

STUDY OF CORPORATE PHILANTHROPY IN MEXICO

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in collaboration with Carlos Torres



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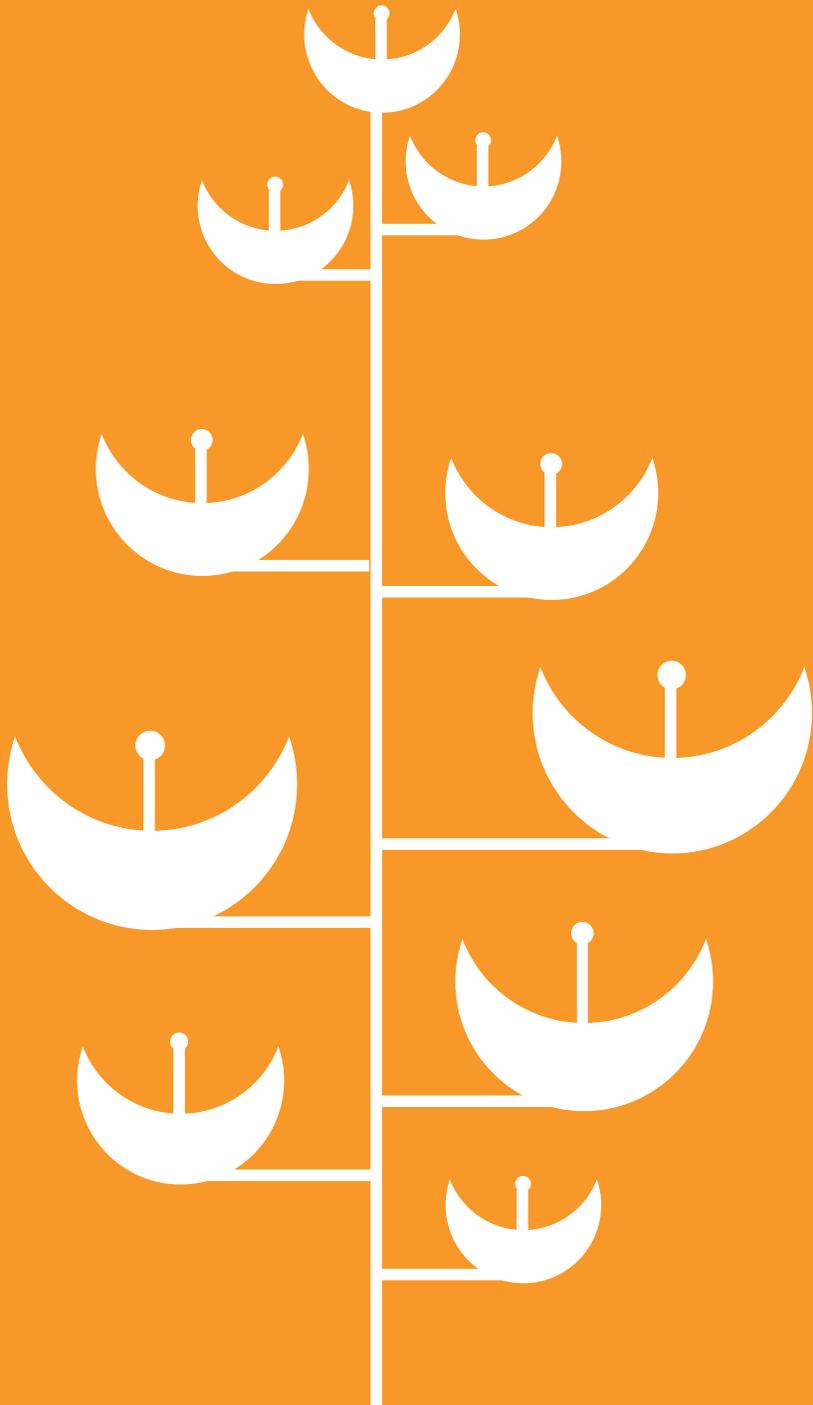
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TABLE OF CONTENTS

Executive Summary	8
Introduction	16
Attitudes toward Philanthropy	21
Operating Structure for Philanthropy	32
Employee Giving and Volunteering	50
Collaboration and Partnerships	55
Conclusions	61
APPENDIX 1. Methodology	65
APPENDIX 2. Participating Companies	69
APPENDIX 3. Web-based Questionnaire	71
APPENDIX 4. Interview Instrument	92
APPENDIX 5. Bibliography	94

EXECUTIVE SUMMARY



8

This document provides the results of a survey on philanthropic attitudes and activities of a small sample of companies in Mexico, and about the structures and partnerships they have created to carry them out.

For the purposes of the study, we define corporate philanthropy as the donation of cash or in-kind resources by companies. We conceive corporate philanthropy as an important element of Corporate Social Responsibility (CSR) that helps support civil society by providing private resources for public and social causes. Thus, philanthropy enables the growth of civil society and can become a strategic instrument for social change when linked to causes, problems, actors, regions, and approaches that foster such change.

We used two dimensions for the analysis: a geographic dimension, to compare some of the results with those of surveys conducted in the United States and Brazil; and a temporal dimension, to compare the results with those of our previous study in corporate philanthropy, carried out in 2006. The research was based on two elements:



- An **internet-based survey**, in which 90 companies participated.
- **Telephone interviews** with staff responsible for philanthropic activities in 20 of the 90 participating companies.

This report is organized in five sections. The first is an introduction that provides an overview of the study and its main results. The second section discusses the attitudes of corporations toward philanthropy, whereas the third covers philanthropic practices and how they are organized within corporations. The fourth part addresses employee giving and volunteering programs. The fifth section deals with corporate collaboration and partnerships around philanthropy, and the last part presents the conclusions of the study.



The following points stand out among **the attitudes of participating companies** toward philanthropy:



- They have a long **history** in philanthropy: 54% started philanthropic work more than 10 years ago and 19% between 5 and 9 years ago.
- They believe that **current social problems exceed the government's capacity to solve them**, and therefore require collaboration from other sectors. Nonetheless, they do not seek to replace the government; rather, they are willing to collaborate with government and other actors to contribute to social development.
- They believe that the need for social commitment is greater today than a few years ago.
- Companies' main **motivations** to carry out philanthropic actions are their commitment and obligation to society (39%), their wish to contribute to harmonious relations with their communities (26%), and their interest in improving their own image and reputation (15%). This last one was defined as the main business objective of their philanthropic actions (42%). In contrast, a significant number of companies (22%) said their philanthropic efforts did not pursue any business objectives.



- The main **benefits** of philanthropic activities are community recognition and employees' loyalty, pride and greater social awareness.
- The most frequently mentioned **areas for social investment** were education (73%), the environment (58%), community development (58%), and children (58%). The least mentioned were HIV/AIDS (9%), microcredit/productive projects (13%), human rights (16%), and science and technology (17%).
- Almost two thirds of companies aim their philanthropic **efforts at specific geographic locations**, especially in the states where they base their main operations.

With regard to the **operating structure** that companies have built for their philanthropic actions, the study revealed that:



- Half of the companies said they had a **legally incorporated foundation** to professionalize and institutionalize their philanthropic activities, separately from the operation of the business. This percentage was higher than in 2006, when only one third of participants said they had created foundations. Nonetheless, **these foundations are not completely independent**: companies often pay part or all of their operating expenses, share their staff, and include their top executives on the foundations' boards.
- Corporate **departments charged with philanthropic actions** were the General Director's/President's Office (28%); the Foundation, CSR Department or Giving Committee (22%); Human Resources (18%); and Public Relations/Communications (14%).
- **Staff size** varied among companies. One fourth said they have more than three employees and one third said they do not have any hired staff. In terms of their professional background, a significant number came from finance and management (48%), public relations and communications (47%), and human resources (37%). Only one fourth of companies had staff with a background in civil society (24%) and less than a fifth had staff with a background in foundations (18%)¹.
- Companies that have foundations and those with higher revenues usually allocate more resources to philanthropy. Three fourths of companies reported having a specific **budget** for philanthropic actions. Of these, 37% had budgets of up to \$700,000 pesos*, and 27% mentioned budgets in excess of \$10 million pesos.

¹ Percentages do not add up to 100 because respondents could choose more than one area.

*At the time of the survey in the summer of 2008, the exchange rate was roughly 10 pesos to the dollar.

There is a trend toward professionalization and increased trust in organizations



- The **most frequent requirements** for any organization applying for support were legal incorporation (77%); working on predetermined topics (52%); and having tax-exempt status (*donataria autorizada*)² (48%).
- With regard to **application procedures**, only 24% of companies said they use public calls for proposals, and most of these do not issue them with any regularity (67%). There is a greater trend toward professionalization, e.g. formal, open processes and dedicated staffs, among companies with foundations and those with higher revenues.
- The most frequent **project selection criteria** included prior knowledge of applicant (30%), project feasibility (23%), and applicant's stability and professionalism (18%).
- **Concerning decision-making about procedures and projects**, 87% of companies said that their executives participate, and 38% also mentioned their employees. Only 10% said they hire external consultants and 5% external specialists.
- In terms of the **type of grantees**, 94% of companies said they support civil society organizations (CSOs), 56% give to government programs, and 49% support individuals. Two thirds of companies supporting organizations said they gave average donations of up to \$100,000 pesos; 23% between \$100,001 and \$300,000; and only 4% have given average donations of more than \$1 million. These trends are similar to those observed in 2006.
- For most companies, **following up on donations** means verifying the use of funds regardless of their impact on the problems they are addressing. As many as 66% require written reports, 64% evaluate the achievement of objectives, and 63% visit the projects they sponsor. Only 12% use external evaluators and 19% undertake third party follow-up.



In general, there is a trend toward professionalization and increased trust in organizations, shown in part by a lack of preference for in-kind over cash donations, contrary to what the 2006 study revealed. Nonetheless, prior knowledge of an organization or its

²*Donataria autorizada* is the status that authorizes nonprofit organizations to issue tax deductible receipts for donations, which are required to be able to deduct such donations from the income tax.

reputation is still a requirement for accessing corporate philanthropy funds. Therefore, mutual knowledge and links between the two sectors are essential.

This study collected more details on **employee giving and volunteering programs**. Findings include:



- Among participants, 52% have **institutional programs to promote employee volunteering**. These programs are more frequent among companies with higher revenues.
- As many as 42 companies have **institutional programs to encourage employee giving**. Three fourths of them match employee donations.
- The most common type of volunteer work is unskilled, manual labor that can be carried out by anyone, rather than specialized consulting. Such is the case of preparing food baskets, wrapping gifts, and reforestation. These activities also lend themselves to be organized as social events for employees, but **add only marginal value to the civil sector in terms of corporate talent and leadership**. Only few companies have implemented volunteer programs that provide professional services to CSOs (26%), board leadership programs (9%), loaned executive programs (4%), and paid sabbaticals to work with CSOs (2%).
- Employee volunteering helps companies run their philanthropic activities. As many as 60% of participants promote employee volunteering in their own philanthropic activities (e.g. collections for charity, events, campaigns) and only in 13% of the cases can the employee choose the organization, regardless of whether the company supports it.
- To promote volunteering, **companies provide information and encourage the interest** of their employees (82%), and acknowledge their efforts through internal communications (64%); only half of the companies allow time off with pay for volunteer activities.

Companies show increasing interest in partnerships with civil society organizations, although many businesses limit their understanding of partnerships to making donations due to a lack of knowledge and few precedents of alternative ways of interacting with this sector.

The findings of the study reveal trends toward professionalization



- Most companies (82%) have established **partnerships with CSOs**. This represents an improvement on the findings from 2006, when only less than half of the participants had them.
- In the case of **government**, the most common partnerships are those established to carry out media campaigns. Nonetheless, companies are also seeking to participate in the design and implementation of government actions, beyond meeting with government representatives in working groups.
- Two thirds of companies said they had **partnered with donor institutions**, philanthropic intermediaries, and consultants in philanthropy. Of these, 20% mentioned community foundations.
- More than half of the companies said they belong to a **membership or discussion group** around philanthropy. This finding shows that such associations have become common practice in Mexico.



In summary, the findings of the study reveal trends toward professionalization, with progress in terms of the use of guidelines and in targeting resources in cash and in kind to legally incorporated CSOs, although tax deductibility is not a prerequisite for making a donation for more than half of companies. Together with budgets for philanthropy and more specialized backgrounds among staff, the existence of employee giving and volunteering programs also seems to be increasing. Partnerships with CSOs and membership in philanthropy discussion groups are predominant features.

The study shows, however, that philanthropy is still not regarded as strategic and that donations are not valued in terms of their social impact. Resources for individuals and government agencies represent a significant percentage of the funds donated. Furthermore, there is an emphasis on traditional themes that are associated more with traditional charities or “assistentialism” than with development³. Prior knowledge of an organization’s work as the main selection criterion, for example, hinders access to newly formed and innovative organizations. Monitoring and quality evaluations, as well as learning from and improving their donations are not usually within the companies’ concerns, for whom verifying the use of funds seems adequate.

Corporate volunteering consists mainly of low value-added activities, which usually depend on employees’ personal time and have little support from companies either in terms of time off or other incentives. Essentially, “partnerships” between companies and organizations are limited to donations, and they do not encompass other experiences or joint initiatives that may require supplemental funding and the sharing of risks and benefits.

³The assistentialist perspective understands philanthropy as charity and responds to immediate needs without addressing their causes (for example, feeding the hungry). A development perspective understands philanthropy as a tool to empower beneficiaries to participate in their own development, responding to the causes of the problems and not just their symptoms and looking for long-term solutions to poverty.

In contrast with the findings from the 2006 study, this year some companies referred to community foundations as effective allies in improving the living conditions of the communities with which they work*. Through the interviews, we saw the many opportunities these foundations have to provide their services to small- and medium-sized companies that lack the resources or operating structure necessary to carry out their philanthropic activities in a professional manner. In that regard, we identified **four niches for these foundations and other philanthropic intermediaries:**

- 1** Link companies and organizations, ideally at the local level. Intermediaries should seek to introduce organizations, make their work known and endorse them, to improve their access to corporate funds and strengthen companies' trust in them.
- 2** Design and operate donation programs on behalf of companies in a more formal manner. This should include regular calls for proposals, clear guidelines, and better selection criteria.
- 3** Help monitor and evaluate projects funded by companies and, based on their knowledge of local development, issue recommendations to increase social impact.
- 4** Create more effective volunteering programs to enable employees to establish relationships with organizations. These programs can help create alternatives to capitalize on the knowledge and qualifications of corporate volunteers, be it as board members, consultants, specialized advisors or trainers.

