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Giving Australia: Research on Philanthropy in Australia

**Report on Qualitative Research
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1.0 Individual giving

1.1 Those that give and those that don't

Overall, focus group and in-depth interview findings suggest actual support for community causes, as well as a desire by participants to see themselves as givers. Almost all participants thought of themselves as being 'givers' – either mainly of money or time – and were far more comfortable with the description of 'givers' than 'non-giver' or 'low givers'. Giving was seen as admirable or desirable behaviour by both everyday and wealthy individuals which may reflect, to some degree, idealised or exaggerated attitudes and behaviour. *'It's a good thing to give.'*

The context of this finding is that recruitment of participants for this research was voluntary and that determined 'non-givers' may have chosen not to participate. To minimise non-participation by non-donors, the researchers emphasised the importance and legitimacy of all views relating to being asked to give, without preference for any 'giving' orientation. In consequence, the groups and interviews were able to tap a wide range of attitudes to giving, with many barriers to giving identified. Nevertheless, almost no one said they did not support the community and this has implications for any subsequent campaign to encourage philanthropy.

The findings also suggest that few participants (including wealthy ones) could relate to the terms 'philanthropy' or 'philanthropist', in contrast with the widespread appeal of the term 'giver' and 'giving'. The former terms generally were seen to apply only to the *most* wealthy in Australia. Alternatively, they were linked to givers in the U.S. and were not personally relevant to them. 'Volunteer' and 'volunteering', like 'giver' and 'giving', were acceptable terms for nearly everybody but they held a far narrower meaning: not everyone saw themselves as volunteers in community causes although nearly all had volunteered at different times in their lives.

While individuals nearly all perceived themselves as 'giving' people, they did not all report giving to the same extent.

1.1.1. Key influencers of individual giving

Focus groups and in-depth interviews suggest four key influences in determining an individual's overall level of giving money and/or time. Key influencers of individual giving were:

1. Perceived *capacity* to give

The capacity to give appears to be a perception that is based, in part, on actual circumstances. For example, comments such as, *'I give in small amounts because I don't have a lot spare'* and *'I just don't have time to volunteer'* were common. However, our findings suggest that everyone perceived themselves as having limited amounts of time or money available to support community causes, including wealthy people. As one wealthy participant said, *'You can't give to everything...so many people are asking for support.'* It is perhaps understandable that individuals viewed their own behaviour as consistent with their capacity to give, for example, *'I don't give much because I can't give much [after paying all the bills].'*

Believing one was constrained in one's capacity to give was widely seen as a reason that people did not give. *'It depends on what time or money you have at different times.'* This capacity was seen to fluctuate as people moved through their lives, and took on different roles and responsibilities. As one participant said, *'Giving money rather than time is easier...at this stage in my life.'* The two groups who appear to have the greatest capacity to give, time or money, are parents of school age children and retirees.

Families. Families with school age children report high giving behaviour, of time and/or money and their giving largely relates to supporting their children's activities. They reported constantly being asked to give (and give and give) to causes relating to their children, for example, through school and sports activities.

'We give lots of time and money to the schools our children go to.'

'You always have your hand in your pocket.'

As well as receiving a lot of requests, most parents also *wanted* to support community causes for the sake of their children. In particular, they wanted to teach their children about giving – to let them engage in it and want to do it themselves.

'If they learn while they are young, it will be with them their whole lives.'

'We want them to care about others.'

Furthermore, they commonly had at least some disposable income due to the need for at least one adult to work and bring in income to support the family. As well, most reserved some free time to spend with their children. *'You need some family time.'* This may explain the preference to give money, not time, by some. *'Your family is your priority.'*

Retirees. Many retiree participants also showed a great capacity to be strong givers – of time in particular – especially if they were healthy. Those who did volunteer in the community appeared to derive much satisfaction from it. For example, comments such as *'It keeps you connected'* and *'I'd be lost without it'* came up time and again. Many generally felt constrained in their capacity to donate money: they reported limited income with reliance upon the pension or on limited savings (which had to last them the rest of their lives). As well, many retirees showed a frugal attitude and a concern to watch their money, as a result of the way they were raised and/or because this was society's orientation in their formative years. Many had to preserve money because of insecure incomes when they were younger. Even wealthy retirees who had established successful businesses or practices also tended to parsimony and, indeed, explained their success this way. As one wealthy female retiree commented:

'We've always lived a very careful life...saved money. We never, you know, went overboard [even when we got money].'

Those with less capacity to give. Individuals who were perceived *by others* to be less involved in giving were young people trying to establish themselves in a career, newly married couples and those with a very young family. These were seen to be at a stage of life where both time and money were 'tight' and when there were other pressing goals. Thus they could *not* be expected to give much time and/or money in these circumstances. However, the individuals themselves did *not* report

this: they generally saw themselves as active givers and highly concerned for their community, mainly as volunteers. For example, university students and those in their first jobs described volunteering at animal shelters or for environmental projects: *'You do what interests you. It's part of your life.'*

In contrast, young parents reported volunteering at the local childcare centre or kindergarten, and in community projects run by their church or local service organisation in regional areas. *'You just find the time because it is important (for your children or church group).'* (In understanding this apparent disparity, it should be noted that fewer young people and those with very young children attended the focus groups than other types of participant, possibly due to work or child minding constraints. Those who *did* attend may have therefore been more favourably disposed towards the research topic and views expressed may be oriented towards giving. To account for this, then, there may be less volunteering by people at these busy life stages than at other times, although clearly some still occurs.)

While participation in focus groups was also relatively low by unemployed individuals, their comments did reflect an interest in volunteering. To a great extent, unemployment directly and negatively affected the individual's perceived capacity to make donations. *'I feel bad that I can't donate...it will be interesting to see if my attitude changes now I am going into full-time work.'* However, being unemployed still allowed for volunteering and there appears to be volunteering activity by many unemployed. One important benefit perceived in volunteering was that one was able to make a meaningful contribution to society even without a job and, in turn, this helped to build self-esteem and maintain morale in job hunting. Volunteering was also perceived as offering unemployed individuals social support. *'You have a place to go and people to talk with.'* *'It can be really enjoyable to work with others on a project.'* However, some saw that volunteering gets in the way of looking for a job and they did not want to be distracted from the job hunt. *'It's really important that I find a job.'* Some mentioned the option they were given to volunteer to keep unemployment benefits and there appear to be mixed responses to this 'pressure' to volunteer. Some found the volunteering experience unexpectedly satisfying and engaged happily with the nonprofit; others resented feeling 'forced to volunteer'. Volunteering by job seekers was most enthusiastically embraced when it was perceived as both doing something worthwhile but also offering skills or contacts they saw as personally valuable in helping them find a job.

Sickness and disability, and single parenthood, also appeared to dramatically constrain both individual's capacity to volunteer, as well as to make donations (although many people in these situations still did give, they said, *'just at a lower level'*). There were simply more immediate priorities for these individuals, such as 'making do' and 'getting by'. Coping strategies did not normally permit much giving behaviour outside the family unit. Again, research participants were fewer in these categories, probably due to the difficulties of attending the group and, despite varying the time that focus groups were conducted, there were no clearly better times to recruit such participants.

Overall, giving was constrained by the perception of not having the capacity to do, even if this situation was temporary. *'Right now, I am not in the position to help.'* Some reported feeling under financial pressure or uncertain about their

circumstances, and this restrained their giving. This was most clearly illustrated by unemployed participants and those on a small fixed income but it may apply to individuals on any income level. Some suggested that wealthy people who give at very low levels may be relatively new to having wealth and they are uncertain about how to keep it.

2. Whether or not one valued giving, that is, one had a giving 'orientation'

As well as perceiving oneself to have a capacity to give, participants who reported giving time and/or money perceived themselves as having a 'giving orientation'. Individuals also commonly spoke of this as having a 'giving personality' or of holding deep values that were congruent to giving. *'It's who I am.'* That is, giving was seen as an expression of their identity, commonly developed in childhood. Mostly, this was seen to be because people had been exposed to role models within their families who gave to community causes such as a parent or grandparent.

'My parents instilled that in me... that you have an obligation not just to yourself but to others. So you have a broader sense of social responsibility, it's not just about the individual.'

Conversely, they commonly ascribed not giving (or negligible giving) to a lack of a 'giving orientation'. One reason for this given by some participants was that their role models when children did not have such a disposition. *'I've always been a bit suspicious of charities because my parents were.'* They believed they were not taught to 'value' giving behaviour and so did not engage in it. *'My mother became really sceptical and taught me to be careful about what they said.'* Other reasons offered for low giving behaviour by people generally were mainly that low-givers had not been *personally* exposed to hard times themselves nor had they seen *others* in genuine need. *'They've never been touched by a real social problem themselves.'* Thus they were isolated from community need and found it difficult to relate to them.

3. Belonging to a network that encouraged giving

Being a member of a group was a third way by which individuals appeared to be influenced in their giving behaviour. This seemed to apply to both formal and informal memberships of various kinds of groups including social, work-related or religious groups. *'If you see others getting involved (like giving blood), it raises your awareness of it and makes it easier to get involved.'*

Groups sharing strong values and beliefs such as religious groups appeared particularly influential for giving behaviour. *'I support a range of causes through my Church.'*

Discussions with individuals suggest that groups or networks, even loose ones, encourage giving in a range of ways: they can present opportunities for its members to support community causes, bring attention to specific causes, highlight the worthiness of specific causes, encourage support in its communication, and reward those who do give by recognition and approval. Part of the appeal of giving through a group appears to be that giving becomes a group activity, which can be satisfying for members. Overall, groups seem to support giving in three main ways. Firstly, they appeared to enable giving behaviour. *'It's easier to go (to Clean Up Australia) when others you know are going.'* Secondly, they appeared

to legitimise, and otherwise lend credibility to, the causes they pay attention to and support. *'You know they are worthwhile causes.'* Finally, groups reinforced giving behaviour:

'They were doing it (bike ride to raise funds for a charity) and they thought I would like to do it, too...it turned out to be excellent, a good time, and it was for a good cause, too.'

4. Being involved with a nonprofit organisation

A final key factor influencing an individual's level of giving appeared to be whether or not they were involved with, and felt connected to, a nonprofit organisation or cause. *'People don't give essentially because there is no involvement...you need some connection to what you are giving to. I think a connection is important...'*

Such a connection could arise from volunteering. *'I have been volunteering there for years.'* Such involvement offers familiarity and trust. *'I know the work that they do.'* This was commonly based upon past positive exposure to the organisation. As one participant commented:

'I give to the RSPCA because we did a lot of fundraising for them at high school and really got to know them...I remember the people who came in with their dogs and spoke with us.'

Some participants identified nonprofit organisations that encouraged volunteers to take the initiative, rather than 'telling them what to do'. One participant gave this example:

'Working together on a common cause can actually be very energising [and make you want to do more]. I've been involved in all sorts of community work for...oh dear... 30 years...and Rural Australians for Refugees has been the most energising of all. It has a very flat structure, we have a revolving chair... the only reason we've got a president is to have someone who is publicly identifiable and it's a legal requirement because we are an incorporated body...anyone can make suggestions, can do things, and others support it.... it's a great group!'

In contrast, participants reported being less likely to give to nonprofits that are unknown to them. *'I don't like to give if there is no emotional connection there.'* *'I'm not involved with any particular charity and am not sure where to start.'*

The above factors need to be considered in the context of individual motivations for giving (see Section 1.8.2). Next, let us consider the willingness of individuals to donate to community causes in *specific situations*. This is relevant because giving behaviour by participants appeared to depend upon how individuals perceived the circumstances surrounding the request for support.

1.1.2 Situational factors influencing giving

Many participants said their willingness to give was influenced at least in part by the request situation. Five factors were identified as helping to shape giving behaviour.

Key situational factors influencing giving behaviour:

a. Purpose of the gift. Firstly, people reported mainly giving to those causes that they saw as ‘worthy’, either because:

1. they *personally* believed these were areas of genuine need (such as youth suicide) that were not being adequately addressed by the government
2. they were *legitimised* by the community and attracted broad support (such as a children’s hospital foundation)
3. they were *endorsed* by others (individuals, and formal and informal groups) with which an individual identified or respected (such as a celebrity endorsing breast cancer research, a project supported by the Uniting Church).

There was general support for causes that made an immediate improvement in a situation.

‘The causes that are worthwhile are those that really, obviously, directly help people... I am more likely to give if you can see the connection between what you give and the result.’

Some individuals raised the issue of being asked to help buy something that they would expect the government to cover (and often had covered in the past). This received widespread support.

‘What gets up people’s noses is paying for simple stuff that a hospital needs, basic infrastructure stuff. So they give to help buy a defibrulator, for example, and they then say to the RSPCA, for example, too bad, can’t give you anything this week because it went to the hospital. Well, that’s bad, they shouldn’t have to do this.’

b. Who was asking for support. As well as being influenced by perceived worthiness of a cause, most also said they gave, or not, based on the perceived worthiness of the nonprofit organisation seeking support. At the very least, they said they needed to *have heard* of the organisation itself or a similar one: lack of recognition of a nonprofit or its focus was commonly cited as a barrier to giving. As one participant, a male in his 50s commented: *‘I wouldn’t give to ovarian cancer because I don’t know anything about it.’*

As well, the nonprofit’s *reputation* was important in influencing the responses of potential donors. Indeed, the greatest needs of both everyday and wealthy individuals in supporting nonprofit organisations appear to be trustworthiness and accountability. People needed to believe that if they made a donation to a nonprofit, it would use the money in the way it said they would.

c. Likely impact of the gift. Finally, individuals wanted to know that the efforts of the nonprofit to which they donated was effectively addressing the issue. *‘Is it making a difference?’* Prior to giving, they appeared interested in hearing that their gift would help in a practical way; post-giving, they sought some reassurance that it had contributed to addressing the problem. *‘It was good to see the results of what we were helping...we got the photos.’*

Where the likely impact was not known, there may still be an impression gained by the individual that the impact will be positive. That is, a few individuals reported being willing to give to an unfamiliar nonprofit organisation when its mission sounded *likely* to contribute to the community. For example, it may fit into a type

or category of nonprofit organisation that the individual deems worthy, such as a shelter for the homeless or a youth centre.

- d. The amount being requested.** The more affordable the donation and the more locally directed such a cause was, the greater their appeal appeared to be for many participants. For example, donations of \$2 or \$5 were justified because they were considered inconsequential and not a real commitment. *'They weren't asking for much.'* There were also some donations made for other reasons such as convenience or empathy with the person asking for a donation. For example, individuals reported, *'Sometimes, it's easier to give than not to'* and *'I know that [X, an acquaintance] gives a lot of time to this cause so I like to support them.'*
- e. Number and/or type of requests to which the individual had responded in recent times.** Finally, individual giving behaviour appeared to be influenced by the number and nature of requests for support they had recently received as well as the extent to which they had responded to these requests. Nearly all participants reported receiving **multiple requests** for support by nonprofits each week. Each situation appeared to be assessed according to its merits but the number of requests they received, and the number they had agreed to support, *also* seemed to have an effect.

In particular, findings suggest that individuals may have a comfort level for giving within any time period. Individuals appeared to keep giving until the accumulated donations (their number and/or amount) reached a certain point (the individual's comfort level) and at this point they 'switched off' or limited additional giving, regardless of the cause or organisation. After a period (which could be days, weeks or longer), they again feel ready to resume giving in their 'normal' giving pattern. Thus it appears that donations may have an accumulative effect and that giving can reach a 'saturation' point, both of which may explain variations in an individual's giving behaviour. *'Every cause is a good cause but you can't give to everything.'*

Overall, qualitative findings suggest that individuals appeared to act out of *typical* giving behaviour moderated by both life stage and a range of situational factors. The situation surrounding the request involved such factors as who was asking and why, how much was sought and whether the individual had given recently.

1.2 Income – everyday and wealthy individuals

1.2.1 Everyday individuals

As noted, almost *no* everyday individual described himself or herself as a 'non-giver': they nearly all perceived themselves as giving regularly to all kinds of community causes. Nevertheless, the amount they gave varied considerably, with indications that most gave \$200-\$300 a year, given over the year in small amounts of \$2 to \$10 per time. Amongst everyday individuals, parents reported the highest level of giving of time and money, mainly through their children's activities (school, sport etc.). Older retired and semi-retired people were also strong givers, mainly of time. For example, females often volunteered in community organisations after their children had grown and left home but while their partner was still working. Alternatively, both males and females often volunteered upon retirement (or retrenchment, if

no employed work was to be found). Many did not appear to be asked to give as frequently as parents say they are but, instead, these older people saw that they had the opportunity to contribute in practical ways to community organisations at the same time as benefiting themselves: keeping skills alive or expanding upon them, making friends and enjoying social interactions and keeping busy.

