another explanation may be provided by the discovery that the person most directly involved in contributions was likely to have spent more time on them in companies having a foundation than in companies without foundations. In the very largest companies having foundations, these persons spent a median of 19 days per year on contributions. In other companies of comparable size, the median was 7.5 days per year.<sup>2</sup>

Whether the improvement in planning and administration that many respondents claimed was associated with their company having established a foundation was due to the wider range of interests and talents brought to contribution planning, or to the increased time spent on company philanthropy by the person most involved—or possibly both—must remain equivocal. These, however, were two differences associated with sponsorship of a foundation in the way companies controlled their contribution programs.

<sup>1</sup> Regardless of whether there was a foundation, about two-thirds of the larger companies and approximately one-half of the smaller ones divided authority according to the amount of the gift.

<sup>2</sup> Table B, which appears in Appendix B, provides the median times for smaller companies where information is available.

TABLE 10. NUMBER OF PARTICIPATING COMPANIES ASSIGNING AUTHORITY FOR MAKING LARGE CONTRIBUTIONS TO PRESIDENT, TO CONTRIBUTION COMMITTEE, IF AUTHORITY IS DIVIDED BY AMOUNT OF GIFT: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION

SIZE OF COMPANY Employees in Chicago Area	NUMBER OF COMPANIES DIVIDING AUTHORITY AND ANSWERING QUESTION		PRESIDENT <sup>a</sup> HAS AUTHORITY FOR LARGE CONTRIBUTIONS		COMMITTEE HAS AUTHORITY FOR LARGE CONTRIBUTIONS			
	No fdn.	With fdn.	No fdn.	With fdn.	Number of companies	Per cent of respondents		
		No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	
1,000 and over	59	31	12	3	29	22	49	71
500 to 999	26	11	11	1	9	5	35	45
250 to 499	24	2	10	0	8	1	33	b
100 to 249	23	3	12	1	4	2	17	b
20 to 99	7	1	4	0	3	1	43	b
4 to 19	1	1	0	1	1	0	b	b

NOTE: A few companies assigned the authority for large contributions to officers in finance or public relations divisions. Since these are not included in this table, percentages do not always add to 100.

<sup>a</sup> Includes owners or partners where applicable.

<sup>b</sup> Number of cases is too small to cite a meaningful percentage.



### *Differences in the Amounts of Contributions*

An examination of the contributions made by companies brings out other differences associated with sponsorship of a foundation.

Table 11 shows the median total contributions in 1956 of companies with head offices in Chicago. It includes *all* contributions made directly by these companies, that is, contributions to recipient organization *and* to a company's foundation if it had one. It clearly demonstrates that companies with foundations were likely to have contributed more than other companies of comparable size. While the median contribution of the largest companies with foundations was \$47,500 in 1956, that for large companies without foundations was \$26,000. The median contribution of smaller companies was lower, yet for companies in the same sized group the differences consistently indicate higher contributions for companies with foundations. Although the number of companies with foundations was small compared to all companies, the fact that these companies were likely to have been larger and were likely to have contributed more than com-

TABLE 11. MEDIAN AMOUNT OF DIRECT CONTRIBUTIONS MADE IN 1956 BY PARTICIPATING COMPANIES WITH HEAD OFFICES IN CHICAGO: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURE FOR COMPANY-SPONSORED FOUNDATIONS<sup>a</sup>

SIZE OF COMPANY Employees in Chicago Area	MEDIAN AMOUNT OF CONTRIBUTIONS <sup>b</sup> (In dollars)	
	No foundation	With foundation
	A	B
1,000 and over	26,000	47,500
500 to 999	8,220	27,500
250 to 499	2,500	15,000
100 to 249	2,840	12,500
20 to 99	833	<sup>c</sup>
4 to 19	410	<sup>c</sup>
COMPANY-SPONSORED FOUNDATIONS	54,000	

<sup>a</sup> Additional data in Appendix C.

<sup>b</sup> Dollar figures are for all direct contributions to recipient organizations, including a company's own foundation if it had one.

<sup>c</sup> Number of cases is too small to cite a meaningful median.

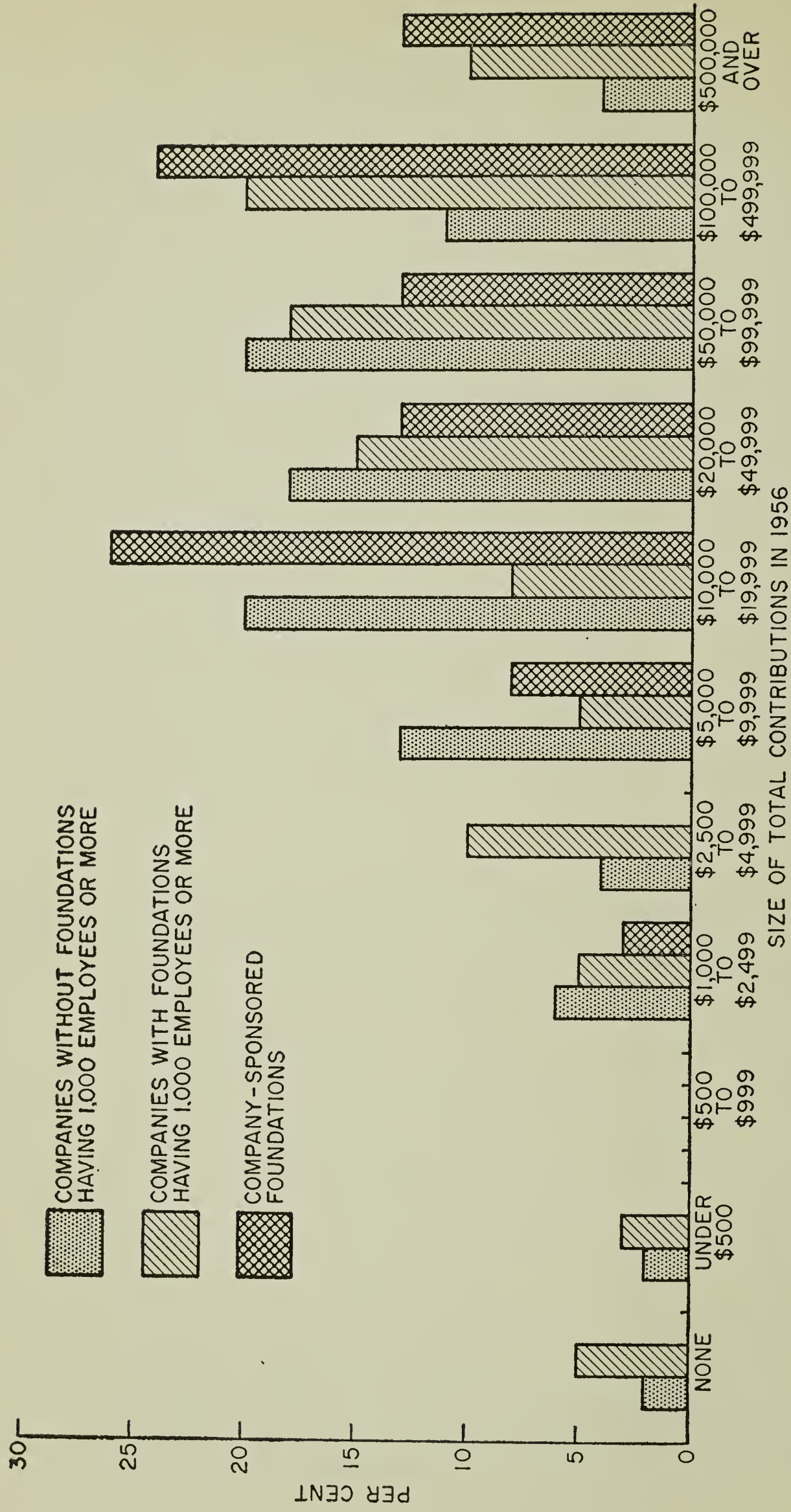


CHART 4. PER CENT OF PARTICIPATING LARGE COMPANIES WITH HEAD OFFICES IN CHICAGO MAKING CONTRIBUTIONS IN THE DESIGNATED RANGES: BY SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURES FOR COMPANY-SPONSORED FOUNDATIONS



panies of similar size, accounts for the estimate that approximately one-third of the giving by companies with representation in Chicago was done by those with foundations.

The information provided by medians, however, is only part of the story. There were large companies—some with foundations and others without—that contributed over half a million dollars in 1956; likewise, there were certain large companies that contributed nothing. Chart 4 portrays the distribution of various sized gifts made by the largest participating companies in 1956, and also shows comparable data for foundations. In addition to the higher median contribution of companies that sponsored foundations and of the foundations themselves, several other things may be noted. The proportion of participating companies that made a very large gift was considerably greater for companies with foundations than for other companies (and was larger still for the group of foundations). In addition, the proportion of companies that made no contribution was also greater among the companies that had sponsored foundations.<sup>1</sup> Thus companies that sponsored foundations showed greater variation in their giving, yet no participating foundation failed to make some gift. It appears that foundations did, in fact, add flexibility to the contribution programs of the companies that had sponsored them. Those who claim that a foundation can even out the “fat” and “lean” profit years and enable a company to take better advantage of certain tax-saving provisions in the law receive support from these findings.

