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Patterns of Giving to Urban Public Higher Education Among Corporate Foundations in Virginia and Select Others Which Have a Significant Presence in Virginia

Grace Aine Porter
Old Dominion University

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PATTERNS OF GIVING TO URBAN PUBLIC HIGHER EDUCATION AMONG CORPORATE FOUNDATIONS IN VIRGINIA AND SELECT OTHERS WHICH HAVE A SIGNIFICANT PRESENCE IN VIRGINIA

by

Grace Aine Porter
B.A. Hons. August 1986, University College Dublin
M.A. August 1988, Old Dominion University

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December 1997

Approved by:

Dr. Maurice Berube
Dissertation Chair

Rebecca S. Bowers, Ed.D.
Concentration Area Director

Wolfgang Pinder, Ph.D.
Member

Donna B. Evans, Ph.D.
Dean, Darden College of Education

Dana Burnett, Ed.D.
Member
ABSTRACT

PATTERNS OF GIVING TO URBAN PUBLIC HIGHER EDUCATION AMONG CORPORATE FOUNDATIONS IN VIRGINIA AND SELECT OTHERS WHICH HAVE A SIGNIFICANT PRESENCE IN VIRGINIA

Grace A. Porter
Old Dominion University, 1997
Director: Dr. M. Berube

This study examines patterns of giving among the corporate foundations in Virginia and select others which have a significant presence in Virginia. The purpose is to better understand how and why they give as they do. In addition to investigating trends in giving, the amounts given, and motivations for giving, the study compares these data with prior research that has indicated corporate favoritism toward private and public "specialized" or "elite" higher education (Reich, 1992; Council for Aid to Education, 1994). "Specialized" is defined by the Council for Aid to Education as medical schools and science research institutions. One utilitarian purpose of this study is to provide corporate development administrators, specifically at Old Dominion University, with insight and practical advice and guidance when dealing with fund-raising issues regarding corporate foundations.

The literature views the motivations for corporate giving in roughly three theoretical frameworks: (a) altruism in which corporations give because of a sense of social responsibility (Webb, 1992; Galaskiewicz, 1985); (b) profit maximization, in which corporations give to enhance their profits directly (Webb,
1992; Reich, 1992); and (c) mutual collective action, in which corporations
give to organizations because they have something to gain (Unseem, 1985;

Using a sample size of 51 corporate foundations from Virginia and select
others which contributed during 1993-94 to higher education in Virginia, a mailed
three-page questionnaire was developed as the primary survey instrument. The
survey instrument was adapted from one used by J. D. Marx (1994). In addition,
25 tax returns from 1993-94 were used in the analysis.

An ANOVA was conducted on the data related to giving patterns based
upon information from the 1993-94 tax returns. This was used to establish a
relationship between giving patterns to various categories of higher education
and overall giving. Next, a correlational matrix was established using the input
data from the survey. This showed if a relationship between the main variables
outlined in the study coincided with the factors in the survey. Following the
correlational matrix, a factor analysis procedure was conducted to analyze the
respondents' factor loadings on the variables more thoroughly. From this, four
factors emerged which are described as affecting corporate foundation giving to
urban public higher education. Both altruism and profit maximization were
evident in the responses as motivating giving, thus mutual collective action (both
altruism and profit maximization acting together) was a factor. And among the
smaller corporate foundations located in Virginia, geographic location was seen
to be a factor affecting giving.
DEDICATION

To Alex, Grainne, and Louie
and for Andrew, Christopher, and Tiffany
ACKNOWLEDGMENTS

I would like to thank my committee: my chair, Dr. Berube, for his support and energy; Dr. Pindur for his thoroughness and candor; and Dr. Burnett whose continuous support was so valuable. Thanks to Dr. Naik and the math department and to Dr. Bowers in the Darden College of Education at Old Dominion University.

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CHAPTER I
INTRODUCTION

This study examines patterns of giving among the corporate foundations in Virginia and select others which have a significant presence in Virginia. The purpose is to better understand how and why they give as they do. In addition to investigating trends in giving, the amounts given, and motivations for giving, the study compares these data with prior research that has indicated corporate favoritism toward private and public "specialized" or "elite" higher education (Reich, 1992; Council for Aid to Education, 1994). One utilitarian purpose of this study is to provide corporate development administrators, specifically at Old Dominion University, with insight and practical advice and guidance when dealing with fund-raising issues regarding corporate foundations. An understanding of how and why corporate foundations give as they do may be expected to play a key role in the success of the Capital Campaign at Old Dominion University and similar campaigns at urban public higher education institutions across Virginia.

Importance of Corporate Contributions to Higher Education

Corporate contributions to organizations, and specifically to higher education, have a long and complex history. However, few authors have looked at why corporations give to higher education, and more importantly, how corporate contributions are distributed within the general category of education.
Despite the size and significance of corporations today, corporate giving accounts for just 2% of total giving to all organizations (Council for Aid to Education, 1994). The remaining percentage of funds donated to all organizations come primarily from public foundations and individuals.

Public universities, however, receive 28% of their major gifts from corporations. Yet this figure does not tell the complete story. In 1993, for example, corporate contributions within higher education had grown only 1%, indicating an overall decrease of 2% when inflation is taken into account (Council for Aid to Education, 1994). And in 1994-95, despite a period of high corporate growth marked by higher earnings and profits, corporate contributions to higher education lagged once again. Moreover, the corporate giving that did occur in 1994-95 was decidedly in favor of those private research/doctoral institutions that encompassed public "specialized" establishments such as medical schools and health science centers. This was the only category for which dollars given per student increased (Council for Aid to Education, 1994).

The need to recognize and understand the present and potential role of corporate contributions in higher education became more urgent as the economic boom of the 1980s gave way to the moderate recession of the early 1990s, resulting in drastic cuts in higher education. One way these cuts were keenly felt by students and their families was in the increased tuition costs that higher education institutions deemed necessary. Indeed, according to the General Accounting Office, tuition at public four-year colleges and universities
rose 234% between 1980-81 and 1994-95, compared to an 82% rise in median household income during the same period (Riechmann, 1996).

In 1991, after a decade in which spending on higher education had doubled, public colleges in more than half the states cut their budgets. The deep budget cuts, as predicted by analysts during this time, continued over the next five years—despite the end of the recession and the economic turnaround. In Virginia, higher education lost over $300 million or 13% of its state funding. Hardest hit during this period were five states along the Eastern Seaboard: Maryland, Massachusetts, New Jersey, New York, and Virginia (Cooper, 1991). State universities have therefore turned increasingly to private funds to supplement everything from program-funding shortfalls to faculty salaries.

In November, 1996, The Washington Times reported that the University of Virginia planned to spend $9 million in private funds over the ensuing three years to raise faculty salaries, to stem “plummeting morale and the loss of talented professors” due to budget cuts in higher education (“UVA budgets $9 million,” 1996, A11). Budget cuts in the state college systems of Ohio, Alabama, Connecticut, New York, and many other states in 1997 have prompted college presidents to denounce state administrations and remind their states that higher education is crucial to economic growth (Funk, 1997; Friedman, 1997; "Fees Increases," 1997; Harris, 1997).

The recognition that public universities must look to other avenues for critical funding has caused university administrators to focus on the role of
corporations as integral income sources in the funding cycle of public higher education. Officials at Old Dominion University, for example, have emphasized that "the need for private support for higher education and Old Dominion University has never been larger than it is today" ("ODU Fund," 1997, B1). Indeed, only 20% of Old Dominion University's operating budget ($250 million) comes from state funds.

Economists, more than scholars from other disciplines, have directed attention toward corporate giving and have attempted to discover market motivations and trends. Thus, economic factors have been proposed to predict corporate giving, often tying the giving patterns to the New York Stock Exchange (NYSE), Gross Domestic Product (GDP), Corporate Pretax Income, and other indicators (Council for Aid to Education, 1994; Webb, 1992; see Figure 3). According to one report, "The trend in giving to education corresponds closely to the trend in giving to all causes, with double-digit growth between 1976 and 1985, and much slower growth since" (Council for Aid to Education Report, 1994). As higher education costs continue to soar, the need to learn more about corporate giving trends, patterns, and motivation has become even more salient than earlier.

Definitions

Several definitions need to be stated to clarify terms as used in this study.

**Urban public higher education**, for the purposes of this study, comprises "public institutions of higher education serving undergraduate and graduate
students, located in an urban setting" (Survey, 1997). Within this definition is a subgroup: "specialized" or "elite" public higher education institutions, specifically, medical and science research institutions. These schools tend to have fewer students and are defined by their disciplines. They tend to have higher public profiles within the community and are likely to have higher per student funding from corporations (Council for Aid to Education, 1994).

Among institutions of urban higher education in Virginia, Old Dominion University in Norfolk may be described as follows: It is a higher education institution within an urban setting; it provides doctoral and research level programs; and its relative "newness" sets it apart from other public universities in the Commonwealth such as the University of Virginia and the College of William and Mary.

The definition of a corporate foundation also needs to be stated here. Typically, a corporate foundation is a self-funded entity, legally established by an individual corporation and set apart from the parent corporation for the specific purpose of promoting giving (grants, endowments, scholarships, etc.). The establishment of a corporate foundation would seem to indicate a level of commitment by a corporation to giving and societal well-being, although the reasons for setting up a foundation are numerous and not always altruistic. Corporate foundations and their parent corporations are inextricably linked, and the extent of the relationship between the two entities has often been and continues to be the subject of some controversy.
The size of a corporate foundation, for the purposes of this study, was defined as the net asset value of the corporate foundation. The relationship between size of corporation foundation and rate of giving was examined to determine any relationship between size and giving level.

**History of Corporate Contributions**

The history of corporate contributions in the United States predates World War I. Between 1898 and 1904, the "first merger boom" resulted in the consolidation of approximately one-third of the nation's manufacturing assets into 318 giant corporations. The combined capitalization of these giants came to $7.4 billion, and they were made up of such names as American Sugar Refining, American Telephone & Telegraph, American Rubber, General Electric, General Motors, Standard Oil, and International Harvester (Reich, 1992).

As the national and international names implied, these corporations were seen as an extension of the national economic policy of the day (Reich, 1992; Galaskiewicz, 1985; Smith, 1994); and, as such, they were viewed as having a vested interest in the greater good of society. For policy purposes, that social interest meant everything from participating in huge public works undertakings, to the War Finance Corporation in World War I, which underwrote bank loans for war industries, to domestic giving, such as health care and education. The history of corporate contributions contrasts greatly with the current trends in corporate giving.
In the 1980s, corporate foundations were growing at an unprecedented rate, spurred by a widely publicized report issued by the Commission on Private Philanthropy and Public Needs, chaired by Aetna Life & Casualty Chairman John H. Filer. This report emphasized the need for a substantial increase in corporate giving in the coming years. First issued in 1975, the report was revived in 1981 when Ronald Reagan became President. In an attempt to encourage the private sector to increase contributions to offset cuts in federal spending, the Reagan administration established a Task Force on Private Sector Initiatives. In 1981, John H. Filer predicted that corporate philanthropy would be, "the major event of the nonprofit world in the decade of the 1980s" (Bertsch, 1985, p. 1).

Corporate giving was shaped in the 1980s by the Reagan administration's "social service delivery system." The Reagan administration tried to appeal to the social conscience of corporations through charitable donations. As Bertsch (1985) has written:

Reagan called for scaling down government's social commitment and he encouraged private approaches to domestic problems. The President most often focused on the role that corporations could play, particularly thorough "charitable" activities. Such national groups as the Business Roundtable added their support, while at the local level businessmen in Minneapolis and other cities formed "Five Percent" and "Two Percent" clubs. (p. 1)
The resulting burst of private sector activity began to slow down after changes in the tax code in 1986 as it related to corporate foundation giving. The tax act lowered the marginal tax rate for corporations from 46% to 34% (Webb, 1992). Since 1986, corporate giving has declined about 20%—in large part due to the 1986 tax code changes (McKaughan, 1995; Webb, 1992; Reich, 1992).

In 1993, the, Council for Aid to Education issued its annual report on Corporate Support for Education. Results were published in 1994, and some highlights of their studies included the corporate foundation figures:

1. Education received the largest share, 43% or $759 million (down from $773 million in 1988, the first year of the report), of the $1.76 billion (down from 1.89 billion in 1988) reported given to specific causes in 1993.

2. Colleges and universities secured 73% of the education dollars, up from 72% in 1992 (but down from 78% in 1988 and 74% in 1989).