Belonging to a church also galvanised the giving of time and money for everyday people: they were generally encouraged to support not only their church but also community activities that were aligned to the church or its values. Churchgoers appeared to be aware of at least some needs in their community, especially where the Church has sought to make a difference. Giving time and money was encouraged by religious organisations and individuals committed to the values of their church also wanted to give what they could.

'A lot of my giving is church-based where I feel comfortable with the cause or the people that I know are administering the charity.'

The most common type of everyday giver appeared to be:

1. parents with school-age children, who see themselves giving largely through their children and acting as role models for them
2. older men and women who have extra time on their hands with fewer work and family commitments
3. churchgoers who give through church-related activities (and often carried this giving spirit into non-church based community organisations as well)
4. members or active supporters of a cause, hobby or interest.

By the same token, as already noted, many believed that there were stages of life that made it either more *difficult* for everyday people to give or *less relevant* for them to do so due to competing priorities. For example, it was generally perceived that those in their 20s and starting in a career, a marriage or a family were often preoccupied with establishing their own lives and were not as likely to give. Similarly, others perceived young people (those in their early 20s or late teens) who were single and 'enjoying life' at university as less likely to give to community causes, mainly due to their stage of life. Interestingly, young people themselves, while supporting this view to some extent, saw themselves as more active givers than others perceived them. They commonly reported volunteering for social justice or humanitarian causes such as environmental projects, human rights and animal rights projects, and for causes to which they had been introduced while at school. However, their mode of volunteering did appear to differ from older people: younger people preferred volunteering on a short-term basis, for example, on specific projects (rather than the long term volunteer allegiances to particular organisations evident in middle-aged or older people). Further, everyday individuals reported making donations in one or more of three main ways, with most individuals at the first level, many at the middle level and fewer at the top level, much like a pyramid.

The three main levels of giving identified in this research are:

- **Giving at a basic reactive level**, where the bulk of individuals appeared to make small donations (usually from \$2 to \$10) spontaneously and frequently.

‘There’s a feel good factor in being able to respond straight away.’ At this level, individuals are commonly asked for support by telephone, by direct mail or in person such as in the street, at a function or at a hotel or club, at work or at home. This type of giving can involve the purchase of raffle tickets or a small item like a badge, pen or flower. Donations may also be made via an intervening organisation, for example a school or Lions club fundraising for the Leukaemia Foundation. In school fundraising activities such as ‘readathons’ and walkathons, there may be incentives offered to the children for raising a certain level of money for the cause. It should be noted that there was a strong objection by parents expressed in focus groups to the message this was perceived to send to children, which was ‘raise money for a good cause and get a prize’. Generally, in giving at this basic level, everyday individuals need to be familiar with a cause (or the type of cause represented) and generally *approve* of it. They do not necessarily have a great affinity with it. *‘We are pretty broad-minded about what we support.’*

Donors at this level claimed to only infrequently keep receipts for tax deductions, mainly because the amounts involved were seen as inconsequential. Comments such as *‘I don’t give much’, ‘it’s too fiddly’, ‘the amounts are too small’* and *‘it’s not worth it’* were typical. The total amount given annually appears to be less than \$200. Participants also did not think they gave to a worthy cause because they could get a tax deduction. *‘It’s not why we give.’* Some even seemed offended by the idea. *‘It’s bad form to worry about that.’* However, many were quick to point out that wealthy individuals were likely to find tax deductions helpful because they gave ‘much larger amounts’. Those giving at this basic level did not personally relate to this, however. *‘I don’t give for the tax benefits’.*

- ▶ **Giving at an intermediate ‘believer’ level**, where a smaller number of everyday individuals tended to make medium-size donations (for example, between \$20 to \$100) either in one donation or in several smaller amounts annually. They commonly give to those causes in which they believed in *quite strongly* prior to being approached, and they report being asked to give in one of a number of ways such as by mail or telephone, for example, the Surf Life Savers Association. *‘I really think the work they do is important and will happily give when they ring me up.’* Some may also give through regular, automatic payroll, credit card or bank account deductions. Some, but not all, save receipts for subsequent claiming on tax. Many also complement this giving with small, spontaneous donations (at the basic level). The total amount given annually is likely to be less than \$350.
- ▶ **Giving at a high ‘proactive’ level**, where an even smaller number of everyday individuals appear to give more substantial donations at a time or in total (usually \$100 or more, once or twice a year to different causes or in regular but more substantial credit card or bank account payments commonly by automatic deduction). These individuals commonly give to one or more causes that they *very strongly* supported. This giving tends to be a proactive, considered, decision sometimes taken as a family unit that may be repeated annually. For example, an individual may write a cheque or make a credit card donation to the Salvation Army or Mission Australia, usually on request coming from the nonprofit concerned. Alternatively, she may pledge a monthly gift to sponsor a child through an overseas aid organisation, with contributions automatically made through a bank account. In the former, a receipt is issued

when the gift is made and, in the latter, a receipt is issued for the total annual donation. Church-related donations also commonly fit into this third category by committed churchgoers. Many also reported complementing this giving with small, spontaneous donations (at the basic level). Donations are likely to be claimed (when they can) because of their larger amounts and receipts are automatically issued. Total amount given annually is likely to be more than \$350.

Causes supported by everyday individuals

Everyday individuals tended to make small donations to a wide range of causes. *'We are open to giving to different kinds of causes.'* Nevertheless, participants indicated preferences, largely based on perceived shared values and a belief in the nonprofit's mission. *'You give to causes you can identify with...you know them and the work they do.'*

Welfare and social justice causes were especially popular because they were commonly seen to help those innocent of the problems they experienced. For example, *'I like to support anything to do with children.'* In turn, some reported being disinclined, sometimes vehemently so, to help those they saw as partially to 'blame' for their problems such as drug addicts or single mothers. As one commented about an unemployed man begging in the street: *'I could sit there and ask for money, too, but you don't...you just find a job and work the hours.'* In such situations, recipients may be perceived as directly contributing to their problems. *'They have created their own problems.'* Generally, the causes with the widest appeal were those perceived to directly improve a community problem.

'The one charity I do remember giving to, and which I am glad I did, is the Starlight Foundation because it directly helps people in need.'

'That's why I like the Guide Dogs...you feel the money does actually go to them. And the more removed something is, the less likely you are to know this.'

Appeals held appeared to be helped by endorsement in the wider community or by a credible group such as a church, a school, a service organisation, a local radio or television station etc. Less popular causes were the environment and the arts: they were simply not seen as priority areas requiring their personal support. Indeed, many people generally required prompting to even consider them: they were not top-of-mind interests. While some – especially younger people – showed concern for the environment, they appeared more likely to volunteer than to donate to this type of cause.

Overall, instead of championing *specific* causes, everyday people appeared much more likely to identify with having 'giving' values or a giving 'orientation'. That is, they thought of themselves as being a giving person generally, as a part of who they were, and thus they supported a range of causes 'to the extent they could'. Those families with school age children appear to give a combination of time (for example, helping out at school fetes, tuckshop roster or with Saturday sports) and money, frequently (e.g. every week or more often) but in small amounts (e.g. less than \$10 per time). Older people commonly volunteered regularly to mainstream causes (such as Meals on Wheels or St Vincent de Paul) and stayed a loyal volunteer for years, while younger ones commonly volunteered on a project basis rather than on a continuing one.

1.2.2 Wealthy Individuals

Amongst wealthier people, giving was mainly seen as giving *money*, regardless of whether they lived in metropolitan or regional areas. They rarely associated volunteering with giving without prompting but, upon being prompted, many considered this type of contribution – such as chairing a community organisation, being a Board member – to be of greater value to the nonprofit organisation than money. Their time was also seen as scarcer than money, for them. Nevertheless, many wealthy people did volunteer in the community, at least to some extent.

Qualitative groups and interviews indicated three main types of wealthy volunteer:

1. **Bringing Passion.** One type of wealthy volunteer had a deep personal interest in a community cause. They tended to be those who were retired or only worked when it suited them ('dabbling' with business or professional interests). They reported giving their time to causes they were passionate about, for example, acting as a volunteer at the local museum society or a botanic gardens guide, or helping to run a soup kitchen.
2. **Bringing Networks.** A second type of wealthy volunteer had strong social ties and networking was important for them. They were busy and had many commitments. They gave through networking. For example, they may offer their time to *enlist support* from influential others such as in a capital campaign.
3. **Bringing Expertise.** A third type of wealthy volunteer provided business or professional acumen for community causes. They were commonly active, successful business or professional people. They gave their time to nonprofit boards and committees that could utilise their strategic input and areas of professional competence, such as chairing a nonprofit in a voluntary capacity.

Regarding donations, wealthy individuals were generally well aware of their greater capacity than the average person to give and most reported being happy giving more (than everyday people) on this basis. Some disdain was clearly evident for their wealthy comrades who were *not* using their resources to help the community. Nevertheless, wealthy people varied widely on how much they did give, either to a particular cause or in total over a year, and in the level of their affinity with the causes they supported. Further, wealthy participants called for all Australians to give what they could. They wanted everyone to contribute to the common good and did not want giving to be left to them completely. *'All Australians need to do what they can. They can't leave it up to others.'*

Of the wealthy, the highest givers appeared to be those passionate about particular causes or organisations and who either had a strong relationship with a nonprofit organisation or who established a private fund or foundation for their giving. As one participant explained:

'It's a matter of firstly getting excited about a cause, then getting to know where your money is going and how it's being used. I want to have a relationship with the end recipient, I suppose, in some way... and if I can't have any relationship with them then I am just writing a cheque and that doesn't do anything for me.'

Where they could, wealthy donors always claimed tax deductions on their giving (leaving such details to be handled by their accountant or adviser who, in turn, was aware of their gifts.) Tax deductibility did not determine if they gave or what they

gave to but it was widely regarded as a positive incentive for those wishing to give to give more than otherwise.

Participants reported that they rarely spoke to others about their giving of money and most did not know if others gave or how much, even close friends and relatives. Despite this, it was common for them to be personally approached to support causes, to such an extent that they guarded their privacy and valued it greatly. Indeed, they feared being overwhelmed by too many requests and feeling unable to support them all. Requests were almost exclusively made on a one-to-one basis by those in their social circle, those they know personally or those of whom they know. While they were most usually approached for money, or pledges over three or more years, they were also commonly enlisted to approach those they knew. For example, they may be asked to run a capital campaign or to support one. Calling upon contacts was an area about which many wealthy people appear to be sensitive because they value their contacts and do not want to strain relationships by asking too often. In turn, they did not want to be approached by others too often. Again, there appeared to be little or no discussion amongst wealthy people about what might be ‘too much asking’ but there was an intuitive sense of what is appropriate behaviour. (Such a finding dovetails with information from nonprofits that finding senior volunteers to be ‘askers’ is increasingly difficult.)

Qualitative research suggests wealthy individuals give money in three main ways:

- ▶ **At a basic ‘social’ level** where they give as a result of being personally asked for a donation, usually on a one-off or annual basis (such as an annual appeal). Indeed, there may be a social event or activity tied to the gift such as a gala ball, a charity auction or raffle with a luxury prize. They may also give as a result of being asked for a pledged donation over two to five years (as in a capital campaign). Giving commonly appears to involve ‘writing a cheque’ and being approached personally by their peers or influential others. The amount varies widely between several hundred to several thousand dollars.

Donors at this basic level are motivated by their social contract, at least in part. As a successful and respected businessperson or professional, they commonly perceived a responsibility to support worthy causes and a desire to do so. They were generally happy to support causes without feeling personally involved in a cause or having any strong emotion towards it. They commonly reported accepting the worthiness of a cause on the basis of knowing the character of the person asking for support or of the board members of a charity. They trusted that these individuals found the cause credible and worth their commitment.

They commonly give to a variety of mainstream causes and may be more reactive than proactive. The request for a donation may come to an individual on a personal basis or to their business: in either case, the donation may be made either way. Many reported donating as individuals for perceived convenience or appropriateness as business partners were involved who may have other interests. While tax deductions are claimed wherever possible, there was generally a limited use of other tax incentives.

- ▶ **At an intermediate ‘change’ level** where they give a more substantial amount after having been personally ‘touched’ by a direct experience of a need, or they may have been inspired by a cause or vision of what might be achieved. They may also have been personally cultivated by an organisation to become

a substantial donor for example, a university or a ballet company will seek to strengthen engagement and affiliation with its mission. Donors at this intermediate level see a need or opportunity and seek to contribute, in a substantial way, to a solution. Some see themselves as private philanthropists. They are likely to give between \$10,000 and \$50,000 annually, not necessarily to the same causes each year, and are usually highly emotionally involved in giving decisions. Alternatively, they may make a substantial bequest to an organisation. Donors at this intermediate level commonly reported giving to a small variety of causes or focusing their giving into particular areas that are relevant to them. Also, they vary in whether they give to mainstream organisations or those outside the mainstream. Either way, they give more deliberately and proactively but still retain flexibility.

Tax deductions were generally claimed by donors at this level and are seen as important to support their giving activities. However, there was also some unreported, non-tax claimable giving by wealthy individuals and it did not necessarily involve a nonprofit organisation. For example, some wealthy individuals reported providing substantial financial or in-kind support to members of their immediate or extended family, to those within their religious or ethnic-heritage community, or to those in their local community, where no tax deductions could be claimed. *'I can help out my family. This is where I can make a difference.'* Some also reported the funding of disadvantaged individuals in their local community or at a school, again where no tax deduction could be claimed. As one participant said:

'I am in a situation where I can offer the kind of help they need. Why not do this? It really helps them and it is satisfying, too. You can see the difference it makes to people first hand.'

In such circumstances, individuals said they gave either because they were personally touched by a distressing situation or they saw a great opportunity or potential that would go unrealised due to lack of resources. Some frequently initiated the gift themselves and took a watch over progress. Generally, those who gave without tax deduction saw themselves giving out of a sense of leadership and caring for the wellbeing of those affected and felt personally involved. At times, there appeared to be a blurring between support for family members and charitable giving.

- ▶ **At a high 'sustained' level** where individuals commit to large and sustained giving to defined causes, forgoing some flexibility to stabilise their giving. This level of giving often involves formal structures to facilitate gifts, such as private foundations and trusts (see section 1.3). Donations at this level are major commitments to particular causes or institutions and are more organised, enduring and focused than at the intermediate level. They may give in different amounts but larger donations are involved, for example, \$50,000 annually.

Tax deductions are claimed wherever possible and there is generally, but not always, use of more sophisticated giving mechanisms such as Prescribed Private Funds or older style family foundations. Givers at this level appear to have clearly articulated aims and purpose in their philanthropic activity, a 'vision' that seeks to make an ongoing contribution to the community by funding an activity or area of need that is seen as critical to society, for example, in the arts, education, in research or in social justice. It also tends to involve family members across different generations.

Overall, those who gave consciously, that is, as a deliberate effort to support a particular cause or to achieve a certain positive outcome in the community, appeared to give substantially more than those without a personal tie or vision of what their giving might achieve. *'You need to be personally touched by an issue to give at a higher level.'* Proactive or self-initiated giving aimed at a particular cause or organisation appeared to be more common amongst the wealthy than amongst everyday individuals. As noted, they were generally aware of their greater capacity to give money and appeared to be highly willing to give if they experienced an emotional connection with the cause or organisation. For example, some had lost a family member to an illness and were interested in finding a cure, acknowledging the effort made by an organisation or its staff, or creating a legacy for their loved one.

Finally, several wealthy individuals believed that giving required different kinds of commitment.

'Philanthropy is both time and money.'

Causes supported by wealthy individuals

While everyday individuals varied in whether they directed their donations towards a particular favoured cause or supported many across diverse fields, there may be more focused giving amongst the wealthy. This may be because, the more they gave, the more passionate they appeared to be and this tended to be focused rather than scattered. Also, there were types of wealthy giver. Firstly, there were those who preferred giving to perceived mainstream causes such as hospitals, schools, universities or art galleries. *'These are fundamental to our community wellbeing.'* Secondly, there were those who were more inclined to give to perceived non-mainstream causes such as disability projects, indigenous initiatives and disadvantaged young people. *'It's important to support these programs because they don't have major campaigns raising money for them.'* Indeed, some substantive proactive givers – including those with foundations and trusts – saw that they could make the greatest difference through their giving by giving to non-mainstream causes. These were perceived as requiring their assistance. *'[Mainstream] needs are already being met by the mainstream charities.'*

While some wealthy people worked with existing nonprofits and existing programs, others liked to support a fresh initiative. For example, some appeared to have been instrumental in new projects for existing organisations, had created their own projects as individuals (even sometimes without them being tax deductible) or had established private trusts or foundations (which were tax deductible) to fund innovative programs or to fill the gaps by nonprofits. Indeed, there also appeared to be unrealised philanthropic interests amongst some wealthy people who had not found a suitable channel for support but reported interest in doing so. *'I haven't found the right opportunity yet...I know generally what I'd like to do but need to explore this.'* Some wanted to 'bounce around' ideas but were unsure with whom they might best do this.