Another way of comparing companies' contributions is to consider them as a proportion of the company's net profit. In effect, the per cent of net profit claimed as contributions becomes a measure of a company's “generosity.” Although respondents were often reluctant to provide this information about their company's contributions, Table 12 provides the available data. As before, a significant difference associated with the sponsorship of a foundation was evident between companies of comparable size. Those with foundations were likely to have been

<sup>1</sup> Although not shown, the pattern was similar for the smaller companies.

TABLE 12. MEDIAN PER CENT OF NET PROFIT CLAIMED AS CONTRIBUTIONS IN 1956 BY PARTICIPATING COMPANIES WITH HEAD OFFICES IN CHICAGO: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION<sup>a</sup>

SIZE OF COMPANY Employees in Chicago Area	MEDIAN PER CENT OF NET PROFIT CLAIMED AS CONTRIBUTIONS	
	No foundation	With foundation
	A	B
1,000 and over	0.85	1.40
500 to 999	1.63	2.25
250 to 499	0.58	b
100 to 249	0.68	b
20 to 99	0.37	b
4 to 19	0.10	b

<sup>a</sup> Additional data in Appendix C. Appendix E presents comparable figures derived from data collected by the United States Treasury and relating to all active corporations in America.

<sup>b</sup> Number of cases is too small to cite a meaningful median.

more generous, with half of the largest ones contributing 1.4 per cent or more of their net profit.<sup>1</sup>

Up to this point the *money* that companies claimed to have contributed has been considered. In addition to money, however, some companies contribute merchandise; others “lend” executives or other employees for work on philanthropic projects and thus contribute time. Roughly 40 per cent of the participating companies made some contribution of merchandise in 1956 (with the larger companies slightly more inclined to do so than the smaller ones). Sponsorship of a foundation, however, was not associated with any consistent difference in this form of contributing. Differences associated with a foundation do appear, however, in the contributions of “time” made by participating companies. Those having foundations were more likely to encourage their executives and other employees to work in philanthropic organizations than nonfoundation companies.

On three different measures, therefore, it appears that companies with foundations were more generous than others of comparable size. The money they gave was likely to be greater; the per cent of their net profit used for contributions was likely

<sup>1</sup> Readers may be interested in Appendix E, which presents statistics on the per cent of net profit claimed as contributions for a nationwide sample of corporations stratified by size of assets.



to be higher; and they were more likely to have encouraged their executives and other employees to take part in charitable activities. Of course, one ought not conclude that possession of a foundation was the *cause* of this greater generosity. Possibly it has been the more generous companies that have formed foundations. Nevertheless, that greater generosity was associated with sponsorship of a foundation is in itself an important finding and indicates the importance of foundations in company giving.

### *Differences in Philanthropic Interest*

Having found that sponsorship of a foundation was associated with certain differences in the control and administration of a company's contributions, and with differences in how much companies spent on contributions, one might expect to find differences in the actual distribution of contributions.

It must be remembered that companies with foundations sometimes contribute directly to charitable organizations in addition to their foundations. Sometimes they desire their foundations to give only to a specific type of cause; other times it may be more convenient to make a contribution directly from the company. Whatever the reason, not more than half of the participating companies in any sized group which had sponsored foundations made *all* contributions through their foundation. Table 13 presents these data.

A subanalysis showed that companies with longer established foundations (those set up before 1950) were even less likely to

TABLE 13. NUMBER OF PARTICIPATING COMPANIES DOING ALL CONTRIBUTING THROUGH THEIR FOUNDATIONS: BY SIZE OF COMPANY

SIZE OF COMPANY Employees in Chicago Area	COMPANIES WITH FOUNDATION AND ANSWERING QUESTION	COMPANIES DOING ALL CONTRIBUTING THROUGH THEIR FOUNDATIONS
1,000 and over	53	17
500 to 999	12	6
250 to 499	10	5
100 to 249	7	3
20 to 99	1	0
4 to 19	2	1

do all contributing through their foundations than companies with newer foundations. This may be evidence supporting the contention that as a foundation becomes older its contribution program becomes more independent from that of the sponsoring company. Nevertheless, in most cases the largest contribution of these companies went to their foundation.

TABLE 14. MEDIAN NUMBER OF SOLICITATIONS RECEIVED BY PARTICIPATING COMPANIES IN 1956 AND MEDIAN NUMBER OF GRANTS MADE BY PARTICIPATING COMPANIES IN 1956: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURES FOR COMPANY-SPONSORED FOUNDATIONS<sup>a</sup>

SIZE OF COMPANY Employees in Chicago Area	MEDIAN NUMBER OF SOLICITATIONS RECEIVED		MEDIAN NUMBER OF GRANTS MADE	
	No fdn.	With fdn.	No fdn.	With fdn.
	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
1,000 and over	158	150	38	45
500 to 999	100	<sup>b</sup>	31	35
250 to 499	142	<sup>b</sup>	14	<sup>b</sup>
100 to 249	75	<sup>b</sup>	18	<sup>b</sup>
20 to 99	58	<sup>b</sup>	15	<sup>b</sup>
4 to 19	44	<sup>b</sup>	15	<sup>b</sup>
COMPANY-SPONSORED FOUNDATIONS	200		54	

<sup>a</sup> Additional data in Appendix C.

<sup>b</sup> Number of cases is too small to cite a meaningful median.

With the possibility in mind of direct contributing even by companies with foundations, the information in Table 14 comes as no surprise. Although the number of solicitations received, and the number of grants made, were likely to vary with company size, they probably were not dependent on possession of a foundation. Note, however, that the average foundation received more solicitations and made more grants than even the largest companies. It may be with good reason that foundation officials claimed "more requests" as a disadvantage of establishing a foundation!

By combining the data in Table 14 with those of Table 13 (as is done in Table 15), some idea of the size of the "average" gift may be obtained. Since the size of grants made by even one company varies greatly, one must treat these figures with ex-



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treme caution. They serve to show, however, that not only total contributions, but also the size of individual gifts, were likely to be greater from both foundations and the companies that sponsor them than from nonfoundation companies of even the largest size.

TABLE 15. AN ESTIMATE OF THE AMOUNT OF THE "AVERAGE" GRANT MADE IN 1956 BY PARTICIPATING COMPANIES: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURE FOR COMPANY-SPONSORED FOUNDATIONS

SIZE OF COMPANY  Employees in Chicago Area	AMOUNT OF "AVERAGE" GRANT <sup>a</sup> (In dollars)	
	No fdn.	With fdn.
1,000 and over	684	1,056
500 to 999	265	786
250 to 499	179	b
100 to 249	158	b
20 to 99	56	b
4 to 19	27	b
COMPANY-SPONSORED FOUNDATIONS	1,000	

<sup>a</sup> See text for the method by which these figures were determined.  
<sup>b</sup> Number of cases is too small to cite a meaningful figure.

That the size of gifts from a single contributor does vary is evident from a section of the questionnaire that asked respondents to indicate the proportion of their company's or foundation's total 1956 contributions represented by their largest single gift. Information derived from this question is presented in Table 16. Regardless of size, half the companies without foundations gave approximately 40 per cent of their total contributions to the recipient of their largest gift.<sup>1</sup> When the largest single gift took as great a proportion of a company's total contributions as this, it is obvious that most of its other gifts must have been well below the median figures in Table 15.

Although information is not available for companies with foundations, one would expect even a larger portion of their total contributions to have been contained in their largest gift,

<sup>1</sup> As will be shown later, for many of these companies the recipient of this largest gift was a community chest, which would divide the gift among many organizations.

TABLE 16. MEDIAN PER CENT OF TOTAL 1956 CONTRIBUTIONS GIVEN BY PARTICIPATING COMPANIES WITHOUT FOUNDATIONS TO THE RECIPIENT OF THEIR LARGEST SINGLE GIFT: BY SIZE OF COMPANY, WITH COMPARISON FIGURE FOR COMPANY-SPONSORED FOUNDATIONS<sup>a</sup>

SIZE OF COMPANY Employees in Chicago Area	MEDIAN PER CENT OF TOTAL CONTRIBUTIONS GIVEN TO RECIPIENT OF LARGEST SINGLE GIFT
	A
1,000 and over	42
500 to 999	36
250 to 499	45
100 to 249	41
20 to 99	52
4 to 19	40
COMPANY-SPONSORED FOUNDATIONS	24

<sup>a</sup> Additional data in Appendix C.

with high probability of its having gone to the company's own foundation.