4. Consolidated charitable contributions by corporations and their foundations to organizations in the United States were estimated at $6 billion in 1990, a 22% increase over 1989, but a continuation of the slow growth that began in 1988. (The Council on Foundations, 1994.)
Thus, between 1983 to 1993, the situation in corporate giving had changed. By 1993, "higher education's share of the education dollars fell slightly to just under 43% . . . funding for higher education-primarily at the undergraduate level-represented 10.1% of all grant dollars, down from 11.1% in 1992." (The Foundation Grants Index, 1995, p. 8).

Buried in the increase in minimum wage legislation passed in 1996 was a little known provision allowing for the return of private charitable foundations as a tax break (Langley, 1997). The wording of the bill encouraged many corporations and wealthy individuals to set up foundations as a means of saving on taxes.

The literature views the motivations for corporate giving in roughly three theoretical frameworks: (a) altruism, in which corporations give because of a sense of social responsibility (Reich, 1992; Smith, 1994). This view was perhaps the most prevalent from the 1950s through the 1970s; (b) profit maximization, in which corporations give to enhance their profits directly; and (c) mutual self-interest, in which corporations give to organizations because they have something to gain.

Corporations and their foundations have historically given to organizations in the same manner for years, and the breakdown of the giving has changed little. Smith described the causes favored traditionally in corporate philanthropy as being typically broken down as follows: "40% to education, 30% to health and human services, 10% to arts, etc." (Smith, 1994, p.2).
The discussion of the role of corporate giving in society is complex. The debate over corporate responsibility ranges from Reich's (1992) view that corporate citizens are responsible to their immediate society and society as a whole to Friedman's (1972) discussion on corporate profits and their role in the political-economic system.

Friedman (1972), in a *New York Times* essay, reprinted in a collection of his columns, posited that the only corporate responsibility is to increase profits; he decried corporate giving as a responsible business activity. "A corporation is an artificial person and in this sense may have artificial responsibilities," he wrote, "but 'business' as a whole cannot be said to have responsibilities, even in this vague sense" (p. 177). Indeed, to Friedman, such notions of corporate responsibility are considered a form of "socialism." He compared corporate giving to "imposing taxes, on the one hand, and deciding how the tax proceeds shall be spent" (p. 177). The latter, he noted, should be left to the function of government.

And Friedman's point is well taken regarding the control over corporate giving which lies with the foundation. As has been pointed out, control over giving is one of the advantages that corporations gain in establishing such foundations for giving. And unlike a public charity, a private foundation is a nonprofit organization with typically only one source of funding—in this case the corporation. Because they do not solicit funding from other sources, foundations have been criticized as "intellectual indulgence," which hardly merit government...
tax breaks. On the other hand, supporters argue that the successful business skills applied to running corporations are the very ones which can be brought effectively to social need in society (Langley, 1997).

The role of corporations and their manner of giving has not been fully examined in any one study, but rather has been looked at after the fashion of popular perception and public relations, as seen, for example, in the underwriting such foundations provide for various broadcasts on public television and radio. Too often, we perceive corporations to have greater sponsorship roles in public arenas than they do because of excellent public relations campaigns. The literature is even more limited on the specific role of corporate foundations and their motives for giving to public urban higher education.

**Corporate Foundations**

The Council for Aid to Education (1994) has called attention to the importance of corporate foundations:

Corporate foundations play a major role in bolstering consolidated corporate giving. The net outflow from these foundations in 1993 was an estimated $350 million. Corporate foundations had assets of about $6.6 billion in 1992, the latest year for which data is available. (p.1)

For study purposes, foundations are generally grouped into four types depending on their prime source of income:

1. Independent foundations whose endowment generally derives from an individual or family.
2. Corporate foundations which are legal independent entities with close ties to corporations.

3. Operating foundations usually endowed by a single source and mainly concerned with research in a specific area.

4. Community Foundations which are largely publicly sponsored.

(The Foundations Grants Index, 1995)

The Directory of the Commonwealth's Foundations (1996) listed 64 company-sponsored foundations [in Virginia]. Many of these foundations have no assets of their own, but receive funds annually from the corporation for distribution. The combined net assets of these corporate foundations was $109,616,480, and they gave out grants totaling over $28 million in 1994 (Shirley, 1994). Corporate contributions reported to the Internal Revenue Service (IRS) include corporate contributions to corporate foundations. In the Voluntary Support of Education-1993 Report, 75% of the manufacturing companies and 51% of the non-manufacturing companies responding to their survey had company foundations, paralleling previous years. The report noted the stability a foundation provides to a corporation in the flow of contributions. The report also noted that 60% of the corporate gifts came directly from corporations and 40% from their foundations. (Council for Aid to Education, 1994). The information from these reports provide one indication of the potential for corporate foundations in supplementing funding for higher education.
The Research Problem

The problem addressed in this research has multiple dimensions: What motivates corporate foundations to give as they do? What does the literature posit as the motivations for corporate giving? And how can this research be harnessed for use by corporate fund-raising administrators at urban public institutions such as Old Dominion University? The research problem, while focusing on Old Dominion University, is reflected in the broader context of public higher education funding across the nation.

In a study conducted by the National Association of State Universities and Land-Grant Colleges in 1989, the importance of private funding to state universities was underscored by the decline in contributions by the states for the maintenance of the major public network of higher education. As Reich (1992) has written, "States are not keeping pace with the needs of the times" (p. 280). In Alabama, for example, since 1995-96 when the budget allocation was cut 7.5%, Alabama's public colleges and universities have absorbed budget cuts of more than $150 million. One journalist noted that "taken together, if the trend continues, higher education (in Alabama) will lose more than $1 billion in spending power over the decade" (Harris, 1997, p. 1F.)

In their annual Report on Corporate Giving to Education, issued in 1994, the Council for Aid to Education noted: "... the past eight years constitute the longest period of consistently slow growth in corporate contributions in recent
history" (p. 2). Average growth rates for corporate giving between 1976 and 1985 were 16.2%, but they fell an average of 1% annually until 1994 thereafter (Council for Aid to Education, 1994).

One question arises here: is corporate funding declining, or is it being redistributed? Reich, for one, believes it is declining. He sees a "distinct lack of significant corporate contributions despite the encouragement from various administrations" (Reich, 1992, p. 280).

The Wall Street Journal reported that corporate contributions in the United States were at $6 billion in 1990. By 1994, that figure had reached just $6.11 billion, representing an inflation-adjusted drop of over 2%, marking the seventh consecutive year that corporate giving failed to keep pace with inflation (Sebastian, 1995). In 1995, however, spurred by a booming stock market, corporate giving rose 7.5% (4.6% after inflation) to $7.40 billion (Langley, 1997).

The Purpose of this Study

This study was undertaken to examine corporate foundations in Virginia and certain others that have a notable presence in Virginia with respect to trends in giving, motivation for giving, and amounts given. The intent was to increase understanding of how these corporate foundations give and why they do so. One anticipated application of the research findings was to provide guidance and direction for corporate fund-raising administrators, specifically at Old Dominion University.
Although the literature shows the important role corporations play in allocating grant monies and contributions, existing material on how much corporate funding is contributing financially to public higher education varies.

A complete picture of corporate contributions is made easier by looking specifically at a segment of corporate giving—corporate foundations. Tax returns, with itemized contributions documented, disclose an overall pattern of giving to higher education. The uniqueness of the nonprofit wing of a for-profit organization makes it easier to compare finances. Separate accounting governed by regulations has meant that records for the tracing of gifts have become more accessible, and motivations for giving can be backed up with specific data from the tax returns.

Significance of the Study

Corporate foundations can be an important source of revenue for urban higher education; however, not enough is known about their motivation for giving. In addition, corporate foundation funding is concentrated in specific areas within higher education. A better understanding of the motivations for giving may enable urban higher education administrators to tap this potentially valuable resource.

The giving patterns of corporations and their foundations with respect to higher education reveal a distinct trend. In its report on Voluntary Support of Education, 1993, the Council for Aid to Education showed private research programs and "specialized" public education receiving the most dollars from
corporations. The "Distribution of Consolidated Corporate Contributions to Higher Education by Purpose," published in 1993, showed that the largest portion of money was earmarked for research and capital purposes (Council for Aid to Education, 1994). Private research and doctoral institutions received more than twice the dollars per student than did comparable public institutions. Liberal arts and comprehensive public institutions lagged behind by at least the same factors in corporate giving. It should also be noted that specialized institutions (frequently medical schools and health science centers) have fewer students than larger public institutions, so although the total dollars per student are large, the total dollars contributed to this type of institution are small (The Council for Aid to Education, 1994, 1996).

The significance of a study on giving patterns cannot be overestimated. Information on why the giving patterns are the way they are can be invaluable. If a relationship can be established between why corporate foundations give and what they give, corporate development administrators at Old Dominion University and elsewhere will be provided with crucial information to support fund-raising efforts targeting corporate foundations.

In May 1997, Old Dominion University announced the public part of its Capital Campaign—a three year campaign during which time the university hoped to raise $48 million. The Virginian-Pilot reported, "Only 20% of Old Dominion University's budget of $250 million comes from state funds." The article also noted, "More colleges, both public and private, are looking to private
money and fund drives to keep down tuition increases, as government funding thins out" (Walzer. 1997, B1). Clearly corporate foundations have a role today in this trend.

Limitations of the Study

In order to make this study more meaningful to the Old Dominion University Capital Campaign, the survey in this study focused on questions of motivation in giving as they related specifically to corporate foundations (entities founded by corporations but separate from corporations) in the Commonwealth of Virginia. The context of the study is thus limited to Virginia corporate foundations and select others involved in the corporate part of this campaign. The study cannot be generalized to institutions outside this geographic area. However, it will be pertinent to other Virginia urban colleges, and further research conducted in other states may add validity to the study.

Similarly, sample size must be taken into account in viewing the study's limitations. There are less than fifty active corporate foundations in the Commonwealth of Virginia and generalizing from this population could pose problems. The limitations of working with such a sample size needs to be emphasized. However, because corporate foundations are required to fill out detailed tax returns, it is here that we can get a better idea of giving to public (specialized/non-specialized) and private higher education. But the issues regarding valid sample numbers must be kept in mind.
Finally, the analysis conducted is descriptive and the factor analysis is strictly the author's interpretation of the results. Factor analysis is controversial for exactly this reason; however, this does not detract from the findings. It merely suggests that additional studies need to be undertaken to validate the data. The findings are relevant to Virginia's urban public institutions and their efforts to increase private funds.

**Organization of the Study**

The historical context of corporate giving is dealt with in Chapter II in the Review of the Literature. The Review will show the origins of corporate giving motivations and see if they are still relevant today. Three broad theoretical frameworks are proposed regarding corporate foundation motivation for giving: altruism, duty or social responsibility; profit maximization (Webb, 1992), and a combination of the two, described as “mutually collective action” (Smith, 1994) which are looked at in Chapter II. The first two are “pure motives,” the third is considered a hybrid motive.

Chapter III will address the hypotheses and methodology employed in the study and the analysis of the primary survey instrument. The survey technique and the sample population are identified, and background information on the sample is provided. This study will address specifically the area of corporate foundations and their giving patterns with regard to higher education, and from there it will attempt to see if there are patterns which can be seen in corporate foundation giving to urban higher education. It will identify factors affecting
corporate foundation giving from among Virginia corporate foundations and select others. Because the survey population is relatively small, and since most of the population was included in the sample size, the sample cannot be considered random.

Chapter IV examines the results of the survey as well as other descriptive statistics undertaken in the study and relates the results of the analysis. In addition, this chapter points to additional avenues for study in the field. Since this study was primarily centered around the public urban setting of Old Dominion University, Norfolk, Virginia, it can only claim to have limited applications to other institutions, insofar as they are public urban higher education institutions within the Commonwealth with similar targets for corporate development.

Finally, the conclusion, Chapter V, offers some suggestions for corporate development in public higher education. In summarizing the responses to the survey, there are several clear goals which can be ascribed to by today's corporate development officials.