These niches, along with information on the weaknesses companies identify in their philanthropic practices and the preferred mechanisms for developing their capacities, could help community foundations and other philanthropic intermediaries throughout the country to design customized programs that contribute to the strengthening and professionalization of corporate philanthropy in Mexico.

* Note: This year's survey was done with the cooperation of the Fundación del Empresario Sonorense A.C. (FESAC), which provided names of its supporters.

INTRODUCTION

The increasing importance and profile of corporate philanthropy in Mexico cannot be denied. Evidence of this is the growing number of companies that invest considerable resources in a broad range of philanthropic activities.

Nevertheless, only until recently have these actions been studied, thus there is little information about how companies organize and invest their philanthropic resources.⁴

This study presents systematic information about the philanthropic attitudes and activities of a group of companies and the structures and partnerships they have set up to carry them out. Two dimensions were used to analyze the information collected. A geographic dimension, comparing some of the results with those of international surveys such as *The State of Corporate Philanthropy* (2008) by McKinsey, conducted in the

⁴This study repeated a survey first carried out in 2006 for Fondo Unido Mexico, and sponsored by United Way International and the General Electric Foundation. For more information on the findings of the 2006 study see Carrillo *et al.*, 2008. Studies about consumer attitudes toward CSR are also available (see Blair and López Taymani, 2008).

United States, and *A Iniciativa Privada e o Espírito Público: A evolução da ação social das empresas privadas no Brasil* (Private Initiative or Public Spirit: The Evolution of Social Action in Private Companies in Brazil, 2006) and *Bondade ou Interesse? Como e Porque as Companies Atuam no Social* (Kindness or Interest? How and Why Companies Act Socially, 2001) by the Institute of Applied Economic Research (IPEA) in Brazil.⁵ A temporal dimension was used to compare the results with those of the first study, carried out in 2006. As a word of caution, we must emphasize that comparisons are meant to establish an overall landscape, more than specific conditions about participating companies. The companies surveyed this year are not the same as those that participated in the 2006 study. Furthermore, company size, economic sector, geographic location, and political context of participating companies varied.

The term Corporate Social Responsibility (CSR) is increasingly used as synonymous with corporate philanthropy, and is sometimes conceived as corporate philanthropy in an “advanced stage”. This study, however, distinguishes between the two, and focuses solely on corporate philanthropy. Even though the term has more than one definition, we conceive CSR as the public dimension of corporate performance and as a strategy that tries to promote, in a more holistic manner, economic growth, environmental preservation, and social wellbeing (Zadek, 2001; OECD, 2001). We understand CSR as the acknowledgement of the externalities of the private sector, namely environmental and social costs derived from the production of goods and the provision of services, which are not usually internalized as costs (Tapia *et al.*, 2006; Johnson, 1991).

Corporate philanthropy, in turn, focuses on the manner in which a company uses its expenditures or profits; that is, it focuses on resources donated or “socially invested” by companies. In that regard, Felipe Agüero (2005) makes an important distinction when he contrasts traditional philanthropy

⁵ Although not used for this analysis, the following international studies are also worth mentioning: PROhumana- Adimark, 2006; Committee Encouraging Corporate Philanthropy, 2007; Boston College Center for Corporate Citizenship and The Hitachi Foundation, 2007.



with social investment. In traditional philanthropy, company owners and their personal convictions prevail when selecting eligible causes, thus philanthropic efforts are regarded as charity or matters of personal responsibility. In social investment, philanthropic efforts require professionalization and planning, with budgets and expected benefits for the company, and strategic decisions about how the funds are to be used, including procedures, evaluation, and dissemination of results.

CSR has an internal dimension that includes labor relations, work standards, and managerial practices. It also has an external dimension that centers on respect for the environment, commitment toward the economic and social development of communities, and implementation of responsible trade and marketing practices (Agüero, 2005). In contrast, corporate philanthropy consists of a posteriori activities or of activities carried out simultaneously with production, since it is defined as corporate actions or programs that imply donating cash or in-kind resources. This study considers both traditional philanthropy and strategic and professionalized actions that fall under social investment. **We conceive corporate philanthropy as an element of CSR that works in the area of developing linkages and commitment to the community and its development.**⁶

It is important to note that, in our conception, CSR does not replace corporate philanthropy; rather, they perform different functions. CSR deals with changes in the corporate management of resources and production in an attempt to improve competitiveness and social impact, while preserving the environment. Corporate philanthropy focuses on contributing resources in addition to those established by law (taxes and worker benefits). More responsible corporate behavior has a positive impact on the environment, society, and government but it is never a substitute for additional private resources donated to worthy causes. **Neither can donations compensate for**

⁶ According to the Mexican Center for Philanthropy, CSR “is understood and implemented as per four strategic lines: corporate ethics, quality of life, linkages and commitment to communities and their development, and environmental care and preservation” (Cemefi, 2006).

Philanthropy can be instrumental to social change if its linked to causes, problems, actors, regions, and approaches that promote that sort of transformation.

environmental degradation, corruption, or human rights violations perpetrated by companies.

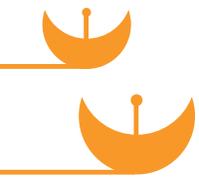
This study presents an overview of corporate philanthropy trends in Mexico. It includes traditional philanthropy, which has been characterized by its orientation to assistential causes and its emphasis on the responsibility of businesspeople as individuals (Greaves, 2006). But it also includes actions that are more strategic in character and that are linked to a greater or lesser degree to business objectives. In our opinion, philanthropy can be instrumental to social change if it is linked to causes, problems, actors, regions, and approaches that promote that sort of transformation.

For data collection, we used an electronic survey in which 90 companies participated. A second component consisted of in-depth telephone interviews with philanthropy staff for 20 of the 90 participating companies. As directed by the funders of the study, we specifically requested the participation of companies from the state of Sonora, to collect enough information that would shed light on the status of philanthropy in that state. To encourage participation and candid answers, interviewees were assured that all information provided would be used only to identify general characteristics and trends of corporate philanthropy in Mexico, and not to reveal details at the individual business level.



To present the results of our analysis, we have divided this document into five sections. The first section is an introduction. The second section discusses the attitudes of corporations toward philanthropy, whereas the third section covers the operating structure companies use to carry out their philanthropic activities. The fourth part addresses employee giving and volunteering programs. The fifth section deals with corporate collaboration and partnerships around philanthropy, and the last section presents the conclusions of the study. Each section, when deemed relevant, compares general data with the specific characteristics of the companies from Sonora.





ATTITUDES TOWARD PHILANTHROPY

Philanthropic actions are based on beliefs, social concerns, and values.

The study tried to explore those attitudes to see how they influence the philanthropic activities of companies. It is worth mentioning that a considerable number of participating companies have a long philanthropic history: 54% started philanthropic work more than 10 years ago, 19% started between 5 and 9 years ago, and 27% less than 4 years ago.

The increasing trend of corporate philanthropic actions is linked to multiple factors. These include the new trends in business administration, international rules and standards (e.g. the Global Compact), bottom-up pressures, and the contradiction involved in the accumulation of wealth in the midst of poverty and inequality.⁷ In Mexico, as in other Latin American countries, there is a trend toward collaboration with other actors in social development matters, particularly with the State. Figures 1 and 2 compare the

⁷ See Agüero (2002) for a clear presentation of the factors that are promoting this growth.

perceptions of Mexican and Brazilian businesspeople on the role they play in social development vis-à-vis the State.⁸

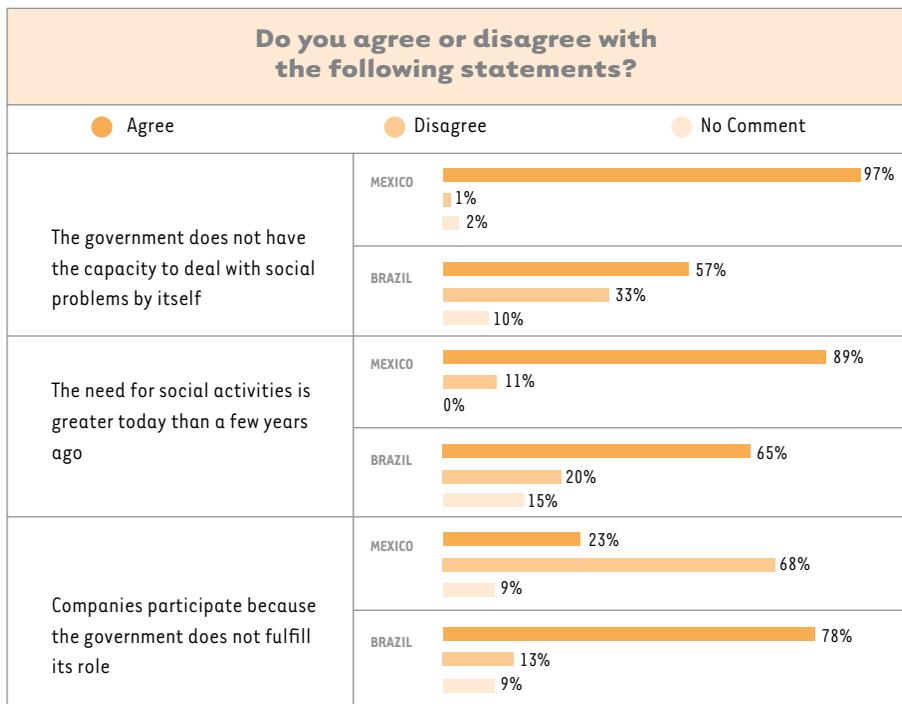
As shown in Figure 1, 97% of Mexican companies and 57% of Brazilian companies said that their collaboration efforts are driven by their governments' inability to deal with social problems. In the case of the Mexican companies, however, only 23% agreed that collaboration efforts are driven by the State's failure to fulfill its role. **This may mean that according to Mexican businesspeople, social problems exceed the capacity of the State, hence the need for intersectoral collaboration.** It is important to note that Mexican and Brazilian businesspeople are assessing different realities and that their perceptions are intrinsically linked to how they define their State and what they consider as within its capacity. Thus, their perceptions are related to the historical processes that have shaped the State in their countries.

Compared to their Brazilian counterparts, Mexican companies have witnessed the shrinking of the State as evidenced in examples like the pension reforms. Social reforms have been more shocking in Mexico than in Brazil,⁹ where the welfare state has not undergone so many changes, the pension system has not been privatized and there is a universal healthcare system. Largely, Brazilian businesspeople see a State with more capacity for social endeavors than do Mexicans. In addition, compared to their Brazilian counterparts, 24% more Mexicans agreed that the need for social activities is greater today than a few years ago, **which may also mean that in their opinion the State is no longer as capable of addressing problems, or that current problems are bigger than before.**

⁸ The results for Brazil are based on the survey "A Iniciativa Privada e o Espírito Público," IPEA (2006).

⁹ For more details, see Lindert (2006) and Mesa-Lago (1978).

Figure 1. Businesspeople’s Perceptions About their Role in Social Issues - Part 1



Figures 1 and 2 also show that Brazilian and Mexican businesspeople are not looking to substitute for their governments but to contribute to social development. In Mexico, however, more companies believe that they have to work to broaden the scope of government policies. This reveals that Mexican companies are more willing to collaborate with the State and other actors than their Brazilian counterparts, perhaps because the Mexican government has underscored the importance and responsibility of the business sector in eradicating poverty. In contrast, the Brazilian government has never issued such statements because political conditions have not been conducive.¹⁰

¹⁰ We thank Brazilian researcher Julia Sant’Anna, a Resident Fellow of ITAM’s CEPI program, for her comments on the perceptions of business people and on the welfare states in Mexico and Brazil.

Figure 2. Businesspeople's Perceptions About their Role in Social Issues - Part 2

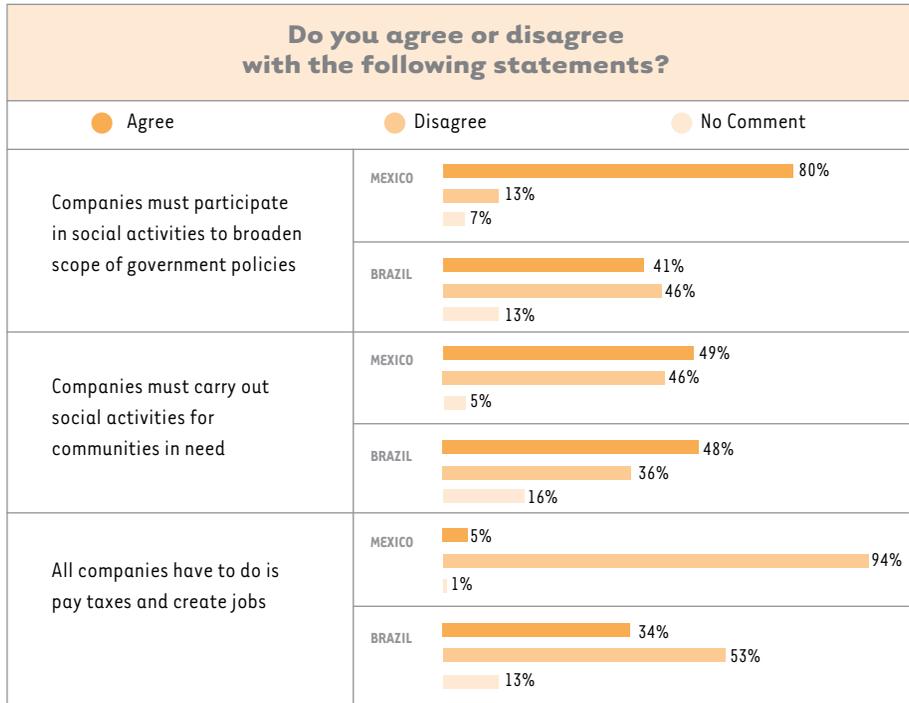
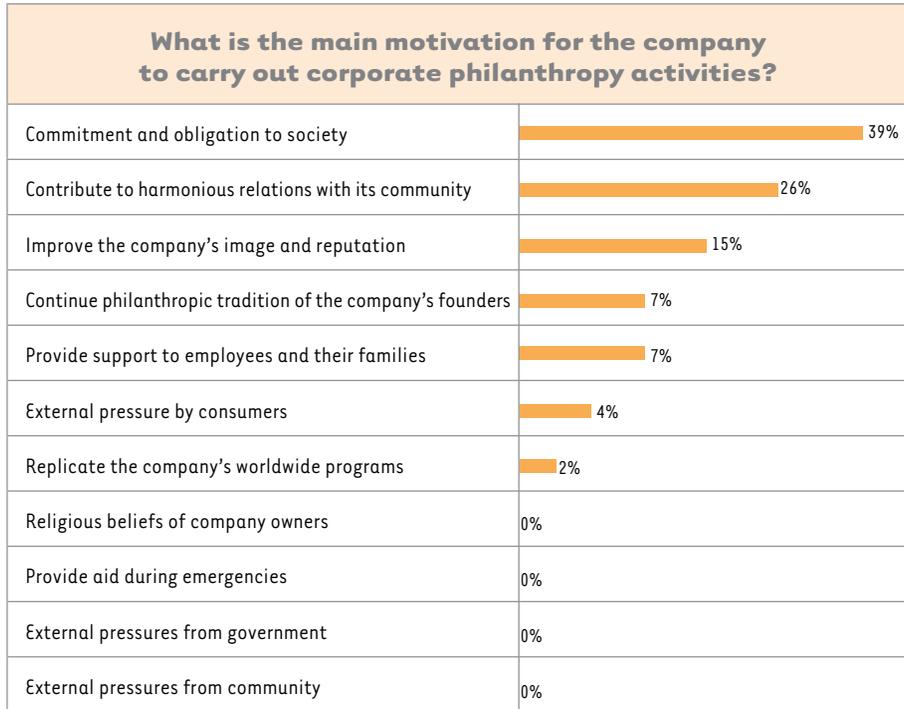


Figure 3 shows the main motivations for philanthropic actions among participating companies. During the interviews, participants said that the development of corporate philanthropy activities has responded to a national context marked by polarization, social inequality, and the questionable reputation of the corporate sector in the midst of a generalized lack of resources and opportunities among the population. Many businesspeople feel pressed to establish links with communities through social investment.