In sharp contrast to the medians in the vicinity of 40 per cent for companies without foundations, note that half of the participating foundations gave less than 24 per cent to the recipient of their largest gift. It would appear that foundations were less likely to concentrate their support in a single area or upon a single recipient. It was noted above that the companies that sponsored foundations tended to be those with more widely scattered operations. Table 16 supports the contention that their philanthropic programs may also have been broader.

Thus the gifts from foundations, when compared to those from companies without foundations, tended to be more in number, greater in size, and less concentrated upon a single recipient. The question that logically follows is: To whom do these gifts go? Table 17 and Chart 5 provide the detail for an answer to this question.

Table 17 shows the proportion of companies and foundations that made any contribution to designated causes in 1956. Chart 5 shows these proportions diagrammatically for companies with more than 999 employees in the Chicago area and provides an

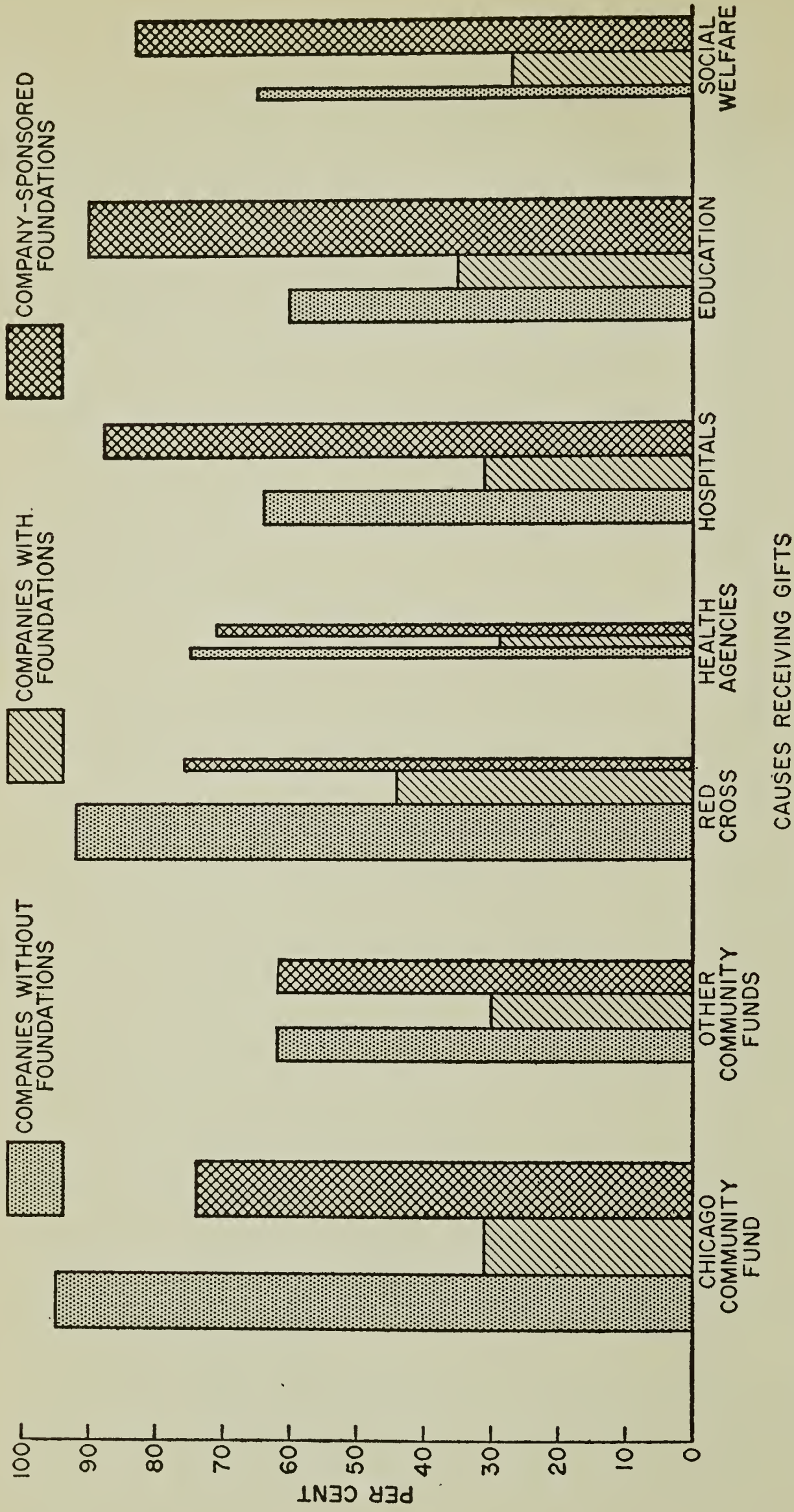


TABLE 17. PER CENT OF PARTICIPATING COMPANIES MAKING DIRECT CONTRIBUTIONS TO DESIGNATED CAUSES IN 1956: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURES FOR COMPANY-SPONSORED FOUNDATIONS<sup>a</sup>

SIZE OF COMPANY	CHICAGO		OTHER		O T H E R															
	COM- MUNITY FUND	COM- MUNITY CHESTS	RED CROSS	HEALTH AGENCIES	HOSPI- TALS	EDUCA- TION	SOCIAL WELFARE	Youth, rec- reation	Religion	Civic and business										
	No With fdn. fdn.	No With fdn. fdn.	No With fdn. fdn.	No With fdn. fdn.	No With fdn. fdn.	No With fdn. fdn.	No With fdn. fdn.	No With fdn. fdn.	No With fdn. fdn.	No With fdn. fdn.	No With fdn. fdn.									
Employees in Chicago Area	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1,000 and over	95	31	62	30	92	44	75	29	64	31	60	35	65	27	31	15	10	8	26	8
500 to 999	91	31	42	23	93	46	76	46	67	38	50	31	67	38	18	8	20	0	2	8
250 to 499	88	50	40	10	86	50	76	50	48	20	40	30	55	20	24	0	21	10	7	0
100 to 249	76	38	38	25	88	50	80	50	56	38	52	13	64	62	20	b	26	b	9	b
20 to 99	86	b	27	b	81	b	73	b	37	b	37	b	69	b	7	b	30	b	6	b
4 to 19	72	b	14	b	83	b	73	b	30	b	30	b	63	b	10	b	20	b	3	b
COMPANY-SPONSORED FOUNDATIONS	74		62		76		71		88		90		83		19		17		19	

<sup>a</sup> Additional data in Appendix C.

<sup>b</sup> Number of cases is too small to cite a meaningful percentage.



Three widths of bar indicate relative size of total contributions made by the designated contributor to the cause. The widest bars indicate a median rank of 1 or 2; bars of medium width, a rank of 3 or 4; narrow bars, a median rank below 4.

CHART 5. PER CENT OF PARTICIPATING LARGE COMPANIES MAKING CONTRIBUTIONS TO DESIGNATED CAUSES AND AN ESTIMATE OF THE RELATIVE SIZE OF GIFT: BY SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURES FOR COMPANY-SPONSORED FOUNDATIONS



estimate of the relative size of the total gifts made by each type of contributor to the designated cause.<sup>1</sup>

Many things may be noted from Chart 5.

The Chicago Community Fund received a direct contribution from nearly all of the largest participating nonfoundation companies, from almost a third of the companies with foundations, and from 74 per cent of the participating foundations. Furthermore, if a gift were made to this cause, it was likely to have been a large gift when compared with gifts to other causes.

Remembering that geographically dispersed operations tended to be associated with possession of a foundation, it is not surprising to find that nearly as many foundations and companies with foundations made gifts to community chests outside Chicago as did to the Chicago Community Fund. Far fewer nonfoundation companies, however, made gifts to other community chests. For each of the three types of contributors, the relative size of gifts to these other community funds was likely to have been smaller than the gift to the Chicago Community Fund. If contributions to the Chicago Community Fund could be combined with those to other community chests, it is likely that they would surpass—both in number and size—those to any other cause.

Looking at the Red Cross, some differences among the various types of contributors also are evident. The likelihood of a company or foundation having contributed was nearly the same as that for the Chicago Community Fund. However, note that if a company without a foundation contributed, its gift was likely to have been large compared to its other gifts; whereas if a foun-

<sup>1</sup> The estimate of relative size is based on the median rank of contributions from a single company that went to the designated cause *if* a gift to the cause was made. The chart does *not* provide any indication of the *amount* of contributions. It shows that direct gifts made, for example, by companies with foundations to the Chicago Community Fund were likely to be larger than total direct contributions to health agencies. However, one ought not compare the size of these gifts to the Chicago Community Fund with those made to this cause by nonfoundation companies or foundations.