One concern for wealthy individuals was that community problems should be addressed as effectively as possible. There was a general sense that the nonprofit sector could do this better than government but finding solutions was difficult and 'a work in progress'. Many raised concerns about nonprofit accountability and the

importance of not wasting money (a similar concern for everyday individuals), but there was also strong interest in addressing perceived duplication by nonprofits, which was not such a concern to everyday individuals. Specifically, they wanted to know how similarly focused nonprofits differed and believed more co-operation and collaboration would help address community problems. For example, there seemed to be perceived overlap between some medical research organisations but communication between them was seen as low or non-existent. Generally, there was a view commonly expressed that they themselves had experience they could bring to help solve problems, ‘not just money’.

1.3 Giving through Charitable Trusts, Foundations, and Prescribed Private Funds

Focus groups and in-depth interviews with wealthy individuals who give to community causes through entities such as charitable trusts, foundations and prescribed private funds (PPFs) suggest that such structures are attractive because they offer a framework for thoughtful and effective philanthropy. *‘[The PPF] is excellent because it helps give more focus to the giving you are probably doing anyway.’*

Individuals involved in these charitable structures also saw it as an opportunity that they were privileged to have. *‘It still staggers me to see the amount done by volunteers in these organisations.’* Yet many have to choose between a wide range of worthwhile projects and this could be difficult. *‘It’s phenomenal to see [the work done by people in nonprofits]...the hard part of our job is to talk to those who were not successful in their funding [from us].’*

Indeed, many struggled with how time-consuming evaluating applications could be. As one participant explained:

‘We’re thinking of undertaking a more strategic giving program...[be proactive and] invite organisations to come and present to us...We don’t do this at the moment because we are receiving so many applications. Our attitude’s been “if we do it for one, we’d have to do it for everyone.’

Participants also seemed sensitive to nonprofits’ limited resources in applying for grants, as illustrated by this participant:

‘We don’t want charities putting in huge amounts of hours and work to obtain \$10,000. Their time could be better spent, I think. And a lot of charities appreciate that. I will never make a charity jump through hoops even though a lot of foundations...do. They want them to work hard for every penny they get. But at the end of the day we are providing gifts.’

With some exceptions, individuals involved in foundations, trusts and PPFs thought of themselves as proactive givers seeking out projects (or organisations) that might otherwise not be funded. They commonly asked: *‘How can we add value to the community?’* Similarly, they were generally keen to seed ideas that inspired them. Most believed they were motivated by their own vision of what might be achieved by a careful application of funds in particular areas. This appeared true both for those in long established structures (long ago set up by their parents or grandparents, for example) and new ones (recently established by themselves or with their spouse).

Most indicated a concern with creating an optimum impact through their giving. Some more experienced members of larger foundations expressed interest in working with government to influence policy especially in intervention strategies. They spoke with passion and commitment about having this opportunity – of being in what they commonly referred to as the fortunate position to directly help ‘do good’ in the community by providing financial assistance. For many, it was a chance to ‘give back’ to the community or to ‘balance’ their work with community involvement. This was especially true for those with recently established PPFs.

1.3.1 Issues facing grant makers

Our research suggests that this type of giving is treated with a great deal of responsibility. Participants perceived a range of key issues they faced as grant makers:

1. **Accountability** both by their foundation and by recipient organisations e.g. clarifying the rationale for funding programs or organisations, how money was applied, and with what effect. Hearing back from organisations they had funded was important, especially where grants were substantial. *‘If we give more funds, we expect more commitment back.’* Nevertheless, this may not be a priority for nonprofits. As one foundation participant noted:

‘People think that once they’ve received their funding and done their work, that that’s the end of the story...you can almost understand with small organisations, people can move on quickly and this becomes difficult, but even some of the larger ones can be, not even weeks overdue, but years overdue with their report. You wonder about their organisation when they can’t follow through with [a report].’

2. **Fairness** by them in grant making. They wanted to be ‘just’ in their decision to fund projects (or not) and in how they assessed the outcomes of funded projects.
3. **Effectiveness** in terms of achieving optimal impact through their grant making. This includes selecting the areas to work in, how the foundation works with other parties to achieve change, how it works with grant applicants to refine their projects or initiating contact with others who may complement funding. As one participant expressed it:

‘It’s hard to know what to fund when the need in some areas is so extreme...and also how you do these things well when you have a very small staff stretched over several areas of responsibility and you have trustees roll up only twice a year to sign the papers.’

However, most did not see themselves as seeking control over projects.

‘If we are funding a charity working with disadvantaged kids, it’s only because we are confident that they know what they are doing...we won’t tell them how to do that.’

4. **Efficiency** in terms of managing requests for information, the application submission process, the review of applications, the selection of funding projects, implementation of funded projects and evaluation processes. These concerns can clash with the desire for accountability. *‘We don’t normally follow up on the reporting because our grants are small and we have so many of them that it would be too time consuming to chase people up.’*

Part of this concern about efficiency appeared to be a concern for effectiveness. For example, *'We want to spend less time on saying no and more on what we want to do.'*

5. **Fulfilling the intention** of the founder, in older trusts. Those in older foundations or trusts that were established by their forebears were particularly aware of the mantle of responsibility that had passed to them. They generally expressed a strong desire to appropriately interpret the wishes and intention of the original philanthropist, given that community needs had changed over time.

Overall, many individuals with foundations and trusts wanted to incorporate best practice guidelines at each stage of the grant-making process as well as streamlining their processes. For example, this included exchanging information with other foundations.

'We have a really good relationship with other foundations in Sydney: we talk. Hopefully it [can make it easier] for charities because we might contact them and say we've spoken to the people at [X] and they've told us all about the great work you do. Just pop in an application...'

However, they varied as to whether they believed they had access to these, as well as how well they were able to apply these principles. Individuals with newly established PPFs appeared to be least informed about the ways to manage their giving processes and appeared the most receptive to networking and learning from experienced others.

There was widespread interest by individuals with trusts, foundations and PPFs to fund either innovative or 'between the cracks' projects. That is, they commonly looked for those not likely to be funded elsewhere or that had critical program elements that were not funded yet may determine long term success. Indeed, they seemed to be very interested in funding in ways that others did not. They also generally sought projects or activities likely to deliver a high return on their investment or, at least, to provide a solid platform for achieving high returns in the future. That is, there appeared to be a willingness to fund projects or organisations in stages and to build capacity to deliver outcomes over time. While they generally said they were open to funding any need, including a nonprofit's infrastructure, they needed to be convinced that having low funding in this area was limiting that organisation's contribution; they also needed ways to manage such infrastructure funding to ensure optimal outcomes.

While many wanted to invest in achieving long-term outcomes that addressed community problems in a systemic way, in reality this did not necessarily happen: the 'new' project not the on-going one held more appeal. As one participant commented:

'So many talk about this issue of "pilot plague" where everyone [making grants] wants to kick money in for the new beaut idea but we don't follow it up ...and I think this is a really critical gap in our current way of working, that we haven't forged close enough relationships with government to look at that on-going funding.'

1.3.2 Purpose of foundations and trusts

Many individuals with foundations and trusts reported low interest in meeting the immediate needs of the community which was seen as the 'space' owned by

mainstream charities, for example, in their running of soup kitchens and respite houses. Instead, they wanted to think strategically about social problems and address underpinning factors. *'We want to be about social change, not charity.'* The challenge for grant-makers was perceived to be how to achieve this, recognising the important role of government. As one participant commented:

'There is a great opportunity in this country for us in the philanthropic sector to work more closely with government, in terms of funding these pilot projects but then working with the nonprofit to shore up on-going support from the government.'

Further, some foundations wanted to contribute to public policy, as illustrated by this comment:

'We need strategic philanthropy but not in the corporate sense of the term...we need philanthropy that is an incubator of new ideas and innovation and taking it to public policy. That is REALLY what strategic philanthropy means.'

To assist this 'partnership' with government, quality evaluation of nonprofit projects was seen by some to be the key and, as one step towards this, they encouraged research and evaluation in grant applications.

'Evaluation will provide evidence for the success of pilot programs and is needed for the government to pick it up and roll it out.'

'Evaluation just makes it so much more powerful [for the group] in negotiating with government because it wants to see the evidence.'

There was some agreement that, for evaluation to have the greatest effect, it needed to occur within a context of dialogue with, and working alongside, the government in the piloting of projects.

'One of the important lessons we've learnt is relationship-building with government [from the beginning].'

It was also suggested, with some support, that **greater collaboration** was a priority for nonprofits. However, some believed that this was being hampered by the adoption of 'corporatised' models of operation in the sector. While for-profit models had helped nonprofits make their administration more efficient and encouraged resource optimisation, they were also seen to have inappropriately encouraged competition within the community sector.

'The problem when you adopt a corporatised model is that you start imposing competition...and such a for-profit model seeks quite different outcomes than the not-for-profit model.'

1.3.3 Needs and interests of different kinds of trusts and foundations

Two main types of grant-makers were identified: individuals involved in PPFs were commonly those who had made their own money through successful businesses or professional practices – and sometimes a degree of fame – while many in older trusts and foundations had inherited their wealth. Many of the former were entrepreneurial, 'can do' kind of people, who wanted to make a genuine difference to their community, even though they were generally aware of the difficulty of achieving genuine change. The latter were largely committed to the long-term and

saw their giving as a family concern that involved the preservation of certain values and the fulfillment of the founder's wish for a meaningful legacy.

There was mixed awareness by trusts and foundations generally of seminars and events aimed at addressing their information and networking needs (such as those conducted by Philanthropy Australia and Centre of Philanthropy and Nonprofit Studies) and some had attended one or more of these. There was some awareness of web materials offering support for trusts and foundations. Generally, the newer the entity, for example, many PPFs are less than two years old, the more individuals appeared to need such support and the less likely they knew of them.

Similarly, both those with newly established foundations and those thinking of establishing one generally were unaware of resources and other support that may assist them. They were unsure where to get information that would be most useful to them, or where they might find like others who could offer their encouragement and 'words of wisdom'. Indeed, they commonly felt 'in waiting' until they became clear about what they actually wanted to do philanthropically. Some of these had a long history of substantial giving while others did not but felt the need to become active.

Key issues raised by *longer-established* trusts and foundations were:

- ▶ Interpreting the intentions of the trust's founder in the light of current social needs and opportunities. For example, *'Is this what [the founder] would have wanted?'*
- ▶ Making a real difference with their grant making by taking a leadership role in partnering with organisations. For example, *'We can join together on this issue to have an impact'*
- ▶ Linking with other funding bodies to achieve sufficient project support in the short term, and with the government to achieve sustainability of innovative approaches in the longer one. For example, *'There is potential to do this; we are not doing it as much as we would like.'*

Key issues raised by *newer* trusts and foundations especially PPFs were:

- ▶ How to clarify one's mission and focus. For example, *'What do we really want to achieve?'*
- ▶ How to best handle lots of applications for worthy causes. For example, *'We are not sure if we should have a website or not'*
- ▶ How to decide on allocation of monies. For example, *'How much should we spend in one area? We are still working this out.'*

In sum, individuals who gave through trusts, foundations and PPFs were highly concerned with their individual grant-making role in creating social capital. Yet there was also a general awareness of the integrated nature of achieving sustainable outcomes for the community and of the need to work with other funding bodies, including the government.

1.4 Social entrepreneurs

Our research included limited discussions with individuals who were engaged in giving time and/or money in 'entrepreneurial' ways or to support 'entrepreneurial' development within nonprofits. Findings while indicative only, show these 'social

entrepreneurs' wanted nonprofits of all sizes to be creative and innovative in how they worked, internally and externally. The view was expressed that 'what community organisations have done in the past does not suit the world as it is evolving' due to a vastly changed environment in terms of access to resources, volunteers, community need etc. For example, as one participant pointed out, the younger generation differs enormously in how they like to be asked, what they are asked to do, how they want to be involved etc. A trend for younger people was to build their 'portfolio' as they volunteered and to contribute to their lives.

'How are [they] asking people for their money or to volunteer? Is it very inspiring? Think about the world today. You often need to reach people with what they're passionate about, not necessarily what you want...to give people the freedom to explore what they are passionate about.'

The 'old thinking' underpinning most nonprofits was taken to be 'we are a poor organisation and really need help' while the 'new thinking' is 'we can offer something really valuable here; join us and grow.'

The traditional paradigm. The 'old thinking' underpinning many nonprofits was generally perceived by these participants to be based on longstanding attitudes and orientation that was deeply embedded or 'infused' into management structure and processes, which could be very difficult to change. Many organisations were resistant to doing things differently, clinging to 'the old days' and holding firm 'to doing the same old stuff' in terms of the programs they run and how they approach people for support. Yet, they suggest, this traditional paradigm is not very effective for nonprofits planning for the years ahead. There was general agreement that they were 'subverting their own power' by approaching businesses and others as an 'unequal player'.

'They think only the business offers benefits to them...but community organisations actually offer something valuable to businesses, too, and they should be an equal partner.'

To illustrate the difficulty associated with 'old thinking', one participant suggested that community organisations (particularly micro-community groups) were becoming exhausted by increasing bureaucratic requirements (e.g. GST). As well, she perceived that almost all were losing volunteers in today's fast paced, fast changing environment. With 'old thinking', an organisation passively resisted these changes and was increasingly despairing for its future. For example, many were finding it difficult to attract and retain volunteers because they had yet to adapt to the 'new breed' of volunteer that looked for mutual benefit – for the nonprofit and for themselves. On one hand, it was reported, today's volunteer wanted to make a meaningful contribution, to help to achieve clear outcomes for a community organisation, and to see a changed outcome as a result of their contribution. On the other, they want to gain in professional and/or personal skills. They want to learn and grow their skills and experiences for professional portfolio or personal development. [This does align with nonprofit comments.] As one participant commented:

'People want to see a reciprocation [when they engage with a community organisation] and they also want to see how their passion contributes to a change instead of the "same old, same old".'

Similarly, said this participant, there were emerging community needs in Australia (such as assisting refugees) that few organisations were working in creative ways to meet. These were just some of the opportunities facing community organisations.

The new paradigm. ‘Social entrepreneurship’ was broadly seen as a new operating paradigm for community organisations, encouraging entrepreneurial, creative and innovative thinking and behaviour. Indeed, these individuals broadly suggest that innovation is central to a community organisation’s development (and is a key concept to social entrepreneurship): shifting from what organisations have done in the past to become ‘more responsive’ to meeting changed community needs and trying to creatively leverage their programs i.e. working on a shoestring to build on their organisation’s strengths. (Indeed, there was a reticence about using ‘nonprofit’ as a term, because a new type of organisation may be creating a social ‘profit’, output or value for the community; social entrepreneurship similarly may be seen to bring a creative, fresh, positive and highly responsive organisational approach to the broader community environment).

Thus the social entrepreneurs we interviewed wanted nonprofits to move towards ‘empowering’ both those who supported it and who benefited from it, and taking the organisation away from a ‘poor us, poor them’ attitude. *‘It’s important to go back to what people are passionate about.’* They saw growing interest by those in the community sector to review their organisational identity, how they fulfill their mission, how they meet community need, and they supported this wholeheartedly.

In particular, they wanted community organisations to have the opportunity for seminars, discussions, audits and workshops that challenged their assumptions and offered them a resource ‘toolbox’ for change. There was a perception that some larger organisations showed strong interest in taking the time to reflect and plan their futures. Nevertheless, they perceived that smaller ones that did become engaged in the concept could be successful because they could change more quickly than larger ones.

There was also a warning by one participant that while there were two different models used for social enterprise, only one was focused on sustainability. The first was where a ‘charismatic leader’, often from the corporate world, was brought in to transform the organisation, and then they would leave. This type of ‘quick fix’ was likely to leave the organisation far worse off than before they arrived because changes could not be sustained without that particular leader. As a result, there could be extremely negative views about the ‘social entrepreneur’ concept. The second model, which is what was perceived as needed for the sector, is where an organisation seeks to bring change by engaging with the community to decide together what the community need is and how best to meet it. This is a more grass-roots approach that emerges out of that community, and engages staff more fully; it enables the ‘social enterprise’ to be creative at the community level and sustainable in the longer term.