Figure 3. Motivations of Companies¹¹



According to Garriga and Melé (2005), the company-society relationship has four dimensions (Greaves, 2006). These are:

- 1 **An political dimension**, which implies regarding a company as a public entity that acquires not only financial but also social obligations toward the community where it exists and operates;
- 2 **An integrating dimension**, namely the ability of a company to respond to social demands to gain legitimacy and social prestige;
- 3 **An instrumental dimension**, which makes a company an instrument that uses social activities to achieve economic results and whose sole purpose is to create wealth; and
- 4 **An ethical dimension**, namely the ethical responsibility of a company to society that requires it to consider the repercussions of its actions and the importance of incorporating moral values into corporate work.

¹¹ Only 46 companies answered this question.

The main motivations for philanthropic work were commitment, obligation to society and the need to improve their image and reputation

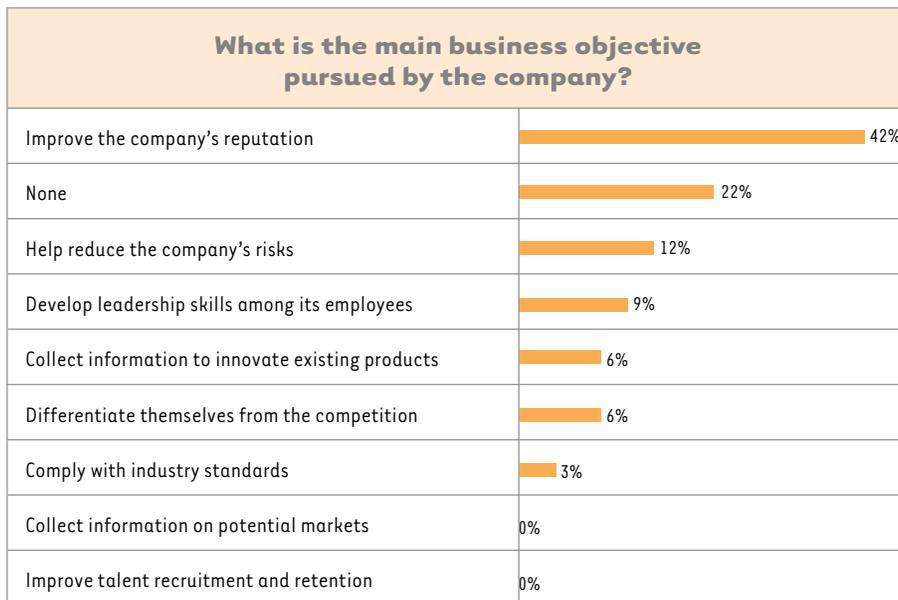
Mexican companies said that their main motivation for philanthropic work was their commitment and obligation to society. This motivation may belong not only to the ethical but also to the political dimension, because actions derived from commitment and obligation to society are also a public entity's functions. Companies also said that they want to foster a harmonious relation with the communities where they operate a political motivation because it implies acknowledging their social obligations. **Another frequent motivation for companies was the need to improve their image and reputation, in response to the aforementioned crisis of legitimacy.**

This need can also be considered instrumental and was identified as the main business objective of the philanthropic activities of most companies, as shown in Figure 4. This Figure also shows that 22% of participants report that they pursue no business objective through their philanthropic efforts.

Furthermore, the survey revealed that only 66% of companies disseminate the results of their philanthropic activities to the public, whereas 91% disseminate their results internally. All of the above suggests that a number of companies do not regard corporate philanthropy as strategic but as a matter of personal or ethical conviction.



Figure 4. Main Business Objectives of Philanthropic Actions



During the interviews, companies said that the main benefits of their philanthropic activities were community recognition and loyalty and their employees' pride and greater social awareness. One of the participants said, "Our people are happy; they feel they are adding value to the company. For them, being part of the company means something more than earning a salary. Our employees' loyalty has increased." In that regard, the interviews revealed facts that the survey was unable to capture. In terms of its instrumental value, philanthropy generates loyalty among employees and commitment to the company, which can reduce turnover and improve productivity.

The State of Corporate Philanthropy also explored companies' business objectives, although through a multiple-choice question. In this case, the preferred choices were corporate reputation (70%), development of employee leadership skills (44%), and improved talent recruitment and retention (42%). Contrary to the Mexican case, the least

frequent choice was “not interested in pursuing any business objective through philanthropic efforts” (12%).

Just as Figure 1 shows that companies are willing to collaborate with the government, Figure 5 illustrates that companies are also interested in working with social organizations. This figure compares the results of this study with those of the survey *Bondade ou Interesse? Como e Porque as Companies Atuam no Social*, conducted in Brazil in 2001. That survey explored this same topic with Brazilian businesspeople using a multiple-choice format.

Figure 5. Ways in Which Businesspeople Contribute to the Community¹²

Which are the best ways for businesspeople to help the community?	PERCENTAGE	PERCENTAGE
	MEXICO	BRAZIL
Carrying out voluntary activities jointly with social organizations	29%	59%
Allocating part of their profits to social programs	21%	53%
Offering benefits to their employees	21%	34%
Paying taxes and demanding government action	15%	31%
Investing in the quality of their products	9%	37%
Businesspeople already contribute by guaranteeing employment	6%	28%

Both Mexican and Brazilian participants seem to believe that guaranteeing employment, investing in the quality of their products, and paying taxes are not social contributions, perhaps because they regard them as corporate obligations. For businesspeople, it seems, making a social contribution implies going beyond the responsibilities of the business sector. Their preferred options again reveal their willingness to participate in their countries’ social development by donating resources and carrying out joint actions with civil society organizations. It is important to note that business people in Brazil are twice as likely as their Mexican counterparts to see collaborating with civil society organizations as their best contribution, 59 versus 29 percent.

¹² This question was answered by 33 participants.

Mexican companies face the challenges of a context where philanthropy is not sufficiently consolidated or understood.

When asked if their philanthropic activities consider the expectations of specific stakeholders, slightly more than half of the participants said they take into account the interests of their employees and of civil society organizations (58%) and local communities (56%). These actors were preferred over investors and stockholders, executive boards, consumers, government, the media, suppliers, and unions.

Mexican companies face the challenges of a context where philanthropy is not sufficiently consolidated or understood. On the one hand, terms and words to describe their philanthropic actions are confusing; some companies use the term corporate philanthropy, others corporate citizenship, and still others avoid using the word philanthropy altogether because of charity connotations and prefer to use the term CSR. Nonetheless, labels are not as important as they seem; in fact, they hinder the progress of the sector as they keep companies from focusing on achieving common objectives. **Public opinion and society often associate corporate philanthropy with a profitable activity, as they believe it can be used to employ relatives or to evade taxes.** Further, the companies interviewed in Sonora repeatedly voiced their concern for the political use of corporate philanthropy, a practice that began with the 2007 electoral reform. This reform restricted access to the media and reduced media time for electoral and pre-electoral campaigns (*Centro para el Desarrollo Democrático*, 2008). In view of these restrictions, several politicians have tried to circumvent the electoral legislation by campaigning and having presence in the media through foundations that bear their names and identify themselves with the colors of their politi-



cal parties. Political manipulation through these foundations may become one more threat to the credibility and transparency of philanthropy in Mexico.

As was the case two years ago, the social investment topics supported by companies are more oriented towards charity than to the promotion of sustainability and development, as can be seen in Figure 6.

Figure 6. Social Investment Topics

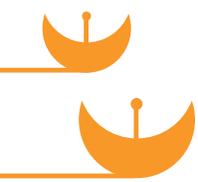
Area	PARTICIPANTS 2006	PARTICIPANTS 2008	PARTICIPANTS SONORA 2008
Education	73%	76%	65%
Environment	58%	48%	30%
Community Development	58%	n.d.	80%
Children	58%	61%	55%
People with Disabilities	43%	38%	35%
Natural Disasters	42%	52%	20%
Health	42%	52%	35%
Eldery	33%	32%	30%
Women	32%	21%	30%
Cultural Promotion	26%	38%	20%
Addictions	23%	17%	40%
Rural Development	23%	18%	25%
Nutrition	22%	30%	20%
Housing	21%	20%	40%
Indigenous People	19%	26%	10%
Science and Technology	17%	11%	5%
Human Rights	16%	11%	5%
Microcredit / Productive Projects	13%	17%	10%
HIV/ AIDS	9%	14%	10%

In both studies, education has been the preferred area of support, closely followed by the environment and children. Activities related to natural disasters receive less support from the Sonora companies than they do from the country as a whole, while community development and housing obtain more. Compared to 2006, health, cultural promotion, indigenous peoples, and nutrition were less frequently selected this year, whereas women, addictions, rural development, science and technology, and human rights were selected more frequently.¹³

Lastly, 63% of companies said they target their philanthropic efforts to specific geographic locations, mostly in the states where they base their main operations (44%), explaining that they wish to contribute to improving local socioeconomic conditions. In the case of Sonora, compared to the national average, 20% more companies target their philanthropic efforts to the municipalities where they operate (69%).



¹³ These changes could stem from the fact that the companies that participated in the 2008 study are different from those that participated in the one carried out in 2006.



OPERATING STRUCTURE FOR PHILANTHROPY



32

This section describes the internal structures that companies have created to carry out their philanthropic activities. The description includes corporate departments and staff charged with philanthropic activities, the type of donations made, budgets, project/organization selection criteria and procedures, decision-making, and follow up on support given.

Half of the companies have a legally incorporated foundation, compared to 2006, when only a third of the participants had foundations.¹⁴ When asked about the motivations to incorporate a foundation, companies mentioned a desire to professionalize (46%) and institutionalize their philanthropic efforts while keeping them separate from the business operation (33%). None of the companies selected the option of enhancing their visibility or image. This indicates a positive trend toward increasing and professionalizing corporate philanthropy.

¹⁴ This increase may be due to some Sonora participants conceiving the Sonora Business Foundation (FESAC) as a “legally incorporated foundation or association that depends on or has links to the company.”

Based on the notion that a larger company is more likely to have a foundation, the study explored the possible relationship between having a foundation and a company’s annual revenue. Figure 7 shows that there is no discernable relationship between these two variables.

Figure 7. Companies that Have Foundations, by Annual Revenue¹⁵

Annual Revenue (pesos) ¹⁶	PERCENTAGE	COMPANIES WITH FOUNDATIONS	TOTAL COMPANIES
Up to \$10 million	57%	4	7
\$10.1 million - \$50 million	33%	1	3
\$50.1 million - \$150 million	60%	3	5
\$150.1 million - \$379 million	43%	3	7
\$380 million - \$1 billion	17%	1	6
\$1.1 billion - \$5 billion	57%	8	14
Above \$5 billion	42%	8	19
TOTAL		27	61



Through the interviews, **we were able to corroborate that foundations do not operate completely independently from their companies, because these often pay part or all of the foundation’s operating expenses and sometimes share their staff. In some cases, the boards of the foundations include CEOs or other top company executives.**

Figure 8 shows that departments charged with philanthropic activities most frequently include the Office of the General Director /President, followed by a Foundation, CSR, or Donations Committee. Compared to the study by Zimat in 1998 and the 2006 Corporate Philanthropy study and considering that each study surveyed different companies the

¹⁵This Figure includes only the 61 companies that answered the question about annual revenue and said they carry out philanthropic activities.

¹⁶ One billion in US English is the equivalent to a thousand million in Spanish (USA billion = 1,000,000,000 (nine zeros) = Mexico, a thousand million).

2008 study revealed that Human Resources and Administration and Finance are not as frequently charged with philanthropic activities as they were in the past. In contrast, the option of a Foundation, CSR or Donations Committee was selected more frequently (although not as frequently as in 2006).

Figure 8. Departments responsible for Philanthropic Activities

Department	PERCENTAGE 2008	PERCENTAGE 2006	ZIMAT STUDY 1998
Office of General Director / President	28%	9%	23%
Foundation / CSR / Donations Committee	22%	34%	6%
Human Resources	18%	20%	26%
Public Relations/ Communications	14%	17%	15%
Other	11%	14%	5%
Administration & Finance	6%	5%	26%
Locally decentralized	1%	n.d.	n.d.
Sales	0%	n.d.	n.d.
TOTAL COMPANIES	90	43	128

This information illustrates the two corporate philanthropy models described by Agüero (2002): traditional philanthropy, centered on the company's owner, and professional philanthropy, which requires specialized professionals and strategic planning. Among the companies in Sonora, the study found that, compared to the national average, the Office of the General Director or President is more likely (55%) to carry out philanthropic activities indicating a lower level of professionalization. Similarly, the percentage of companies in Sonora that identified the owners' or their relatives' personal interests as the main factors in selecting social investment topics was higher than the national average (29% versus 9%, respectively).