In considering the table and the chart, it must be remembered that the figures for "companies with foundations" refer only to contributions that went to the designated cause *directly* from the companies. Companies that did all contributing through their foundations, of course, made no direct contribution to any cause listed.

dation contributed (and over three-quarters did contribute), its gift was likely to have been relatively small. More companies with foundations made direct gifts to the Red Cross than to any other single cause, though the size of their gifts was likely to have been smaller than those to the Chicago Community Fund.

Health agencies received contributions from about 75 per cent of the largest participating nonfoundation companies and foundations. Compared to other gifts made by these contributors, however, total gifts to health agencies were likely to have been small.

The Chicago Community Fund, the Red Cross, and health agencies were the causes to which nonfoundation participating companies contributed most frequently. The Community Fund and the Red Cross were likely to have received their largest gifts. In contrast, note that although a high proportion of company-sponsored foundations also contributed to these causes, the foundations were even more likely to have contributed to hospitals, education, and social welfare.

With the contributions of companies for perspective, one may see how education stands out as having been an area of special interest for the foundations. They were more likely to have contributed to education than any other type of contributor, and were more likely to have contributed to education than to any other listed cause. Ninety per cent of the participating foundations contributed something to education, and for many their gifts to education were larger than their gifts to other causes.

Like education, social welfare and hospitals were areas of greater philanthropic interest to foundations than to nonfoundation companies.

Table 17 shows much that has already been discussed. Note, however, that the smaller companies without foundations showed a greater difference in giving patterns from the foundations than did the larger nonfoundation companies. The smaller companies made contributions to community chests outside Chicago, to hospitals, and to education even less frequently than did the large ones.

Although "youth and recreation," "religion," "cultural causes,"



“public and civil service groups,” and “business and civic groups” were not included in the original list of causes to which respondents were asked to indicate contributions, some people specified these causes among their “other” contributions. Table 17 shows that a substantial portion of companies and foundations gave some support to youth and recreation and to religion.

In addition to information on the causes that were likely to have received large and small *total* contributions, information on the cause to which a contributor’s largest and second largest gifts were given is also available. Table 18 presents these data for nonfoundation companies and provides comparison figures for the largest companies with foundations and for foundations. While the pattern generally follows that of total contributions seen in Chart 5, note how much less agreement there was among foundations and companies that sponsored foundations than among the nonfoundation companies. Looking only at the largest nonfoundation companies, 79 per cent agreed on giving their largest single gift to the Chicago Community Fund whereas less than half of the foundations made this choice for their largest gift. This lack of agreement may be an indication that associated with a foundation were giving programs of greater originality.

Greater originality, a less heavy concentration of support upon a single recipient, more gifts, and gifts of larger average size were just some of the differences in contribution programs associated with possession of a foundation. In addition, several differences in areas of interest have been identified. While companies without foundations showed great agreement in concentrating their largest gifts on the Chicago Community Fund and the Red Cross, with smaller gifts going to health agencies and social welfare, the giving done through foundations showed greater interest in education, hospitals, and social welfare, with less frequent but substantial support also for the community chests.

### *Differences in Planning Contributions*

Table 14 showed that companies, as well as foundations, were likely to receive three to four times as many requests for con-

TABLE 18. PER CENT OF PARTICIPATING COMPANIES WITHOUT FOUNDATIONS GIVING THEIR LARGEST AND SECOND LARGEST SINGLE CONTRIBUTIONS TO DESIGNATED CAUSES: BY SIZE OF COMPANY, WITH COMPARISON FIGURES FOR LARGE COMPANIES WITH FOUNDATIONS AND FOR COMPANY-SPONSORED FOUNDATIONS<sup>a</sup>

SIZE OF COMPANY	CHICAGO		OTHER		O T H E R															
	COM- MUNITY FUND		COM- MUNITY CHESTS		RED CROSS		HEALTH AGENCIES		HOSPI- TALS		EDUCA- TION		SOCIAL WELFARE		Youth, rec- reation		Reli- gion		Miscel- laneous	
	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd	1st	2nd
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1,000 and over	79	9	1	5	7	62	1	5	7	6	1	11	1	0	1	2	1	0	0	2
500 to 999	67	11	3	6	0	53	0	6	18	6	8	8	5	3	0	6	0	3	0	0
250 to 499	60	30	5	2	5	42	0	2	5	6	7	2	2	4	0	6	9	2	5	4
100 to 249	49	16	11	0	3	27	3	9	8	4	0	13	3	7	3	11	11	9	7	4
20 to 99	48	22	3	2	2	37	0	8	5	4	5	6	2	4	5	4	28	12	3	0
4 to 19	40	15	2	0	2	30	9	18	0	3	0	3	2	3	7	15	28	12	9	0
COMPANIES WITH																				
FOUNDATIONS <sup>b</sup>																				
46 11 4 5 4 26 4 0 4 11 13 32 0 0 4 0 8 5 13 11																				
COMPANY-SPONSORED																				
FOUNDATIONS																				
43 17 3 10 0 7 0 7 9 20 20 17 0 3 9 3 9 10 9 6																				

<sup>a</sup> Additional data in Appendix C.

<sup>b</sup> These figures are for companies with 1,000 or more employees in the Chicago Area that sponsor a foundation.



tributions as they chose to grant. Some process of selection, even if it were only an on-the-spot decision of an executive, must have been used. The survey showed several differences associated with a foundation in how companies planned their contributions and decided upon recipients.

Like the foundations discussed previously, some companies formally plan their contributions by writing a statement of policy, by restricting contributions from certain types of organizations, and by setting up a budget for the year's gifts. Companies participating in the survey were asked to indicate whether they had done any of these things. Table 19 presents their answers.

Note how the use of each of these formal procedures depended heavily on size, with the larger companies more likely to have used them than the smaller ones. The written policy for public perusal was a rarity among even the largest companies, although those with foundations were more likely to have had one than other companies.

Companies with foundations were also more likely to have had restrictions on organizations eligible to receive company support. This, however, is not too surprising, since one would expect these companies to have had some sort of restrictions so their giving did not merely duplicate that of their foundations. For both foundation and nonfoundation companies the most frequently mentioned restriction was on contributions to religious groups, although political groups, veterans' groups, and labor groups also received frequent mention. As reasons for these restrictions, companies cited legal provisions in their charters, the belief that they would derive no benefit from such contributions, the desire not to discriminate, the belief that stockholders would object, and the difficulty of picking among the many organizations that would solicit if the company contributed to any one of them.

Of the formal planning devices mentioned, only the budget was used with considerable frequency. Even here, however, among the smaller companies, only a few established a budget for their contributions. As before, companies that had sponsored foundations were more likely to have established a budget than other companies of comparable size.

TABLE 19. NUMBER OF PARTICIPATING COMPANIES WHICH HAVE A WRITTEN POLICY ON CONTRIBUTIONS, WHICH PROHIBIT CONTRIBUTIONS TO CERTAIN ORGANIZATIONS, WHICH ESTABLISH A BUDGET FOR CONTRIBUTIONS: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURES FOR COMPANY-SPONSORED FOUNDATIONS

SIZE OF COMPANY	WITH A WRITTEN POLICY				CONTRIBUTIONS RESTRICTED FROM CERTAIN ORGANIZATIONS				BUDGET ESTABLISHED FOR CONTRIBUTIONS			
	Companies answering		Number with policy		Companies answering		Number that restrict		Companies answering		Number with budget	
	No fdn. <sup>a</sup>	With fdn. <sup>a</sup>	No fdn. <sup>a</sup>	With fdn. <sup>a</sup>	No fdn. <sup>a</sup>	With fdn. <sup>a</sup>	No fdn. <sup>a</sup>	With fdn. <sup>a</sup>	No fdn. <sup>b</sup>	With fdn. <sup>b</sup>	No fdn. <sup>b</sup>	With fdn. <sup>b</sup>
Employees in Chicago Area	63	27	11	6	17	22	19	15	71	51	40	35
1,000 and over	32	7	2	2	6	29	5	2	45	12	17	6
500 to 999	40	1	2	0	5	c	7	1	56	7	19	2
250 to 499	39	2	2	0	5	c	3	2	65	8	18	3
100 to 249	23	1	2	0	9	c	3	0	69	1	11	0
20 to 99	12	1	0	0	0	c	2	0	59	2	9	1
4 to 19												
COMPANY-SPONSORED FOUNDATIONS	42		15		36		39	17	41		20	49

<sup>a</sup> Only those companies which did some direct contributing other than to their foundation are considered here.

<sup>b</sup> All companies having a foundation are considered here.

<sup>c</sup> Number of cases is too small to cite a meaningful percentage.



In general, participating companies which had foundations were likely to use each of these formal methods of planning more often than other companies. In addition, a greater proportion of foundations used them than companies without foundations. Although a large proportion of those participating in the survey, even among the foundation group, did not use these devices of formal planning, it would seem that more formal, perhaps more carefully thought out, planning of contributions was associated with sponsorship of a foundation.