**Summary**

It is not always clear how corporate foundations make their decisions and it is difficult to identify exactly what motivates certain corporate foundations in their giving patterns. Some will only give locally to a variety of causes; others spend greater money on fewer gifts; yet others emphasize global giving. Many corporate foundations outline a philosophy for their giving, but in many cases this is a general guideline for the direction of the gifts, e.g., nonprofit agencies.
In looking specifically at the thirty-three corporate foundations based in Virginia and an additional eighteen corporate foundations who gave significant monies to higher education in the Commonwealth of Virginia, this study sought to support some of the work being done for the Old Dominion University's Capital Campaign Fund in 1997. In addition, three executives from the board of directors from the sample were interviewed by phone to add authenticity to the study and to elaborate on the collected data.
CHAPTER II
REVIEW OF LITERATURE

Three broad theoretical frameworks exist in the literature to explain why corporation foundations give the way they do; they are categorized as altruism, profit-maximization, and a combination of the two—mutual collective action. Altruism has its roots in the historical context of corporations and their early giving patterns. Profit maximization, however, is held more frequently by economists and has more contemporary origins. More recently, the literature has suggested that motivation for giving is a combination of both of these factors. This, then, is termed, mutual collective action.

In addition, two secondary motivations are posited in the literature—size of corporation or corporate foundation (measured in value of net assets) and location of the corporate foundation.

Historical Context of Corporate Giving

The notion of altruism is closely tied to the notion of “social responsibility.” It attempts to explain motives in a beneficent way, showing the benefit of giving from a more individualistic standpoint. It posits that corporations have a responsibility to their communities and surrounds to contribute. This, in turn, is a direct benefit to the self-interest of the CEO or the corporation in achieving a good public image. It has as its roots, the historical giving patterns of large corporations in North America. A review of the literature on this subject describes
the roots of corporate contributions as having been influenced by the perceived collective responsibility of corporate America to its community and country (Dolgoff & Feldstein, 1980; Marx, 1994). And this, in turn, was influenced by the history of European gift-giving among businesses.

The history of philanthropy in England and the United States shows gift-giving dated back as far as the Reformation (charitable involvement goes back to the end of the sixteenth century in England) (Galaskiewicz, 1985). Examples of business leadership contributions to the University of Pennsylvania, particularly favored by "proper Philadelphians," and the Philadelphia Orchestra were documented in the early twentieth century (Galaskiewicz, 1985).

The history of individual giving was complemented by the trend of organizations giving under the guise of civic organizations well into the nineteenth century. It included various agencies such as the Scots Charitable Society, 1744, the Massachusetts Charitable Free Society, and the Society for the Relief of Poor Widows with Small Children, 1798 (Galaskiewicz, 1985). Although there were some efforts to organize private giving, consolidated giving did not come about until the late nineteenth century, and later with local community war chests in World War I (when 300—400 cities across the country organized war chests) (Galaskiewicz, 1985; Reich, 1992).

The notion of "corporate responsibility" dates back to the 1880s when corporations used donations for religious and employee benefit, e.g., the
donations by railroad barons to the YMCAs and other institutions to help the housing shortages for their employees (Fremont-Smith, 1972; Reich, 1984). However, corporate giving at this time was usually associated with the individual rather than the corporation (Webb, 1992). An example of this individualistic responsibility was expressed by many including such businessmen as Andrew Carnegie in the following passage:

Andrew Carnegie, in his essay "Wealth," written in 1889, believed in the notion of responsibility of the wealthy to give back to the community during their lifetime and not to wait until death to bequeath money to charity. He said, "This, then, is to be the duty of the man of Wealth," having provided for his family, he "should consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community." (Carnegie, 1970, p.7)

In 1937, Robert E. Wood, CEO of Sears, Roebuck and Company, a corporation which had risen to become by that time the world's largest general merchandise house, expressed his view that the company was more than a retail business enterprise; it was a corporate entity with public responsibilities (Daniel Yankelovich Group, 1988, p.1).

But a sense of public and social responsibility was not the only reason, it appears, why corporate foundations gave. Records of corporate contributions
donated to educational institutions, mainly private colleges, during World War I (Smith, 1983), suggest economic advantages also played a role in giving. However, it was not until 1936, notes Webb (1992) in her *Economics of Corporate Giving*, when the IRS began collecting information on the charitable deductions claimed on corporate income tax returns that this data became more readily available. An amendment to the Internal Revenue Code in 1935 provided an allowance for the deduction of corporate gift giving. The data shows that corporate giving, as a percentage of corporate profit, remained relatively constant after World War II until the 1980s (about one percent every year increasing to two percent after 1980 (Smith, 1991). In 1948, the first cooperative fund-raiser by a small Indiana private liberal arts college was undertaken (Galaskiewicz, 1985).

After World War II a series of Supreme Court decisions (*Smith Mfg. Co. v. Barlow et al.*, 1953) and Tax Reform Acts (in 1969 as a part of the Patman Investigation set forth specific rules about setting up corporate foundations) led to the beginnings of the corporate foundation framework we have today. Corporate foundations were essentially nonprofit organizations established by private corporations for the purposes of giving. As such, corporate foundations were able to benefit from distinct tax breaks, in turn benefiting their corporate entity. The idea of giving appeared to move from the purely altruistic motivation to a more economically pragmatic motive. Simply stated, corporations and their foundations will give when they have the economic incentive to do so—and that
means when corporate giving is tied to maximizing profitability (Reich, 1992). An obvious manifestation of this is in tax breaks and other incentives which encourage corporations to establish giving entities.

Corporate foundations began to take shape in the 1950s; their growth was a direct response to realizing tax benefits to corporations at the time (Webb, 1992). Corporations could recognize tax benefits by setting up separate foundations which would act as the giving arm of the corporation. The connection between corporations and their foundations was inevitably linked; consequently, corporate directors were often on the foundation boards, and foundation monies were allocated to corporation interests. Legally, however, the relationship between foundation and parent corporation was separate and the relationships were monitored (Webb, 1992).

There was always a question of appropriateness of the relationship between corporation and corporate foundation. Just how vested were the corporate interests in the corporate foundation in the 50s? Concern over just such interest became evident when, during the 1960s and 70s, several legal questions came before U.S. courts regarding the nature and the private interests of corporate giving. Courts used the tests of "reasonableness" which they often took to mean the motivation, e.g., "social responsibility" of the corporation when making their decision as to whether or not a contribution should be allowed (Fremont-Smith, 1972; Webb, 1992).
Today, the question of the corporate relationship with the corporate foundation is still relevant. Corporate foundations are governed by a board of directors, often composed of senior executives and directors of the corporation. They usually have an administrative staff to administer the foundation monies in line with the foundation's objectives. There are many directories published specifically giving guidelines for applying to foundations for gifts. Often corporate foundations give specifically to one interest, perhaps employees of the affiliated corporation, and often they offer "gifts in kind" rather than money. "The amount of attention paid to direct corporate gifts depends on the input of company executives who sit on both the direct contributions committee and the foundation board." (Webb, 1992, p.71).

Even more attention began to be directed at such relationships between corporation and foundation as corporate philanthropy entered into the public policy arena in the 1970s. Corporate officials became spokespersons for promoting corporate giving, and they were often called upon to help influence legislation which would directly relate to their foundations. In 1975, for example, the Commission on Private Philanthropy and Public Needs, chaired by John H. Filer, noted that corporate giving needed to substantially increase during the coming years (Bertsch, 1985). The Commission's report was not widely publicized until five years later, when, in 1981, Ronald Reagan became President. In an attempt to encourage the private sector to increase contributions to offset cuts in federal spending, the Reagan administration established a Task
Force on Private Sector Initiatives in 1981. This, in turn, led to the Economic Recovery Tax Act of 1981, and the later 1986 Tax Reform Act which modified the depreciation time of many corporate assets: "When corporations know that tax rates are expected to fall, contributions increase before the tax rate changes" (Webb, 1992, p.30). However, it did not quite work out that way.

Not all well intended legislation worked to the benefit of corporate giving. In 1986, considered to be the culmination of the Reagan administration's shaping of the social-service delivery system, there were numerous attempts to reduce government involvement while at the same time look to corporate America to shoal up the reduction. This was especially true in the social arena; private sector activity including corporate giving had a burst of activity. In 1986, however, changes in the corporate tax code "changed the landscape for corporate giving by reducing the value to donors of their contributions." (McKaughan, 1995, p.1). The tax change did not, obviously, have the desired effect.

Since 1986, corporate giving has declined about 20%. McKaughan (1995) points out, however, that pretax income (PTI) contributed in 1993, 1.34%, is higher than its been since 1964. This suggests that the tax changes in 1986 were not as significant a factor as had been thought in the long-term.

In order to gage the motivation among corporate executives two years after the 1986 tax bill was passed, The Council on Foundations, a Washington, D. C. trade group, commissioned a survey in 1988 in an attempt to shed light on
the corporate commitment to community involvement. In their survey of over 300 current and future CEOs, they found, "current CEOs are deeply committed to corporate charitable giving. This commitment is the product of a sense of ethics, moral obligation, and company tradition." (Daniel Yankelovich Group, 1988, p.2). However, the report also had an ominous tone, suggesting significant pressures on CEOs to tie corporate profits with their giving—"20% view recent tax reform as a new disincentive to corporate giving" (Daniel Yankelovich Group, 1988, p.2). In addition, anxieties among the then future CEOs were expressed in their desire to see future giving tied to "tangible company benefits" (Daniel Yankelovich Group, 1988, p.2).

In addition to the 1986 tax reform bill, there was a second tax break established for foundations (corporate and individual) which went into effect in 1984 and lasted until 1994. The Wall Street Journal highlighted the concern of many CEOs who sought tax relief for their giving as their profits grew.

At the time, Congress was trying to determine whether the benefit would translate into fewer gifts to public charities. When lawmakers didn't extend the provision after 1994, CEOs and entrepreneurs became antsy, particularly as the value of their stock holdings continued to soar (Langley, 1997, A1.)

The Council on Foundations worked quietly in the background to lobby for the return of the tax break after 1994. And eventually, it was restored in 1996.
Economists today view profit maximization as the preeminent motivation behind corporate giving. Contemporary authors such as Robert Reich, an economist, is one such example. Reich notes, "The newfound generosity of American-owned corporations toward American's less fortunate communities has been no match for the dramatic withdrawal of corporate tax revenues for the same localities" (Reich, 1992, p. 281).

In 1996, buried in the small business legislation, was a provision for tax relief for establishing foundations. The Wall Street Journal described the gift: "attached to the package, though, and all but lost amid the din, was a gift to the nation's wealthy: the return of the private charitable foundations as a tax break" (Langley, 1997, A1). It contained a bill which allowed private individuals and corporations to establish foundations serving their own interests, over which they exercise total control, and still get a significant tax deduction. Instead of giving $20 million to the United Way, foundations established by corporations would have total control over their gifts. The provision was not originally scheduled to continue beyond May, 1997, but has been indefinitely extended. Indeed the Council on Foundations is pushing to make the tax break permanent and cites a current surge in private foundations as proof that the legislation works for the good of all.

Looking back to 1992, corporate giving was in the middle of a three year decline. What accounted for that decline? What factors affected the giving pattern? Was profit-maximization enough of an explanation? Some authors were
dissatisfied with pure motives such as altruism and profit-maximization as the only answer, and sought a new direction which looked to combine both factors and posit a mutually beneficial relationship satisfying the altruists and those espousing profit as motivators. Both Webb (1992), and Marx (1994) take a step away from the purist motives in their treatment of corporate giving. Webb specifically concentrated on the economics of corporate giving and its relation to profit, tax liability, but also included the very altruistic idea of corporate goodwill in her research. Marx, on the other hand, viewed the role of strategic philanthropy on corporate giving as it related to the corporate strategic goals. They both make the case that the complexity of corporate foundation giving needs to be taken to the next level of analysis.

It is here a third theory emerges in the literature—one which attempts to explain corporate giving in terms of both altruism and profit maximization combined. In trying to blend the two, it can be given the broad term mutual collective action.

The public-private partnership (Marx, 1994) began to be seen as a mutually beneficial one through the 1980s. The history of corporate philanthropy as a social contract with the employees was still prevalent; however, some authors posited there was a paradigm shift at work. In May, 1994, Smith published The New Corporate Philanthropy in which he spotlighted changes in
Corporate Giving Vs Total Giving

(in billions of inflation-adjusted dollars 1964-94)

Source: Council for Aid to Education, 1995 from the report "Voluntary Support to Education."

Figure 1. Corporate giving has remained flat while other types of giving have increased over the last three decades.
Reported Consolidated Corporate Giving per Student by Type of Institution -1993

Source: Council for Aid to Education, 1995 from the report "Voluntary Support to Education."

Figure 2. Corporate giving per student clearly seems to favor private higher education. Specialized schools include medical and science research institutions. In "specialized" we would expect the $ per student to be higher since there tends to be fewer students attending these schools.
Corporate Support by Indices

Figure 3. Corporate foundation giving has been tied to economic indices.