Other possible indicators of the gradual professionalization of philanthropy are the number of staff involved in philanthropic activities, the time allocated to those ac-

tivities, and the background of hired staff. According to Figure 9, one fourth (24%) of companies said they employ more than three people for their philanthropic activities and a third (32%) said they have no hired staff. In contrast, in 2006, one third (36%) of participants said they had more than three staff and only 19% had only volunteers. In that regard, there is no evidence of greater professionalization, because the number of companies with only volunteers is higher than the one from 2006. In Sonora, the percentage of companies that carry out philanthropic actions through volunteers is 45%, once again showing a lower degree of professionalization in the state.

Figure 9. Number of Staff responsible for Philanthropic Activities

Number of Staff	PERCENTAGE	COMPANIES
No hired staff; only volunteers	32%	29
1	12%	11
2 - 3	32%	29
4 - 5	14%	12
More than 5	10%	9
	100%	90

As many as 71% of companies said they did not have staff exclusively assigned to philanthropic efforts, whereas in Sonora, only one company said its philanthropy staff had no additional responsibilities. Concerning the background of staff in charge of philanthropic activities, Figure 10 shows that they come mostly from administration and finance (48%), public relations/ communications (47%), and human resources (37%). Only 24% of companies have staff with a CSO background and 18% with experience in foundations. This finding reveals the importance of providing professional training to staff assigned to philanthropic activities, as most of them are not specialists in this area and often have other responsibilities within their companies.

Figure 10. Background of Staff Assigned to Philanthropic Activities

Expertise	PERCENTAGE 2008
Administration and Finance	48%
Public Relations / Communications	47%
Human Resources	37%
Civil Society Organizations	24%
Charity and Volunteerism	22%
Foundations	18%
Other	12%
Anthropology, Sociology and Political Science	10%
Research	8%
Sales	8%
Arts and Culture	6%
Government, Public or International Policy	3%
TOTAL NUMBER OF COMPANIES	90

Three quarters of companies (76%) said they have a specific budget for philanthropic activities. As many as 37% have allocated up to \$700,000 pesos,¹⁷ whereas 27% have allocated over \$10 million, as can be seen in Figure 11. In 2006, 30% of companies had budgets of up to \$700,000 and 32% had budgets of over \$10 million.¹⁸ **Around one third of companies said they were going to increase their budgets in the near future.**

¹⁷ Exchange rate at the time of printing was around \$15 pesos to the dollar.

¹⁸ This decrease may be due to the fact that, as previously mentioned, the companies that participated in the 2008 study are different from those surveyed in 2006.

Figure 11. Budgets for Philanthropic Activities

2008 Budgets	PERCENTAGE	COMPANIES
Up to \$200,000	17%	10
\$200,001 - \$700,000	20%	12
\$700,001 - \$1,500,000	15%	9
\$1,500,001 - \$5,000,000	9%	5
\$5,000,001 - \$10,000,000	12%	7
\$10,000,001 - \$15,000,000	10%	6
More than \$15,000,000	17%	10
TOTAL	100%	59

As was the case in 2006, this study explored a possible relationship between the size of philanthropy budgets and companies annual revenues. The results show that only companies with revenues in excess of \$1 billion pesos allocate more than \$15 million to their philanthropic activities. In contrast, companies with up to \$150 million in revenues allocate less than \$1.5 million to philanthropy, with most of them budgeting up to \$700,000. Hence, **larger budgets are related to higher annual revenues. Nevertheless, companies with higher revenues have philanthropy budgets of all sizes:** a third (38%) allocate more than \$10 million to their philanthropic activities and another third allocate less than \$1.5 million a trend comparable to the one present in 2006.



Figure 12. Budgets for Philanthropic Activities, by Annual Revenue

Annual Revenue	COMPANIES WITH PHILANTHROPIC ACTIVITIES, BY ANNUAL INCOME						
	UP TO \$200,000	\$200,001 - \$700,000	\$700,001 - \$1.5 MILLONES	\$1.5 - \$5 MILLONES	\$5 - \$10 MILLONES	\$10 - \$15 MILLONES	MORE THAN \$15 MILLION
\$1 - \$150 million	3	3	2	0	0	0	0
\$150.1 million - \$1,000 billion	2	1	3	0	1	1	0
More than \$1,000 billion	1	5	2	3	4	2	7
TOTAL	6	9	7	3	5	3	7

Similarly, the study analyzed the data on philanthropy budgets against having a legally incorporated foundation. As shown in Figure 13, companies that have foundations allocate more resources to their philanthropic activities. Almost half of the companies (46%) that do not have foundations have philanthropy budgets of up to \$700,000 pesos, compared to a third of the companies (32%) that have foundations. In addition, 30% of companies that have foundations allocate more than \$10 million a year for philanthropic activities, compared to only 19% of companies that do not have foundations.

Figure 13. Budgets for Philanthropic Activities with and without Legally Incorporated Foundations

Philanthropy Budgets	WITH INCORPORATED FOUNDATIONS	WITHOUT INCORPORATED FOUNDATIONS
Number of Companies	32	26
Up to \$200,000	16%	19%
\$200,001 to \$700,000	16%	27%
\$700,001 to \$1.5 million	16%	15%
\$1.5 to \$5 million	6%	12%
\$5 to \$10 million	16%	8%
\$10 to \$15 million	12%	8%
More than \$15 million	18%	11%

The nine companies from Sonora that provided information have philanthropy budgets of up to \$15 million pesos, with only one company allocating more than \$10 million. Four companies have budgets of \$700,000 or less while the rest vary between \$700,001 and \$1,500,000.¹⁹ Among the Sonora companies, the study also found **higher philanthropy budgets among companies that have foundations**. No philanthropy budget was greater than \$1.5 million among companies without foundations;

¹⁹ Overall, the Sonora companies are smaller: their annual revenues were never higher than \$5 billion pesos and for 50% of the companies revenues were under \$150 million.

in contrast, 40% of the companies that have foundations allocate \$1.5 to \$10 million to their philanthropic efforts.

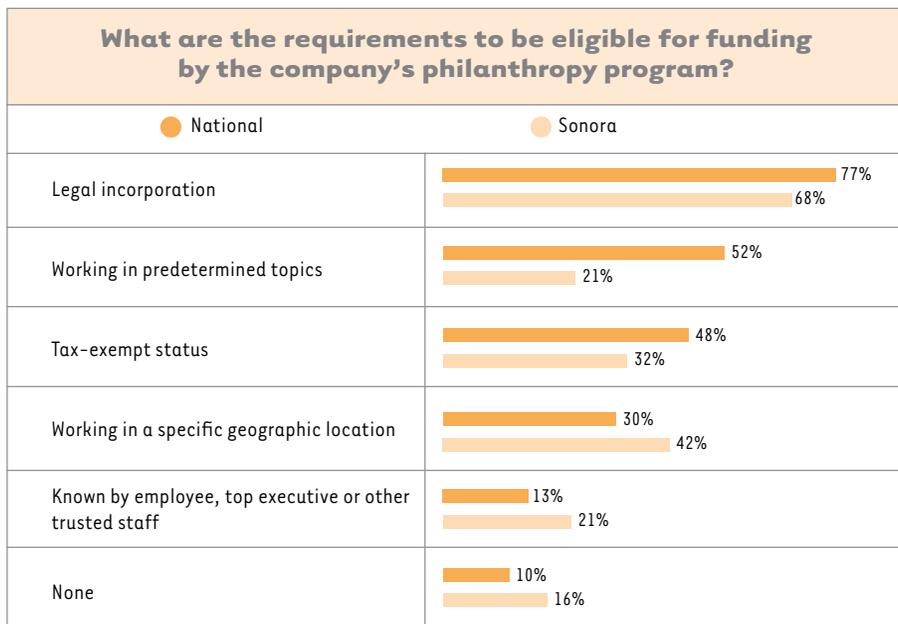
When asked about **the type of donations, 83% of companies said they give in-kind, 82% give cash, and 62% sponsor events.** Again, this reveals a trend toward professionalization and greater trust in CSOs compared to 2006, when a similar percentage of participants (89%) gave donations in-kind but a smaller percentage (70%) gave cash donations. In the case of Sonora, 85% give in-kind donations, 85% give cash, and 75% sponsor events.

Figure 14 shows the most frequent requirements for organizations requesting support, which were legal incorporation, working on pre-determined topics, and having tax-exempt status. In Sonora, the proportion of companies that use these requirements is smaller, showing a tendency to support groups and individuals in a more informal manner. It is worth noting that **only a few companies require tax-exempt status, a prerequisite for being able to deduct donations from taxes** which contradicts the notion that companies give donations mainly for tax purposes.²⁰ In the interviews, most of the Sonora companies said they do not use tax incentives because they are unfamiliar with them, seeing tax policies as complex and unclear. In some cases, the lack of use of this guideline could suggest a dearth of organizations with tax-exempt status, available to receive donations.



²⁰ Some companies even support individuals or communities directly, instead of through organizations.

Figure 14. Requirements for Donations



With regard to application procedures, only 24% of companies said they use public calls for proposals, of which two thirds (67%) have no regular recurrence. **Procedures for requesting donations are characterized by being reactive and closed to the public; many companies wait until they receive requests, instead of establishing their own strategies and procedures.** In Sonora, only four of the 20 participating companies use public calls for proposals, with only two of them issuing them regularly.

To analyze if larger companies use a more rigorous approach to donations than smaller ones, we crossed information on requirements and annual revenue. As shown in Fig-

ure 15, requirements for applicants vary considerably, and it is difficult to identify patterns based on company revenue levels. Even so, **those with higher revenues are more likely to require that organizations be legally incorporated and to set predetermined topics for funding projects.** In addition, **none of the companies with revenues over \$5 billion pesos requires previous knowledge of organizations in order to consider them for support.**

Figure 15. Requirements for Applicant Organizations, by Company Annual Revenue

ANNUAL REVENUE	TOTAL COMPANIES	NUMBER OF COMPANIES THAT ESTABLISH REQUIREMENTS											
		LEGALLY INCORPORATED		TAX-EXEMPT STATUS		PRIOR KNOWLEDGE/TRUST		PREDETERMINED TOPICS		GEOGRAPHIC LOCATION		OTHER	
Up to \$150 million	15	73%	11	27%	4	20%	3	27%	4	13%	2	13%	2
\$150.1 million - \$1,000 billion	13	77%	10	62%	8	15%	2	54%	7	15%	2	8%	1
\$1.1 - \$5,000 billion	14	79%	11	57%	8	21%	3	57%	8	50%	7	21%	3
More than \$5,000 billion	19	84%	16	53%	10	0%	0	79%	15	26%	5	11%	2

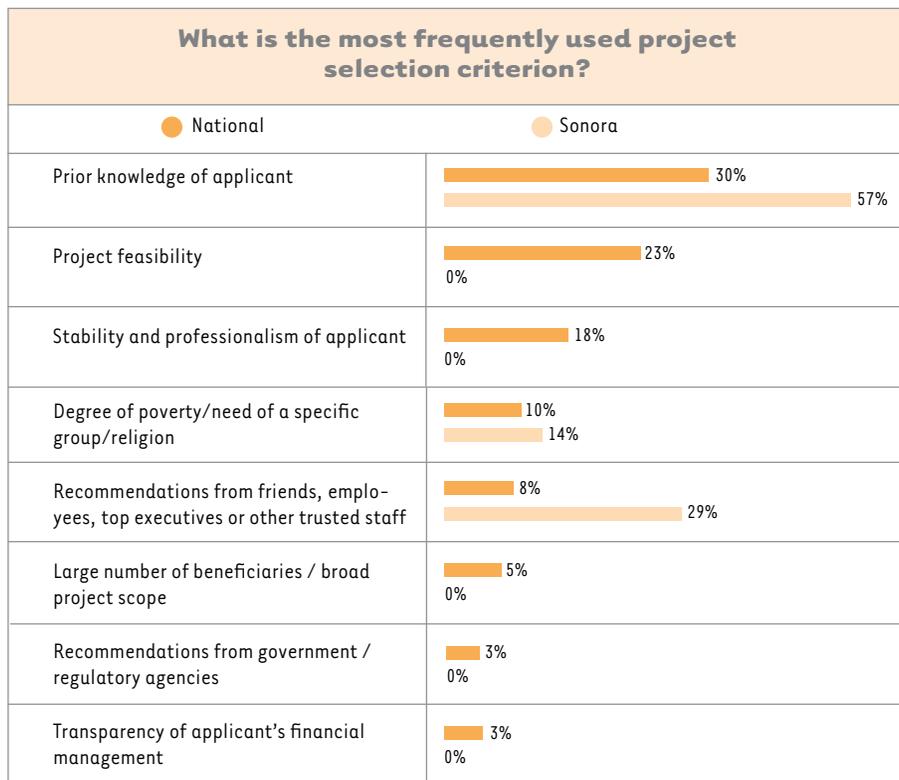
The study also sought to explore if companies with legally incorporated foundations established requirements more frequently than those without foundations. As shown in Figure 16, **companies that have foundations are more likely to require that organizations be legally incorporated and have tax-exempt status, whereas companies that do not have foundations are more likely to proceed in a more informal manner, with a higher percentage requiring previous knowledge of organizations and a lower percentage requesting compliance with specific requirements.**

Figure 16. Requirements for Applicant Organizations from Companies with and without Legally Incorporated Foundations

Requirements	PERCENTAGE OF COMPANIES THAT SET REQUIREMENTS	
	WITH LEGALLY INCORPORATED FOUNDATIONS	WITHOUT LEGALLY INCORPORATED FOUNDATIONS
Legally incorporated	81%	72%
Tax-exempt status	50%	44%
Adherence to topics	48%	56%
Geographic location	40%	21%
Prior knowledge / trust	7%	19%
No requirements	5%	16%

Regarding project selection criteria, the most frequently selected included prior knowledge of organizations (30%), project feasibility, and applicant’s stability and professionalism (see Figure 17). In the case of Sonora, more than half of the companies (57%) based their decisions on having prior knowledge of the organizations requesting support. The second most-used criterion was recommendations from friends, employees, top executives, and other trusted individuals, which is indicative of a more informal and subjective selection process.