In an effort to determine how companies plan their contributions, a question was included which read: "How did the company [foundation] arrive at the total amount to be contributed during the most recent fiscal year?" Table 20 sets forth in detail the frequency with which respondents mentioned the major methods.

More companies mentioned "previous contributions" as an important consideration in determining their gifts than any other single factor. Companies with foundations, however, consistently mentioned this less frequently than other companies of comparable size. This may be another indication that increased flexibility and originality was associated with giving which could be channeled through a company-sponsored foundation.

The second most frequently mentioned factor in determining contributions was "profits or expected earnings." Since one of the advantages claimed for foundations is that they allow a company to maintain consistent contributions to ultimate recipients, yet contribute heavily to the foundation when profits are high and less when profits are low, it is not surprising that companies with foundations mentioned this factor more often. That they did so is evidence that foundations were enabling their sponsors to take better advantage of their profit position and the existing tax provisions.

Relatively few respondents mentioned "need of solicitor," "sales or business volume," "number of employees in the soliciting area," "maximum allowable deduction," or "comparison with other companies" as factors important in their decisions on contributions. Of course, the mere fact that these factors were

TABLE 20. PER CENT OF PARTICIPATING COMPANIES MENTIONING THAT THEY USE DESIGNATED METHODS IN PLANNING CONTRIBUTIONS: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURES FOR COMPANY-SPONSORED FOUNDATIONS<sup>a</sup>

SIZE OF COMPANY	PREVIOUS CONTRI- BUTIONS		PROFITS, EXPECTED EARNINGS		NEED OF SOLICITOR		SALES OR BUSINESS VOLUME		EMPLOYEES IN SOLIC- ITING AREA		MAXIMUM ALLOWABLE DEDUCTION		COMPARISON WITH OTHER COMPANIES		NO SET METHOD OR FORMULA	
	No	With	No	With	No	With	No	With	No	With	No	With	No	With	No	With
Chicago Area	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.	fdn.
1,000 and over	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
500 to 999	47	31	10	17	20	13	5	6	8	2	4	3	2	33	19	
250 to 499	36	25	14	25	3	13	11	0	6	13	6	0	6	0	28	13
100 to 249	40	0	19	20	2	0	7	20	0	20	5	20	0	0	23	20
20 to 99	29	14	13	14	9	14	11	0	4	0	0	14	0	0	46	14
4 to 19	21	b	7	b	4	b	7	b	0	b	0	b	0	b	61	b
	10	b	8	b	2	b	4	b	0	b	0	b	0	b	45	b
COMPANY-SPONSORED FOUNDATIONS	30		33 <sup>c</sup>		18		5 <sup>d</sup>		0 <sup>d</sup>		- <sup>e</sup>		0 <sup>d</sup>		25	

<sup>a</sup> Additional data in Appendix C.

<sup>b</sup> Number of cases is too small to cite a meaningful percentage.

<sup>c</sup> Applies to available resources of the foundation.

<sup>d</sup> Applies to this aspect of the sponsoring company.

<sup>e</sup> Not applicable to foundations.



rarely mentioned need not imply they went unconsidered. One may say, however, that the company's previous contributions and its anticipated earnings were likely to be considered first by the person "most directly involved in the company's [foundation's] contributions."

Finally, Table 20 shows that a substantial number of respondents specifically mentioned their companies used "no set method or formula" for determining contributions. Companies without foundations included this in their answers much more frequently than companies that had established foundations. Once again, there is an indication that decisions on contributions were likely to have become a more formal and businesslike procedure in the companies that had established foundations.

The sponsorship of a foundation, therefore, was associated with several differences in the way companies planned contributions. Those with foundations were more likely to have used the formal procedures of a written policy, an annual budget, established restrictions, or some kind of formula. Any one of these indicates a contribution program that has received time and attention from the people responsible for administering it. In addition, companies with foundations showed greater originality by their less frequent consideration of previous contributions, and greater flexibility (with its potentialities for more advantageous use of existing tax legislation) by their more frequent consideration of present profits or anticipated earnings.

### *Differences in the Past*

The trend over the past twenty years, as noted at the beginning of this study, has been toward greatly increased contributions from American companies. The survey inquired about changes that had occurred in companies' contribution programs and asked respondents to make predictions about how contribution programs might change in the future.

One of the most striking differences associated with foundations related to changes in the amount of contributions between 1953 and 1956. The final year of the excess profits tax was 1953, a year when companies with high profits could give generously

at little cost to themselves by obtaining a tax reduction for their contributions. It was noted in the discussion of foundations that 1953 was a year of exceptionally heavy contributions. Foundations, in fact, were receiving far more than they spent. In contrast, 1956 was a more normal year: companies with foundations were likely to have been contributing less than in 1953, and their foundations were spending nearly all they received. Table 21 shows the amounts by which the 1956 median total contributions (given in Table 11) exceeded or fell below those of 1953. Median contributions of participating foundations were higher in 1956 than in 1953; this also was true for companies in most size categories that had not established foundations. Companies that had set up foundations, however, were likely to be contributing much less in 1956 than they had given in 1953.

One sees the same pattern of decreasing contributions from companies with foundations if generosity (as measured by the per cent of net profit contributed) is examined. As Table 22 shows for the larger companies, the generosity of companies with foundations was more likely to have decreased than increased between 1953 and 1956.

Thus while the long-term trend in contributions has been up-

TABLE 21. NET AMOUNT BY WHICH 1956 MEDIAN CONTRIBUTIONS EXCEEDED MEDIAN CONTRIBUTIONS IN 1953: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURE FOR COMPANY-SPONSORED FOUNDATIONS<sup>a</sup>

SIZE OF COMPANY Employees in Chicago Area	NET CHANGE IN MEDIAN CONTRIBUTION <sup>b</sup> ( <i>In dollars</i> )	
	No foundation	With foundation
	<i>A</i>	<i>B</i>
1,000 and over	3,275	-37,500
500 to 999	720	-15,000
250 to 499	-500	<sup>c</sup>
100 to 249	-200	<sup>c</sup>
20 to 99	393	<sup>c</sup>
4 to 19	32	<sup>c</sup>
COMPANY-SPONSORED FOUNDATIONS		30,000

<sup>a</sup> Additional data in Appendix C.

<sup>b</sup> See Table 11.

<sup>c</sup> Number of cases is too small to cite a meaningful change in medians.



TABLE 22. NUMBER OF PARTICIPATING COMPANIES SHOWING THE DESIGNATED CHANGES IN GENEROSITY<sup>a</sup> BETWEEN 1953 AND 1956: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION

SIZE OF COMPANY	RESPONDENTS		INCREASE		DECREASE		UNCHANGED							
	Number of companies	No With fdn. <sup>b</sup>	Number of companies increasing	Per cent of respondents increasing	Number of companies decreasing	Per cent of respondents decreasing	Number of companies unchanged	Per cent of respondents unchanged						
Employees in Chicago Area														
1,000 and over	40	37	15	8	38	22	15	19	38	51	10	10	25	27
500 to 999	28	7	13	1	46	14	5	2	18	29	10	4	36	57
250 to 499	40	5	12	3	30	<sup>c</sup>	11	0	28	<sup>c</sup>	17	2	43	<sup>c</sup>
100 to 249	42	5	8	1	19	<sup>c</sup>	9	0	21	<sup>c</sup>	25	4	60	<sup>c</sup>
20 to 99	54	0	7	0	13	<sup>c</sup>	5	0	9	<sup>c</sup>	42	0	78	<sup>c</sup>
4 to 19	43	2	6	1	14	<sup>c</sup>	2	0	5	<sup>c</sup>	35	1	81	<sup>c</sup>

<sup>a</sup> "Generosity" is here defined as per cent of net profit claimed as contributions.

<sup>b</sup> These are companies having foundations in 1956: as shown in Table A (see Appendix B), relatively few companies formed foundations after 1953.

\*Number of cases is too small to cite a meaningful percentage.

ward, because 1953 was an unusual tax year, many large companies with foundations actually were giving less out of their own profits in 1956 than in 1953. Nevertheless, it will be remembered that their median contributions and median generosity were still higher than those for nonfoundation companies of comparable size.<sup>1</sup> Having a foundation, as noted previously, provided an increased flexibility and enabled the sponsoring companies to take greater advantage of the unusual tax provisions.

As for the years after 1956, respondents made the following predictions. About one in six thought his company would make major changes within five years in the handling of contributions. These changes were expected to be in the direction of more formal procedures, such as establishing a foundation, a more definite policy, or an annual budget. Few expected contributions to decrease; nearly a third expected them to increase. Whether they represented companies or foundations, most agreed that the role of business in philanthropy would not decline in the years to come.<sup>2</sup>

### *Setting the Standards*

In addition to examining the new species called the company-sponsored foundation—what it is, by whom it is controlled, what it does, and how it does it—one may now see the species in perspective. Having compared its philanthropic endeavors with those of companies, one finds that often it has lived up to the advantages claimed for it.