What they wanted was greater evaluation of programs by community organisations wishing to improve what they do. Also important to achieving creative change was education, both internal with management and other staff, and external with key stakeholders. *‘You also have to constantly reinforce the benefits of what could be achieved. This takes a lot of talking.’*

Generally, the individuals who identified with being ‘social entrepreneurs’ believed there is a growing appreciation of community partnerships and what can be achieved in co-operative ventures based on empowerment of the people involved and the benefit that can be achieved together.

1.5 Gender

Both men and women, regardless of income, similarly reported giving more when there was an emotional involvement in the cause or organisation, or what either represented to them. For example, they may have been personally moved by meeting someone in need and they gave out of a genuinely compassionate desire to assist; they may give out of thanks for the assistance rendered to a loved family member or friend, or they may have developed a vision of what might be achieved, of excellence or outstanding performance in a particular avenue. When contributing to an outcome that was personally important to them, they also reported more satisfaction or ‘joy’ in giving.

As well as emotional reasons, people also gave for logical reasons. This was a stronger theme when men, particularly wealthy men, discussed giving. To illustrate, wealthy men rather than women reported giving substantial sums (\$2,000 or more) to causes after being approached by peers to give to mainstream fundraising campaigns. This type of request was most commonly made of business or professional people who were successful in their own right (who had earned wealth themselves rather than inherited it) and they gave despite the absence of an emotional bond for the cause for several reported reasons. They tended to be asked to do so by someone they knew and respected or liked. Also, it was commonly the case in this type of giving that others were doing so, the cause enjoyed community legitimacy, and they felt a responsibility to support such causes as a successful member of the community. They commonly did not wish to see the need first hand or to meet the recipient organisation: they were happy to oblige their peers because they were able to do so relatively easily. (While men seemed more prone than women to engage in this kind of giving, it may be simply a reflection of more men than women being in the category of earned wealth in Australia rather than an important gender difference in giving behaviour.)

Being married also appeared to shape giving decisions. Both men and women who are married reported that they *commonly* discussed making larger donations with each other and that they frequently saw their gifts as joint ones. Sometimes couples reported each spouse having a particular area of expertise and interest so there were individual areas of donation as well as joint areas from the one family. In the area of small donations couples were happy to work alone: neither consulted the other nor saw any need to do so. Many such donations were made regularly in the course of a week, and were neither planned nor seen as significant, for example, buying tickets in a raffle in the street to aid homeless people or donating to the Salvation Army passing around a tin in a hotel. However, larger donations (for example, \$100 or more, and less for everyday families on tight budgets) appeared to have a direct impact on the family finances in everyday households. As such, they tended to involve a joint decision. It is not surprising to find, too, that where a partner was dependent on the other’s salary, the more they tended to decide about donations together.

Interestingly, either party could be more influential in the decision: they did not need to be the primary breadwinner. Some men who were the primary breadwinners in their marriage described their wives were ‘the conscience’ of the household, encouraging them to make donations and interesting them in causes that had not previously held interest for them. Some exceptions to joint decision-making occurred when individuals were married. The most common one was when a man or woman was either earning their own income (they may have their own business, for example) or otherwise had independent incomes, and he or she was approached by a business associate or peer to support a cause. Both men and women reported being willing to make a donation in their own name without discussing it with their partner in such cases. They also did so when one had different favourite or preferred causes. In these cases of independent decision making, people tended to be wealthy rather than on everyday incomes.

1.6 Age

Generally younger and older people tended to be more involved in volunteering while those in their middle years (especially in their thirties and forties) were more active in giving money. This reflected their actual and perceived capacity to give. Participants spoke about both their offspring, as well as their own experiences as children and teenagers, volunteering through jointly arranged school-nonprofit activities, especially fundraising. For example, walkathons and other child sponsorships for a community cause were common; other activities included door-knock campaigns, raffles and competitions. University students pursued volunteering opportunities with nonprofits that aligned with students’ personal values such as gaining signatures for Amnesty International. Many reported volunteering with causes they had come to know at school such as the RSPCA or World Vision.

Retired people (those generally 65 and older), semi-retired people (generally those in their 50s and early 60s) and women post-family raising (generally those in their 50s or older) were also drawn to volunteering, particularly if they were healthy. The type of volunteering by older individuals varied widely but everyday retired people appeared to be mainly involved in low-level skill work in welfare, sports and other member-based associations. For example, they reported driving for Meals on Wheels assisting in charity businesses such as clothing shops or light maintenance and gardening duties for a club. Those who were partly retired or homemakers whose grown children had left home commonly reported low-to-medium level skill work volunteering in organisations whose values they supported such as education-related nonprofits, disabilities organisations, and refugee support groups. They may be involved in administration or more active duties, and may learn or teach skills associated with their role.

Retrenched workers unable to find full-time positions and other unemployed people also reported volunteering to fill in their time, maintain social contacts and ideally to learn skills, as well as to help others. The priority of many who were looking for work, though, was to survive while doing so and volunteering helped some to do this. Where people undertook voluntary work to maintain their social security, there were mixed outcomes. Some found unexpected benefits with volunteering

and increased their obligatory amount in return for the satisfaction it afforded. Others perceived volunteering as a burden and undertook it reluctantly.

Overall, volunteering showed to be preferred when people had time available but discretionary funds were tighter. In turn, making donations was preferred by the time-poor, especially when money was available. Many of those in full-time work, for example, reported that donating to a cause was more convenient than finding time to volunteer. Indeed, making a donation was the preferred response of most full-time workers. These individuals were commonly busy juggling work and family or personal commitments. *'Free time...what's that?'* It was perceived as especially convenient to those on higher than average salaries because time was usually seen to be 'at a premium'. *'Everyone is complaining about being time-poor these days!'* While those with higher incomes also reported high debts or living expenses, it was sometimes a case of having little disposable income but even less time available, and consequently they gave money when they gave.

The main exceptions to volunteering by full-time workers were those business and professional people volunteering in work-related associations (for reasons such as making contacts, developing a profile, or demonstrate leadership) or those with particular interests who volunteer to promote that interest (such as their children, their Church, or a hobby). In regional locations, these opportunities were found in service organisations such as Rotary and Lions (see Section 1.5). *'I've always been involved in committees of one sort or another since moving here.'*

Overall, pressures and demands in people's lives were widely perceived to be *increasing*, reducing their perceived capacity to give (as discussed in Section 1.1). This affected both those with mainly time available and those with mainly money available. Students at University, for example, reported less free time available as they were combining study with part time work to cover living and related University expenses and fees. Those in full-time employment reported more financial pressures, reducing the money available to them to respond to nonprofit requests for assistance.

1.7 Location

More than their metropolitan-based peers, individuals living in relatively stable regional locations such as Bendigo, Dubbo and Toowoomba saw themselves as inextricably linked to their community: their wellbeing depended on their community's wellbeing and vice-versa. Incidentally, several participants said they spoke of their town but they included the surrounding area. *'We see our town stretching out in a big circle, up to [x].'*

They strongly identified with their area and felt responsible towards others also living there. *'You have to do it [support the local community]. It's part of being part of Bendigo. It's essential to contribute...we see ourselves as Bendigo people and all these things add up for the community. It's like pieces in a jigsaw puzzle...each activity may seem small but it helps the community.'*

For many, it was 'us' working together to survive in a relatively tough environment, for example, extended periods of drought and often variable incomes. There was a

general sense that if they did not contribute to community, the community would suffer and this would affect them, in turn. Thus, they reported being heavily involved in supporting their community, in terms of giving money, in-kind and time. They also described a more personal involvement and ownership of community needs (such as the importance of having bike paths for children in a large park), in contrast to those in metropolitan areas where people commonly did not know their neighbours and believed that others were available to assist with particular social problems. As one said:

'Toowoomba is a town where you can't opt out for long. It's not like its got millions of people where you are anonymous.'

As well, those in regional areas were more reliant on the weather and extended weather conditions for their town's prosperity and, for those living on the land, for their own. Wealthy individuals in regional areas wanted an understanding of this increased dependency by nonprofits and government and sought more flexibility in how they could pledge gifts. There appears to be an opportunity to engage in greater dialogue with those on the land to develop a flexible suite of giving options. Overall, the sense of 'place' and the challenges of nurturing a community in that place appeared to be extremely strong experiences for those outside the large cities.

There were some differences observed between individuals living in different Australian cities, too. Those in smaller, more isolated cities such as Hobart and Perth (and to a lesser extent, Adelaide) were almost exclusively interested in donating to local causes or local programs of national and international nonprofits. In contrast, those in large metropolitan centres such as Sydney and Melbourne showed support for a mix of causes. Donors in these large cities appeared less concerned about location.

When it came to volunteering, however, everyday individuals commonly wanted to volunteer in their local suburbs or towns, even if the cause was national or even global. For example, in the city, several older pre-retiree females reported concern for the refugee issue in Australia and volunteered to assist refugee projects in their local area. In the country, many individuals volunteered for locally based projects by such charities as Lifeline or the Cancer Fund. Thus Australians were locally focused in their giving, regardless of where they lived and even if the need was global one.

1.8 Attitudes and motivations

1.8.1 Attitudes about giving and a 'giving campaign'

Nearly all thought everyone *should* support community causes. However, there appeared to be unresolved tensions amongst both everyday individuals and the wealthy over the extent to which individuals, versus the government, should be meeting social need. There was some cynicism expressed about the government wishing to encourage private philanthropy and some concern that this may be a 'cop out' of their responsibilities to meet genuine disadvantage in the community. Mainly this view came from individuals currently volunteering in nonprofits and who reported their experiences with government cut backs or funding plateaus while

service demands continued to grow. Overall, however, there was broad agreement that everyone has something they can give, whether time or money, and that more could be giving to worthy causes.

It was generally agreed by the individuals in this study, everyday and wealthy, that Australia did not have the same kind of ‘giving’ culture as existed in the United States: we do *not* have a tradition of wealthy people giving millions, or even tens of thousands, to worthy causes. A common view was that charities struggled for support in Australia (with the exception of overseas-aid organisations collecting for tsunami-relief) and that people generally looked after ‘their own’, that is, families and networks or groups with which they most closely identified. Again, the common expectation was that the government would look after the truly disadvantaged in this country (although some cracks were seen to be appearing in this motif).

Most also believed that our culture of giving could change and should. There was widespread concern for community wellbeing and how we are going to look after those in greatest need in the future. While people did not generally believe that they had the answers to ensuring nonprofits continue their good work in the future, they perceived that encouraging everybody to give to their ability, in money and/or time, was part of the solution. Further, they believed such a campaign would be mutually beneficial: once people did start to donate more generously or to volunteer, they would experience the satisfaction that came from doing so and thus would want to continue their giving.

Everyday individuals believed a giving campaign could target volunteering amongst everyday people, who were perceived as already giving cash and being limited in doing so, especially those who had time on their hands or who could make time in their schedules. They commonly perceived that the rewards to be accrued from volunteering were great and would benefit those who took it up. In addition to the volunteering angle, there was some support for a campaign that urged everyday non-donors and low donors to give money; this call mainly came from wealthy people who believed each could contribute ‘something’ and that the overall impact of engaging everyone would be substantial. However, there appeared to be *stronger* support for a campaign that promoted giving money by the wealthy. Almost all wealthy people *personally* knew of peers who did not give despite a large capacity to do so; indeed, such non-givers were seen by many to be relatively common. While everyday people did not have this personal knowledge, relying mainly upon the media for their understanding, many held the view that giving amongst the wealthy was patchy, with some giving nothing to worthy causes.

Overall, it was agreed that if the capacity of Australians to give either time or money was harnessed through a giving campaign, it would completely change the nonprofit scene in Australia for the better. Both everyday and wealthy people held that the joy, satisfaction and sense of meaningful contribution that one received from giving should be emphasised in a giving campaign, although there was more focus on volunteering and the giving of money by these types of individuals, respectively. In turn, there was universal agreement that an effective giving campaign would not involve the Australian Government (or state) telling people to be better givers. Individuals wanted messages to come from givers themselves because this was seen as more persuasive to people and did not trigger the deep cynicism of Australians about the motives of the government in running such a campaign.

As well, there was general support for a number of suggestions to improve the effectiveness of a giving campaign:

- ▶ Publicity and endorsement by the media may be more effective than advertisements in a giving campaign. The wealthy appear to be strongly influenced by their peers, and what they say and do in the public domain, and everyday individuals also appear to listen to media stories. As one participant explained:

If you want to get through some [messages about] new beneficial situation [encouraging giving] you've got to get the right people in the media to tell people what to do...we are terribly influenced by it.'

- ▶ A campaign should offer practical information to guide those wanting to take the next step, for example, if you are thinking of volunteering, what is your next step or if you are thinking about tax-effective giving, what is your next step.
- ▶ The campaign should acknowledge that there is no one solution for all and inform people about the range of options they have in giving time or money.

Incidentally, most believed that they personally supported community causes to the extent that they could. The overriding concern expressed was having the money or time to do so. Nevertheless, this was not the only consideration because those in similar situations appeared to assess their capacity differently. For example, people's values appear important in their assessment of whether they could afford the time or money to give. Indeed, almost all individuals emphasised the importance of having a giving 'orientation' or giving values if one was to give generously to community causes.

How was this giving orientation developed? There was strong agreement this commonly occurred in children through role models provided by parents or those who were close to them such as a grandparent or carer. Further, there was widespread recommendation that a giving campaign should encourage families to give so that children learn about giving while young. Some did not have strong parental role models, yet they still developed an interest in giving. There was also some agreement that early experiences outside the home, particularly at school, were highly influential: many reported having been told about community needs and given opportunities to engage in giving with their classmates, especially volunteering to assist community causes. It was not uncommon for affiliations to have formed with the nonprofit organisations they had been exposed to, and for these bonds to have persisted into adulthood, for example, RSPCA and Lifesaving Association.

Individuals also perceived that, as adults, their attitudes to giving (and their giving orientation) tended to be shaped by both their experiences and by the expectations and behaviour of the networks or groups to which they belonged or with which one most closely identified. Experience was perceived as important: if one had been personally touched by an issue, one was more likely to feel either the compassion or inspiration to do something about it. Seeing the suffering of a loved one due to illness, for example, could increase an individual's ability to understand community need at an emotional level. Alternatively, one could come to see or understand a need in other ways, for example, by putting oneself where the need was such as soup kitchen or visiting camps in Africa, through media exposes or seeing crises close to home.

Strong networks were also influential, where they existed. Individuals who felt affiliated to a group or identified with a circle of peers said they often shared a giving orientation, for example, committed churchgoers said they gave according to the principles to which they subscribed and to the particular causes emphasised by the church. Another example was for successful business people to ask peers for a donation to a cause, or for a fundraiser to ask passionate supporters of the ballet for financial support to ensure the ballet company's survival. In such cases, individuals gave as did their peers, conforming to the norms of those groups (formal or informal) of which they felt a part.

Also, as noted in Section 1.1, many described stages of life that involved greater or lesser involvement in giving by everyday people. For example, parents were more engaged in giving when their children were at school (when one was asked to give time and money) and when one retired (when one commonly volunteered). Schools and sports organisations had a range of needs for which they sought support from parents, and charities often worked through schools to enlist children in fundraising activities. At the same time, many parents wanted to teach their children 'important' life values such as giving and caring for others, so they were sensitive to their children being asked to support causes. Many were conscious of providing role models for their children and showing giving behaviour, as discussed next.