Figure 17. Project Selection Criteria²¹



²¹ Only 39 of the 88 companies answered this question correctly. The question asked for the three criteria most frequently used in project selection. In Sonora, only 7 of the 20 companies answered the question correctly.

This finding denotes that **for organizations to have access to corporate funds, companies must have prior knowledge of their work or reputation; hence, links between the two sectors are essential.** In the interviews, a generalized opinion was that organizations lack credibility and need to be more transparent and professional. There is a vicious cycle, where companies have little trust in civil society organizations, but they do not create opportunities for new or little known organizations to receive funds and show their level of professionalism.

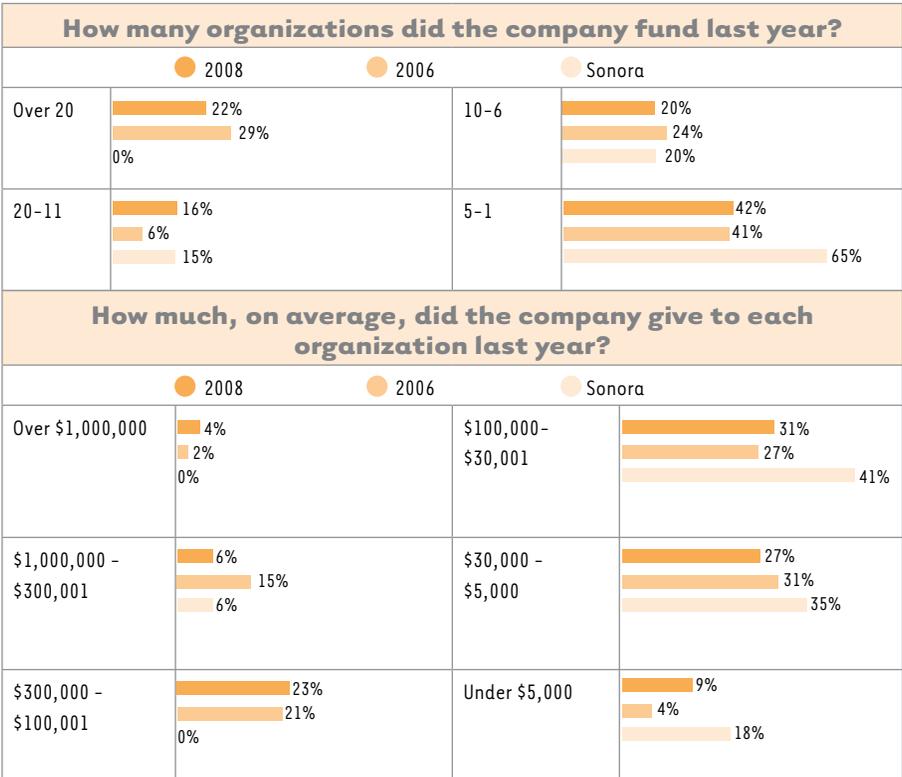
Concerning **decision-making about procedures and projects, 87% of companies said that only their top executives participate in the process, whereas 38% also engage their employees.** Only 10% of companies talked about working with external consultants and 5% with external specialists. The same trend was observed in the state of Sonora. Similarly, as shown in Figure 25, **the methods used by companies to design their philanthropic activities are informal and their planning has little technical or specialized support.** The most frequent method for designing these activities is everyday or periodical contact between the company and eligible individuals or organizations.

Figure 18. Methods Used by Companies to Design Their Philanthropic Activities

Methods	PERCENTAGE
Everyday or periodical contact between the company and eligible individuals or organizations	79%
Field studies by the company, foundation or third parties	34%
External consultants	18%
Other	11%
Journals	6%

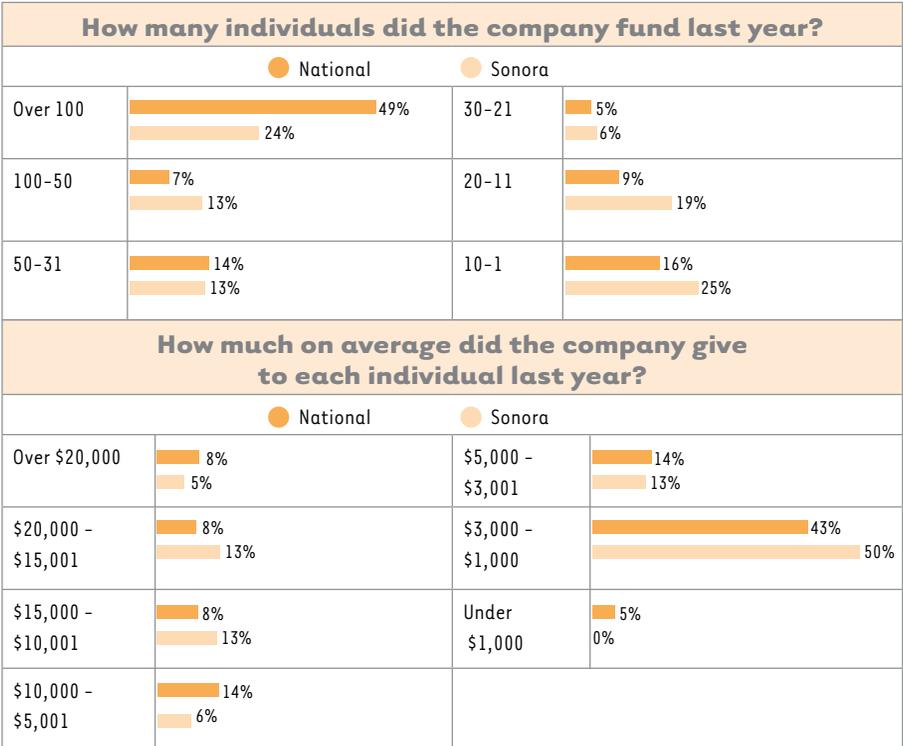
In terms of **the entities receiving donations, 94% of companies said they support CSOs, 56% give to government programs, and 49% support individuals**. In the case of Sonora, all the companies said they support organizations, 83% support individuals, and 50% give to government agencies. As shown in Figure 26, two thirds (67%) of companies that support organizations gave in 2007 average donations of up to \$100,000 pesos, whereas 4% gave average donations of more than \$1 million. These trends are similar to those observed in 2006.

Figure 19. Number of Organizations Supported and Average Amounts Donated



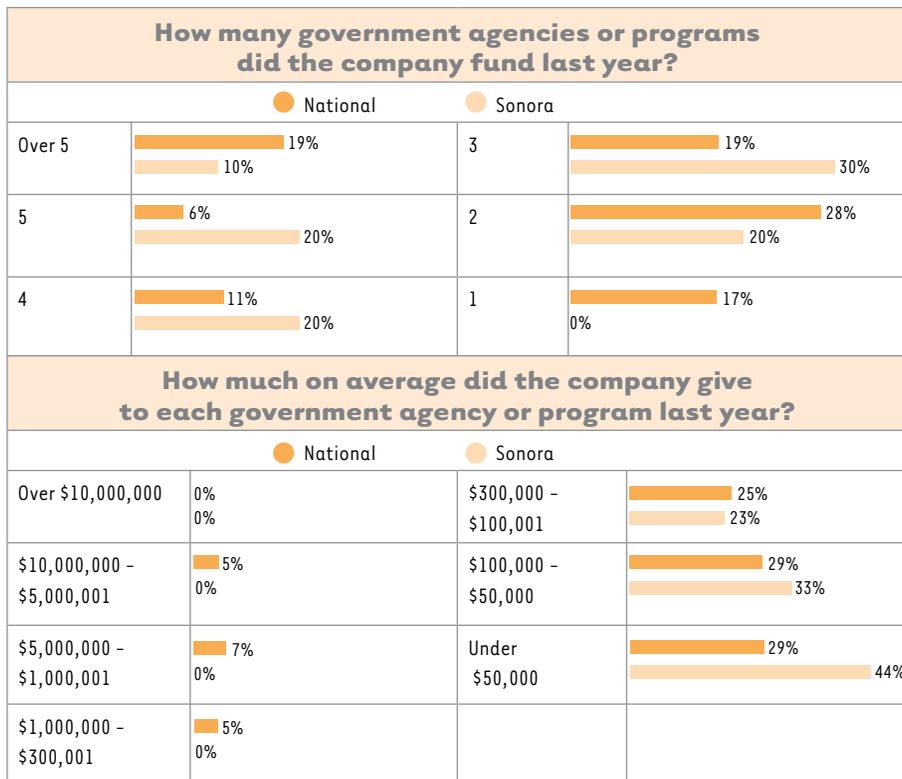
In Sonora, corporate donations concentrate in a handful of organizations: 65% of companies said they supported only one to five organizations in 2007. The average amounts awarded were also smaller, with 94% of companies donating on average \$100,000 pesos or less.

Figure 20. Number of Individuals Supported and Average Amounts Donated



The average amounts donated to individuals in 2007 were obviously smaller, as seen in Figure 27. Almost half of the companies (43%) gave between \$1,000 and \$3,000 pesos. This allowed companies to support a higher number of people, as almost half supported more than 100 individuals. In the case of Sonora, only a fourth of companies (24%) donated to that many people in 2007.

Figure 21. Government Agencies or Programs Supported and Average Amounts Donated

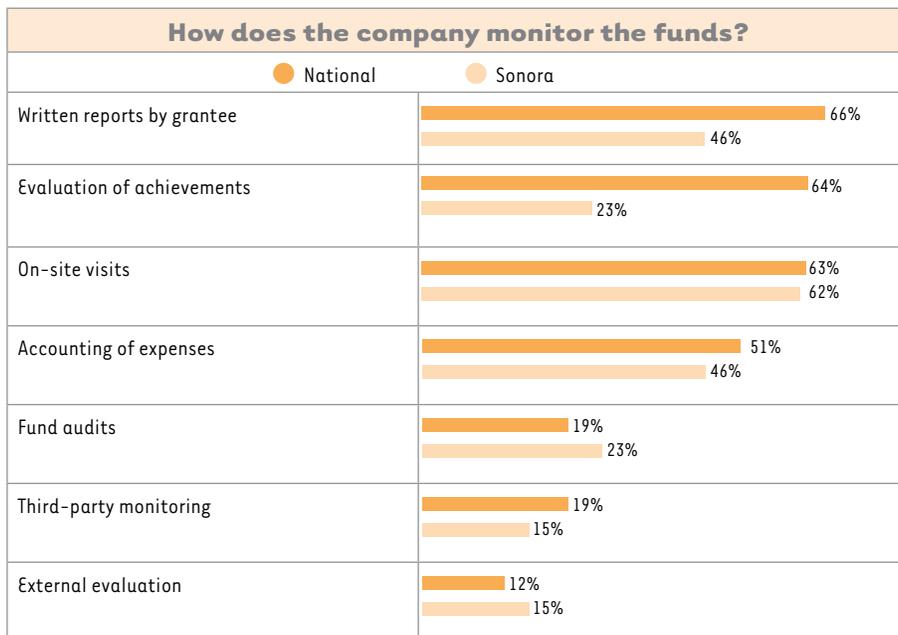


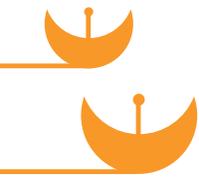
With regard to funding for the public sector, two thirds of companies (64%) providing this support said they funded up to three government agencies or programs in 2007. Interestingly, the average amounts awarded to these actors were very similar to those awarded to organizations. As many as 58% of companies gave up to \$100,000 pesos on average (compared to 67% in the case of organizations) and 30% between \$100,000 and \$1 million (compared to 29% in the case of organizations). There is a difference,

however, for higher ranges of support: 12% said they donated more than \$1 million pesos to government programs, whereas only 4% gave similar amounts to organizations. The results for the Sonora companies are not significantly different from the national trend, but their average donations were never larger than \$300,000.

Concerning **follow up on donations**, two thirds of companies said they require written reports (66%), evaluate the achievement of objectives (64%), and visit funded projects (63%). Figure 29 shows that in Sonora, the most frequent types of follow up were site visits (62%), written reports and accounting of expenses (46%), while the evaluation of objectives was not mentioned. Interviews revealed that most companies understand follow up as an accounting of expenses, regardless of their impact on the problems they are addressing. With a few exceptions, companies do not use indicators to measure the effectiveness of their investments and programs. We heard opinions such as “In philanthropy, not everything can be measured”, and that donors can see for themselves the changes their funds make in the lives of their beneficiaries. In this sense, **there is still much to do to professionalize corporate philanthropy in Mexico. Despite progress in planning, the practice of evaluation has not yet permeated this field.**

Figure 22. Follow up on Donations





EMPLOYEE GIVING AND VOLUNTEERING



This section examines employee giving and volunteering programs. Among participating companies, 42 have institutional programs to promote employee giving. Of these, 74% match employee donations. To explore a possible relationship between these kinds of programs and annual company revenue, we cross-tabulated the data on these two variables.²² Among companies with revenue of up to \$1 billion pesos, half or fewer said they have this kind of programs, whereas among those with higher revenues, half or more said they do. Hence, **employee donation programs are more frequent among higher revenue companies.**

²² Only 62 of the 90 participants gave information about their annual revenue.

Figure 23. Employee Giving Programs by Annual Company Revenue

Annual Revenue	NUMBER OF COMPANIES	WITH EMPLOYEE GIVING PROGRAMS ONLY	WITH EMPLOYEE GIVING PROGRAMS AND MATCHING COMPANY DONATIONS
Up to \$10	7	2	1
\$10.1 - \$50 million	3	0	0
\$50.1 - \$150 million	5	0	1
\$150.1 - \$379 million	7	1	2
\$380 million - \$1 billion	6	0	3
\$1.1 - \$5 billion	14	2	8
More than \$5 billion	19	1	8
TOTAL NUMBER OF COMPANIES	61	6	23

Similarly, 52% of companies said they have institutional programs to promote employee volunteering. Figure 31 shows that **the most frequently promoted type of volunteering activities are unskilled, involving manual labor that can be carried out by any person.** These types of activities also lend themselves to be seen and organized as social events for company employees. In contrast, **volunteering programs that can have a greater social impact but require better design, collaboration, and a specialization on the part of volunteers, such as training or consulting, are much less frequent.** It is also common to find flexible programs that rely on employees' initiative to choose an organization and the kind of support they will give. Overall, 59% of companies that have volunteering programs said that more than 50 employees participate in them.