Compared to the contribution programs of companies not having foundations, those associated with foundations were likely to have been more active, better organized, and with a clearer conception of long-range goals and ways of attaining them. Those who argue that a foundation can aid in leveling contributions between fat and lean profit years and in making recipients of company philanthropy less dependent on business prosperity seem to be supported by numerous instances where

<sup>1</sup> See Tables 11 and 12.

<sup>2</sup> The figures on which these statements are based are presented as Table C in Appendix B.



greater flexibility and closer attention to profits (within the company) were related to sponsorship of a foundation. Advocates who cite better administration or better planning as advantages of the company-sponsored foundation receive support from findings that a greater range of talents and interests and a greater amount of time were devoted to the contribution programs of foundations. The result seemed to be both diversity and originality in the causes receiving foundation support. People who claim that a foundation enables a company to take better advantage of existing tax laws may point to striking differences in the effects of the excess profits tax on companies with and without foundations.

One fact, however, must not be overlooked. Foundations are not the unique possessors of many of the advantages attributed to them. Although foundations have been associated with more careful decisions, more formal planning, centralized administration, and acceptance of responsibility for long-range projects, there also were some companies not sponsoring foundations that cited these as changes in their programs.<sup>1</sup>

It must not be forgotten that the contribution program of any specific company is a very individual thing, expressing as much diversity in its goals, its conception, and its effectiveness as the interests and abilities of the men who shape it. Uniformity is nonexistent. Although contribution programs associated with foundations tended to surpass other programs in both quality of planning and quantity of contributions, there are undoubtedly many excellent contribution programs with no relation to a company-sponsored foundation. Rather than cite a foundation as a causal factor in a good contribution program, one should look to the time and the talent devoted to contributions by the men who control a company's philanthropy.

It has been these able, socially responsible men, sometimes—but not always—working within the context of a company-sponsored foundation, who have achieved for their companies what others still hope to achieve, who have set for the business world improved standards of philanthropic practice.

<sup>1</sup> Table D in Appendix B presents these data.





## APPENDIX A

# THE QUESTIONNAIRES

THE INFORMATION on which this study is based was obtained from two sets of questionnaires. The first inquired about the contributions of companies; the second inquired about the contributions of foundations.

There were three forms of the first questionnaire. When it was not possible to get respondents to cooperate in answering the “long” form, a shorter form was used. If this “short” form did not elicit cooperation, a “short-short” form was used. There was only one form of the second questionnaire.

The table that follows presents the number of respondents who answered each form of the questionnaire sent to companies. Forty-two respondents answered the questionnaire sent to foundations.

NUMBER OF RESPONDENTS ANSWERING EACH FORM OF THE QUESTIONNAIRE INQUIRING ABOUT COMPANIES' CONTRIBUTIONS: BY SIZE OF COMPANY

SIZE OF COMPANY Employees in Chicago Area	“LONG” FORM	“SHORT” FORM	“SHORT-SHORT” FORM
1,000 and over	108	21	7
500 to 999	48	12	2
250 to 499	49	17	6
100 to 249	43	32	2
20 to 99	26	52	3
4 to 19	16	52	0
Total	290	186	20

Since the questionnaires inquiring about companies' contributions have already been published in *Company Giving*,<sup>1</sup> only the Company Foundation Questionnaire is reproduced here.

<sup>1</sup> *Company Giving: A Study of Contributions Policies and Practices in Metropolitan Chicago*. Leo J. Shapiro and Associates, Chicago, 1960.

## THE QUESTIONNAIRE

Return to:

Chicago Chapter of the Public Relations Society of America  
743 North Wabash Ave., Chicago, Ill. -- WH 4-2111

## COMPANY FOUNDATION QUESTIONNAIRE

Dear Sir:

This questionnaire should be filled out by the individual who is most directly and immediately involved in the administration of the company foundation's contribution program.

CONFIDENTIAL. All respondents  
will be absolutely anonymous . . .  
all answers kept confidential.

## I. ABOUT THE RESPONDENT

- A. Would you record your title?\_\_\_\_\_
- B. Could you describe your role in the company foundation program . . . duties, responsibilities, authority?\_\_\_\_\_
- C. Is handling contributions a ☐ full-time or a ☐ part-time function for you?
- D. If part-time, how much time does it take?\_\_\_\_\_ days a \_\_\_\_\_  
(week, month, year)

## II. INFORMATION ABOUT FOUNDATION INCOME AND TOTAL CONTRIBUTIONS IS OF VITAL IMPORTANCE TO THIS STUDY

In what year was the foundation first established?\_\_\_\_\_

What was the starting grant made by the company to the foundation? \$\_\_\_\_\_

- | A. FOUNDATION INCOME . . .  | LAST<br>COMPLETE<br>FISCAL<br>YEAR | FISCAL YEAR<br>ENDING IN<br>1953 (or<br>first year<br>if started<br>after 1953) |
|---|------------------------------------|---|
| 1. What was the total amount contributed by your company to the company foundation . . . (Please check "None" if no contributions were made.) | \$_____                            | \$_____   |
|   | <input type="checkbox"/> None      | <input type="checkbox"/> None   |
| 2. What other income did the foundation receive . . . (Please check "None" if no other income was received.)                                  | \$_____                            | \$_____   |
|   | <input type="checkbox"/> None      | <input type="checkbox"/> None   |



## B. NET WORTH

3. What was the net worth of the foundation at the end of the year?

\$\_\_\_\_\_ \$\_\_\_\_\_

## C. TOTAL CONTRIBUTIONS . . .

What was the total amount contributed by the company foundation? . . . (Please check "None" if no contributions were made.)

\$\_\_\_\_\_ \$\_\_\_\_\_

☐ None ☐ None

Does your foundation publish an annual report?

☐ No ☐ Yes

WOULD YOU PLEASE ENCLOSE A COPY OF THE MOST RECENT REPORT.

## III. BUDGETING

A. How did the foundation arrive at the total amount to be contributed during the most recent fiscal year?

\_\_\_\_\_

B. At the start of that year did the foundation set up a budget of money that it would contribute during that year? ☐ No ☐ Yes

IF YES: Was this total budget allocated by -- ("X" as many as apply)

Com- In Not  
pletely part at all

Names of specific recipient organizations?

☐ ☐ ☐

Causes? . . . e.g., Education, Community Fund

☐ ☐ ☐

Geographic areas?

☐ ☐ ☐

Other? . . . Please specify:\_\_\_\_\_

\_\_\_\_\_

## IV. ORGANIZATIONS RECEIVING CONTRIBUTIONS FROM THE FOUNDATION

A. Does your foundation have a written statement which describes its contributions policy . . . indicating the causes and organizations which are eligible for support and those which are not?

☐ NO, none at all ☐ YES, there is a written statement

WOULD YOU PLEASE MAIL A COPY OF THIS STATEMENT TO US, UNDER SEPARATE COVER IF YOU PREFER . . . FOR OUR CONFIDENTIAL USE.

B. Are there any causes (e.g., health, labor, education, religion, medical research) to which your foundation does not contribute -- as a matter of policy?

☐ No ☐ Yes . . . Which causes?\_\_\_\_\_

Why is that?\_\_\_\_\_

\_\_\_\_\_

## COMPANY-SPONSORED FOUNDATIONS

- C. What information do you want to have about an organization which requests contributions . . . what facts about the soliciting organization are most vital to you. . . next . . . next and so on?\_\_\_\_\_
- 
- D. Where do you get your information about soliciting organizations . . . Which source of information do you use most . . . next . . . next?
- 
- 

## ORGANIZATIONS RECEIVING CONTRIBUTIONS

- E. Detailed information on the specific organizations to which your foundation contributed in its most recent fiscal year is of vital importance to this study. The data we need is probably already listed in your own contribution records for tax purposes. Would you attach to this questionnaire a copy or a photostat of the list most convenient to you, showing, for the most recent fiscal year, the --

ORGANIZATION	AMOUNT OF CHARITABLE CONTRIBUTION OR GIFT (DOLLARS)
: : : : :	: : : : :
: : : : :	: : : : :

IMPORTANT -- If you cannot provide us with this list, would you please summarize the information on the work table below. If exact figures are not available to you PLEASE GIVE USE YOUR BEST GUESS. The absolute anonymity of your response is guaranteed.

## WORK TABLE

Causes Supported by the Company Foundation

IF A CONTRIBUTION WAS  
MADE, PLEASE INDICATE  
PER CENT OF TOTAL  
FOUNDATION CONTRIBUTIONS  
GOING TO THIS CAUSE

DURING THE MOST RECENT  
FISCAL YEAR DID THE  
FOUNDATION CONTRIBUTE  
TO . . .