GDP: Gross Domestic Product
PTI: Pretax Income
NYSE: New York Stock Exchange
the giving traditions of corporations. This showed corporations revising the notion of a social contract with their employees to include strategic business directions for the companies.

Smith (1994) posits that a new paradigm is emerging in corporations which ties corporate giving closely with the goals of the corporation. "Companies that tie their giving directly to strategy . . . find their giving budgets actually can rise even when times are tough" (Smith, 1994, p. 3). The emerging paradigm in corporate giving is "to help companies fulfill the social compact of the information era, under which the public interest is best served if philanthropy is . . . linked with business processes" (Smith, 1994, p. 4). This is in contrast to the old maxim of giving, according to Smith, of having philanthropy at arm's distance from the business process.

Galaskiewicz, too, saw but a third, mutually beneficial motivation which today drives corporate giving (Galaskiewicz, 1985; Smith, 1994). For Smith, it is a mutually agreed upon "social compact . . . under which the public interest is best served if philanthropy is linked synergistically with business processes" (Smith, 1994, p.2). But for Galaskiewicz, a mutual benefit of a different kind is identified: the peer pressure to become a part of the social elite (philanthropic elite), and the willingness of nonprofit groups to go into debt, "a collective action" by both parties (Galaskiewicz, 1985,).

What this shift in giving emphasis has done, according to Smith, is that fewer non-profits have what it takes to get corporate grants . . . in the old
paradigm, it was paramount that corporate philanthropy initiatives be pure in motive. In the new view, mixed motives serve the public interest just fine, so long as they produce good results. (Daniel Yankelovich Group, 1988, p.3) 

The result of this shift in emphasis by corporate donors can be seen in giving patterns today. Corporations began after 1992 to emphasize how their money could support their corporate effort and the result was more money poured into research and development at private higher education institutions or high profile medical and science research centers(specialized). Webb called this "corporate goodwill" (Webb, 1992, p.5).

Philosophy of Grant Giving

From the literature, then, emerged three basic notions about the nature of corporate giving. The more individual and traditional theory of altruism defined as public relations or community relations (Galaskiewicz, 1985); profit maximization (Webb, 1992) relating to the goals of the parent corporation; and a combination of the two, mutual collective action as defined by Smith (1994) and Unseem (1988). Marx (1994) posits in his dissertation that the Social Exchange Theory provides a broad perspective through which corporate giving can be examined. This he defines as "no social exchange is ever purely altruistic, that seemingly one-way transfers of goods or services are, in fact, two-way exchanges based on a rational and self-interested decision making process " (Marx, 1994, p.30).
Useem (1988) sees corporate giving motivated by a blend of market and institutionalism, the latter includes altruism. He notes:

Corporate gifts to nonprofit organizations constitute a tiny fraction of a company's budget. Major firms typically give only about 1 to 2% of their pretax net income. Yet companies frequently feature their giving programs as centerpieces of company efforts to serve the community. (Useem, 1988, p.1).

In his book, Social Organization of an Urban Grants Economy, Galaskiewicz (1985) divides the gift giving tradition initially into two broad theories (a) functionalist and (b) nominalist. Functionalism, he traces to the sociologists and economist traditions. Gifts in these traditions are viewed as "investments that are calculated to realize some future return for the donor" (Galaskiewicz, 1985, p46). What might have been an act of simple generosity is interpreted as a credit to be collected at some later date. He cites research on the power-dependence relationships where one actor exercises power or control over another through gift-giving.

Similarly, Galaskiewicz sees economists as viewing the benefits of gift-giving to the donor rather than a mutual exchange which benefits both parties (altruism), the nominalist view. While recognizing the functionalist view and the merits of the nominalist view, he posits gift giving as a more complete relationship where "actors are comfortable with debt, because it is a sign of their membership in a group or solidarity with one another"
(Galaskiewicz, 1985, p. 47). He sees, then, a collective action, a third midway point between functionalism and nominalism.

In a study conducted by the Daniel Yankelovich Group (1988) entitled "The climate for corporate giving: Current and future CEOs talk about giving in today's environment," it concluded,

... we see strong evidence of CEOs desire to continue to maintain and support giving programs. However, the pressures of current business realities are taking their toll and cannot be ignored. The outlook for giving, therefore, emerges as dependent in large measure on how successfully giving programs can be meshed with overall corporate goals and objectives. (Daniel Yankelovich Group, 1988, p.17).

In addition, the Council on Foundations found that the "New rationale" for giving in the 90s was "enlightened self-interest," defined as (a) "meshing giving objectives with corporate goals and needs, and (b) assessing the benefits to the company of each giving activity and cause supported" (Daniel Yankelovich Group, 1988, p.10).

However, they also noted that the 100 up-and-coming CEOs did not appear to have as strong a sense of corporate giving linked with personal ethics, rather they approached giving in a more business
Figure 4. The theories on motivation for corporate giving in the literature can be broadly divided into three subsets. The major components of these theories are found in the Review of the Literature.
like manner, associating it directly with corporate profitability, economic outlook, and changes in the tax laws. (Daniel Yankelovich Group, 1988)

There are two additional factors dealt with in the literature which regarding corporate foundation giving. Considerations such as corporate foundation size (measured in net asset value) has been posited as one factor which affects giving, and physical location or geography of the corporate foundation itself (Unseem, 1988). This study will specifically look at the factors of net assets of the corporate foundation and its overall relationship to giving, and the location of the foundation and its relationship with its giving patterns.

In surveys conducted by the Council for Education, from 1989 to 1993, they examined the relationship between giving and manufacturing companies' size and other variations such as pretax income. The results were inconclusive although they did suggest a possible link between company giving and asset size. In addition, they attempted to establish a relationship between education as a percentage of PTI and assets size and industry. The results are listed in Figures 5 and 6.

In her dissertation on the economics of corporate giving, Webb (1992) discusses a study done in 1966 by Orace Johnson who offered two explanations for giving: (a) profit maximization, and (b) social responsibility or duty. Johnson, in his study of corporations found some interesting differences between size of company and magnitude of giving. Johnson hypothesized that larger
Contributions by Manufacturing Companies by Size of Worldwide Pretax Income 1993

<table>
<thead>
<tr>
<th>Pretax Income</th>
<th># of Companies</th>
<th>Percent of PTI Education as a % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Loss</td>
<td>17</td>
<td>1.508% 43.2%</td>
</tr>
<tr>
<td>&gt; $25m</td>
<td>17</td>
<td>4.092% 36.9</td>
</tr>
<tr>
<td>$25-49m</td>
<td>8</td>
<td>1.242 36.9</td>
</tr>
<tr>
<td>$50-99m</td>
<td>16</td>
<td>1.929 49</td>
</tr>
<tr>
<td>$100-249m</td>
<td>23</td>
<td>1.819 37</td>
</tr>
<tr>
<td>$250-499m</td>
<td>25</td>
<td>1.416 35.7</td>
</tr>
<tr>
<td>$500-999m</td>
<td>22</td>
<td>1.312 37.2</td>
</tr>
<tr>
<td>$1 billion +</td>
<td>23</td>
<td>.889 47.3</td>
</tr>
<tr>
<td>All Mfg</td>
<td>151</td>
<td>1.412% .608% 43.1%</td>
</tr>
</tbody>
</table>


Figure 5. Surveys conducted by the Council for Education have examined the relationship between the size of a manufacturing corporation and its giving to education. The results were inconclusive although they did suggest a possible relationship between company giving and asset size.
## Contributions by manufacturing Companies Assets, 1993

<table>
<thead>
<tr>
<th>Assets</th>
<th># of Companies</th>
<th>% of Assets</th>
<th>Education</th>
<th>Education as a % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;$250m</td>
<td>9</td>
<td>.463%</td>
<td>.057</td>
<td>35%</td>
</tr>
<tr>
<td>$250-499m</td>
<td>15</td>
<td>.121</td>
<td>.048</td>
<td>39.5</td>
</tr>
<tr>
<td>$500-999m</td>
<td>11</td>
<td>.134</td>
<td>.046</td>
<td>34.4</td>
</tr>
<tr>
<td>$1-2.49b</td>
<td>30</td>
<td>.184</td>
<td>.059</td>
<td>32.1</td>
</tr>
<tr>
<td>$2.5-4.9b</td>
<td>23</td>
<td>.113</td>
<td>.037</td>
<td>32.6</td>
</tr>
<tr>
<td>$5-9.9b</td>
<td>25</td>
<td>.090</td>
<td>.030</td>
<td>33.6</td>
</tr>
<tr>
<td>$10b+</td>
<td>38</td>
<td>.060</td>
<td>.028</td>
<td>47.2</td>
</tr>
<tr>
<td>All Mfg</td>
<td>151</td>
<td>.070%</td>
<td>.030%</td>
<td>43.1%</td>
</tr>
</tbody>
</table>


**Figure 6.** The Council for Education examined the relationship between manufacturing companies' assets and their giving pattern to education.
corporations felt more social responsibility; however, he did not find support for this hypothesis. He did find that consumer product industries gave at a higher rate than industrial corporations. Johnson also found that firms of medium size gave a larger proportion of their before-tax profits than small or large firms. This, he explained by medium firms striving for competitive advantage—maximizing profits.

**Why corporations have corporate foundations**

There are undoubtedly economic reasons why corporations decide to establish corporate foundations rather than simply deal with corporate giving in-house. Webb discusses in detail why corporations opt to have a foundation instead of giving directly (indeed some do both), and the most important arguably, is the tax advantage. The reduction in tax liability for the company is primary. By giving to the foundation in higher profit years, and contributing less when profits are low; foundations can sell property and pay no capital gains tax on earnings; foundations face no ceiling on gifts, firms do; foundations can give outside the U.S.; firms cannot deduct gifts made outside the U.S. Another benefit to having a foundation is control over the spending of money, as Langley (1997) pointed out, giving to the United Way hands off a degree of control which many corporations prefer to retain. In addition, there are several image or corporate goodwill advantages Webb (1992) cites as well as a practical advantages such as freeing up executive time.
With regard to corporate foundations in particular, these were established to handle corporate giving and have specific IRS regulations (section 501(c) (3)) of the Internal Revenue Code. Corporate foundations are legally an independent grant making organization with close ties to the corporation providing funds. Their source of funding comes from annual contributions and endowments from a profit-making corporation. The motivations behind the establishment of corporate foundations are many (Webb, 1992). Corporate executives and board members are nearly always on the board of the corporation, and the interaction between corporation and corporate foundation is quite frequently close.

When corporations organize their own corporate foundations, the management enters into quite a different arena—non-profit (they are prohibited from making profits). So corporations cannot earn any profit from their contributions to the foundation. There are, however, a number of factors which favor corporations setting up their own foundation, not least being tax advantages, corporate altruism, and customer/employee/stockholder goodwill. Webb (1992) also notes that corporate foundations can commit more readily to a long term giving program and they can also be more efficient than the corporation at giving since they are usually governed by specific guidelines and goals.

The IRS requires that the foundation make a minimum number of grants each year. The minimum is 5% of all foundation assets; however, the five
percent can include administrative costs (Webb, 1992). Foundations are required to file separate tax statements to the corporation.

The tax laws from 1984 to 1994 allowed corporations and individuals to take huge tax breaks by setting up foundations. There were other benefits as well such as the control of the money and as the decision making process for handing out grants. Lawmakers, however, did not extend this provision in 1994, but under lobbying from groups such as the Council on Foundations, the bill was restored in August, 1996. The legislation was due to expire in May, 1997, however is has been extended indefinitely. " . . . Individuals (or corporations) can deduct the full, fair market value of publicly traded securities contributed to private foundations. Additionally, the capital-gains tax is waived on the appreciated stock when transferred. " (Langley, 1997, A1).

These same tax benefits have been available to corporations giving to public charities, but once the gift is made, the donor typically loses control over how the proceeds are spent. This is significant in the decision by corporations to establish their own foundations or simply give to general funds (Marx, 1994).

Corporate Contributions to Higher Education

In the early 90s, state funding for higher education in over half the states was cut, ending a decade in which state spending on higher education doubled. Those states which experienced large shortfalls in revenues began cutting spending as their economies slowed down. The moderate recession turned around in 1994 but the spending did not. Higher education would have to look to
other avenues to replace the funding and corporate contributions provided one
such outlet (Masters, 1992).