Although companies allow employees to share their knowledge with CSOs, long employee leaves have not been adopted in Mexico

Figure 24. Type of Volunteering Activities Fostered by Companies

What type of volunteer work does the company promote?	
Manual labor (preparation of food baskets, gift-wrapping, etc.)	67%
Day off for volunteer work with CSO of employee's choosing	52%
Skill development through courses or workshops	37%
Professional services for CSOs	26%
Board Leadership Programs to serve on CSO Boards	9%
Loaned executives working for CSOs for specific periods	4%
Plaid sabbaticals working for CSOs for specific periods	2%

Forms of volunteering that allow for long employee leaves, as is the case of paid sabbaticals and loaned executive programs, have not been adopted in Mexico. These modalities would, nevertheless, allow employees to share their knowledge and use their talents more effectively. Only companies whose annual revenue exceeded \$1 billion

pesos said they use such modalities, along with leadership programs that encourage executives to serve on CSO boards.

In their philanthropic endeavors, companies aid themselves with their own employees' volunteer work, since as many as 60% of participants promote employee volunteering for the company's own philanthropic activities (e.g. collections, events, campaigns). Similarly, in 27% of cases, employees carry out volunteer activities in organizations supported by the company, and only in 13% of the cases can they choose the organization they want to volunteer at, regardless of whether the company supports it. Interestingly, **only half of the companies (49%) allow volunteering activities to be carried out during office hours, with pay.** This implies that the rest of the companies only promote volunteering as a value that employees put in practice in their own free time. As incentives to volunteering, as shown in Figure 32, companies prefer to provide information and encourage their employees' interest, as well as to recognize their efforts through internal communications.



Figure 25. Ways Companies Encourage Employee Volunteering

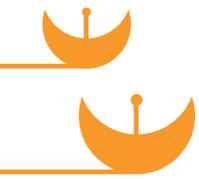
Ways to Encourage Volunteering	COMPANIES	PERCENTAGE
Providing information and encouraging their employees' interest; employees carry out volunteer work in their free time and on weekends	37	82%
Acknowledging employees' efforts through internal communications	29	64%
Allowing time off with pay for volunteer activities	22	49%
Providing training to carry out philanthropic work	12	27%
Awarding prizes to employees that participate in philanthropic activities or programs	5	11%
Other	5	11%
Considering volunteering activities for promotions	3	7%
Volunteering helps employees keep their jobs during layoffs	0	0%

Analyzing companies' annual revenue and the existence of volunteering programs, we obtained a similar result to the one regarding employee giving programs. Figure 33 shows that **employee volunteering programs are more common among companies with higher revenues**. Compared to 2006, this year fewer companies with annual revenues under \$380 million pesos said they had employee volunteering programs.

Figure 26. Employee Volunteering Programs by Annual Company Revenue

Annual Revenues	NUMBER OF COMPANIES 2008	WITH VOLUNTEERING PROGRAMS 2008	NUMBER OF COMPANIES 2006	WITH VOLUNTEERING PROGRAMS 2006
Up to \$10 million	7	1	3	2
\$10.1 - \$50 million	3	1	3	2
\$50.1 - \$150 million	5	1	2	1
\$150.1 - \$379 million	7	2	2	1
\$380 million - \$1 billion	6	4	2	2
\$1.1 - \$5 billion	14	8	7	6
More than \$5,000	19	13	18	5
TOTAL NUMBER OF COMPANIES	61	30	37	19

In Sonora, only three of the 20 participants (15%) have institutional programs to promote volunteering among their employees. These programs consist of one day of volunteer work with an organization of the employee's choosing. In addition, only four companies said they have programs to promote employee giving and only two of them match employee donations.



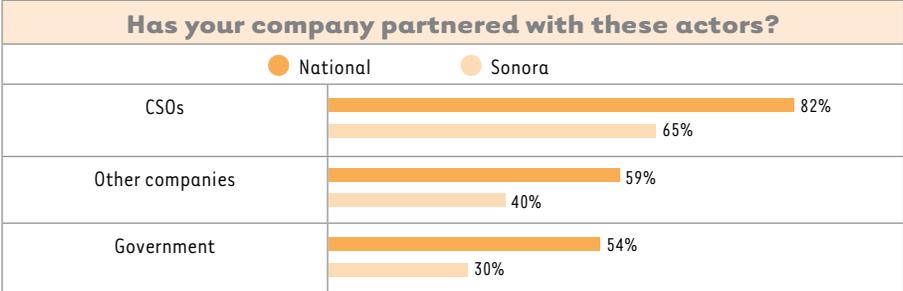
COLLABORATION AND PARTNERSHIPS

This section examines the partnerships companies have established with other actors, as well as their membership in networks or groups that foster discussion and offer training in corporate philanthropy.

To that end, we used a broad definition of what constitutes a multisectoral partnership: “it implies a collaboration agreement between two or more organizations from different sectors, whereby supplemental resources are grouped and risks and benefits are genuinely shared” (International Business Forum *et al.*, 2006).

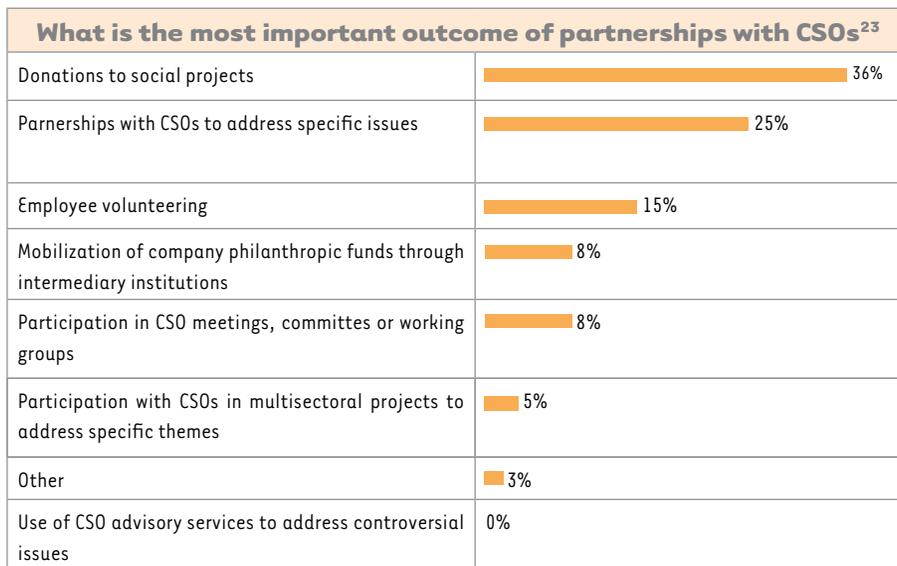
As shown in Figure 34, **the most common type of partnership is with CSOs, followed by those with other companies.** This is an improvement on 2006, when at least two thirds of participants had partnerships with other companies or the government and slightly less than half had them with organizations, including donor or intermediary institutions. As for the Sonora companies, they have had less experience in establishing partnerships, especially with the government.

Figure 27. Partnerships Between Companies and Other Actors



A more detailed analysis of the characteristics of these “partnerships,” however, begs the question of whether such relationships between companies and other actors can actually be classified as such. As shown in Figure 35, companies said that donations have been their main partnership with CSOs, whereas multisectoral projects, which are closer to the definition of a true partnership, are very rare.

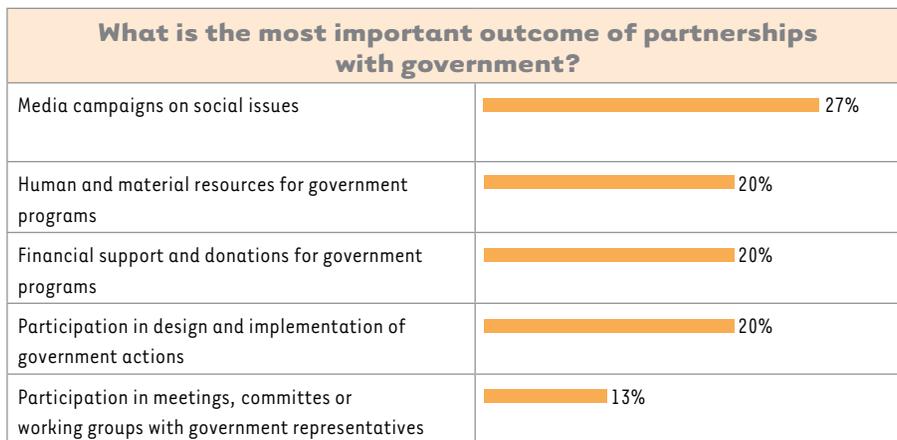
Figure 28. Most important Actions Derived from Partnerships with CSOs²³



The most common partnerships with government are those established to carry out media campaigns. Nonetheless, companies also seek to participate in the design and implementation of government actions, going beyond participating in working groups with government representatives.

²³ Only 39 of the 69 companies answered the question correctly. The question asked them to identify the three most important actions.

Figure 29. Most Important Actions Derived from Partnerships with Government²⁴



Two thirds of companies (66%) said they have partnered with donor and intermediary institutions or with consultants in philanthropy. Of these, 20% mentioned community foundations, mainly the Sonora Business Foundation (FESAC), as well as institutions such as *Fondo Unido*, the Mexican Center for Philanthropy (Cemefi), and the Mexican Red Cross.

More than half of the companies (55%) said they belong to a membership or discussion group, showing that this has become common practice in Mexico.²⁵ Among this group, 71% are members of Cemefi, while the rest mentioned the Inter-American Network of Foundations and Actions for Grassroots Development (9%), the Social Union of Mexican Businesspeople (20%), the United Nations Global Compact (24%), and the Mexican Alliance of Foundations (4%), among others. In regards to the Sonora companies, only 25% of participants said they belong to a membership or discussion group.

²⁴ Only 15 of the 41 companies answered the question correctly. The question asked them to identify the three most important actions.

²⁵ 84 companies answered this question.

Although still centered on donations due to a lack of knowledge and few precedents of alternative ways to establish relationships with the non-profit sector companies are increasingly interested in partnering with civil society organizations. The study also reveals that companies seek to collaborate with different actors, including the government and other companies, to promote social development. There is even a greater tradition of collaboration with these actors than with CSOs. Joint work is valuable, as described by one of the interviewees: **“Synergies in community work are very important because besides bringing to the table the best each one can offer, working together with several sectors toward a common objective sends a good message to society.”**

To take a glimpse at the challenges companies detect in their philanthropic programs, we asked participants to identify their weaknesses and the type of support they need to strengthen their capacity. Figure 37 shows various tasks that could ideally be carried out by intermediaries, especially at the local level. Among the weaknesses identified by half or more companies are the promotion of volunteer work, follow up and impact evaluation, internal and external communications on philanthropy, partnership building, and philanthropic program design.

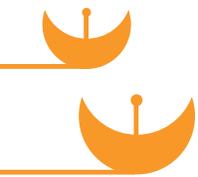


Figure 30. Weaknesses Identified in Philanthropic Programs²⁶

Support Required by Philanthropy Staff to Improve Effectiveness	COMPANIES	PERCENTAGE
Promotion of volunteer work	35	60%
Follow up on donations and impact evaluation	33	57%
Internal communications about company philanthropic activities	33	57%
External communications about company philanthropic activities	32	55%
Partnerships	31	53%
Program design (planning a philanthropic program)	30	52%
Selection of social investment topics (topics in which the company wants to have an impact, such as health, education, etc.)	21	36%
Collection campaigns among employees	21	30%
Selection criteria (to choose organizations to support)	17	29%
Channeling resources	16	28%
Other	4	7%

With regard to the preferred modalities for strengthening their capacities in this area, 65% of responding companies mentioned training of staff in charge of philanthropic activities, 51% accompanying program implementation, 35% advisory or consulting services, 32% the facilitation of decision-making on specific themes, and 28% the use of specialized information.

²⁶ 58 companies answered this question.



CONCLUSIONS

In Mexico, the growth of corporate philanthropy has been driven by increasingly socially conscious business leaders and by the adoption of international guidelines that acknowledge the links between companies and their communities.

Moreover, corporate philanthropy has responded to a national context marked by polarization, social inequality, and growing suspicion of the corporate sector in the midst of a generalized lack of resources and opportunities among the population. This is reflected in the large number of participating companies that have carried out philanthropic work for more than ten years, as well as the increasing number of new corporate efforts that are under way.

Most participants agreed that the State alone is not capable of solving social problems and that there is a need for collaboration in this field. Among companies' main motivations for philanthropic work were their commitment and obligation to society; their desire to foster harmonious relations with the communities where they operate; and

their interest in improving their image and reputation. Attitudes in favor of collaboration were evidenced by the preference by most participants for carrying out voluntary activities with social organizations and allocating a percentage of their profits to social programs. In that regard, **the business sector seems fertile ground for multisectoral partnerships among organizations, companies and, to a lesser degree, the government. Clearly there is also a strong interest in philanthropic donations.**

Despite all of the above, company attitudes and the way they carry out their philanthropic activities do not translate into trust for CSOs or institutional collaboration processes. Further, the extent to which their philanthropic activities are professionalized is uneven. On the one hand, **there is progress toward professionalization of philanthropic activities among companies with foundations, which: have hired more personnel with a more specialized background; have budgets and strategic objectives; have procedures for requesting donations and more or less established selection criteria; conduct minimum follow up that emphasizes verification over evaluation of results; undertake communication and dissemination activities; promote volunteer programs; and, on occasion, make matching donations.** On the other hand, there are companies that still regard philanthropy as the owner's charity and operate it with non-professional volunteers; they do not have institutionalized procedures because the owners or top executives choose the projects to support; they have no follow-up for donations; they prefer to keep a low profile and do not publicize their donations; and they lack employee volunteering programs.

In summary, the general landscape shows trends toward the professionalization of philanthropic activities. There is progress in terms of the use of requirements, where companies increasingly seek to support incorporated organizations both with cash and in-kind contributions, even though deductibility and tax incentives are not decisive factors for more than half of them. Besides philanthropy budgets and a more specialized staff, **employee giving and volunteering programs seem to be increasing.**



Partnerships with CSOs and participation in membership or discussion groups are already predominant features.

Nevertheless, there are still indicators that show that philanthropy is not regarded as strategic and that donations are not considered in terms of their social impact. **Resources for individuals and government agencies represent, undoubtedly, a significant percentage of the funds donated.** Further, donations focus mostly on traditional themes that are associated more with charity than with development. Prior knowledge of an organization's work as the main selection criterion, for example, hinders access to funding and could be constraining it to a group of organizations with a certain reputation in the corporate world. Follow up and quality evaluations, as well as learning from and improving their donations, are not usually within the companies' concerns, for whom verifying the use of funds seems enough. Corporate volunteering consists mainly of low value-added activities, which usually depend on employees' personal time and have little support from companies in terms of time, economic or work promotion incentives. Essentially, "partnerships" between companies and organizations are limited to donations, and they do not encompass other experiences or joint initiatives that may require supplemental funding and a sharing of the risks and benefits.