1.8.2 Motivations to give

Key motivations for individuals to give appeared to be:

1. **Convenience.** This type of giving involved individuals the least in giving interactions and related mostly to small cash contributions such as making a donation or buying a raffle ticket or pen, flower etc. It was underpinned by primarily pragmatic, external factors. *'It was easier to give than not give.'* Contributions were generally seen as insubstantial. The benefit to donors was that such giving allowed one to 'save face' with another, for example, to save oneself from embarrassment if one was approached to buy a raffle ticket when sitting with friends, or to otherwise respond to requests in easy, quick and relatively painless ways.
2. **Logical need.** This type of giving was motivated by a desire to address a community need and may involve both donations and volunteering. It usually involved a *compelling* logical reason for an individual to give, with or without an emotional element. *'We have to get water there or they will die.'* Primarily, the contribution was expected to make a difference to the community or otherwise to improve outcomes. Thus it is essentially pragmatic. For example, donating to the school building fund. The 'pull' to give may be because the need is perceived to be important, for example, *'We have to feed homeless people.'* It may also be urgent, for example, donating to assist those affected by the tsunami disaster or, on a lesser scale, fire or drought victims.
3. **Sense of responsibility.** This type of giving appeared to be driven by a sense of responsibility underpinned by caring towards others; it showed in both volunteering and donations at varying levels. It involved a moral imperative experienced by the individual concerning what they 'should' do for others as well as an emotional feeling of compassion. Comments included, *'If I can help, I should do it'*, *'If not me, who will give?'* and *'You want do the right thing.'*

This motivation relates to the perception of oneself having a giving ‘orientation’ or giving values and a sense of feeling relatively well positioned to assist. *‘If you want to see a change, it won’t happen unless you make it.’* Some reported giving because they could afford to give while others cannot. *‘We have more than a lot of people’.* Similarly, individuals wish to encourage others such as children who door-knock to raise funds for community causes. *‘I can’t expect others to do it if I don’t’*

4. **Feel part of a group.** This type of giving was motivated either by a desire to join a group or community effort (or, alternatively, not to opt out of this) and related to donations as well as volunteering. *‘I give because it helps the community and I am a part of it.’* The amount given may be modest if the gift is anonymous, larger if it is public. *‘You want to pull your weight.’* This motivation was important when the individual had strong affiliations to either a formal group (such as within a workplace) or an informal one (such as business peers or social network). *‘How can I help the group effort?’* While there may be supporting reasons for giving, a dominant factor is that the giving interaction is underpinned by group dynamics. *‘We all have to help.’*

This motivation can be triggered by a personal request for support by others an individual knows, likes or respects. For example, business and professional people may be personally approached by another known to them for a donation to a hospital capital fund, a church raising money for a community project, or fundraising in the workplace. This type of giving may also be triggered by a wish by group members to share an experience such as a gala ball, a charity bike ride or conducting morning teas to raise money. Benefit accruing from giving through the group can include recognition by others, having ‘fun’ together, and feeling part of a group. *‘If we all just put in what we could afford, it would make a huge difference’*

5. **Helps work-life balance.** This type of giving is motivated by the opportunity it affords for an individual to participate more fully in the world, or outside their normal routine and it most often appears to involve volunteering. It can offer a win-win deal because both the community and the individual gain from giving. *‘It sounds very selfish but it makes you feel better.’*

Benefits to the individual can differ. For example, volunteering can provide social contact for individuals and alleviate loneliness or isolation. *‘I found a good community there.’* It can also allow for a change of pace and the opportunity to do different things. *‘It cleanses my brain to go there on the weekend.’* It can keep one intellectually stimulated and allow skills and abilities to be maintained, or even developed. *‘It’s helping me learn about computers.’* Commonly, volunteering also offered an avenue to keep busy, even to do meaningful work, with a variety of comments such as: *‘What would they be doing if they weren’t doing it?’* and *‘When I retired, I found myself with nothing to do.’*

6. **Benefits one’s children.** Giving can also be motivated by the wish to be good parents and can involve either donations or volunteering. They can seek to instill moral values in their children by demonstrating giving behaviour, acting as *role models* for them. *‘It’s important to teach kids about giving.’* Giving is also motivated by the wish of parents to encourage their children to participate in fund raising activities for charities and to experience giving to others.

‘They’re always doing something at school, raising money for this or that... and I always try to support them [even though I get sick of it] because they learn to help others.’

In addition, individuals may seek to benefit their children by supporting community organisations that assist their children's development such as a school or kindergarten, or a sporting or hobby group. Interest in one's own children and in one's extended family also appeared to motivate some wealthy individuals to 'give' to children through no-interest loans or gifts of money, cars, houses etc., as illustrated by this comment, *'[My nephew] never could have gone to University without my help.'*

- 7. Passion.** This type of giving was underpinned by the desire of individuals to give to causes or nonprofit organisations about which they feel strongly and may involve either donations or volunteering. *'Find your passion and philanthropy will follow.'*

In these situations, they have a strong emotional connection or close personal identification with a principle or value, a cause, an organisation or an outcome and this giving comes 'from the heart'. For example, they may be devoted to art or excellence in a field, or they may be passionate about improving the plight of children or animals in distress. They give because they feel a deep emotional pull and they may be inspired, or hopeful, or have a vision for the future. This passion is usually focused into one direction (or a small number) and they tend to have a 'fire in their belly' about it. *'If you have truly been touched by a need, you do feel passionate about it.'* Having passion for a cause appears to be the motivation for much structured giving such as family foundations and trusts, Prescribed Private Funds, planned giving, ongoing pledged giving such as monthly donations from a credit card and other very large donations.

Five of the above seven key motivations for individual giving appeared to prompt volunteering and/or donations depending on an individual's perceived capacity and preference. These motivations for *both* donating and volunteering were: perceiving a strong community need (logical), feeling a sense of responsibility, wanting to be part of a group, wanting to benefit one's children and feeling passionate about a cause or organisation. However, there were two exceptions. Not surprisingly, perhaps, desiring convenience in a situation tended to prompt a small donation rather than volunteering, and seeking work-life balance encouraged volunteering.

Many individuals also reported mixed motivations in their giving behaviour and this may be more common than acting from one motivation alone. For example, if approached in the street, an individual may give not only because it is convenient to do so but also because there is a compelling need to support a particular cause. Or a wealthy individual may have given mainly because of network influence but they also felt a personal responsibility to help when there is a real need in the community (responsibility and logical need). As one participant noted:

'It's a combination of a lot of different factors, the good feeling you get, an obligation and feeling that if one does well, one should give back...you can't separate them because it's a combination.'

1.8.3 Perceived barriers to giving

Participants have suggested a range of reasons as to why they don't give: both cross-situational and situational, as discussed in Section 1.1. For example, one's life stage was perceived as influential to giving behaviour. So too was whether one

had a personal connection to a cause. Alternatively they may not believe the cause is worthwhile or the nonprofit organisation is trustworthy or efficient. However, the picture is more complex than these alone: additional attitudes and beliefs also constrained individual giving behaviour.

Perceptions identified in this research that acted as barriers to giving were:

- ▶ A belief that the government should be funding an area. Some participants believed the government should be looking after those in need and were reluctant to support these causes in its stead. Comments like, *'I give enough through my taxes'* and *'that's what I pay taxes for'* were common.

A variation of this occurred when individuals assumed nonprofit organisations had government support and did not need their individual donation, as this comment illustrates:

'You don't realise some organisations actually need your donations. You think they've got government support, that they're right [and don't need your help] but it's only one person's salary often and nothing else. You just don't know this unless someone tells you. You think, "Gee whiz" that's an organisation that should get funding but they don't to any great degree. It's a surprise.'

- ▶ No obvious reason for them to support a cause. *'Why is this something I should support?'* For example, many participants offered this reason for not supporting the arts. It was perceived as not relevant to them. (In considering the behaviour of others, some participants suggested that this attitude arose from becoming too insular to what is happening in their community. *'They don't see what's there.'*)
- ▶ They feel impotent. There can be a sense that there are simply too many causes or that a problem is 'too big' to fix. *'There are just so many causes and they want you to give more and more.'*
- ▶ They don't like intrusive asks and have backed away from giving. *'They are becoming more 'in your face' than before.'*
- ▶ Not asked to give, in a way that would suit them or when they could afford it. *'I offered them a donation but they could only sell me a ticket. But I didn't want to be in a raffle [at \$15 a ticket]. I just wanted to show my support.'*

1.8.4 Perceptions of tax incentives

This section should be read in conjunction with other sections of this report. In summary, participants mostly agreed that tax incentives did not prompt giving. *'The fact that it's there [helps] but it's not the original purpose...I've never come across anyone who does give for tax benefits.'* No one claimed to be motivated to give for tax reasons.

However, many perceived incentives to be important in increasing gift amounts, especially for wealthy individuals. Further, there was a view expressed, with general support, that business needed more tax incentives to encourage greater giving. There was a belief shared by some that businesses did not give in large amounts and they wanted them to be encouraged to do more. *'For corporate people, there probably isn't enough by way of tax incentives to make them want to give in a very large way.'*

Everyday individuals varied in whether they claimed donations on their tax, with most reporting that they did not because it involved too many pieces of paper for small donations. *'No one sits down and adds up all their 52 weekly donations.'* Indeed, they commonly appeared not to keep their receipts. *'The tax deductions are minimal [for me] and it's just not worth the effort, to be perfectly honest'*

Everyday individuals who did claim deductibility commonly commented that *'it all adds up'*. They appeared to be either those whose personal orientation (eg organised) motivated them to keep check of their receipts; those who gave in larger amounts and had fewer receipts to collect; or those whose donations were 'tallied up' by the nonprofit organisation (such as with overseas child support).

Similarly, wealthy people did not believe they gave for the tax benefit but many perceived it as useful. *'You get a bang for your buck for what you're doing.'* Further, they almost always claimed on their gifts, often because gifts were substantial and, also, their accountant took care of it for them as a matter of course. *'They handle all these kinds of things and, yes, they do claim where it is allowed.'*

Overall, tax incentives were perceived to be important for others, for example, everyday people generally believed that wealthy people relied upon deductions with greater sums given and they thought tax incentives were important for business.

1.8.5 Attitudes to giving approaches

The most common ways in which individuals report being approached to make a donation are by unsolicited direct mail, personal solicitation, and telephone. Electronic requests were not widely reported: when they received an email, it was usually because they had chosen to receive mail. Without question, the *least* preferred approach is the unsolicited telephone call seeking donations, or agreement to purchase goods, to aid nonprofit causes. Concerns were raised in every focus group and telemarketing attracted intense criticism for its perceived 'invasion' into their lives. *'I hate it. It's a hassle and you feel guilty saying no all the time.'*

There were a range of concerns expressed about telephone soliciting and they underpinned their irritation, mainly:

- They came uninvited into their homes, intruding into their private space. *'I want to relax when I get home not field sales calls.'*
- They came at highly inconvenient times (usually dinnertime when they were preoccupied and trying to do many things – this attitude was particularly strong amongst working mothers who deeply resented the intrusion into what they considered their time with their family).
- There was frequently no logical or emotional connection for them to support that cause (when there were others they would support first).
- They felt uncomfortable being asked to give 'on the spot' without having prior information about that nonprofit and time to consider the request. *'I had no time to think about it and felt very much put on the spot. I would much prefer to look at the information in my own time.'*

- ▶ They felt the situation was potentially deceptive: many derisively labelled callers ‘telemarketers’ or ‘commissioned agents’ who were ‘out to make a living’ rather than their stated purpose of raising funds for nonprofit activity. (Indeed, these were commonly and misguidedly referred to as ‘professional fundraisers’).
- ▶ The caller could be aggressive or ‘pushy’. *‘A guy nearly scared me out of my wits the other day...jumping out at me.’* Some individuals reported negative reactions by those seeking donations if they said no or they offered to contribute at a lower level than the caller expected and this was widely regarded as a ‘huge turn off’. *‘They should be pleased at any donation.’*
- ▶ When callers wanted to sell them goods, they usually did not want or need them.
- ▶ They hated saying no, and being rude, but felt under pressure to do so.
- ▶ There were ‘too many’ calls asking for donations, with many reporting several calls every week from nonprofit representatives.

In response to receiving such unsolicited calls, many said they had resorted to being rude to the callers in an effort to minimise their perceived intrusion. This, in turn, caused dismay to many: they felt forced to be rude in order to manage the calls yet this is not how they perceived themselves. Several also reported adopting a policy never to give by telephone (or their spouses had) and a very small number went further to note the nonprofit for black listing (not just telephone requests but any request). However, there were times when telephone calls were acceptable. While most said they wanted all calls to cease, some said they did give by telephone under certain conditions.

Participants claimed to be neutral about requests by telephone when:

- ▶ they had previously donated to that nonprofit
- ▶ they thought highly of it
- ▶ they had the intention to donate again to it
- ▶ the person calling was a *volunteer* not a paid agent.

A very small number, especially everyday donors, welcomed calls when they had developed a personal rapport with the caller over time and had gotten into the habit of making donations that way. In such circumstances, donors felt they could speak candidly about whether they were able to donate at that time and that the caller would respect this. There were also exceptions to the ‘barrage’ of calls that most people reported: wealthy individuals, those in regional centres and those in their early 20s experienced a lower frequency of ‘cold’ calls received (although they still expressed a dislike of them).

In contrast to telephone calls, direct mail was seen as a relatively harmless and acceptable method by which donations are sought. Both everyday and wealthy people say they regularly receive direct mail by nonprofits, either personally addressed or ‘to the householder’. However, they claimed to largely ignore it. They were more likely to take notice of mail if it was addressed to them personally, they had given to that nonprofit previously and they intended to do so again. If they were donors to an organisation, most liked to receive news of how money had been spent and outcomes achieved. However, the timing of these newsletters did not suit many and there was a call for more choice as to how often they heard

from a nonprofit. *'I'm happy to hear from them once every six months. I wish they would save the postage and only send it to me then.'* Many disliked glossy direct mail produced by nonprofits because it seemed to be a waste of limited resources. *'The material they send you through the mail is extremely expensive to produce... definitely not what you would expect coming from a charity.'*

Another approach commonly made to individuals is the face-to-face solicitation, either in the street or other public places such as a shopping centre, at work, church, or their homes (via a 'door knock' campaign). While most perceived that such direct requests for donations were made by volunteers with a nonprofit (deemed acceptable), almost everyone agreed that, increasingly, commission and salaried staff were being used for this fundraising (deemed unacceptable). Generally, low-key, non-confrontational approaches by volunteers were both approved of by people and most reported giving in these circumstances, as illustrated by this participant:

'Two young men came to my door and they were very friendly, laughing and pleasant, and told me a lot about what they were collecting for. I said, "Well I'm going to join up mainly because of your approach and the information you've given me". That was followed up by a phone call by the organisation to make sure I was happy with things, then they sent me a certificate of thanks so I was really feeling valued and I think that approach is quite good.'

Most preferred collectors to stand in a prominent position and wait to be approached if they were in the street or other public approaches, they liked clear signage, identification and the making of official receipts. There was some concern expressed for safety if the street was deserted or in a less desirable area, and for legitimacy, that is, they were not always sure that the person seeking donations was genuinely endorsed by a nonprofit and, thus, if the money 'would get through'. For example, some wondered about school children asking for donations (especially if raffish), and more wondered about casual Tsunami collections by 'people passing around buckets with a home made sign'.

There was an intensely strong dislike of aggressive interceptions, which they mainly identified with those working on commission. *'You need to feel okay about the person asking [as well as the cause] and sometimes you just don't.'* Participants reported increasing numbers of requests that were inappropriately 'pushy' and 'in your face'. *'It's a complete turn off.'* Such interactions, whether experienced on the phone or in person, not only resulted in no donations, they appeared to taint attitudes to both the nonprofit represented in that interaction and the nonprofit sector more widely. *'We just decided we would never give by phone anymore and we don't.'* In Adelaide CBD, where nonprofit groups reportedly are permitted to approach pedestrians for donations on Fridays, participants were vocal about their distaste of this approach.

'Every Friday pretty much throughout the year the Council gives permits for charities to collect in the city and you have to run the gauntlet to get through...but it's week after week after week...get sick of it.'

Sometimes, people were asked to give by the intended recipients themselves, that is, no legitimate nonprofit organisation was involved and people 'begged' for

spare cash to meet their personal needs. Examples were given of being personally approached by people saying they were homeless, unemployed and disabled people in need. Some gave out of sympathy but most passed by, believing that a support system was in place in Australia. A very small number were highly annoyed at these approaches, saying people needed to do more to help themselves than beg. *'I could beg, too, but instead I get off my backside and go to work.'*

Approaches at public places such as shopping centres were generally regarded as acceptable because it was a 'safe' place where they expected requests to be controlled by the shopping centre management: it helped to legitimise nonprofits seeking support and moderated any tendency to be heavy-handed. There was also broad acceptance for being approached at their front door, especially when they had heard about the door-knock campaign in the media and expected it. It also added to door-knock legitimacy to these requests as there was some concern raised that those purporting to be collecting for a nonprofit may not be doing so, as noted above. They liked door-knock approaches because they were used to contributing this way but they were only occasional, and they often involved local people and school children (and they liked to support their efforts).

Whatever the nature of the approach, a donation appears more likely if the request follows publicity or individual awareness about the campaign. For example, those who saw stories in the mass media that identified that a campaign was about to start reported being both expecting to be approached and a greater readiness to donate (than if they were not aware of a campaign). *'You are prepared when you are asked to give.'* Nevertheless, they still also needed to know the work of that nonprofit and to be positively inclined to support it for more than a token donation.