Your estimate is needed,  
however rough it may be,  
so that we can at least  
rank causes in order of  
the support they receive.

Community Fund -- Chicago	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____%
Community Fund in other cities	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____%
Red Cross	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____%
Health agency or drive, e.g., American Cancer Society American Fund for Psychiatry Chicago Heart Association	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____%



# THE QUESTIONNAIRES

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Hospitals	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____%
Education	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____%
Social Welfare -- specifically care of aged, children, handicapped, destitute, etc.	<input type="checkbox"/> No	<input type="checkbox"/> Yes	_____%
Other causes . . . Please describe:	_____%		
	_____%		

## V. KEY ORGANIZATIONS RECEIVING CONTRIBUTIONS

NOTE: In filling out this section, treat each local Community Fund or United Charity as a separate organization.

A. During the most recent fiscal year, about how many different (separate) organizations received contributions from the foundation? \_\_\_\_\_  
About how many requests for contributions were received? \_\_\_\_\_

B. Which organization received the largest contribution?  
Name: \_\_\_\_\_  
What per cent of total foundation contributions went here? \_\_\_\_\_%  
Why did the foundation decide to contribute so heavily to this organization?  
\_\_\_\_\_  
\_\_\_\_\_

C. Which organization received the second largest contribution?  
Name: \_\_\_\_\_  
What per cent of total foundation contributions went here? \_\_\_\_\_%  
Why did the foundation decide to contribute heavily to this organization? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

D. Which organization received the third largest contribution?  
Name: \_\_\_\_\_  
What per cent of total foundation contributions went here? \_\_\_\_\_%  
Why did the company decide to contribute substantially to this organization? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## VI. HOW THE FOUNDATION FITS INTO YOUR COMPANY'S CONTRIBUTION PROGRAM

- A. What were the major objectives of the company in starting a foundation?

The company's major objectives in starting a foundation were:

So far, the foundation has lived up to company expectations on this point:

	Fully	Par- tially	Not at all
1. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- B. Has the company derived any advantages from having a foundation that were not originally anticipated? ☐ No ☐ Yes  
IF YES: What are these advantages? \_\_\_\_\_

- C. Has the foundation created any unexpected problems? ☐ No ☐ Yes  
IF YES: What are these problems? \_\_\_\_\_

- D. Which of the foundation programs probably would not have been undertaken or started as quickly by the company if it were not for the foundation?

How did it happen that the foundation made a difference to this program?

- E. Overall, has the foundation made it possible to spend the company's contributions more effectively?  
☐ No ☐ Yes  
IF YES: In what way? \_\_\_\_\_

THANK YOU



## APPENDIX B

# ADDITIONAL TABLES

APPENDIX B contains four tables derived from the survey. While it is believed they are of insufficient interest to warrant inclusion in the main body of the text, several references have been made to information contained in them. They are included here so that the reader may have access to the data and draw his own conclusions.

TABLE A. NUMBER OF PARTICIPATING COMPANIES FORMING FOUNDATIONS DURING DESIGNATED PERIODS: BY SIZE OF COMPANY<sup>a</sup>

SIZE OF COMPANY Employees in Chicago Area	PERIOD			
	Before 1945	1945 to 1949	1950 to 1954	1955 to 1957
1,000 and over	6	5	23	2
500 to 999	1	2	7	0
250 to 499	0	1	3	0
100 to 249	0	0	1	2
20 to 99	1	0	0	0
4 to 19	0	0	0	0
Total	8	8	34	4

<sup>a</sup> Not all companies having foundations and taking part in the survey participated in supplying the information on which this table is based. See also Chart 3, page 22, which projects the figures in these samples to the full universes concerned.

TABLE B. MEDIAN TIME RESPONDENTS SPEND ON CONTRIBUTIONS: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION, WITH COMPARISON FIGURE FOR COMPANY-SPONSORED FOUNDATIONS<sup>a</sup>

SIZE OF COMPANY Employees in Chicago Area	MEDIAN TIME SPENT BY RESPONDENTS <sup>b</sup> ON CONTRIBUTIONS	
	Days per year	
	No foundation	With foundation
	A	B
1,000 and over	7.5	19.0
500 to 999	5.6	5.5
250 to 499	4.2	4.5 <sup>c</sup>
100 to 249	2.0	9.0 <sup>c</sup>
20 to 99	1.0 or less	<sup>d</sup>
4 to 19	1.0 or less	<sup>d</sup>
COMPANY-SPONSORED FOUNDATIONS	19	

<sup>a</sup> Additional data in Appendix C.  
<sup>b</sup> As shown in Appendix A, the respondent was supposed to be the person “most directly and immediately involved in the administration of the company’s [foundation’s] contributions program.”  
<sup>c</sup> As shown in Appendix C, this median is based on very few cases and is therefore subject to considerable sampling error.  
<sup>d</sup> Number of cases is too small to cite a meaningful median.



TABLE C. NUMBER OF PARTICIPATING RESPONDENTS EXPECTING DESIGNATED CHANGES IN THEIR COMPANIES' GENEROSITY,<sup>a</sup> IN HOW THEIR COMPANIES HANDLE CONTRIBUTIONS, DURING THE FIVE-YEAR PERIOD FOLLOWING 1956: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION

SIZE OF COMPANY Employees in Chicago Area	GENEROSITY <sup>a</sup>					HANDLING OF CONTRIBUTIONS	
	TOTAL RE-SPONDENTS No With fdn. fdn.	EXPECTATIONS OF CHANGE			TOTAL RE-SPONDENTS No With fdn. fdn.	EXPECTING "MAJOR CHANGES" No With fdn. fdn.	
		Increase No With fdn. fdn.	Decrease No With fdn. fdn.	Unchanged No With fdn. fdn.			
1,000 and over	63 48	21 13	3 1	39 34	72 49	15 9	
500 to 999	37 10	14 3	2 1	21 6	44 12	8 0	
250 to 499	53 7	9 2	2 1	42 4	55 7	10 1	
100 to 249	61 8	9 1	4 0	48 7	62 8	10 1	
20 to 99	62 1	5 0	4 0	53 1	69 2	8 1	
4 to 19	49 2	11 0	1 1	37 1	58 2	5 1	

<sup>a</sup> "Generosity" is here defined as per cent of net profit claimed as contributions.

TABLE D. NUMBER OF PARTICIPATING COMPANIES MENTIONING DESIGNATED CHANGES IN THEIR HANDLING OF CONTRIBUTIONS DURING THE FIVE-YEAR PERIOD PRIOR TO 1957: BY SIZE OF COMPANY AND SPONSORSHIP OF FOUNDATION

SIZE OF COMPANY	CHANGE, IF ANY, INVOLVED																			
	NO CHANGE		SET UP OR FORMAL- IZED COMMITTEE TO ACT ON CONTRIBUTIONS		MORE STUDY OF RE- QUESTS, DEFINITE AMOUNT BUDGETED		CENTRALIZED HANDLING OF CONTRIBUTIONS		IMPROVED RECORD KEEPING		INCREASED NUMBER OR SPREAD OF CONTRIBUTIONS		INCREASED GENEROSITY		INCREASED SUPPORT OF EDUCATION		LIMITED CONTRIBU- TIONS IN NUMBER OR AMOUNT		REDUCED CONTRIBU- TIONS TO PRESSURE GROUPS, CUSTOMERS	
Employees in Chicago Area	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.	No fdn.	With fdn.
1,000 and over	39	19	7	4	9	11	6	1	2	2	3	0	1	1	0	1	3	3	1	0
500 to 999	24	4	2	1	4	5	1	2	1	0	0	0	1	1	0	1	4	0	1	0
250 to 499	40	4	2	0	1	0	1	0	1	0	1	0	1	0	0	0	6	0	0	0
100 to 249	42	3	1	0	3	0	3	0	1	0	1	0	2	1	0	1	7	1	0	0
20 to 99	45	1	0	0	4	0	0	0	0	0	1	0	0	0	0	0	9	0	2	0
4 to 19	38	2	0	0	2	0	0	0	0	0	0	0	1	0	0	0	7	0	0	0



APPENDIX C

ADDITIONAL DATA

APPENDIX C presents additional data for tables contained in the text or in Appendix B. Where appropriate, it gives the number of cases from which a median or percentage is derived.