As opposed to findings from the prior study, this year some companies referred to community foundations as effective allies in improving the living conditions of the communities with which they work. Through the interviews, we were able to glimpse the many



opportunities these foundations have to provide their services to small- and medium-sized companies that lack the resources or operating structure necessary to carry out their philanthropic activities in a professional manner. In that regard, we identified four niches for these foundations and other philanthropic intermediaries:

- 1 Link companies and organizations**, ideally at the local level. Intermediaries should seek to introduce organizations, make their work known and endorse them, to improve their access to corporate funds and strengthen companies' trust in them.
- 2 Design and operate donation programs on behalf of companies in a more formal manner.** This should include periodical calls for proposals, clear guidelines, and better selection criteria.
- 3 Help monitor and evaluate projects** funded by companies and, based on their knowledge of local development, issue recommendations to increase social impact.
- 4 Create more effective volunteering programs** to enable employees to establish relationships with organizations. These programs can help create alternatives to capitalize on the knowledge and qualifications of corporate volunteers, be it as board members, consultants, specialized counselors or trainers.

These niches, along with information on the weaknesses companies identify in their philanthropic practices and the preferred mechanisms for developing their capacities, could help community foundations and other philanthropic intermediaries throughout the country to design customized programs that contribute to the strengthening and professionalization of corporate philanthropy in Mexico.

APPENDIX 1

METHODOLOGY

To encourage participation in the study and to obtain candid answers,

companies were assured that all information provided would be used only to identify general characteristics and trends of corporate philanthropy in Mexico and that individual answers would be kept confidential. It must be considered that both the electronic survey and telephone interviews collected self-referenced information, arising from participants' sharing their own work experiences. For a list of participating companies, see Appendix 2.

Based on the instruments used for the 2006 study, we designed a questionnaire comprised by closed questions to streamline data processing. This questionnaire was reviewed and approved by ITAM and the Synergos Institute and is included in Appendix 3.

For the survey, *Alternativas* and ITAM issued a joint invitation to roughly 200 companies. The invitations were sent by email and included a link to the Web-based questionnaire. The survey was carried out between June and August. To ensure a high response rate, *Alternativas* and ITAM sent reminders via email and made several rounds of calls to contacts within companies. In total, 92 companies²⁷ participated in the survey with an approximate response rate of 45%.

²⁷ Two companies said they do not carry out philanthropic activities, thus they were not included in the analysis.

Figure A shows the economic sectors to which the participating companies belong. Compared to 2006, this year we were able to include companies from more sectors.

FIGURE A. Distribution of Companies by Sector

Sector	NUMBER OF COMPANIES	PERCENTAGE
1. Agriculture, forestry, and fishing	4	5%
2.1 Industrial-Mining	0	0%
2.2 Industrial Manufacturing (IM): foods, beverages, and tobacco	15	18%
2.2 IM textiles, garments and leather	0	0%
2.2 IM paper, printers and publishing houses	3	4%
2.2 IM wood and wood products	1	1%
2.2 IM chemicals, petroleum by-products, rubber and plastic products	5	6%
2.2 IM non-metallic mineral products, except petroleum by-products and coal	0	0%
2.2 IM basic metal industries	1	1%
2.2 IM metal products, machinery and equipment	1	1%
2.2 IM other manufacturing industries	9	11%
2.3 Industrial-Construction	7	8%
2.4 Industrial-Electrical	3	4%
3.1 Services-Commercial, restaurants and hotels	10	12%
3.2 Services -Transportation, storage and communications	8	10%
3.3 Services -Financial, insurance and real estate	9	11%
3.4 Services -Community, social and individual	7	8%
TOTAL	83	100%

A total of 62 of the 90 companies answered the question about annual revenue. More than 50% said that their revenues exceed \$1 billion pesos, with 31% generating more than \$5 billion. Figure B shows the distribution of participants.

FIGURE B. Distribution of Companies by Annual Revenue

Annual Revenue in pesos	NUMBER OF COMPANIES	PERCENTAGE
\$10 million or less	8	12%
\$10.1 million – \$50 million	3	5%
\$50.1 million – \$150 million	5	8%
\$150.1 million – \$379 million	7	11%
\$380 million – \$1 billion	6	10%
\$1.1 billion – \$5 billion	14	23%
More than \$5 billion	19	31%
TOTAL	62	100%

Similarly, two thirds of companies (70%) said they have more than 250 employees, as can be seen in Figure C. Of the 90 participants, 83 answered this question.

FIGURE C. Distribution of Companies by Number of Employees

Number of Employees	PERCENTAGE	COMPANIES
50 or less	14%	12
51 to 250	16%	13
251 to 5,000	46%	38
More than 5,000	24%	20
TOTAL	100%	83

The headquarters of almost half of the companies (49%) are in Mexico City, while 25% are headquartered in Sonora, and the rest in the states of Campeche, Chihuahua, Mexico, Jalisco, Michoacán, Morelos, Nuevo León, Puebla, Querétaro, Quintana Roo, Sinaloa and Veracruz. The 2008 study was carried out with the participation of companies from 14 states three more than for the 2006 study. The high participation rate of companies from Sonora was obtained by design, since we were looking to obtain detailed information about that state in particular, besides the information at the national level.

For the interviews, we selected 20 of the 90 companies that participated in the electronic survey 10 from Sonora and 10 from the rest of the country. This selection was based on companies' history in corporate philanthropy and their availability to be interviewed; it also sought to include a variety of sectors (see Appendix 4, Interview Instrument). Participants were interviewed via telephone by *Alternativas y Capacidades* in July and August 2008.



APPENDIX 2

PARTICIPATING COMPANIES

1.	Accenture
2.	Aeropuertos del Sureste
3.	Agrícola san Isidro de Culiacán
4.	Aquafilm
5.	Arancia
6.	Axtel
7.	Banamex
8.	Bridgestone Firestone
9.	Campo Pablo Bórquez
10.	Catoex
11.	Cayenne Express
12.	Cemex
13.	Cinépolis
14.	Comercial V-H
15.	Comisión Federal de Electricidad
16.	Corporativo Ges
17.	Dana Heavy Axle México
18.	Del Campo y Asociados
19.	Derex Desarrollo Residencial
20.	Divemex
21.	Dow Corning de México
22.	Eastman
23.	Edumex

24.	El Imparcial
25.	El Universal
26.	Eli Lilly
27.	Embotelladora Arca
28.	Expok
29.	Exxon Mobil Ventures México
30.	Ford Motor Company
31.	Fundación Ado
32.	Fundación Bancomer
33.	Fundación Coca Cola
34.	Fundación Cuervo
35.	Fundación Gigante
36.	Fundación Sabritas
37.	Fundación Soriana
38.	Fundación Telmex
39.	Gamesa
40.	Grupo Armonía
41.	Grupo Bimbo
42.	Grupo Dab
43.	Grupo Dolphin Discovery
44.	Grupo Empresarial Gemso
45.	Grupo Financiero Monex
46.	Grupo Financiero Santander

47.	Grupo Omnilife
48.	Grupo Tonella
49.	Helvex
50.	Holcim Apasco
51.	Hotelera Algove
52.	IBM
53.	Imaginería
54.	Industrias Electrónicas del Pacífico
55.	ING
56.	Intel
57.	Jauregui Navarrete y Nader
58.	Kaso y Asociados
59.	Kellogg Company México
60.	KN Materiales
61.	Manpower
62.	Mc Donald's de México
63.	Microsoft de México
64.	Molino La Fama
65.	NFL México
66.	Omnicable Televisión por Cable del Norte de Sonora
67.	Procter and Gamble
68.	Promotora Accse

69.	Promotora de Hogares
70.	Purificadora Inukai
71.	Rohm and Haas Latinoamérica
72.	SC Johnson & Son
73.	Scotiabank
74.	Soluciones Dinámicas
75.	Super del Norte
76.	Super El Rosal
77.	Tequila San Matías
78.	Topos Hidromecánicos
79.	Transportes Pitic
80.	Volkswagen de México
81. a 90.	Anonymous

APPENDIX 3

WEB-BASED QUESTIONNAIRE

I. Attitudes toward Corporate Philanthropy

- Does your company perform corporate philanthropy activities (channeling resources, like cash or in-kind donations and volunteer work) to support social projects and civil society organizations?

Yes [Go to question 3]	
No	

- What is the main reason for your company not to carry out philanthropic activities?

Lack of resources	
Lack of government or tax incentives	
Nobody has requested our support	
We had not considered it	
It is not the company's role	
We do not know how to carry out these activities	
We do not know any serious and reliable organizations to work with	
Other, specify: [Go to question 67]	

3. Do you agree or disagree with the following statements?

	Agree	Disagree	No comment
Government has the obligation to address social issues. Companies participate because government is not fulfilling its role.			
For companies, the need to carry out social activities is greater today than a few years ago.			
Government alone is not capable of solving social problems. Thus, companies have to join in to help.			
It is the companies' role to carry out social activities for communities in need.			
Companies must carry out social activities to strengthen or broaden the scope of government policies and programs.			
To help communities, it is enough for companies to pay taxes, create jobs, and assure the quality of their products and services.			

4. In your opinion, which are the best two ways for businesspeople to help communities? (1= most important)

Carrying out voluntary activities jointly with social organizations	
Allocating part of their profits to social programs	
Investing in the quality of their products	
Offering benefits to their employees	
Paying taxes and demanding government action	
Businesspeople already contribute by guaranteeing employment	

5. What are the three main motivations for the company to carry out corporate philanthropy activities? (1= most important)

Contribute to harmonious relations between the company and the community where it is located	
Replicate programs that the company has implemented worldwide	
Religious beliefs of company owners/top executives	
Commitment and obligation to society	
Continue the philanthropic tradition of company founders/top executives	
Provide aid during emergencies or natural disasters	
Provide support to employees and their families	
External pressures from government	
External pressures from the community where the company is located	
External pressures from consumers of company products	
Improve the company's image and reputation	

6. Do the company's philanthropic actions take into account the expectations of a specific group of stakeholders? (Please select all that apply)

Local communities	
Employees	
Unions	
Consumers	
Civil society organizations	
Investors or shareholders	
The media and opinion leaders	
Suppliers	
Government or regulatory agencies	
Executive board or other executive bodies within the company	
Other (specify):	
No. They do not take into account any specific group of stakeholders	



7. What are the three main business objectives that the company pursues through its philanthropic activities? (1= most important)

Improve image and reputation of the company or its products	
Develop leadership skills among its employees	
Improve talent recruitment and retention	
Differentiate themselves from the competition	
Help reduce the company's current or future risks	
Collect information about potential markets or products	
Collect information that helps innovate in regard to existing products and services	
Comply with industry standards	
Other (specify):	
None [Go to question 9]	

8. How successful has the company been in achieving these business objectives?

Very successful	
Somewhat successful	
Not very successful	
Unsuccessful	

9. Does the company make its philanthropic work known internally (among employees)?

Yes	
No	

10. Does the company make its philanthropic work known among the general public?

Yes	
No [Go to question 12]	

11. Of the following methods, what are the three most frequently used by the company to make its philanthropic activities known? (1= most frequent)

Public speeches or reports	
Press releases or stories	
Paid advertising and inserts	
Events organized by the company	
The corporate Web page	
Newsletters, magazines and other media	
Other (specify):	
Cumplir con normas de la industria.	
Otro, especifique:	

II. Information about the Company's Philanthropic Activities

12. When did the company's philanthropic activities start?

This year	
1 to 3 years ago	
3 to 5 years ago	
5 to 9 years ago	
More than 10 years ago	

13. What elements does the company's philanthropic program include?

(Please select all that apply)

Employee volunteering	
Cash donations	
In-kind donations	
Sponsoring events	
Other (specify):	



14. What social investment topics does the company support? (Please select all that apply)

Addictions	
Children	
Community development	
Cultural promotion	
Education	
Elderly	
Environment	
Health	
HIV/AIDS	
Housing	

Human rights	
Indigenous peoples	
Microcredit/productive projects	
Natural disasters	
Nutrition	
People with disabilities	
Rural development	
Science and technology	
Women	
Other (please specify):	

15. Of the following list, which are the three most influential factors in deciding what topics to support (1=most important)

Personal interests of the General Director	
Personal interests of the owners and their families	
Priorities of shareholders	
Interests of employees	
Diagnosis and studies on the topic or region	
Alignment of topics with the company's needs/experience	
Increased profits/enhanced product appeal as part of a corporate sales strategy	
Improved company image as part of a communication and public relations strategy	
Competing with other companies in philanthropy	
Other (specify):	

16. Does the company aim its philanthropic activities at a specific geographic location?

Yes	
No [Go to question 19]	

17. Which location?

One or several neighborhoods near the company's facilities	
Municipality(ies) where the company is located or where it carries out its main operations	
State(s) where the company is located or where it carries out its main operations	
Marginalized areas or micro-regions identified by the federal government	
Other (specify):	

18. Why are philanthropic actions aimed at a specific geographic location?

To compensate for the company's impact in that location	
Because the company knows the problems that afflict that area	
Because the company has local presence and has to show itself open to requests for help	
Because the company wishes to help improve the socioeconomic conditions of the area and its communities	
To complement other ongoing efforts in that location	
Other (specify):	



III. Operation of Corporate Philanthropy Activities

19. Corporate philanthropy efforts are carried out:

By the company itself [Go to question 21]	
Through a legally incorporated foundation or organization that depends on or is linked to the company	

20. What was the main reason to legally incorporate a foundation or organization?

Institutionalize philanthropic activities separately from the operation of the business	
For fiscal and budgetary purposes	
Improve company image and visibility	
Professionalization of philanthropic activities	
Other (specify):	

21. What business department is charged with philanthropic activities?

Administration and Finance	
Human Resources	
Office of the General Director /President	
Sales	
Public Relations/Communications	
Foundation/Donation Committee/CSR	
Decentralized at the local level	
Other (specify):	