Generally, wealthy people reported more personal requests for money or time (mainly via telephone by people who they knew or of whom they had heard). This was perceived as appropriate because others known to them were generally respected and understood their interests (if not, they were given the short shrift). Indeed, they tended to overlook impersonal approaches in favour of judicious personal ones.

Overall, individuals liked feedback: to know that their gift had made a difference and also that it was appreciated. At the very least, they wanted some acknowledgment for their gift. *'It doesn't feel the same if you don't get a smile back or whatever.'*

1.8.6 Attitudes to causes and nonprofit organisations

1.8.6.1 The Tsunami disaster

There was general agreement that the tsunami appeal in December-January 2004–05 was a unique time of giving for Australians. *'It was heartbreaking. Everyone I know put their hand in their pocket for those poor souls.'* Constant media coverage ensured they saw its devastating effects, over a period of several weeks and across multiple countries, and there were many actual and virtual locations both encouraging and accepting donations (some '24/7'). *'The extent of it was unbelievable. So many had their lives wiped out.'*

It was perceived as an unusual situation because, firstly, the need was portrayed so graphically and visibly in the media, across all generations of Australians, to

such an extent that it was a topic of discussion in all kinds of social networks over an extended period. Secondly, the media were united and pervasive in the messages they sent encouraging people to give. Indeed, the pervasive coverage of the disaster on television and calls to assist made parents aware of the need to discuss it with their children.

'That's all the kids wanted to talk about.'

'For hundreds of years you had the church "ruling the roost", now television does. It tells you how to behave and what to believe in. With the tsunami, it told people to give and they did. That's how our culture is now.'

Thirdly, never before was giving so convenient. Wherever people turned, they felt they were able to give and this access to giving sites suited both those wanting to give in the immediate aftermath as well as those wanting to wait until events unfolded and the need became clear. *'It was great to be able to give when you wanted to.'* There was also a choice of organisation to give to and this was perceived favourably as it allowed individuals and groups the opportunity to assess to whom they would prefer to give. Of concern to many participants, however, were the proliferation of unidentified collectors of donations and homemade signs. *'You had no idea who some of these people were. Their amateurish signs made you think they might not be legitimate.'*

Many described it as a time, frequently the first time ever, when they discussed community need and giving as a family. In particular, it was common for families to ask what each would like to do, even young children, and donations were made accordingly. There appeared to be a great deal of satisfaction felt in giving, as illustrated by this participant: *'I got a buzz when I gave to the tsunami...you do get something back.'*

The disaster was seen to foster family, workplace and community discussions about giving generally. It also fostered giving behaviour at home and in the workplace, to a far greater extent than previously (in living memory). Participants saw it as a trigger for employers to support the need of staff 'to be doing something' and many reported new avenues for giving at work, such as dollar matching. Nevertheless, some individuals were reticent about talking of 'how much' people gave; it seemed more important that nearly everyone did give (or so it seemed).

'My aunt gave \$5 and this was the equivalent of Kerry (Packer) giving \$500. You can't just look at the amount, you have to look at what it means to the person who's given it.'

1.8.6.2 Overall

There was general agreement that nearly all nonprofit causes were worthy and met genuine community needs. However, participants perceived a huge number of wide ranging causes and more requests for support than they could meet. Thus, for individuals to give to a particular cause, they wanted it to be relevant to them. For example, many individuals asked, 'But why would I support it? It has got nothing to do with me.'

What makes a cause relevant? Individuals commonly spoke of one or more of the following characteristics:

1. It is important to the local community. An outcome will be seen in the local community and is likely to improve the local community. This resonated especially with everyday people in regional/rural-based individuals.
2. It *impacts* upon them or those close to them in some way. There is a (logical) reason related to themselves or their family/friends/work colleagues for them to support it. For example, they may not need a service today such as lifesaving but they might. This was especially important for everyday people.
3. There is an *emotional connection* for them to the cause. It reminds them of a loved one or a time in their life that was important to them, or the cause ‘pulls their heart strings’. This was important to both everyday and wealthy people.
4. It deserves support because of *social justice* reasons, for example, it is an overlooked cause or its recipients are largely invisible or without a voice. This resonated especially with wealthy people.

Everyday people were drawn to a wide range of causes, addressing *both* social services that helped alleviate symptoms of disadvantage (such as a soup kitchen or respite houses for victims of abuse) and causes seeking prevention/relief of social ills (such as Cancer Fund and the Leukaemia Foundation). They also appeared more supportive than wealthy people of local nonprofit organisations such as sports clubs or the local Meals on Wheels (in both time and money), although wealthy people in the ‘bush’ were also highly supportive of local nonprofits (e.g. rural fire brigades).

In contrast, while many wealthy people did support mainstream causes, especially those promoted within social networks, they appeared more interested in nonprofits seeking structural change and the prevention of social problems. For example, more wealthy than everyday people reported supporting education and medical research. They also showed more support for arts causes. Those giving through family foundations, trusts and prescribed private funds also showed general support for causes that were highly worthy but did not attract mainstream funding for any number of reasons, such as lack of media appeal and difficulties of fundraising such as in disabled areas. These causes were seen as critical ‘between the cracks’ causes that fell outside mainstream public support and warranted their attention for this reason.

In contrast, few actively supported nonprofit organisations focused on environmental issues, mainly farmers seeking sustainability or solutions for environmental crises on their own properties as well within their region, and those in their late teens and 20s. However, it was not a matter of these causes being rejected by individuals, but as being perceived as irrelevant to them (not on their radar).

In terms of attitudes to nonprofit organisations, trust was a critical issue and it may be declining. *‘Scams are getting more prevalent.’* Across the board, people wanted nonprofits to be accountable for the funds they raised, or were given by the government, with high standards of transparency. Indeed, there was a perception that nonprofits generally were moving in this direction, with some nonprofits already operating at a very high standard of accountability, but others were seen to be lagging.

‘I had a friend who supported an overseas child for years then later found out he had died [a long time before]...it does tend to make you distrustful.’

Overall, there was a high level of concern that nonprofits may be wasting money (they weren't sure). This concern was underscored by the belief, held more so by everyday people, that if money was wasted by one nonprofit, there was another who had missed out. There were harsh criticisms by everyday individuals of those nonprofit CEOs who appeared to 'profit' from the nonprofit organisations they headed: many reported examples they had seen in the media of nonprofit CEOs with 'excessive' salaries and other benefits such as expensive 'status' cars and travel that were inappropriately 'over the top'. While CEOs in the private sector were given such generous packages, many believed that nonprofit managers should be motivated by different values and ideals. Thus, there was a moral dimension to CEO packages that extended into other aspects of nonprofit operations. For example, everyday people commonly criticised the notion of paid staff at nonprofits, preferring volunteers to staff the organisations, and in particular, they were antagonistic towards paying fundraisers. As noted previously, the term 'professional fundraiser' was perceived negatively. The view was commonly held that nonprofits did not need 'to resort' to such corporate measures, that if a nonprofit was serving a genuine need in an appropriate manner, its intrinsic 'goodness' would be apparent to the community and automatically draw its support.

While wealthy individuals generally were not as concerned about CEO salaries or, indeed, the moral dimension identified for everyday individuals, they shared a concern that nonprofits not waste resources. Their focus, however, was more on outcomes that nonprofits achieved and waste was seen to diminish what was possible. Many brought their own business experience to bear in explaining how important controlling unnecessary expenses were for both profit and nonprofit enterprises alike.

Perceptions as to the extent of waste as a problem varied widely and this appeared to influence their willingness to give, as well as be influenced by it. The strongest supporters of nonprofits – in time or money – did *not* show the same level of concern about this issue as those who gave to a lesser extent. For this latter substantial group, the potential for waste by nonprofits seemed real. Many 'urban myths' abound in this area, fueled by negative publicity in the mass media: many recounted news stories of excess and contempt for the nonprofit involved.

As a result, many were not sure what nonprofits they should be supporting. This was exacerbated by the large number of requests for support they reported receiving. This was especially so for everyday individuals who were not as shielded from impersonal approaches as wealthy people seemed to be.

1.9 Key findings in brief

How individuals saw themselves

Almost all participants saw themselves as 'givers' (versus 'non-givers'). This has implications for any campaign to encourage philanthropy. Few (including the wealthy) relate to 'philanthropy' or 'philanthropist'. 'Giving' and 'givers' are used.

Four key influences impacting on giving

1. Perceived capacity to give (fluctuating through a lifetime).
2. Giving orientation (how much they valued giving, having a 'giving personality forged by childhood modelling).
3. Association with a network that encouraged giving (e.g. religious, social).
4. Some involvement with the cause/organisation (as a minimum the cause/organisation needed to be known).

Who gives?

Amongst everyday people, greatest capacity to give was noted by:

- Parents of school age children (who also wanted to model community values) who were often pressed for time but wanted to be good role models for children.
- Retirees (particularly givers of time, usually to mainstream causes and loyal over many years). Retirees felt constrained in donating money and were generally a frugal generation. Older females with still working husbands often volunteered.

In summary, the most common everyday giver appeared to be:

- parents of school age children
- older men and women
- churchgoers
- members/active supporters of a cause, hobby or interest.

Least giving involvement was perceived to occur in:

- the early career young (cash poor)
- newlyweds and young parents (time poor)
- the sick and disabled (cash and time poor)
- single parent families (cash and time poor)
- unemployed (generally cash poor but interested in volunteering to build self-esteem, maintain job hunting morale, and gain skills, contacts and social support. However, it can get in the way of job hunting and mixed responses emerged to pressure to volunteer.)

How everyday individuals gave

Everyday individuals have their own comfort levels for giving, saturation points. Many people gave \$200-\$300 per year cumulatively, but in very small amounts (often as \$2-10 donations).

Tax deductions only tend to be claimed at the higher level. It often depended on how organised people were by nature.

All individuals (regardless of location) preferred volunteering in their local community.

Giving could be:

- *reactive* (spontaneous small amounts of \$2, \$5 or \$10) when asked in the street, at the door, at a function, at work or by direct mail or phone) – requiring no great cause affinity

- ▶ *as a believer to causes* (quite strongly prior to the ask in amounts of \$20-\$50) through planned means (e.g. regular, automatic payroll, credit card or bank account deductions)
- ▶ *proactive* to very strongly supported causes (often \$100 or more e.g. child sponsorship or a regular church donation), decided upon as a family, repeated at least annually.

How the wealthy gave

Wealthy individuals mainly saw themselves giving money (time was a scarcer commodity for them). However, on prompting, many reported giving their time and this was seen as valuable. There appeared to be three special roles played by wealthy volunteers:

- ▶ humbly in a cause of deep personal interest (e.g. museum guide)
- ▶ as major fundraisers/door openers
- ▶ on boards and committees.

Approaches to give money were commonly personal, often from their social circle and for money or 3-5 year pledges. However, being an asker was difficult and potentially a path to strained relationships. This was reinforced in the nonprofit responses about the increasing difficulty of finding high net worth askers.

The social contract seemed important – as a successful, respected professional they had a responsibility and desire to support worthy causes. When passion for a cause kicked in, giving increased substantially. Over time, charitable trusts and foundations become an option for more commitment.

Few discussed or promoted their giving, fearing an asking avalanche that was unmanageable and guilt inducing through inability to support all. Wealthy nongivers were disdained and some givers felt they were shouldering the burden for all without wanting to.

High interest was shown in new and innovative projects, or their own projects where it was possible to place their personal stamp on things.

Their main concerns included nonprofit duplication of effort, accountability and effectiveness.

For those wealthy individuals who gave, giving tended to be:

- ▶ at a ‘social’ level (at a yearly gala up to several thousand dollars) – more reactive than proactive
- ▶ as change agents (giving because personally touched or cultivated) often at levels between \$10,000 and \$50,000 per year
- ▶ at a high ‘sustained’ level often through formal foundations that meant giving was organised, enduring (over time and generations), focused and usually a minimum of \$50,000 per year.

Most wealthy givers claimed tax deductions (through their accountant or adviser) and these deductions were an incentive to give more. The exceptions were those with a particular cause passion who gave anyway and very generously in time and money.

Charitable trusts, foundations and PPFs were inspired by the opportunity to seed ideas, fund strategic, systemic change and ‘between the cracks’ projects, and build something long term in ways others did not. Many foundations regarded meeting the immediate community needs as ‘space’ owned by mainstream charities and not their role.

The newer the charitable entity, the more support it generally needed and the less awareness of existing training opportunities and networks.

Key issues for newer trusts were:

- ▶ clarifying mission and focus
- ▶ handling applications
- ▶ level of publicity
- ▶ deciding on allocations.

Key issues for older trusts were:

- ▶ interpreting founder’s wishes
- ▶ being leaders and partners in their grant making to nonprofits
- ▶ linking with other funders where possible.

Social entrepreneurs wanted education and resources for community organisations to facilitate innovation in what organisations did to attract and direct resources in the community. There were two models by which organisations could ‘reinvent’ themselves but only one was sustainable – the engagement of staff and volunteers with the community itself.

Location was important, in contrast to their metro counterparts, regional Australians saw themselves inextricably and personally linked with their community, partly through interdependence, survival and growth through working together. The weather also influenced giving patterns. Smaller, isolated cities (Hobart, Perth, even Adelaide) focused on the local causes.

Attitudes about efforts to encourage philanthropy

Some were cynical about governments encouraging philanthropy. Nevertheless, most believed our culture of giving could and should change and that a careful campaign could help here. Suggestions included:

- ▶ targeting volunteering as a trigger for more involvement and ultimately more donations
- ▶ promotion could be better than advertising, particularly through peer influence of the wealthy
- ▶ avoid government ‘telling’ people what to do
- ▶ practical guides are favoured (If you are thinking of volunteering then ..., For tax-effective giving ... etc.)
- ▶ offer choice: there’s ‘no one giving size that fits all’
- ▶ focus on families (through schools and appealing to parents as role models).

Attitudes to giving were perceived to be shaped by their experiences and networks (church, work, peers). Key motivations were:

- ▶ convenience
- ▶ logical need
- ▶ sense of responsibility/giving orientation
- ▶ group dynamics
- ▶ work-life balance
- ▶ benefiting one's children
- ▶ passion for a cause.

'Trust' issues were suggested as barriers to giving. They were pervasive and the credibility of the charitable sector was a prime giving barrier. Other barriers to giving included:

- ▶ my taxes are my giving
- ▶ overwhelmed by too many causes – can't possibly make a difference
- ▶ dislike of intrusiveness
- ▶ no cause connection
- ▶ request was wrong for me.

The most common ways individuals were approached to give were – unsolicited direct mail, personal solicitation and the telephone. Internet requests were rare.

Invasive techniques were slammed as tainting not just the nonprofit involved but the sector itself. It mainly occurred in telemarketing and street asks by commission/paid canvassers but was less of an issue if individuals were previous donors to an organisation or volunteers were calling.

There was a range of likes and dislikes:

- ▶ Direct mail was seen as acceptable, though sometimes a waste of money. Unaddressed mail was ignored.
- ▶ Face to face solicitation by volunteers was more accepted if clear signage and non-aggressive behaviour was used.

All approaches were more trusted if promotion in the marketplace had informed people they were coming, and were legitimate. However, supporters needed to know the organisation and be positive about it for more than token support to occur.

Attitude to the tsunami appeal

Tsunami coverage was graphic and pervasive, and the extent of disaster hard to believe. Collections were visible, extra convenient and urgent:

- ▶ more choice for donors than previously
- ▶ commonly involved their families in giving decision
- ▶ liked seeing business get involved
- ▶ unidentified organisations and homemade signs were a concern.

Connection to a cause or organisation

Everyday people liked to support a wide range of causes. They particularly wanted to support those innocent of the problems they experienced (with some prejudice toward drug addicts and single mothers noted). Environment and the arts were not seen as priority areas.

Age influenced interests (university students volunteering for environmental, animal rights etc.) and how they liked to volunteer (project versus ongoing basis).

Cause connection/relevance stemmed from:

- ▶ it being local
- ▶ an impact on them or their family
- ▶ an emotional connection – touches the heart
- ▶ social justice reasons.

Wealthy people seemed more interested in systemic change e.g. medical research, education causes and the arts.

Strong concern about nonprofit duplication and wastage (cars for fat cats) was expressed. A moral dimension was expected in CEO and others salaries with some believing charities should be totally volunteer run to keep costs down. Corporate approaches to promotion were seen as unnecessary.

Perceived worthiness of a cause flowed from:

- ▶ a personal belief that these were genuine needs (often not fully addressed by government)
- ▶ community legitimacy (e.g. a children's hospital)
- ▶ endorsement (formal/informal networks, a respected other).