Figures outlining corporate support for education in 1995 show
corporations supporting private institutions—research and doctoral—at a rate of
2:1 over similar public institutions. However, "specialized" public institutions,
medical schools and science research schools, receive a disproportionate
amount of the contributions to public higher education. Comprehensive public
institutions (those without research/doctoral programs) receive $43 dollars per
student in corporate money compared to their private counterparts, who receive
$161 per student. Public institutions, especially those with no "specialized"
programs, are clearly losing out on corporate funding. This has particular
consequences for public urban higher education institutions. In addition, most of
the corporate support for higher education is earmarked for property buildings
and equipment related to research, advancing the private institutions in this area
(Council for Aid to Education, 1996).

In a 1993 report from the Council for Aid to Education, corporate support
for education showed education still receiving the largest share of contributions,
43% or $759 million (down from 1988 and fractionally up from 1992 figures).
However, adjusted for inflation, that figure is down over the previous year
(Council for Aid to Education, 1994). In 1995, over 75% of corporate support to
higher education went to research/doctoral institutions with over twice as much
going to private research/doctoral institutions rather than public ones (Council for
Aid to Education, 1996). Clearly the corporate foundation is a significant factor in current and future higher education fund raising efforts and it seems more plausible than ever to look at the motivations behind their giving patterns.

**The Capital Campaign**

Recently, there have been several high profile capital campaigns launched by private institutions. In May, 1994, Harvard University announced a $2.1 billion campaign. It was the largest capital campaign in the history of higher education. The following month, Harvard Medical School received a $60 million gift, the largest gift in its history and the largest gift to higher education. Ted Turner gave $75 million to Brown University, The Citadel, and the McCallie School for Boys education (AAFRC, 1995). These kinds of gifts are creating a new kind of thinking among higher education policy makers and they require a change in strategic thinking on the part of administrators. There have been four capital campaigns with goals of $1 billion or more since 1988, and there will be many more.

And whilst corporations are giving to education, they can change their focus as happened in 1994, when IBM, the nation's largest grant maker, shifted focus from higher education to secondary and elementary schooling. This shift, if followed by others, could pose additional pressure on policy makers for tighter resources (AAFRC, 1995).

In May, 1997, Old Dominion University opened the public phase of the first Capital Campaign in the school's 67 year history. The University had already
raised $25 million of the $47.5 million goal. The campaign and goals were
divided into three areas: (a) Endowment and Scholarships, $27.25 million; (b)
Capital, $15.6 million, and the (c) Virginia Beach Higher Education Center, $5
million. The Capital Campaign is a $48 million fund drive which will run through
the year 2000. President Koch said in an interview with the Virginian-Pilot, "What
we're heading toward is a situation where public universities and private
universities will look much more alike" (Walzer, 1997, B1).

Across Virginia, more and more universities are looking to private money
through such fund raisers:

> The University of Virginia is in the middle of a five-year $750 million
campaign. So far, it has raised slightly more than $500 million . . . , Virginia
Tech has entered the home stretch of its $250 million drive. As of March
31, it had raised $237 million . . . , Hampton University confirmed . . . that
it plans a $200 million drive, which would be the largest for a historically
black university. (Walzer, 1997, B1.)

The trend, then, among public universities is to seek out private money to
supplement their current levels of funding. In trying to better understand what
motivates corporations and their foundations to give, administrators can tailor
their capital campaigns more precisely and with more assurance that they will
pay off.

In summary, based upon the literature, three theoretical frameworks are
broadly defined in the body of literature relating to the motivation for giving
among corporations and their foundations. In addition, size and geography were included in the list of factors to be observed. In looking specifically at thirty-three corporate foundations in Virginia and select others who gave significant monies to higher education in the Commonwealth of Virginia, this study will utilize these frameworks to better support the work being done by urban higher education administrators and specifically Old Dominion University's Capital Campaign in 1997.
This study examines the patterns of giving among the corporate foundations in Virginia and select others who have a significant presence in Virginia, in an effort to better understand how and why they give as they do. In addition, it will investigate whether this behavior supports existing studies showing favoritism to private or public "specialized" or "elite" higher education (Reich, 1992; Council for Aid to Education, 1994). Finally, this study will be to provide corporate development administrators, specifically at Old Dominion University, with direction and practical advice and guidance when dealing with fund raising issues. And since we know corporate foundation are legally obligated to give 5% of their income each year, issues relating to successful fund raising are paramount.

To test the various hypotheses, a previously validated survey was used containing questions relevant to higher education giving. The survey was adapted from a dissertation by Marx (1994) in support of corporate giving to the United Way.

Sample

The sample used in the survey included thirty-three Virginia corporate foundations and eighteen out-of-state corporate foundation.
A total of thirty-three corporate foundations were initially researched using the database from the Virginia Grantsmanship Service, Inc. (1996). Three of these names were subsequently excluded from the survey once they had been phoned—one no longer existed, and the other two confined their giving to employee tuition programs exclusively. The remaining thirty names represented all corporate foundations in Virginia who gave in the past three years to higher education including public and private colleges. It also included foundations who declared as their primary goal, promoting education. These thirty foundations were located in the Commonwealth of Virginia.

In addition, eighteen other corporate foundations who gave significant monies to higher education in the Commonwealth of Virginia were also included. These foundations were chosen based on their significant presence in the Commonwealth as well as their importance to Old Dominion University's Capital Campaign Fund for 1997. None of these corporate foundations were based in Virginia, but all were potentially significant contributors to urban higher education.

Of the thirty Virginia corporate foundations, eleven had net asset values over $1 million. Of the additional eighteen foundations outside Virginia, all had net asset values over $1 million.

Methodology

The initial sample size was 51. Thirty-three of the sample were corporate foundations in the Commonwealth of Virginia as listed by the Grantsmanship
Services of Virginia. 1996—with an additional eighteen foundations identified by Old Dominion University—targeted foundations for the Capital Campaign.

Although the sample size may appear restricted, the total giving of the 33 corporation foundations in Virginia in 1994 was over $30 million.

In February, 1997, all of the subjects were contacted by phone to request their participation in the survey as well as to verify names, addresses, phone numbers, etc. The subjects were contacted several times to ensure personal contact was made for each participant. They were informed of the purpose of the survey outlined in the cover letter and once they agreed to participate, they were told to expect the survey in three to four days.

The mailing contained a cover letter, the survey, and a postage paid envelope to return the survey once it was filled out. The one page cover letter (Appendix A) acknowledged the phone conversation and informed the participant of the purpose and value of the study. The letter asked respondents to sign the survey authorizing their survey results to be used in the dissertation in the appropriate space on the survey. The cover letter also asked the respondent to return fax or mail the survey immediately, and informed them that a summary of the results would be made available to them at no charge if they wished to check the request box.

A mailed three-page questionnaire was developed as the primary survey instrument (Appendix B). A return envelope was enclosed with the survey for respondents. The survey was selected and modified to reflect corporate
foundation giving to urban higher education. The original questionnaire was conducted by Marx (1994), a doctoral student at Boston College, who directed the survey to corporations who gave to the United Way.

The survey had a total of thirteen questions with six of the questions having multiple parts. The survey had both factual (e.g., Is there a committee at the foundation which oversees contributions?) and open-ended questions (e.g., How important are the following business goals in determining your contributions?). The survey was limited to three pages for purposes of speed and increasing the response rate; and the answers were single word or multiple choice, with comments at the end for fast and higher response rates. Respondents were asked to answer every question and only completed surveys were used in the Data Analysis.

The survey instrument designed by Marx was pretested. This survey was pretested. Some of the questions specifically relating to the United Way in the Marx survey were omitted, and similar questions relating to giving to higher education were included. The modifications to the survey included specifying higher education as the giving entity for the survey instead of The United Way; in addition, five of the questions relevant only to The United Way were taken out of the survey.

A follow up phone call was made four weeks after the survey was mailed to maximize the responses; this ensured that individuals who were not in the office or not available for other reasons were given time to fill out and return the
survey. It also served to contact delinquent respondents and offered to resend the survey if necessary. During this follow up, respondents were offered the option of filling out the survey over the phone.

The survey results were tallied after 60 days. Surveys were coded and responses entered onto the computer. All coding and data entry was done by this researcher. Nominal and ordinal level questions were transformed into numerical values and treated as interval level data in the later regression analysis.

In addition to the survey, three of the directors for the corporate foundations were interviewed by telephone during the follow up and asked for additional information. This information was used to support the data findings.

The Research Questions

Confining itself to looking at corporate foundations, the study sought to establish possible correlations which would validate existing research from the literature. The first of these concerned giving practices relative to size of the foundations. Size was defined as net asset value of the foundation for the period 1993-94.

Since it was expected that contributions by corporate foundations in the population of this study would be greater for private higher education than for
public higher education for the period 1993-94 (Reich, 1992), the first hypothesis concerned giving patterns.

**Hypothesis 1.** Corporate foundations' contributions to public higher education institutions in Virginia (other than specialized institutions) will be lower than to private higher education in the Commonwealth (Reich, 1992). The variables "giving" for this question were examined from two perspectives. Descriptive statistics using tax returns for 1993-94 were tabulated for giving to each group. Also, in question 9 of the survey instrument, the respondents were asked specifically if higher education was a priority of the foundation and if so, was public urban higher education considered as a subgroup thereof. Public urban higher education was defined as "public institutions of higher education with undergraduate and graduate programs located in an urban setting." Again, it was expected that any factor indicating a strong correlation with contributions to private higher education or public higher education would be evident here.

It was also expected that urban higher education would receive less corporate monies than "specialized" public higher education in Virginia measured on a per student basis (Council for Aid to Education, 1994). (Specialized public higher education is defined as medical schools and scientific research centers); therefore, the second hypothesis looked at the variables of giving by corporate foundations among public higher education institutions.
Hypothesis 2. Corporate foundations have a lower rate of giving to urban public higher education than to public specialized higher education. The data dealing with the variables of giving patterns were obtained from the 25 available tax returns. Additionally, question 8 and 13 of the survey asked the individual, "How much priority does your contribution program give to urban public higher education/higher education (public)?" and "How much of the following resources are or will be committed to existing or future urban public higher education programs?". These responses were viewed as supporting the data.

The study expected to find that corporate giving reflected altruistic motivations defined by the literature as good public relations, and good corporate citizen image and community relations (Webb, 1992; Galaskiewicz, 1985). Therefore, the third hypothesis dealt with the first variable affecting motivation for giving.

Hypothesis 3. Corporate foundation giving is motivated by altruistic motives, defined as good public relations and good community relations and overall good corporate citizenship. The factors affecting the variable altruism were contained in question 6 under the subsections public relations and community relations. Under the heading public relations, there were subheadings: positive media coverage, and favorable company image. There were three subheadings under community relations: quality of life, improved community service, and racial harmony.
It was expected that corporate foundation giving would be motivated by profit maximization, defined as shareholder and employee relations (Webb, 1992; Reich, 1992).

**Hypothesis 4.** Corporate foundation giving is reported to be motivated by profit maximization defined as shareholder relations and employee relations. The factors describing profit were located primarily in question 6 of the survey instrument—How important are the following business goals in determining your contributions? The variable for shareholder relations had two parts, increased sales and reduced taxes as did the employee relations section—support employee training and employee program. Also, question 8 asked about the guidelines for corporate foundation giving and if those guidelines addressed profit issues of the parent corporation e.g. contribution values; contribution policy; and stakeholder priorities.

It was expected that the survey would find corporate foundation giving motivated by mutual collective action defined as altruism and profit maximization variables combined (Smith, 1994; Unseem, 1988).

**Hypothesis 5.** Corporate foundation giving is motivated by a mutual collective action defined as community relations and profit maximization. A strong relationship was expected to be evident between the variables for altruism and profit maximization and the giving patterns of the sample corporate foundations. This would be in contrast to respondents showing a preference for altruism over profit maximization or vice versa. Question 6 and the strength of
both variables showed whether this variable described motivation among corporate foundations.

Finally, some other factors, such as size (net asset value) or geography were expected to affect corporate foundation contributions (Marx, 1994; Council for Aid to Education, 1993).

**Hypothesis 6.** Corporate foundation giving is motivated by size of corporate foundation measured in terms of net asset value, or geography, that is location of the corporate foundation. The variables of management relative to the foundation size, net asset value, etc., were developed from the Marx model and were used to try and replicate the Council for Aid to Education model relative to size of foundation and giving patterns. This data was found in the tax returns 1993-94. Geography, or physical location of the corporate foundation, was addressed in question 8 p5 of the survey.