To save space, tables are in abbreviated form. They are numbered to correspond with tables in the text; the letter forming the column head refers to the same letter in the corresponding text table. In citing the sizes of companies, the following size categories have been used:

SIZE OF COMPANY	SIZE CATEGORY NUMBER
Employees in Chicago Area	
1,000 and over	1
500 to 999	2
250 to 499	3
100 to 249	4
20 to 99	5
4 to 19	6

TABLE 7

The number of cases on which the medians are based is as follows:

Year formed	42		
Founding grant	36		
Time spent on contributions	42		
		<u>1956</u>	<u>1953</u>
Amount received from company		38	30
Amount received from noncompany sources		37	31
Net worth		35	29
Amount of contributions		38	33
Median per cent spent		37	30
Number of years		36	29

TABLE 8

The number of cases on which the medians are based is as follows:

Education	33
Hospitals	30
Social Welfare	30
Chicago Community Fund	26
Other Community Chests	22
Red Cross	26
Health Agencies	26
Youth and Recreation	7
Business and Civic	3
Religious	6
Cultural	2
Public and Civil Service	1
Miscellaneous	9

TABLE 11

The number of cases on which the medians are based is as follows:

SIZE	A	B
1	54	39
2	37	10
3	50	6
4	53	6
5	72	1
6	57	2
Fdn.	38	

TABLE 12

The number of cases on which the medians are based is as follows:

SIZE	A	B
1	52	37
2	30	7
3	45	4
4	49	6
5	61	0
6	44	2



TABLE 14

The number of cases on which the medians are based is as follows:

SIZE	A	B	C	D
1	41	11	54	18
2	20	4	28	6
3	27	1	34	1
4	22	2	34	2
5	17	1	18	1
6	12	1	13	0
Fdn.	28		39	

TABLE 16

The number of cases on which the medians are based is as follows:

SIZE	A
1	48
2	26
3	31
4	32
5	15
6	9
Fdn.	31

TABLE 17

The number of cases on which the percentages are based is as follows:

SIZE	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1	76	49	74	47	75	48	75	48	76	48	75	48	75	48	70	48	70	48	70	48
2	44	13	45	13	45	13	45	13	45	13	44	13	45	13	45	12	45	12	45	12
3	58	10	55	10	59	10	58	10	58	10	58	10	58	10	58	10	58	10	58	10
4	67	8	65	8	67	8	66	8	66	8	67	8	64	8	66	6	66	6	66	6
5	70	1	66	1	70	1	70	1	70	1	70	1	70	1	71	1	71	1	71	1
6	60	2	56	2	60	2	60	2	60	2	60	2	59	2	60	2	60	2	60	2
Fdn.	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42

The number of companies or foundations which gave to the designated causes is as follows:

SIZE	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1	72	15	46	14	69	21	56	14	49	15	45	17	49	13	22	7	7	4	18	4
2	40	4	19	3	42	6	34	6	30	5	22	4	30	5	8	1	9	0	1	1
3	51	5	22	1	51	5	44	5	28	2	23	3	32	2	14	0	12	1	4	0
4	51	3	25	2	59	4	53	4	37	3	35	1	41	5	13	0	17	1	6	0
5	60	1	18	0	57	1	51	1	26	0	26	0	48	0	5	0	21	0	4	0
6	43	1	8	1	50	1	44	2	18	1	18	1	37	2	6	0	12	0	2	0
Fdn.	31	26	32	30	37	38	35	37	38	8	7	8	35	7	8	8	7	8	8	8



TABLE 18

The number of cases on which the percentages are based is as follows:

SIZE	A, C, E, G, I, K, M, O, Q, S	B, D, F, H, J, L, N, P, R, T
1	75	66
2	39	36
3	55	50
4	61	55
5	61	49
6	43	33
Companies with foundations	24	19
Foundations	35	30

The number of companies or foundations that gave their largest or second largest contributions to the designated causes is as follows:

SIZE	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
1	59	6	1	3	5	41	1	3	5	4	1	7	1	0	1	1	1	0	0	1
2	26	4	1	2	0	19	0	2	7	2	3	3	2	1	0	2	0	1	0	0
3	33	15	3	1	3	21	0	1	3	3	4	1	1	2	0	3	5	1	3	2
4	30	9	7	0	2	15	2	5	5	2	0	7	2	4	2	6	7	5	4	2
5	29	11	2	1	1	18	0	4	3	2	3	3	1	2	3	2	17	6	2	0
6	17	5	1	0	1	10	4	6	0	1	0	1	1	1	3	5	12	4	4	0
Cos. with foundations	11	2	1	1	1	5	1	0	1	2	3	6	0	0	1	0	2	1	3	2
Foundations	15	5	1	3	0	2	0	2	3	6	7	5	0	1	3	1	3	3	3	2

TABLE 20

The number of cases on which the percentages are based is as follows:

SIZE	A, C, E, G, I, K, M, O	B, D, F, H, J, L, N, P
1	60	48
2	36	8
3	43	5
4	56	7
5	56	1
6	51	1
Fdn.	40	40

The number of companies that mentioned the designated methods is as follows:

SIZE	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	28	15	6	8	12	6	3	3	5	1	1	2	2	1	20	9
2	13	2	5	2	1	1	4	0	2	1	2	0	2	0	10	1
3	17	0	8	1	1	0	3	1	0	1	2	1	0	0	10	1
4	16	1	7	1	5	1	6	0	2	0	0	1	0	0	26	1
5	12	1	4	0	2	1	4	0	0	0	0	0	0	0	34	0
6	5	1	4	0	1	1	2	0	0	0	0	0	0	0	23	0
Fdn.	12	7	13	13	7	7	2	2	0	0	—	—	0	0	10	10



TABLE 21

The number of cases on which the median amounts of contributions for 1953 are based is as follows. (For 1956 data, see Table 11.)

SIZE	A	B
1	38	31
2	25	9
3	28	3
4	21	1
5	16	1
6	9	0
Fdn.	33	

TABLE B

The number of cases on which the medians are based is as follows:

SIZE	A	B
1	65	37
2	32	11
3	41	4
4	34	3
5	21	1
6	13	1
Fdn.	40	

## APPENDIX D

# COMPARISON DATA FOR INDUSTRY

APPENDIX D presents, for purposes of comparison, the United States Treasury's estimate of the number of companies of designated industries throughout the United States and projections from the present survey for the number of companies in comparable industrial classifications having representation in the Chicago Metropolitan Area.

INDUSTRY	TREASURY ESTIMATE OF NUMBER OF COMPANIES IN U.S.A.	PROJECTIONS FROM PRESENT SURVEY FOR CHICAGO COMPANIES	PER CENT B IS OF A
	A	B	C
Retail <sup>a</sup>	144,781	14,498	10.0
Wholesale	94,997	6,667	7.0
Service <sup>b</sup>	141,261	10,449	7.4
Manufacturing <sup>c</sup>	181,127	12,465	6.9
Financial	60,154	3,865	6.4
Communications	<sup>d</sup>	<sup>d</sup>	—

<sup>a</sup> Not including eating and drinking places.

<sup>b</sup> Including eating and drinking places, public utilities, and communications.

<sup>c</sup> Including construction.

<sup>d</sup> No "communications" industry tabulated by the Treasury; industries participating in the survey indicating their principal business as communications are included in "service" in this table.

SOURCE: *Statistics of Income, 1956-57*, U.S. Treasury Department, Table 2, p. 19.



## APPENDIX E

# COMPARISON DATA FOR PER CENT OF NET PROFIT CONTRIBUTED

APPENDIX E presents figures from the United States Treasury for the per cent of net profit claimed as contributions by American corporations in 1956. Readers may wish to compare these figures with those derived from the present study (presented in Table 12).

Although both sets of figures relate contributions to net profit, three important differences should be recognized. Government

### MEAN PER CENT OF COMPILED NET PROFIT CLAIMED AS CONTRIBUTIONS IN 1956 BY ACTIVE CORPORATIONS WITH BALANCE SHEETS: BY SIZE OF ASSETS

ASSET CLASS ( <i>In thousands of dollars</i> )	COMPILED NET PROFIT ( <i>In thousands of dollars</i> )	CONTRI- BUTIONS	PER CENT B IS OF A
	A	B	
Under 25	-114,801	949	<sup>a</sup>
25 under 50	125,357	3,406	2.72
50 under 100	416,201	4,934	1.18
100 under 250	1,283,461	16,394	1.28
250 under 500	1,362,985	21,138	1.55
500 under 1,000	1,595,755	24,329	1.52
1,000 under 2,500	2,576,988	36,864	1.43
2,500 under 5,000	2,161,225	31,613	1.46
5,000 under 10,000	2,342,897	32,622	1.39
10,000 under 25,000	3,847,668	46,089	1.20
25,000 under 50,000	2,837,708	29,634	1.04
50,000 under 100,000	3,432,145	30,936	.90
100,000 under 250,000	4,947,594	33,705	.68
250,000 and over	20,368,458	101,489	.50
Total	47,183,641	414,102	.88

<sup>a</sup> Percentage would be meaningless, since compiled net profit is negative.

SOURCE: *Statistics of Income 1956-57 (Corporation Income Tax Returns)*, Table 4, p. 33.

figures are based on a nationwide sample of corporations, are stratified by amount of assets, and yield mean percentages. In contrast, those of the present survey relate only to companies with representation in Chicago, are stratified by number of employees in Chicago, and yield median percentages.

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