Perceived worthiness of an organisation flowed from:

- ▶ perceived trustworthiness and accountability predicated on
- ▶ using the money as they promised
- ▶ effectively and practically addressing the issue
- ▶ reassuring supporters they had contributed to solving the problem.

In summary, giving behaviour by individuals was influenced by many factors including:

- ▶ individual motivation for giving
- ▶ their giving orientation/values
- ▶ capacity to give/volunteer
- ▶ cause relevance
- ▶ perceived trustworthiness of the organisation
- ▶ the way they have been approached
- ▶ how often they had been approached and responded, in recent times.

1.10 Challenges and opportunities

1. Much was said about Australia's *culture of giving* and about the 'giving personality' of individuals. Qualitative responses suggest philanthropy and its positive results could grow if Australians' perceptions of giving, volunteering and nonprofit organisations were different. This data suggests it will take *a shift in two spheres*:

- ▶ individual/community/business values
- ▶ nonprofit behaviour.

In summary, giving needs to sit higher on the national psyche and be better regarded as an integral part of our national life if it is to reach its potential.

2. The government could and is being called on to play a *strategic role* here, noting:

- ▶ Concern about the role of government in addressing community needs.
- ▶ Some reticence toward costly *advertising* campaigns. Promotion has a role – hence there is potential to involve media Australia wide. Indeed such a campaign could involve many *partner groups* facilitated by government.
- ▶ Recognition that people *already see themselves as givers* and may switch off if this is not acknowledged.
- ▶ That *encouraging more volunteering* over time is seen to trigger more dollar giving. People reporting that they are backing away from volunteering because it is *too much responsibility* these days also needs to be considered here.
- ▶ *Practical 'how to get involved'* guides and choice of involvements are favoured.

3. Some *opportunity segments* where philanthropy growth may be most fertile are evident. The following 'giving crucibles' represent potential campaign targets/cases to model/areas to consider new streams of giving:

- ▶ workplaces
- ▶ families
- ▶ schools
- ▶ people on the land wanting more flexible tax giving rules
- ▶ current giving affinity groups (such as within Philanthropy Australia)
- ▶ media
- ▶ networks of high net worth individuals
- ▶ accountants and advisers.

4. Some '*giving legitimisers*' are evident and may be encouraged to play a more active role, for example:

- ▶ nonprofit board members (who have the networks and ability to play far more of a change agent role)
- ▶ celebrities
- ▶ cause champions
- ▶ other community opinion leaders.

5. Individuals identified gaps for nonprofits to address before they are capable of winning more philanthropy:

- ▶ Most notably, *trust and confidence* are core issues across the spectrum but particularly in international aid. More research is needed to unpack this and strategise ways forward (e.g. the UK CharityFacts website). The international aid sector fared particularly poorly in the data.
- ▶ *Aggressive approaches* (telemarketing, street fundraising) while funding some essential missions are reported to be tainting people's attitudes to giving across the board– the sector needs to address these issues.
- ▶ Within these aggressive approaches people talk about 'slick, professional fundraising,' 'flash cars and fat cat salaries' and 'the corporatisation of charities' as areas that concern them.
- ▶ Nonprofit leaders are not seen to be taking the sector-wide or long-term view of addressing community concerns such as *perceived duplication of effort, administration costs or the special credibility the sector needs to maintain*.
- ▶ This links to the opportunity mentioned in the nonprofit capacity building summary to undertake *education to dispel myths* and explain why some costs are legitimate.
- ▶ Nonprofits need to review their assumptions about the kind of organisation they optimally are and how they might bring more innovation into their practices.
- ▶ Individuals report being *alienated by fixable issues* such as:
 - a. no choice in how they receive feedback or how regularly they are asked to give
 - b. the need for feedback and reporting outcomes back to donors
 - c. the need to value volunteers and donors
 - d. address the needs of new generations of supporters, especially for reciprocation and the contribution that giving can make to their lives.

Best practice guidelines about what Australian donors/volunteers want could be developed for nonprofits along with much more emphasis and training on building and maintaining relationships and donor centred fundraising.

6. Formalised giving processes meant more giving – across individuals and businesses. How can formalised giving be made easier? Suggestions include templates/ incentives for setting up foundations or everyday family giving.

7. New strategies to overcome distance tyranny are needed to support regional and rural organisations with their limited pools of funds and volunteers. For example, linking city business leaders into their boards as mentors.

8. New foundations, or soon to be established foundations, had low awareness of resources available. Better efforts to inform credible sources would assist them incorporate **best practice** guidelines at each stage of the grant-making process.

2.0 Business giving

2.1 Characteristics of businesses that give and those that don't

Our focus group and in-depth interview findings suggest that most Australian businesses of different sizes, industries and locations are currently giving a mix of money, time and/or in-kind products and services to the community, and have been doing so for some years. All reported that they gave time or money to community organisations but some appeared to be giving at very low levels. While there were few who commented on this, there was the view expressed, '*We don't give much [directly] because that's what we are paying our taxes to the government to do for us.*' Overall, the data suggests an extremely wide variation appears to exist regarding the extent of giving by Australian businesses, with the greatest variation existing in large sized small to medium businesses (SMEs).

Qualitative data suggests that those who give *the most* may be characterised as:

- committed to social responsibility values for their business by management
- clearly separating their 'no strings' giving from sponsorships and cause-related marketing designed to achieve a return on investment
- having a clearly articulated objective for their giving
- having written policies and established processes for giving decision-making
- engaged in multi-dimensional giving arrangements – offering nonprofit organisations a mix of money, goods and services, such as professional, administrative or technical expertise
- increasingly interested in staff volunteer programs with nonprofits.

The research suggests that those in this category tended to be very large businesses and that many of these had established a Foundation structure to focus their giving. Those businesses that *give the least* appeared to be characterised as:

- most concerned about the right of management to 'give money away' on behalf of stakeholders
- those whose principals believed in giving privately
- not having a clear, articulated position on giving: a giving 'vision'
- not having a formal function, or budget, developed for corporate giving
- not having written policies, processes and other infrastructure in dealing with requests from nonprofits
- not recording requests or donations made
- having little access to best practice giving approaches for business
- having overlap between corporate giving, sponsorship and cause-related marketing activities
- those who felt they had neither the time nor money to focus on issues other than core business and survival.

Those in this category appeared to consist mainly of mid-size businesses, particularly medium and large SMEs — between 20 and 100 full-time equivalent staff [FTE], over 100 FTE staff, respectively — commonly those with many co-owners, directors or partners.

Generally, a low level of giving by business appeared to be underpinned either by the perception that their cash flow was extremely tight (common in micro and small SMEs) or a belief that, except for insubstantial donations, philanthropy was not a legitimate role for business. *‘If people want to give, let them do it as individuals... then there are no issues.’* Those in this latter category were not necessarily convinced that it was inappropriate for business to give: some simply felt uncertain that it was their responsibility to give beyond a low level. *‘It can be argued that it’s not ours to give away.’* For these, the case supporting substantial business giving to the community was not established. Indeed, many of these expressed the view that giving was a personal issue and it was not the responsibility of business to act on behalf of shareholders or partners.

This research also suggests that two types of businesses give *most consistently* as a group: very large companies and the small, locally based businesses, often with a retail shop front (usually with five to 20 FTE staff). The former tend to have won management legitimacy for, and an on-going commitment to, a corporate giving program. *‘Our management values a high level of community support.’* They also tend to have established budget parameters, qualified staff and a system in place to manage this function within the organisation, which may or may not fit within a broader formal corporate social responsibility program. The latter were small businesses that **identified** closely with their immediate community. *‘There’s real need in this town. You can’t not see it.’* They tended to operate on a relatively tight cash flow and business survival was a chief concern. However, they generally felt an integral part of the local community and were happy to contribute to it. *‘No problem. They can count on us to give them something.’* Such small SMEs were almost exclusively approached by locally based nonprofits (such as the local football club or local homeless shelter) and they gave consistently, at a relatively low level, to these local causes. Some were engaged also through service clubs (for example, Lions or Rotary) in community causes and this individual activity seemed to influence their attitudes to giving within their business. *‘It opens your eyes.’*

Across the board, there was strong interest shown by businesses in managing their giving in an optimal way and many were questioning their current practice. Some businesses were currently reviewing their giving policies, processes and outcomes, with many more reporting an intention or desire to do so. The most confident were the large businesses which engaged in regular reviews to achieve more strategic alignment, develop giving programs, and improve outcomes from their community engagement. The least confident were larger SMEs, which commonly shared an interest in cutting the time and angst involved in assessing applications, achieve more focus and offer the maximum benefit to the community.

While there was little evidence of networking between professionals working in this area, there was strong approval expressed by participants at meeting each other for the first time and potentially being in contact. *‘There are times when you just want to pick up the phone and say, what do you do about this?’* Participants suggested

that community support by business, including multi-dimensional ‘partnerships’, was a field of growing interest by management and that businesses generally were hungry for relevant information from overseas and within Australia. Most participants expected their business to either maintain or increase their corporate engagement in the future. The minority that did not were concerned that it did not serve the interests of the shareholders or owners to direct resources in this way.

2.2 Size of business

The data suggests that there were clear patterns of community engagement by businesses of similar size. These related to the extent to which:

- ▶ they had a focus for their giving
- ▶ gave legitimacy to the giving function
- ▶ provided resources to manage giving
- ▶ exerted control over giving activities.

2.2.1 Large businesses

Large businesses (defined for this research as those with more than 500 FTE staff) tended to be sophisticated in giving to community causes (also referred to as their community engagement). They commonly gave through corporate foundations, which allowed them to be *focused* in what they wanted to achieve and how they would do this, and clear about the kind of causes they wanted to support and why. Indeed, even without a foundation, almost all large business participants had a ‘vision’ that guided their giving programs and which was articulated in their annual reports and on their websites.

There was also widespread support amongst large businesses for treating corporate giving as a legitimate function within the company, clearly distinguished from marketing in its aims though ‘in sync’ with corporate goals and adding value in less tangible and ‘hard to measure’ ways. It was widely agreed that the primary point of difference was that corporate giving did *not* seek a hard-nosed measurable return on investment while marketing did.

‘It is an important area for us but one we don’t spend a lot of time measuring...because you can spend a lot of energy doing so [without real benefit] and also you’d probably have to pay someone from outside and then you’d have ‘leakage’ [of money].’

In contrast to marketing, community engagement was widely seen by large business participants as being without such commercial ‘strings’. To keep marketing and community activities separate, most large businesses reported independent departments, with corporate giving activities falling under the umbrella of an ‘external relations’ or ‘community relations’ division or a corporate foundation. There were some boundaries to this activity, however. *‘Of course, how much we give is a subjective thing...at some point, shareholders would question the amounts involved.’*

Nevertheless, there appeared to be a range of intangible considerations. In particular, large businesses reported their corporate giving programs to be closely aligned with corporate strategy. It was important for them to give in ways that were

consonant with their corporate image and brand values. Indeed, many participants saw the giving activity as a key expression of their brand and their integrity as an entity operating in the community. As such, it appeared to play a valuable role in the presentation of the company to the community and in its relationship with various stakeholders. *'There is definitely some return from the branding and visibility we get from our activities...as well as it being the right thing to do.'* A number also found synergies between their community engagement programs and their human resources strategy, sometimes even locating the corporate community engagement role *within* the HR department.

Involving staff – through informal fundraising activities and, increasingly, through formal volunteering and pro-bono programs – was generally perceived by participants as contributing to staff morale and loyalty. *'Generally we find our staff feels very good about our running these programs.'* Such involvement showed staff that the company was interested in more than simply making a profit.

'It enhances a work/life feeling...adds to a sense of balance amongst employees.'

'Some are even asking us at the job interview what we're doing [in community engagement].'

Large businesses reported community engagement policies that encouraged staff at the individual branch or department level to work together to choose the cause they wished to support and what activities this might involve. Such local empowerment was seen to deliver stronger results: staff were seen as more interested and more committed to the company's community engagement program and what it could achieve in the community.

However, while it was generally acknowledged that community engagement was important to a business reputation and staff morale, these were seen as secondary to the main rationale for engaging in such activities: they had a responsibility to contribute to the community but it was one they willingly embraced. *'We want to do this.'* Thus while it was seen as a moral duty of business to be concerned about and care for the community in which it operates, it was no burden to do so. Further, it allowed businesses to express what their company was about, their essence as a company. (It should be noted that participants from large companies were mainly those responsible for the corporate giving programs, unlike the participants for smaller businesses who mainly comprised CEOs or owners).

Turning briefly to resources allocated to this function, larger businesses almost exclusively reported having established a formal function for its charitable giving and engaging staff to manage this function. Certainly, this may be justified by their larger, more complex community involvements or 'partnerships' and their greater capacity to make such investments, compared to smaller firms. However, it seems that if a proper budget is sanctioned for community activities, it is easier to get onto the management agenda and for planning and evaluation to occur.

'Once it became part of the budget, it was much easier to plan.'

'A formal budget changes a lot of things.'

Large businesses reported having written giving policies and procedures to manage the giving function, and there was a body of knowledge about giving

within their organisation. Indeed, most said they had clear processes for assessing applications and evaluating outcomes, and they publicised their giving vision, application requirements and guidelines for nonprofits on their company websites. This enabled them to manage requests for support, despite the increasing number they were receiving. A further piece in the puzzle that made for large business success was the inculcation of the giving ethos throughout the company. Cross department representation on committees and encouragement of community involvement through awards, matching gifts and recognition were common themes in larger companies.

In sum, large businesses reported employing qualified staff, allocating formal budgets and otherwise committing resources for their giving programs. In doing so, they tended to be proactive and focused in their giving, they treated giving as a legitimate corporate function and they afforded it substantial resources.

2.2.2 Small to medium businesses (SMEs)

Overall, SMEs were generous in supporting community causes but they were far less organised and more reactive in their giving than large businesses. Many also did not allocate a line in the budget to their corporate support, records were sometimes not kept and giving amounts varied from year to year. There was a strong preference for giving goods or services rather than cash. For example, there appeared to be substantial personal volunteering by CEOs, owners, and partners, mainly on charitable boards. Nevertheless, many were vague about the causes they did support (often recalling these by tangible evidence at their offices such as certificates of appreciation or photos recording some activity). Few SMEs had dedicated staff to manage their giving activities and they generally lacked guidelines and reference points for doing so (for example, few had any idea what other firms gave or how they went about it). Yet there were differences observed between different sized SMEs.

2.2.2.1 Small SMEs

Small SMEs – defined as businesses with up to 20 FTE staff – tend to be very familiar with supporting community causes and are extremely comfortable doing so. They report giving at relatively consistent but low levels from year to year to causes in their immediate community. They sometimes make cash donations but these were limited because they watched their cash flow carefully. Cash donations, when made, were often treated as marketing expenses, for example, sponsorships. Indeed, many small and micro SMEs said they looked for some commercial benefit from their community activities, as well as knowing their donation was going to a worthy cause. However, they generally acknowledged that commercial benefit derived from such local ‘sponsorships’ while desirable to them was unlikely. Instead, they saw intangible benefits such as relationship building for their business, accruing from supporting local nonprofit causes that were also supported by their staff, customers/clients, or business partners. Moreover, despite the difficulty of achieving tangible business outcomes, seeking a business angle was useful in helping them decide between similar types of requests. A further consideration for some participants was also the cost of *not* giving – the impact on their business if they were seen not to support local activities.

Not surprisingly, perhaps, many small SME participants reported blurred lines between giving as a private person and as a businessperson, especially if the donation could not be claimed as a business expense and if they were the sole decision makers in their business. Interestingly, some participants had totalled the amount given over the past year for the purpose of this research and were surprised that it was much higher than they expected (for example, thousands not hundreds of dollars). Many small cash donations (for example, \$10 to \$50) made by small SME proprietors, either via the business or as individuals, appear to be treated as inconsequential and generally not worth claiming on tax. Where they could be regarded as sponsorships and a business expense, they did claim deductibility.

In general, small SMEs identified with their community and saw giving to their community as vital for the wellbeing of all parties. Indeed, the smaller the business, the more weighted to community and more localised in their giving they appeared to be. They widely perceived themselves as limited in their giving and gave consistently in simple ways. They did not 'tie themselves up in knots' over their giving because they did not see that they had many decisions to make. Small SMEs liked opportunities that gave some business benefit but appeared pragmatic in what could be achieved. Their top priority appeared to be to do what they could, as a small business, in return for a community's patronage: this was seen by many small SMEs as a basic arrangement.

Micro businesses (defined in this research as fewer than 5 FTE staff) were even more constrained in their perceived capacity to donate cash to community causes, being mostly concerned about preserving cash flow as much as possible and preferring to give time instead. They also reported some business rationale for making contributions although they did report giving as individuals when there was no business case to be made.