**Data Analysis**

Sample size must be taken into account recognizing the study's limitations. Since there are fewer than fifty corporate foundations in Virginia, the sample was not randomly selected, but rather selected based upon its importance to the Old Dominion University Capital Campaign. The limitations of working with such a sample size need to be emphasized.

Also, the foundations' "motivation profiles" for giving, as measured by their
### Profile of the Foundations in this Study

<table>
<thead>
<tr>
<th>FOUNDATION</th>
<th>Net Assets</th>
<th>Gave to Education</th>
<th>93/94 tax information</th>
<th>Responded to Survey</th>
<th>Interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roanoke &amp; Botetourt Telephone Foundation</td>
<td>$387,646</td>
<td>YES</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td>Central Fidelity Banks Foundation</td>
<td>$78,853</td>
<td>YES</td>
<td>✓</td>
<td>No response</td>
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<tr>
<td>Anon</td>
<td>$31,331</td>
<td>YES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anon</td>
<td>$2,447,506</td>
<td>YES</td>
<td>✓</td>
<td>Incomplete</td>
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</tr>
<tr>
<td>Binswanger Glass Foundation</td>
<td>$201,271</td>
<td>YES</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Landmark Foundation</td>
<td>$26,162,81</td>
<td>YES</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Universal Leaf Foundation</td>
<td>$6,063,660</td>
<td>YES</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>United Coal Foundation</td>
<td>$1,454,812</td>
<td>YES</td>
<td>✓</td>
<td>✓</td>
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<td>Ukrop Foundation</td>
<td>$2,513,475</td>
<td>YES</td>
<td>✓</td>
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<tr>
<td>Reynolds Metals Foundation</td>
<td>$9,362,968</td>
<td>YES</td>
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<td>✓</td>
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<td>$530,175</td>
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<td>Cooper Woods Foundation</td>
<td>$28,331</td>
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<tr>
<td>Reco Foundation</td>
<td>$224,011</td>
<td>YES</td>
<td>✓</td>
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<tr>
<td>Bionetics Corp. Foundation</td>
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<td>YES</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Better Living Foundation</td>
<td>$614,855</td>
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<td>✓</td>
<td>Incomplete</td>
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<tr>
<td>Anon</td>
<td>$209,230</td>
<td>YES</td>
<td>✓</td>
<td>✓</td>
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</table>
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<th>Interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portsmouth General Hospital Foundation</td>
<td>$9,883,904</td>
<td>Not a corporate foundation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media General Foundation</td>
<td>$1,364,982</td>
<td>YES</td>
<td>✓</td>
<td>No</td>
<td>✓</td>
</tr>
<tr>
<td>Circuit City Foundation</td>
<td>$1,573,544</td>
<td>YES</td>
<td>✓</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Specialized Carrier &amp; Rigging Foundation</td>
<td>$0</td>
<td>YES</td>
<td>✓</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Robertshaw Controls Foundation</td>
<td>$22,844</td>
<td>YES</td>
<td>✓</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Old Dominion Box Company Foundation</td>
<td>$344,956</td>
<td>YES</td>
<td>✓</td>
<td></td>
<td>✓</td>
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<tr>
<td>Eno Transportation Foundation</td>
<td>$12,793,875</td>
<td>YES</td>
<td>✓</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>Gannett Communities Fund</td>
<td>$187,187</td>
<td>YES</td>
<td>✓</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>Heilig Meyers Foundation</td>
<td>$250,623</td>
<td>YES</td>
<td>✓</td>
<td>Gives only to employees</td>
<td></td>
</tr>
<tr>
<td>Craddock-Terry Foundation</td>
<td>$398,138</td>
<td>YES</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>James M. Cox Foundation</td>
<td>YES</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheat, First/Butcher and Singer Foundation</td>
<td>$2,643,386</td>
<td>YES</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Scott &amp; Stringfellow Foundation</td>
<td>$295,065</td>
<td>YES</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

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<th>Responded to Survey</th>
<th>Interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ford Motor Company Foundation</td>
<td>$30,915,000</td>
<td>YES</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Newport News Shipyard Foundation</td>
<td>$2,714</td>
<td>YES</td>
<td>×</td>
<td>Incomplete survey</td>
<td>Information</td>
</tr>
<tr>
<td>Richfood Educational Trust Foundation</td>
<td>$269,980</td>
<td>NO</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unalane Foundation Planters Education Foundation</td>
<td>$121,483</td>
<td>NO</td>
<td>answer available</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dan River Corp Foundation</td>
<td>$1,271,014</td>
<td>YES</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Best Products Foundation</td>
<td>$441,344</td>
<td>NO</td>
<td>longer in business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AT&amp;T Foundation Richmond Hotels Fund</td>
<td>$140,000,000</td>
<td>YES</td>
<td>×</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Bell Atlantic Foundation First Union Bank NationsBank Foundation</td>
<td>$7,581,000</td>
<td>YES</td>
<td>×</td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>Richmond Hotels Fund NationsBank Foundation</td>
<td>$4,20,000</td>
<td>YES</td>
<td>×</td>
<td>No response</td>
<td></td>
</tr>
</tbody>
</table>

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<th>Gave to Education</th>
<th>93/94 tax information</th>
<th>Responded to Survey</th>
<th>Interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philip Morris</td>
<td>YES</td>
<td>×</td>
<td></td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sentara Hospital</td>
<td>YES</td>
<td>×</td>
<td></td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Signet Bank</td>
<td>YES</td>
<td>×</td>
<td></td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USAA Insurance</td>
<td>YES</td>
<td>×</td>
<td></td>
<td>Employee only</td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td>program</td>
<td></td>
</tr>
<tr>
<td>Virginia Power</td>
<td>YES</td>
<td>×</td>
<td></td>
<td>Not a foundation</td>
<td></td>
</tr>
<tr>
<td>Virginia Natural</td>
<td>YES</td>
<td>×</td>
<td></td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>Gas Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Union Camp</td>
<td>YES</td>
<td>×</td>
<td></td>
<td>Designated Family</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>foundation</td>
<td></td>
</tr>
<tr>
<td>Tymark Enterprises</td>
<td>YES</td>
<td>×</td>
<td></td>
<td>No response</td>
<td></td>
</tr>
<tr>
<td>Mobil</td>
<td>$5,500.000</td>
<td>YES</td>
<td>×</td>
<td>No contact</td>
<td></td>
</tr>
</tbody>
</table>

Figure 7. Summary of sample used in this study (tax sample; survey sample; and interviewed sample).

Note: Three of the sample did not wish to be identified in the study and are titled "anon." The net assets of some of these foundations are not complete since they were not contacted directly and could not validate their information.
responses to questions on the questionnaire, are preexisting conditions. Consequently, the present study is observational, rather than controlled, implying that any statistical relationships found between the questions, and between the questions and the actual observed "giving profiles," cannot be identified as causal relationships.

1. Analysis of Variance

As a first step, it was of interest to investigate whether larger corporate foundations were more or less likely to spend a large proportion of their monies on public and private higher education. Information regarding a possible correlation between total charitable giving (total amount of dollars given) of foundation versus total giving to public and private higher education was derived from the 25 available tax returns within the Commonwealth of Virginia's list of corporate foundations in the sample population. The figure for total giving in 1993/94 versus giving to either private or public higher education was taken and converted into a ratio. Since we were looking at the variance of two sample means, an analysis of variance was chosen as the statistical procedure (Kachigan, 1986).

An analysis of variance (ANOVA) was performed on the giving as a ratio of total giving to public and private higher education. Higher education here was defined as at least four year accredited colleges (excluding community colleges and preparatory schools). The group was then further divided into public specialized and public urban higher education for a further analysis. A second
ANOVA was calculated, treating the proportion of monies given to private, public specialized colleges, and urban public colleges as the dependent variables.

It was expected that there would be a significant difference between the two groups and between public urban and specialized higher education.

2. Multiple Regression

The p-values resulting from the ANOVA were corroborated using a multiple regression. This validation was considered necessary because of the non-normality expected in the criteria variables. In other words, the proportion of foundation donations given to public and private higher education could predict the total giving of the foundation—the predictor variable. Having completed the analysis of the tax return data, the survey input data was then analyzed.

3. Correlation Matrix

A correlation matrix was used for the input data to identify “factors” visually. This allowed a general scanning of the data to see if certain responses were highly correlated and were measuring the fundamental underlying factors before moving to the next statistical procedure (Kachigan, 1986).

A total of 19 respondents (40%) returned completed questionnaires. This provided descriptive data for the overall study, that is, who made the decisions in the foundation, what guidelines were used, etc. In addition, question 9 regarding giving to higher education classified as private, public, and urban higher education was used to gauge the level of awareness of the notion of urban higher education as an entity within the public higher education domain.
Evaluating this awareness of the distinction between urban public higher education and public higher education (specialized) was important in looking at the expectation of inequity between giving to public and private higher education e.g., if a foundation is not aware of the distinction, they are less likely to consciously separate a University of Virginia from an Old Dominion University in the same way they would private and public institutions. Verbal interviews also dealt with the issue of giving to urban higher education as a priority and were used in the narrative for the study.

Verbal interviews were held with three directors of corporate foundations and they answered the survey questions with some additional comments. None of the three interviewees differentiated urban public higher education from other public institutions, however, all thought it would be a good idea to do so. One noted that the private universities were more effective at fund raising through the Virginia Independent School Foundation. They did not believe they were disposed to giving more to private or specialized colleges than to urban public higher education. Two said they considered geography when giving money and liked to promote their foundations as good corporate citizens. The directors interviewed were also used to validate the clarity and comprehension of the questionnaire.

All of the respondents' responses beyond question 5 could be considered quantitative and were converted to numerical values before being entered into the database for further analysis.
Responses were loaded into Statistical Analysis Software (SAS) and a correlation matrix was constructed giving an overview of which groups of questions seemed to be behaving together. Following this, a factor analysis was undertaken.

4. Factor Analysis

Factor analysis shows schematically how variables correlate with one another and represent a common underlying variable or factor, in this case the variables of altruism, profit maximization, and mutual collective action (Kachigan, 1986). In constructing a maximum likelihood factor analysis, the author wished to determine if the observed variation in the survey questions could be explained by factors similar to those identified in the hypotheses.

When responses were treated as variables, the number of variables far exceeded the sample number. Therefore, a first round of elimination of monotonic variables in the survey was conducted. Each variable (question) was considered to be monotonic if less than half of the respondents answered it, or if more than 85% of the responses to the question were the same. With nineteen variables, the correlation analysis was rerun. The turning point of the scree plot seemed to appear between factors 6 and 7 indicating 6 was the appropriate number of factors to consider (Figure 8).

A varimax rotation was performed to see if there were different patterns in the loadings. The factor loadings were more clearly defined and the number of factors further reduced to three. The author did not expect to interpret any
Figure 8. The scree plot charted the eigenvalues of each factor showing the strength of the variances.
Variance Explained By Each Factor

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1</td>
<td>0.5221</td>
<td>0.5576</td>
<td>0.1498</td>
<td>0.3642</td>
<td>0.3275</td>
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<tr>
<td>G2</td>
<td>0.7569</td>
<td>0.5589</td>
<td>0.4657</td>
<td>0.5176</td>
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<tr>
<td>G3</td>
<td>0.4757</td>
<td>0.1589</td>
<td>0.5499</td>
<td>0.3503</td>
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<tr>
<td>G4</td>
<td>0.4564</td>
<td>0.5120</td>
<td>0.3196</td>
<td>0.5720</td>
<td>0.3274</td>
</tr>
</tbody>
</table>

Figure 9. A Varimax rotation was done on the factor loadings once the data had been entered to highlight the variance explained by each factor.
factors beyond the fifth, so the number of factors was limited to five by the N
FACTOR criterion. The definitions in factors 4 and 5 were weak and more
monotonic in their loadings and were eliminated since they were not felt to be of
value in the analysis (Figure 9). The results of the varimax rotation and the
subsequent factor loadings are discussed in the results in Chapter V. Variables
H, I, G, F, and E loaded highly (and almost exclusively) on the first factor; these
variables all seem to describe the extent to which a foundation is committed to
giving to higher education for the sake of public relations and community
relations. This first factor can consequently be interpreted as "commitment to
public and community relations."

Similarly, because variables S, O, and Q loaded highly on the second
factor, we may interpret the second factor as a measure of a corporation's
"commitment to social issues in relation to business goals and objectives as a
motivation for giving, combined with giving in the form of volunteers and
equipment." That variables M, L, and B load highly on the third factor, leads us to
an understanding of this last factor as "tax reduction as a motivation for giving."
Figure 9 presents the (varimax rotation) loadings on these variables.