22. Number of staff hired to carry out the company's philanthropic activities:

1	
2 – 3	
4 – 5	
More than 5	
There is no hired personnel, only volunteers	

23. Do staff in charge of philanthropic activities have additional responsibilities?

Yes	
No	

24. What is the professional background or training of the staff in charge of philanthropic activities?

Administration and Finance	
Sales	
Public Relations / Communications	
Human Resources	
Civil Society Organizations	
Foundations	
Anthropology, Sociology, and Political Science	
Government	
Research	
Charity and Volunteerism	
Arts and Culture	
Other (specify):	

25. How does the company or foundation design philanthropic activities?

Field studies by the company, foundation or third parties	
Everyday or periodical contact between the company and eligible individuals or organizations	
Journals	
External consultants	
Other (specify):	

26. Who makes decisions about the company's philanthropic activities? (Please select all that apply)

Top executives	
Employees	
Relatives of top executives	
Relatives of employees	

External consultants hired by the company	
External specialists	
Foundation	
Other (specify):	



27. Does the company or foundation have a specific budget for philanthropic activities?

Yes	
No [Go to question 30]	

28. What was the company's budget for philanthropic activities in 2007?

\$200,000 or less	
\$200,001 - \$700,000	
\$700,001 - \$1,500,000	
\$1,500,001 - \$5,000,000	
\$5,000,001 - \$10,000,000	
\$10,000,001 - \$15,000,000	
More than \$15,000,000	

29. What is the company's budget for philanthropic activities in 2008?

\$200,000 or less	
\$200,001 - \$700,000	
\$700,001 - \$1,500,000	
\$1,500,001 - \$5,000,000	
\$5,000,001 - \$10,000,000	
\$10,000,001 - \$15,000,000	
More than \$15,000,000	

30. Does the company have plans to increase/reduce the budget for philanthropic activities in the short term?

Increase budget. How much?	5% or less		Reduce budget. How much?	5% or less	
	5% - 10%			5% - 10%	
	11% - 25%			11% - 25%	
	26% - 50%			26% - 50%	
	More than 50%			More than 50%	
Budget will remain unchanged					

31. Does the company give donations to individuals as part of its philanthropic activities?

Yes	
No [Go to question 34]	

32. Approximately how many individuals did the company support in 2007?

1 - 10	
11 - 20	
21 - 30	
31 - 50	
50 - 100	
More than 100	

33. How much, on average, did the company give to each individual in 2007?

\$1,000 or less	
\$1,000 - \$3,000	
\$3,001 - \$5,000	
\$5,001 - \$10,000	
\$10,001 - \$15,000	
\$15,001 - \$20,000	
More than \$20,000	



34. Does the company support government agencies or programs as part of its philanthropic activities?

Yes	
No [Go to question 37]	

35. Approximately how many government agencies or programs did the company support in 2007?

1		4	
2		5	
3		More than 5	

36. How much, on average, did the company give to each government agency or program in 2007?

\$50,000 or less	
\$50,000 - \$100,000	
\$100,001 - \$300,000	
\$300,001 - \$1,000,000	
\$1,000,001 - \$5,000,000	
\$5,000,001 - \$10,000,000	
More than \$10,000,000	

37. Does the company support organizations or groups of people as part of its philanthropic activities?

Yes	
No [Go to question 40]	

38. Approximately how many organizations did the company support in 2007?

1 - 5	
6 - 10	
11 - 20	
21 - 40	
More than 40	

39. How much, on average, did the company give to each organization in 2007?

Under \$5,000		\$100,001 - \$300,000	
\$5,000 - \$30,000		\$300,001 - \$1,000,000	
\$30,001 - \$100,000		More than \$1,000,000	

40. What type of in-kind donations does the company make?

Company products	
Company services [Go to question 42]	
Company furniture and equipment [Go to question 42]	
Products or services bought and then donated in-kind to an organization or project [Go to question 42]	
The company does not give in-kind donations [Go to question 42]	

41. Why does the company donate its products?

Because they are near their expiration date		To broaden markets	
Because they are no longer current		Other (specify):	
For fiscal deduction of inventory			



IV. Selection and Follow Up of Donations

42. Does the company or foundation issue public calls for proposals to support social projects?

Yes, the calls for proposals are issued periodically	
Yes, but the calls for proposals are not issued periodically	
The company does not issue calls for proposals	

43. Does the company or foundation require a formal application for support?

Yes, we have an application form	
Yes, but we do not have an application form	
No	

44. What are the requirements to be eligible for funding through the company's philanthropic activities? (Please select all that apply)

Legally incorporated	
Tax-exempt status (<i>donataria autorizada</i>)	
Introduced or known by an employee, top executive or other trusted staff	
Work on predetermined social investment topics	
Work in a specific geographic location	
Other (specify)	
None	

45. What are the three most frequently used project selection criteria?

(1= most frequent)

Recommendations from friends, employees, top executives or other trusted staff	
Recommendations from government or regulatory agencies	
Recommendations from communications department or agency	
Prior knowledge of applicant organization or beneficiaries	
Degree of poverty or need of a specific group or region	
Project scope (regional/national) and number of project beneficiaries	
Applicant's stability and professionalism	
Stability and professionalism of applicant's director	
Endorsement by and trust in the applicant's Board of Trustees/ Board members	
Selection criteria developed and used by third parties on behalf of the company	
Transparency and reliability of applicant's financial management	
Project feasibility	
Other (specify):	

46. Does the company or foundation follow up on donations?

Yes		No [Go to question 48]	
-----	--	------------------------	--

47. What kind of follow up is carried out? (Please select all that apply)

Accounting of expenses (<i>comprobación de gastos</i>)	
Audits	
Third-party monitoring on behalf of the company (reports, visits)	
Evaluation of achievement of objectives	
On-site visits	
Written reports by grantee	
External evaluation	
Other (specify):	
Otro, especifique:	

V. Employee Participation in Corporate Philanthropic Activities



85

48. Does the company have an institutional employee volunteering program?

Yes [Go to question 50]		No	
-------------------------	--	----	--

49. Why is there not a program to promote employee volunteering in the company?

Lack of interest/motivation among employees	
Insufficient resources	
Lack of the necessary logistical and organizational conditions	
It has never been considered	
There used to be a program but it had to be terminated	

[Go to question 54]

50. How many employees participate in the volunteering program?

5 or less		21-35	
6-10		36-50	
11-20		More than 50	

51. What type of volunteer work does the company promote? (Please select all that apply)

Preparation of food baskets, gift-wrapping, building homes, reforestation, etc.	
Skills development through courses or workshops	
Professional services for organizations, such as advisory services in administration, accounting, tax legislation, etc.	
A day off to carry out volunteer work with an organization chosen by the employee	
Board Leadership Programs to serve on Executive Boards/Boards of Trustees of civil society organizations	
Loaned executives to work with a civil society organization for a specific period of time	
Paid sabbaticals to work for a civil society organization for a specific period of time	
Other (specify):	

52. As part of the volunteering program, employees (please choose only one option)

Participate in volunteer actions organized by the company (festivities, reforestation activities, etc.)	
Carry out volunteer activities with organizations that the company supports	
Choose the organizations with which they wish to collaborate regardless of whether they receive funding from the company	

53. How is employee volunteering promoted? (Please select all that apply)

Providing information and encouraging their interest in philanthropy; employees carry out volunteer work in their free time and on weekends	
Allowing time off with pay for volunteer activities	
Awarding prizes to employees that participate in philanthropic activities or programs	
Providing training to carry out philanthropic work	
Considering volunteering activities for promotions	
Volunteering helps employees keep their jobs during layoffs	
Acknowledging employees' efforts through internal communications	
Other (specify):	

54. If there is an institutional program to promote employee giving, does the company match employee donations?

Yes	
No	
There is no such program	



VI. Collaboration and Partnerships in Philanthropy

55. Is corporate philanthropy a common practice in the sector to which the company belongs?

Very common	
Common	
Not very common	
Almost inexistent	

56. Has the company partnered with government (at the municipal, state or federal level) to carry out philanthropic activities?

Yes		No [Go to question 58]	
-----	--	------------------------	--

57. What are the three most important outcomes of such partnerships?

(1= most important)

Contributing with human and material resources for government programs	
Carrying out media campaigns on social issues	
Financial support and cash or in-kind donations for government programs	
Participation in the design and implementation of government actions	
Participation in meetings, committees or working groups with government representatives	
Other (specify):	

58. Has the company partnered with other companies to carry out philanthropic activities?

Yes		No	
-----	--	----	--

59. Has the company partnered with civil society organizations to carry out philanthropic activities?

Yes	
No [Go to question 61]	

60. What are the three most important outcomes of such partnerships?

(1= most important)

Employee volunteering	
Cash or in-kind donations to social projects	
Partnering with one or more civil society organizations to address specific issues (health, education, etc.)	
Hiring an organizations' advisory services to address controversial issues for the company	
Channeling the company's philanthropic resources through an intermediary organization	
Participating in meetings, committees or working groups with representatives of civil society organizations	
Participating jointly with organizations in funds or multisectoral projects to address specific issues	
Other (specify):	

61. Does the company participate in a membership or discussion group related to corporate philanthropy?

Yes		No [Go to question 63]	
-----	--	------------------------	--

62. In which group(s)? (Please select all that apply)

Mexican Center for Philanthropy (Cemefi)	
Mexican Alliance of Foundations	
Inter-American Network of Corporate Foundations and Actions for Grassroots Development (RedEAmérica)	
Social Union of Mexican Businesspeople (USEM)	
United Nations Global Compact	
Other (specify):	

63. Does the company have relationships with other donor and intermediary institutions or consulting firms working in philanthropy?

Yes		No [Go to question 65]	
-----	--	------------------------	--

64. Which?

65. What type of support do staff in charge of philanthropic activities need to be more effective?

Promotion of volunteer work	
Collection campaigns among employees	
Channeling resources	
Program design (planning a philanthropic program)	
Selection criteria (to choose organizations to support)	
Selection of social investment topics (topics in which the company wants to have an impact, such as health, education, etc.)	
Partnerships	
Follow up on donations and impact evaluation	
Internal communications about company philanthropic activities	

continúa >



External communications about company philanthropic activities	
Other (specify):	
No support is needed [Go to question 60]	

66. In your opinion, what is the best way to provide the support needed?

Training corporate philanthropy staff	
Providing advisory/consultancy services	
Facilitating decision-making	
Accompanying program implementation	
Providing specialized information	
Other (specify):	

VII. General Information about the Company

67. What is the name of the company? Please remember that no specific data about the company will be revealed. The information will be used only to prepare a list of participating companies.

68. Is the company...

Multinational?		Mexican?	
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69. In which state are the following located?

Use drop down lists with the names of the states in alphabetical order for both answers

...the company's headquarters?	...the company's main operations?
--------------------------------	-----------------------------------

70. What sector does the company belong to?

Agriculture, forestry, and fishing	
Industrial-Mining	
Industrial Manufacturing (IM): foods, beverages, and tobacco	
IM textiles, garments and leather	
IM paper, printers and publishing houses	

IM wood and wood products	
IM chemicals, petroleum by-products, rubber and plastic products	
IM non-metallic mineral products, except petroleum by-products and coal	
IM basic metal industries	
IM metal products, machinery and equipment	
IM other manufacturing industries	
Industrial-Construction	
Industrial-Electrical	
Services-Commercial, restaurants and hotels	
Services -Transportation, storage and communications	
Services -Financial, insurance and real estate	
Services -Community, social and individual	

71. In 2007, what was the annual revenue of the company (in pesos)?

\$10 million or less		\$380 million – \$1 billion	
\$10.1 million – \$50 million		\$1.1 billion – \$5 billion	
\$50.1 million – \$150 million		More than \$5 billion	
\$150.1 million – \$379 million			

72. In 2007, how many employees did the company have?

10 or less		101 - 250	
11 - 30		251 - 5,000	
31 - 50		More than 5,000	
51 - 100			

We thank you for the time devoted to answering this questionnaire. As we already mentioned, the information you have provided will be used to identify general characteristics and trends for corporate philanthropy in Mexico and will not be divulged at the individual level. The results of the study will be shared with the participants.

APPENDIX 4

INTERVIEW INSTRUMENT

I. Perspectives of and attitudes toward corporate philanthropy and CSR

1. In your opinion, what role do companies play in Mexico's social development?
2. Do you think that expectations about a company's responsibilities toward its community have increased? Why?
3. Does everybody share this philosophy at your company? Is there internal debate or discussion on the matter?

II. Information about the company's philanthropic activities and their institutionalization

4. For companies that have a legally incorporated foundation
 - a. How and why was the foundation created?
 - b. What links does the company have with the foundation?
(Board members, budget, decision-making)
 - c. What are the advantages and disadvantages of those links?
5. For companies that have employee volunteering programs
 - a. Why did you decide to implement an employee volunteering program?
 - b. What implementation problems have you had?
 - c. What have been the most important results for the company?
For the employees? For the beneficiaries?
6. For companies that give in-kind donations
 - a. Why did you decide to implement an in-kind donations program?
Were there any tax considerations involved?
 - b. What implementation problems have you had?
Are there any tax considerations involved?
 - c. What have been the most important results for the company?
For the employees? For the beneficiaries?

7. Does the company or foundation have an action plan to carry out philanthropic activities? Which elements are included in the plan?
8. Does the company or foundation have specific procedures for decision-making and project selection? Could you describe the most important procedures?
9. Have the company's philanthropic programs/activities been evaluated? What evaluation results were used to improve their implementation? Has their impact on communities been assessed?

III. Partnerships and collaboration in philanthropy

10. Has the company worked with third parties to channel resources for its programs? (*Fondo Unido*, community foundations, *Fundemex*, other) What has been the outcome of working with these intermediaries?
11. Has your company partnered with other actors to carry out philanthropic activities? (Other companies, government, civil society organizations)
 - a. With whom?
 - b. What has been the purpose of these partnerships?
 - c. What has been their outcome?
12. For companies participating in membership or discussion groups or working with consultants. Have the company's relationships with membership or discussion groups on philanthropy, consultants or other institutions produced results or added value to its philanthropic programs?

IV. Context of Mexican philanthropy

13. In your opinion, what obstacles hinder the implementation or improvement of your company's philanthropic program/actions?
14. What difficulties has your company faced because of the Mexican tax framework regarding donations?
15. On balance, do you think that philanthropic activities have benefited your company? The beneficiaries?
16. In your opinion, what is the situation of corporate philanthropy in Mexico?
17. In general, what obstacles prevent Mexican corporate philanthropy from having a greater impact on society?



APPENDIX 5

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