It was expected that the subsequent factors correlated to a motivation for
giving to causes: profit maximization, altruism, and mutual collective action (a
combination of profit maximization and altruism). In addition, a correlation was
expected between this motivation and giving to public and private higher
education.
Characteristics of the Corporate Foundations Vs High Factor Loadings

Thirteen of the corporate foundations surveyed had a high factor loading on Factor 1 (greater than .4 on their total factor score), commitment to public relations and community relations. These foundations ranged from the smaller foundations in the sample (less than $1m in net assets) to the larger foundations (greater than $1m in assets). In addition, they were represented by the foundations from out-of-state, as well as Virginia Foundations.

Interestingly, of those foundations which were excluded on this factor (i.e., the remaining six foundations) three scored high on the community relations variables in Factor 1 (G, H, and I) but not on the public relations variables (E, F). The remaining three scored low on all variables in this factor. The six foundations were all Virginia foundations and four of them had net assets valued at greater than $2m.

Of the six foundations which loaded highly on Factor 2, "commitment to social issues in relation to business goals and objectives as a motivation for giving, combined with giving in the form of volunteers and equipment," all were foundations which had net assets greater than $1m. They represented some of the larger foundations in the survey and three were from outside Virginia. An additional three foundations had high loadings on one or more of the variables in Factor 2, but less than all three variables.
Factor 3, "tax reduction as a motivation for giving," had high loading scores from four foundations, and two additional foundations loaded highly on two of the four variables. All four of the foundations were Virginia foundations and three of the four had net assets valued at greater than $1m.

It is interesting to note that there was no difference in responses coinciding with the size of the foundation or the motivation suggesting a commonality among foundations' motivations irrespective of size and locations. Further work in this area would be needed before drawing any conclusions.

Summary

In summary, an ANOVA was conducted to test whether or not the ratios of giving for each category: private, public specialized, and urban public higher education were significant in relation to giving for each of the foundations for 1993-94. A multiple regression was then used to corroborate the giving patterns and to discover if it was possible to predict the giving of corporate foundations by their total giving trends, that is, a predictor variable. This was the first major statistical procedure.

The second statistical procedure was a factor analysis once the survey was complete. First, the responses to the questions in the survey were entered into a correlation matrix to find out which groups of questions seemed to be behaving together. The factor analysis was performed to determine if these observed behaviors in the questions could be explained by factors similar to
those in the hypotheses for example, profit maximization, altruism, and mutual collective action. The number of factors, grouped by question responses, was limited to three once the loadings had been more clearly defined through a varimax rotation.
CHAPTER IV

RESULTS

A total of twenty-five tax returns were used from the Virginia corporate foundations to analyze the ratios of total giving to private and public higher education giving. The remaining foundations either did not have the data available or did not contribute to higher education during the two years (1993-94) analyzed. They were, therefore, eliminated from the ANOVA and multiple regression analysis.

The number of useable surveys returned from the 48 sent out (the total sample size), was 19. An additional 10 were returned with minimal or insufficient information. Four of the foundations were phoned to complete the survey and were asked for some additional qualitative questions regarding their giving guidelines. Three of the four foundations were interviewed on the phone and they gave additional validation to the survey results. The 19 surveys were used for the factor analysis in determining the factors related to motivations for giving.

Primary Findings of the Study

The total number of respondents to the survey was nineteen. No corporate foundation had multiple respondents. In all cases, one individual was a direct point of contact and all of the respondents were decision makers within the corporate foundation. Ninety-eight percent of the respondents either held
previous positions in the corporation or currently held such positions and were also included in decisions made by the foundation. Two foundations were operated by another agency, for example a, bank or trust, and they were key decision makers in the foundation giving decisions.

All of the respondents led committees of at least three people who made final decisions on giving. All of the respondents, however, were single points of contact for the foundations and committees were convened from different areas when a decision was made. In many cases, the respondents were retired executives or non-resident individuals who only had part-time responsibilities for the foundation.

All of the respondents foresaw some or a great deal of increase in cash donations for the coming years and greater than 75% foresaw an increase in contribution in the form of equipment and volunteers. The majority showed giving in the form of loans as non-applicable or not increasing as a form of giving.

Only one of the respondents indicated that any formal guidelines existed at the foundation for follow up after the gifts had been made; none cited formal follow up as a part of the process. Informal inquiry and some media analysis were cited for all the other foundations as part of the follow up process once contributions had been made.

Ninety percent of the respondents replied that their foundations adhered to the principle that contributions should meet both recipient needs and corporate strategic objectives.
Fifty-eight percent responded that geographic location was a guideline in their giving policy; however, in many cases, giving was not confined to one location, but rather occurred in communities where the parent corporations and foundations had offices or did business.

Finally, 85% of the respondents cited higher education, specifically private or public (public elite or urban public higher education) as being of high or very high importance in their overall giving priorities.

**Hypothesis Findings**

It was hypothesized that corporate foundations have a lower rate of giving to public higher education institutions (other than specialized institutions) than to private higher education in Virginia.

Twenty-five of the thirty (83%) corporate foundation tax returns for 1993 and 1994 were reviewed to test for a correlation between foundation giving versus giving to private and public higher education. Information on itemized giving was obtained from The Grantsmanship Service-Virginia Foundations, and only the foundations who gave to higher education during the previous two years were used. Public and private higher education giving excluded community colleges and pre-college preparatory schools. The figures included out-of-state giving to private and public higher education where applicable. The private giving did include the Virginia Foundation for Independent Colleges which is a major fund raiser for private colleges and religious affiliated colleges.
Plot of Factor Pattern For Factor 1 and Factor 2

Figure 10. The factor loading on factors 1 and 2 shown here.
Figure 11. The factor loadings on factors 2 and 3 shown here.
Figure 12. The factor loadings on factors 1 and 3 shown here.
Figure 13. Corporate foundation giving to public and private higher education - information taken from 1993-94 tax returns from the sample in this study.
throughout the Commonwealth. Indeed, during later interviews, they were seen as one of the strongest and most recognized fund raisers for colleges in Virginia (Rhonda Rapley, Bionetics Corp. Charitable Trust Foundation. June, 17, 1997). Hampton, VA; Sandy Stoddart. Circuit City Foundation. June 17, 1997). Richmond, VA; Ed Tosh. Media General Foundation. June 17, 1997). Richmond, VA).

The remaining five foundations either did not itemize their giving during this time, or did not give to higher education (many had only specified United Way as a recipient, for example, or had broad categories which would not have been useful for the purposes of this study).

Numbers were converted to ratios (giving to higher education as a ratio of total giving), and an ANOVA was run using private and public ratios as the dependent variables. The default confidence level of 95% was fixed for the test. It was followed by a multiple regression using the dependent variable of ratio of giving to private and public higher education. The p value of 0.847 exceeded =.05, indicating insufficient evidence to reject the null hypothesis had been collected. Among the sample tested in this study, there is, according to the ANOVA, no significant difference in giving between private and public higher education for the years examined. Therefore, the research hypothesis that corporate foundations have a lower rate of giving to public higher education than to private higher education in Virginia is rejected.
It was hypothesized that urban public higher education would receive less from corporate foundations than "elite" or "specialized" public higher education.

In looking at the giving patterns, however, giving to public urban higher education (defined for this part of the study as public higher education in the urban areas of Richmond, Hampton Roads, and Northern Virginia). The giving to "specialized" higher education, defined as public higher education such as medical schools or scientific research schools represents a significantly greater amount of money than that allocated the newer urban universities. However, it was felt the sample size was too small to statistically detect this difference. This would suggest some additional research is needed over a wider sample of time and perhaps with a larger sample selection. Of the total given by the nineteen corporate foundations in the survey, just over $1 million went to higher education. Of that, two-fifths went to private colleges, just under two-fifths went to elite public colleges, and the remaining one-fifth went to urban higher education. Indeed, the public higher education giving consisted entirely of gifts from four corporate foundations.

The survey specifically asked each corporate foundation if giving to higher education was a priority (Q9). Question 9 divided higher education into classes labeled private, public and urban public. Education was identified by all nineteen foundations as a high priority and higher education specifically was identified; however, urban higher education was never seen as a priority.
Respondents at foundations were unaware of just what urban higher education was.

This was further explained in the interviews with corporate foundation personnel. They tended not to treat urban universities as their own separate category; rather, they associated public and private as the distinguishing difference between all forms of higher education. Therefore, the hypothesis that urban public higher education receives less than "elite" or "specialized" public higher education was accepted for this sample but was felt overall to be inconclusive needing further study.

It was hypothesized that corporate foundation giving is motivated by factors relating to profit maximization defined as shareholder value and employee relations.

Questions 5, 6 (p1,2) and 8 (p1-8) were the variables which related to the factor profit maximization in the study.

Questions 5: Does your company adhere to the principle that contributions should meet both recipient needs and corporate strategic objectives?

Question 6: How important are the following business goals in determining your contributions-shareholder relations, employee relations?

Question 8: (If your foundation sets guidelines) Do these guidelines address each of the following: Contributions values/principles; Contribution policy; Stakeholder priorities; Issue priorities; Geographic priorities; Allocation budgets; Allocation Formulas; Application procedures.
Once the factor analysis was done in SAS, responses to questions 5 and 8 were seen to have a weaker correlation and they were eliminated as factors in the study. Using the varimax rotation in order to see if there was a higher loading on question 6, P1-2, suggests that there is a relationship between p2 - tax reduction-and giving to private and public higher education—question 9 (p1-3) and that grouped together, both of these variables provide a strong indicator of motivation for corporate giving.

What this seems to suggest is that those corporate foundations who prioritize giving to higher education also consider reduced taxes as a motive for corporate giving. This could have implications for higher education development officers when seeking foundation support. In addition, it may have some relevance to a corporation's using a corporate foundation (i.e., tax reduction) to reduce taxes, and their charter to give to higher education causes. Therefore, the hypothesis stating corporate foundation giving is motivated by factors relating to profit maximization defined as shareholder value and employee relations is accepted.

It was hypothesized that corporate foundation giving is motivated by altruism, defined as self-interest through good public relations, good community relations, and good overall citizenship.

Interpretation of the loadings on the factor analysis suggest a strong behavioral relationship between question 6 (p7,8) which have to do with altruism and Q6 (p10-11). Positive media coverage and favorable company image could
be said to be strong indicators in giving among corporate foundations. In addition to p6, 8 having to do with altruism, p10,11, having to do with community relations loaded strongly onto Factor 1.

Question 6: How important are the following business goals in determining your contributions? p7 Positive media coverage; p8 Favorable company image.

Question 6: p10 Quality of Life; p11 Improved community service.

It would seem, then, that both opportunities for improved community relations and strong media exposure combine to strongly motivate corporate foundations in their giving. It also suggests that in this sample, altruism alone is not a determining motivator for corporate foundations—thereby supporting more mutual collective action as motivation giving.

It was hypothesized that corporate foundation giving is motivated by mutual collective action defined as community relations and profit maximization.

The interaction between community relations (altruism) and shareholder value (profit maximization) are motivations for corporate foundation giving, suggesting neither one by itself appears to be reason enough to give, but a combination of the two factors—mutual collective action—are the highest indicators of giving among corporate foundations. Therefore, the hypothesis that that corporate foundation giving is motivated by mutual collective action defined as community relations and profit maximization is accepted.
Finally, some other indicators were looked at directly in the survey. It was hypothesized that other factors such as geography and net asset value affected corporate foundation giving. New asset value did not have any noticeable impact on giving patterns (see figure 7); however, question 5 asked specifically if geography was a factor in setting guidelines for giving. The answer was "yes" from two-thirds of the respondents. These respondents tended to be the smaller foundations in the sample and were all located in Virginia. Therefore, the hypothesis is accepted as it related to geography but rejected insofar as it related to net asset value as a measure of size of corporate foundation and its giving.

In summary, the results show that corporate foundations tend to give equally to public and private higher education. However, urban public higher education received less funding than "elite" or "specialized" public higher education from corporate foundations in the study. Further study on giving between the public higher education institutions needs to be done to further validate this finding.

There is a relationship between altruism and profit maximization—mutual collective action—and corporate foundation giving to higher education. In addition, geographic location of the corporate foundation is another factor which affects corporate foundation giving. Regarding giving to higher education, 85% of the respondents to the survey listed higher education (public and private) as being of very high importance in their giving.
CHAPTER V
CONCLUSION

Corporate contributions to organizations, and specifically to higher education, have a long and complex history. However, few authors have looked at why corporations give to higher education. Urgency to discover more about motivations for corporate foundation giving is evidenced by state budget cuts across the country. Clearly urban public higher education needs to find alternative sources of future funding as state funding continues to be cut. This author posits that corporate foundations are one such source of funding.

This study examines patterns of giving among corporate foundations in Virginia and select others which have a significant presence in Virginia. The purpose is to better understand how and why they give as they do. It also attempts to provide practical support to assist urban public higher administrators specifically those at Old Dominion University when dealing with fund-raising issues. An understanding of how and why corporate foundations give as they do may be expected to play a key role in the success of the Capital Campaign at Old Dominion University and similar campaigns at urban public higher education institutions across Virginia.

This study examined three theoretical frameworks based upon the literature—altruism; profit-maximization; and mutual collective action. Two additional factors—geographical location and size of the foundation—were also included in the variables tested. A survey instrument was used to discover if
there was a relationship between these factors and giving patterns among corporate foundations. In addition, tax returns and financial data were used to support the analyses.

Six hypotheses were proposed regarding corporate foundation giving. The data analyzed included tax returns, survey responses, and telephone interviews. The tax returns compared corporate foundation giving to private and public higher education and giving to "specialized" higher education versus overall giving. Furthermore, the tax returns were used to identify the relationship between corporate foundation giving and size of the foundations as measured by net asset value.

The survey correlated factors related to the variables (motivations) described as altruism, profit-maximization, mutual collective action, and geography in an effort to gauge whether or not there was a relationship between the factors and the variables. From the combined statistical procedures, five conclusions were posited.

First, there was a difference between giving to public urban higher education and "specialized" public higher education. Further interviews with three of the sample group, however, showed that the category "public urban higher education" was not a distinction made necessarily by the corporate foundations. Foundations are far more aware of the public Vs private higher education categories within the overall education sphere. Second, one of the motivating factors behind corporate foundation giving was the variable altruism (defined as good community relations and good public relations). Third, there
was a relationship between giving to public and private higher education and profit maximization (tax benefits, shareholder value). Profit maximization suggests a strong relationship between the parent corporation's goals and the goals of the foundation. This, then, led to the fourth conclusion. Both altruism and profit maximization together were considered as significant factors in motivating a corporate foundation to give. And finally, geography was seen to be a factor in the motivation for giving. The location of the foundation appeared to affect the giving pattern. However, the latter variable was only evident in the smaller foundations within the Commonwealth of Virginia.

Implications

There are at least two practical implications for urban public higher education administrators. First, urban public higher education administrators need to address corporate foundations as an important source of potential funding for their institutions. Urban public higher education must establish an identity separate from the “specialized” public higher education category and promote itself within the corporate community. And second, urban public higher education needs to ensure it addresses the needs of corporations and their foundations in its search for funds. Corporate foundations, therefore, need to be approached by administrators with a clear understanding of what is important to the foundation. In understanding these motivations, fundraising efforts can be better tailored to fit corporate needs.

Understanding and recognizing the current and potential roles of corporate foundation contributions is key to the success of any university.
campaign, including that of Old Dominion University. Corporate foundations should play an important part in an institution's corporate fund-raising program. Indeed, Old Dominion University's activities and decisions relating to corporate development and gift-giving should be strongly influenced by the study.

There is also a theoretical implication for this study. Mutual collective action can be seen from this study as a more powerful factor affecting corporate foundation giving to higher education than either altruism or profit-maximization exclusively. The author supports the theorists who view giving by corporate foundations as a complex relationship worthy of additional study. It also provides opportunities for urban higher education as they search out alternative sources of support.

Future Research

As campaigns similar to the Capital Campaign are undertaken by urban public universities, more needs to be known about the characteristics and motivations of private giving to take advantage of additional funding. Some recommendations for future research would include qualitative and quantitative research. For example, a study of successful marketing and public relations programs in such fund-raising campaigns would prove useful. Such successful marketing and promotions programs can provide campaign organizers with a template from which to craft a successful fund drive focused on the corporate community.

Second, quantitative studies involving corporate foundations and their giving to specific constituents within higher education expand the body of
knowledge in the area of corporate giving. Studies detailing the giving within the public higher education categories (urban, specialized, etc.) could be further examined and their relationships analyzed; additionally, breakdown by type of university extending to all male/female; historically African-American universities (particularly relevant to Virginia since we have such a tradition), etc., could be further studied. Because factor analysis can only provide insight into variables which interact within the variables of this study's survey, future studies involving a broadening of the highly loaded factors in the survey may prove useful.

More quantitative studies into the cyclicality of corporate giving may point to vulnerabilities and act as a predictor for urban higher education fund raisers. Some of the economic factors posited in the literature but not dealt with in this study include giving patterns as they relate to economic recession or expansion. If cyclicality is established, then there are some obvious implications for fund raisers and they need to be aware of the possibility of such a giving cycle.

Finally, a longitudinal study into the effects of tax reform on corporate foundation giving would provide policy makers with a valuable insight into corporate giving as it relates historically to tax benefits. An examination of the current legal and political situation regarding corporate foundation giving would allow corporate giving to be analyzed in a broader context. Any additional information on relationships which can be established between why corporate foundations give and what they give, will support corporate development administrators at Old Dominion University and elsewhere.
In summary, it is not always clear how corporate foundations make their decisions and it is difficult to identify exactly what motivates certain corporate foundations in their giving patterns. However, this study has gone a long way to a greater understanding the motivations behind corporate foundation giving in Virginia for urban public higher education institutions.

Clearly corporations and their foundations continue to view their role as critical to Virginia higher education; in a recent article in The Virginian-Pilot, a group of business leaders, the Virginia Business Higher Education Council, met in Richmond to discuss funding for higher education in the Commonwealth. They released a report recommending giving up to $1 billion into colleges over the next two years. To do this, they suggested not only federal and state money, but also private sponsorship. They were not only appealing to the State Council on Higher Education who will craft the college budgets, but also to meet their own need—"better trained employees lining up outside their doors." (Ledyard, 1997. B3).
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Supplemental Sources Consulted

List of Foundations who responded to the survey (19):

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Bolt, C.S. (June 17, 1997). Dan River Foundation. Danville, VA.

Tosh, E. (June 17, 1997). Media General Foundation. Richmond, VA.


Daleville, VA.

Anon. (March 3, 1997). Richmond, VA.


Richmond, VA.


Richmond, VA.

Kornes, L. A. (March 10, 1997). James M. Cox Foundation. Atlanta, GA.

Hyatt, Linda. (March 2, 1997). The Landmark Communication Foundation.

Norfolk, VA.


Richmond, VA.

Clarke, L. (February 21, 1997). United Coal Company Charitable Foundation. Bristol, VA.

Bauder, P. (February 21, 1997). The Ukrop Foundation. Richmond, VA.


Teig, E. (March 10, 1997). Virginia Power Foundation. Richmond, VA.

Bailey, J. (February 21, 1997). Reynolds Metals Company Foundation. Richmond, VA.

Anon (April 2, 1997). Richmond, VA.

Gunter, B. (February 27, 1997). Scott & Stringfellow Foundation. Richmond, VA.

Stoddart, S. (June 17, 1997). Circuit City Foundation. Richmond, VA.
Dear ____,

Thank you for agreeing to participate in this brief corporate foundation survey. As one of the corporate foundations funding work in the Commonwealth of Virginia, and specifically in the field of Higher Education, your foundation's name was selected to be a part of my study.

The data gathered from this survey will be used in my dissertation which, in turn, will look at corporate foundation giving to higher education in Virginia and various factors which affect such giving.

The questions are all related to the business of giving in the arena of higher education, defined as:
- Higher Education - Private
- Higher Education - Public
- Urban Higher Education - defined for the purposes of this study as public institutions of higher education serving undergraduate and graduate students, located in an urban setting. (Please refer to this definition for questions 9 and 13.)

Once again, thank you for your prompt response to this survey. A stamped addressed envelope is enclosed for your convenience, and if you are interested in receiving a copy of the study results, please check the box at the end of the survey.

If you have any questions, or if I can be of any help in your filling out this survey, please do not hesitate to call me at my home 757/587-7512.

Sincerely Yours,

Grace A. Porter

Encl: Survey
APPENDIX B

Survey Questionnaire

Please make one response for each question unless otherwise instructed. Please return this survey in the attached return addressed envelope.

For your information: the data from this survey will be used for a dissertation by Grace A. Porter of Old Dominion University, Norfolk, VA. The subject of the dissertation will be Corporate Foundation Giving to Urban Higher Education. By signing below, you understand the purpose of this survey. Thank you!

____________________date__________

1. Please state your present job title and the name of the foundation:


2. Do your responsibilities include administration of corporate foundation contributions?

1. ___Yes 2. ___No

3. Is there a committee at the foundation which oversees contributions?

1. ___Yes 2. ___No

4. If yes, which company members participate? (Check all that apply)

1. ___Yourself
2. ___Other External Managers
3. ___CEO
4. ___Other Executive Managers
5. ___Company Board of Directors
6. ___Foundation Board Members
7. ___Other: ________________

5. Does your company adhere to the principle that contributions should meet both recipient needs and corporate strategic objectives?

1. ___Yes 2. ___No

6. How important are the following business goals in determining your contributions?

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</tr>
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<table>
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<th>important</th>
<th>extremely important</th>
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</thead>
<tbody>
<tr>
<td>4. Support employee training</td>
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<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5. Employee program</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>6. Other:__________</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Public Relations
7. Positive media coverage 1 2 3 4
8. Favorable company image 1 2 3 4
9. Other:__________

Community Relations
10. Quality of life 1 2 3 4
11. Improved comm. service 1 2 3 4
12. Racial harmony 1 2 3 4
13. Other:__________

Customer Relations
14. Develop new markets 1 2 3 4
15. Expand existing markets 1 2 3 4
16. Other:__________

7. Does your foundation set contribution guidelines?
1. Yes 2. No

8. If yes, do these guidelines address each of the following? (Please respond to all items)
   1. Contribution values/principles 1. Yes 2. No
   2. Contribution policy 1. Yes 2. No
   3. Stakeholder priorities 1. Yes 2. No
   4. Issue priorities 1. Yes 2. No
   5. Geographic priorities 1. Yes 2. No
   6. Allocation budgets 1. Yes 2. No
   7. Allocation formulas 1. Yes 2. No
   8. Application procedures 1. Yes 2. No
   9. Other:__________

9. When making contributions, how much priority does your contribution program give to the following:
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<th></th>
<th>Very low</th>
<th>Low</th>
<th>High</th>
<th>Very High</th>
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<td>4</td>
</tr>
<tr>
<td>Urban Higher Education (Public)</td>
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<td>4</td>
</tr>
<tr>
<td>Other:__________</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Urban Higher Education refers to public institutions with undergraduate and graduate programs located in an urban setting.

10. How frequently does your contributions program evaluate recipient organizations after making a contribution? Circle one:

11. What techniques are used to assess your contribution program?
   1. Informal inquiry 1. Yes 2. No
   2. Survey 1. Yes 2. No
   3. Focus Groups 1. Yes 2. No
   4. Media Analysis 1. Yes 2. No
   5. Formal Program Evaluation 1. Yes 2. No
   6. Other:__________
12. When making contributions, does your contributions program prioritize social issues of importance to strategic goals and objectives? Please circle the most accurate.

*13. How much of the following resources are or will be committed by your company/foundation to existing or future urban higher education programs? Circle the most accurate response.

<table>
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<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Loans</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Volunteers</td>
<td>1</td>
<td>2</td>
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</tr>
<tr>
<td>Other</td>
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<td></td>
</tr>
</tbody>
</table>

*Urban Higher Education refers to public institutions with undergraduate and graduate programs located in an urban setting.

Thank you very much for your help with this survey.

If you would like to receive a summary report of the findings, please check

Once you have completed the questionnaire, please mail in the return addressed envelope attached.
VITA
Grace A. Porter

Education

September, 1988-97  Ph.D. Urban Services. Old Dominion University, Norfolk, Virginia.

August, 1988  M.A. Humanities. Old Dominion University, Norfolk, Virginia.


June 1985  Owen Dudley Edwards Memorial Prize in History, University College Dublin, Ireland.

Professional Experience


1990-1993  Marketing Services Manager. Sumitomo Machinery Corporation of America, Chesapeake, Virginia.

1986-1990  Admissions Officer. Old Dominion University, Office of Admissions, Norfolk, Virginia.

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