2.2.2.2 Medium to large SMEs

Many mid-size SMEs (those with 20 to 100 FTE staff) and large ones (those with over 100 FTE) reported struggling with an increasing number of requests by nonprofits. The problem was worse for them than for smaller SMEs because they attracted many more kinds of requests from their local community as well as further afield. They had greater capacity to support more causes than smaller businesses did and there were commonly others involved in ownership, making decisions more complicated than for small SMEs.

Overall, these medium to large SMEs perceived a vastly increased stream of requests coming to them and many reported feeling uncomfortable about this. They were unable to assist, despite wanting to help. However, there was also widespread frustration being experienced: while they perceived causes to be extremely worthy, they did not believe they had any connection with many causes. They also expressed frustration that one donation commonly led to a constant stream of follow-up requests to give again. Many, especially medium SMEs, reported at least some dissatisfaction with their giving approach. Many said they were currently reviewing how they made decisions in order to give more effectively, or were planning to do so.

However, they frequently did not know how to do this or where they should go to find solutions. Many also said they had deliberately limited the number of nonprofit causes they would support with the aim of achieving more with their donations, but they believed they could improve their giving practices further. One key barrier for them appeared to be that they were unclear about what they wanted their giving to achieve. As well, they generally lacked experienced staff to advise them, or an agreed budget for their giving. *'To me, the issue is that we don't give it a lot of thought. It's not 'front of mind' type of expenditure...as a smaller company, we don't think about donations.'*

As a result, many of these business participants appeared to be in limbo or 'stalled': they wanted to streamline their approach but commonly it was not a priority for them. While they wanted to minimise time spent on taking calls, feel clearer about what they should be supporting and get more return from their giving, there appeared to be a low level commitment to this area. Moreover, giving appeared to be a fragmented process with many participants reporting that decisions to give, for example, in-kind goods, were made by individuals or departments who had been approached to give. Indeed, a common view by businesses at this level was that their giving was inconsistent and lacked a cohesive focus, and many expressed an interest in improving the situation. Some were even unsure what was 'charity' and what wasn't. As one participant noted:

'Is it charity to employ somebody who is slow...or to help struggling artists get a start? We do both. With the art, we put their work on show.'

Despite this, however, medium to large SMEs were active contributors to community causes but they were generally reactive rather than proactive in their giving (for example, asking, *'can we afford this?'* rather than *'what do we want to achieve?'*). Giving activities were commonly reported as ad hoc and not supported in terms of established budgets, controls or infrastructure. One exception was where firms had a history of pro-bono giving and it was accepted within a field (such as professional firms offering their accounting or legal expertise to community causes), giving efforts programs tended to be organised. If cash was requested by a nonprofit, many co-owners simply saw it as easier to give personally: they did not want to impose their interest in giving to a community cause on their business partners. Some were not sure if it was appropriate or if others would see it as appropriate. They also saw that it would come out of the 'same pocket' anyway, with no real benefit for money to be given through the business. In such cases, they did not see that it was worth the extra effort to make a donation through the business.

In sum, SMEs shared a range of similar experiences: both reported an increasing stream of requests and of giving 'what they could' on an ad-hoc basis. However, far more angst was expressed by medium and large SMEs. Not only were requests for support more numerous and diverse but their pockets tended to be deeper so they were more likely to be able to meet more complex requests. In contrast, small SMEs were much more limited in what they could afford so decisions were perceived as relatively straightforward.

2.3 Location

Qualitative data suggest five key differences between those based in regional/rural areas (referred to hereafter as ‘regional’) and those based in metropolitan areas:

- ▶ **The importance of the local community for regional businesses.** This is the centrepiece difference between metropolitan and regional businesses. Regional business participants seemed to deeply identify with their immediate community, to a far greater extent than metropolitan businesses (even for small SMEs in metropolitan areas).

‘It’s not the same as in the city...we don’t live in dormitory suburbs and travel to a different community for work. Here, you live where your business is.’

In contrast to city participants who tended to discuss *the cause* as much as their community, many regional participants were passionate about supporting their community. Overall, regional businesses (including regional branches of out-of-town companies) expressed strong interest in their local community, high awareness of issues affecting it, pride in living there, and genuine concern for its survival. There appeared to be a strong sense of ownership of the community’s concerns. They wanted their town to thrive, as well as their business, and their community was a top of mind topic for many. Many expressed unreserved willingness to ‘pull their weight’ as members of that community. There was no argument over whether it was the responsibility of business to be involved in community causes: it was assumed.

‘If you walk down the street in the city, you could be completely anonymous. Here, that’s impossible. You could see 50 people you know in just a block.’

- ▶ **Close link seen between nonprofit activity and their community’s wellbeing.** Regional businesses showed a strong interest in problem solving in their community, joining with other business owners and influential locals to find the best solutions for their town or region. There was widespread agreement amongst them that supporting *local* nonprofit organisations or *local* branches of large nonprofit organisations, and *local* causes or *local* programs for national causes was the key way to do this. That is, local community activities were seen to underpin community wellbeing. For example, several participants justified their longstanding personal involvement in local branches of service associations such as Lions and Rotary because it connected them to their town and improving it. Moreover, regional businesses appeared more sensitive and responsive to the difficulties of local nonprofits than did those in metropolitan areas. In smaller towns, such as where they lived, there was seen to be a *much smaller pool* of businesses for nonprofits to approach than exists in the city. Because they generally saw that there were fewer businesses to ‘go around’ in regional centres, they believed they were approached more frequently than city-based businesses to support causes. While they saw this as putting extra pressure on them to give to a wider range of local causes, they were largely ‘okay’ with this. Indeed, they appeared to be *more committed* to support local activities because of this challenge. Thus regional businesses generally wanted to give to local causes, or local programs by national charities because they associated nonprofit activity with their community’s wellbeing and they wanted to see the benefit of their giving in their own town. Causes that were perceived external to the town were seen as less relevant to them and not as appealing.

‘You want to know what you can do for the local town. It’s where your family is.’
‘We like to give locally so the community does ok. We want our kids to stay.’

- ▶ **Expectation that the community will support them.** Just as regional businesses tended not to question their role in supporting their community, they generally expected return patronage from those groups they supported. This appeared to be an implicit part of the ‘deal’ and seemed ‘perfectly logical’ to them. For example, if they gave money or goods to a school or football club, they expected relevant purchases to be made with them. If that school or club was physically closer to a competitor, and therefore likely to win their business, then they expected their *competitor* to donate to that organisation. That is, while regional businesses of all sizes saw it as their duty to support community organisations, they felt that it was only ‘fair’ for recipients to return the favour by giving them their custom. Many small SMEs felt annoyed where custom went elsewhere: why weren’t those who benefited from a nonprofit organisation’s purchases asked for support instead of them? Of city-based businesses, only the smaller ones appeared to seek such business benefit from their giving.
- ▶ **Less questioning of their giving practices.** While many city-based SMEs appeared to be uncomfortable about an increasing number of requests by nonprofits and were questioning their giving practices, regional businesses appeared to be relatively content with their community involvement, regardless of their size. They generally said they spent ‘what they could’ on charitable requests, spreading their financial donations thinly at times and concentrating on other kinds of in-kind donations. Overall, they expressed less angst than their metropolitan-based counterparts, who appeared weighed down by a seemingly constant stream of requests that promised little or no connection to what their business was about. For regional businesses, it was clear: they wanted to give as others did in their local community, focusing on local causes and helping achieve visible impact in their town. When things were tough, they all experienced this together. Thus they sympathised with those who contacted them; they accepted the need for them to do this and they were not as concerned as metropolitan businesses that they could not deal with the requests they received.
- ▶ **Giving directly affected by local economic pressures.** Regional businesses reported being affected more than their city counterparts by local market conditions. For example, in times of drought in the local community, participants reported their capacity to support nonprofits to be significantly reduced because their cash flow had also reduced. Generally, they perceived that they needed to survive more ‘roller coaster’ economic conditions. Not only did they feel under pressure to be highly pragmatic about managing costs generally, putting away reserves and cutting costs in lean times, but there also appeared to be flow-on effects for their community support. Firstly, it encouraged regional businesses to focus even more than their city-based counterparts on in-kind giving and volunteering; secondly, it meant involuntary variations in how much businesses could afford to give to nonprofits in bad times (when the need may be greater than ever), affecting both their giving to local nonprofits in any one year as well as their pledges or commitments in giving programs across several years. Finally, it meant that businesses wanted to give in simple, inexpensive ways: staff volunteering and workplace giving programs held little appeal for regional businesses as they were regarded as adding an administrative burden on them for no reason. There was widespread agreement amongst regional participants that there were already plenty of opportunities available for their staff, especially through their children, church affiliations, local interest groups, and community fundraising drives.

2.3.1 Similarities across location

Despite these differences, business participants in both metropolitan and regional locations showed some similarities. The main similarity for businesses, regardless of their location, was that they felt a social responsibility to support community organisations and strongly expected themselves and others to do so. As well, there were similar experiences expressed by regional businesses, which tended to be small SMEs, with larger SMEs in metropolitan areas. For example, they experienced similar obstacles to giving, as outlined above, and their take-up of tax incentives appeared similar.

Overall, the main theme to emerge was the importance of ‘the local’ for the non-metropolitan businesses and the vulnerability that regional businesses experienced with the local economic conditions. Turning now to differences amongst businesses in metropolitan centres, the main differences we identified were:

► **Sydney and Melbourne were major reference points to those located *outside* them.** The further from these centres, the more isolated businesses appeared to be. Businesses in Adelaide, and to a lesser extent, Brisbane felt some separation from the key centres but businesses in Perth particularly felt removed from primary markets, resources, and power bases. (While there were no focus groups or in-depth interviews directly with businesses in Darwin, Canberra or Hobart, references to business characteristics by nonprofit groups and individuals suggest that feeling removed from Sydney and Melbourne also applied in these cities.) The least affected appeared to be Canberra, which is a large, relatively wealthy city in close proximity to both Sydney and Melbourne. In contrast, while Hobart is physically close to Melbourne, being located off the mainland appeared to add to its sense of distance. This was compounded by the relatively small population of Hobart and the rest of Tasmania. Also well removed is Darwin, which is physically remote from Sydney and Melbourne, and very different from them in climate and size of city.

The more distant these cities were from Sydney and Melbourne – and Perth was the most distant – the more important that location, and their local community, appeared to be to them. Sydney and Melbourne were major reference points, as in *‘we are not in Sydney (or Melbourne) so we have to do it differently’*. This mentality encouraged businesses to support local causes and find solutions to local problems, although not necessarily exclusively.

► **The more distant a business community was from Sydney or Melbourne, the more close-knit the business community appeared to be.** Business people in Adelaide and Perth, for example, appeared to know each other and be interested in working together to address community needs. *‘Everyone knows everyone.’* This sense of ‘us’ was strong in these cities. *‘You do have a sense of a close group.’* Indeed, in Perth, several businesses expressed a West Australian rather than Perth mentality, believing that the state’s remoteness and its economic reliance on far-flung mining communities linked them all as ‘us’. The existence of cohesive business networks in these cities appeared to be a valuable resource for nonprofit organisations and different from more fragmented and diverse business communities in Sydney and Melbourne.

In sum, businesses in cities outside of Sydney and Melbourne appear to work together in cooperative ways, showing independence from ‘main city’ thinking and

thinking ‘local’, depending upon how physically and psychologically distant they are. However, what about differences between regional centres?

The main difference that showed was for businesses in regional centres with relatively stable populations versus unstable ones. It appears that regional centres that are large, easily accessible, attractive to visitors, and that have a changing population made for a business (and living) environment that was more anonymous and ‘city-like’ than those that are smaller, more difficult to reach, with low visitor numbers and less change in population. In the former, the notion of ‘community’ appears more diffused and a lower impact on nonprofit activities. Thus while regional business people commonly felt community pressure to assist nonprofit activities and, indeed, *wished* to do so, this did not hold true to the same extent for all regional centres.

For example, the Gold Coast businesses showed themselves as very different to the other regional centres investigated in this research. Several businesses on the Gold Coast had clients outside the Gold Coast; their market extended beyond the ‘local’ community (to Brisbane and interstate). For example, some businesses were in clothing manufacturing and they sold to retailers interstate; some others were in the services industry and served the tourist trade. Also, many owners had moved there from elsewhere (often far afield such as Victoria) and did not necessarily have relatives there, nor had been living there for long. In this regional centre, then, businesses varied in the extent to which they strongly identified with the local community, which was diverse and changing.

In contrast, Toowoomba was far more ‘stable’ in its population, although its university attracted out of town students. Bendigo and Dubbo were also far more stable in their population than the Gold Coast, although Bendigo was close to Melbourne and therefore more likely to have visitors passing through. Business people commonly had lived in these centres for more than 20 years and they knew others in their community well. Indeed, regional centres may vary by degrees in terms of their stability (and the indicators used for this) so a continuum of stability may be most useful in identifying types of regional centres.

2.4 What businesses give

It was common for different sized businesses to offer both financial *and* in-kind support to several community organisations, as well as for business owners or partners to volunteer their time on community organisation boards or in service organisations. Overall, in-kind giving was preferred over cash, particularly by SMEs, and interest in staff volunteering was growing, particularly by large businesses. However, there were some perceived barriers to workplace giving, for both SMEs and large businesses, mainly because these were perceived to be cumbersome and promised to add another layer of bureaucracy.

Interestingly, CEOs and principals associated ‘giving’ with financial or in-kind support, virtually overlooking personal volunteering. Upon prompting, however, almost all believed that this was of great value to nonprofit organisations, especially at the executive level on boards and committees and in strategic development of nonprofit activities. While a majority reported volunteering their time in community organisations, volunteering still was largely seen as something they did *personally* rather than ‘through the business’.

2.4.1 Ways businesses give

Six key patterns in the way that businesses gave to community causes were identified from the qualitative data. These patterns were generally applicable to businesses regardless of their size or location:

1. **Approaches to giving by business were very individualistic.** Both SMEs and large businesses varied widely in their approach to community support. This was apparent in the amounts given. For example, one large SME reported giving less than AUS\$5,000 annually and commented: *'I think we are pretty mean.'* In another, a SME of similar size had committed 20 times that, AUS\$100,000, a year. They were not alone:

'We have probably funded that group to the tune of \$2 million over the past 10 years.'

Large businesses did not offer their own companies as examples of low giving but there was strong agreement that there were many large companies that gave at low levels, *'far lower than anyone would expect,'* and certainly lower than the impression they created in their annual reports. These large business participants expressed frustration and anger that not all companies were, in their view, genuinely committed to being socially responsible particularly when they sought marketing benefit from a generous image. In contrast, SMEs did not know what or how other SMEs gave. Indeed SMEs, in particular, appeared to vary widely in how they made giving decisions, even for SMEs of a similar type and size. Thus there were *many* approaches to who was involved in decision-making, who made the final decision and the process involved, the criteria used for decision-making, whether policies were in place to facilitate the process and what these were, the amounts spent and whether formal budgets were in place, if there was evaluation of activities and, generally, the level of checks and balances that existed.

'They just came to us and we liked what they did, so we said yes.'

'From the outset we took a decision that we would look at areas that were not being satisfactorily addressed by government and that we might be able to assist with.'

2. **In-kind giving strongly preferred either alone or in conjunction with cash.** There was a greater comfort level for businesses in giving in-kind goods, services, skills or capacity rather than cash.

'The minor requests are easy to deal with, especially if they are for in-kind.'

'We'd rather give passes to use our [golf] course [than a cash donation] because it is simpler for us.'

Indeed, many businesses, especially mid and large size businesses appeared to make low financial donations and they commonly 'topped up' their donation.

'As well as our normal donations [of cash and in-kind], if we have extra stock that we can't get rid of, overruns etc., we give it to them to help them fundraise.'

Further, they perceived this suited many nonprofits who wanted in-kind support.

'They don't want cash but the print component that we can give them [from printer].'

While workplace volunteering appeared to be less common than in-kind giving of a firm's particular goods or services (including pro-bono services to nonprofits), it mainly appeared to take the form of staff fundraising activities and volunteering by CEOs or principals on nonprofit committees. Those doing work for the government

also reported that a strong pro-bono profile assisted their winning that work, and in some circumstances was essential to doing so.

'You really have to show you are doing it.'

- 3. There was a strong preference to have an advocate for a cause amongst key stakeholders.** Businesses were keen to see an advocate or champion for a cause in their staff or clients because it helped them decide amongst similar requests for support. There appeared to be three reasons for this. Firstly, it drew attention to a particular request for support, helping them to cut through the 'clutter' of multiple asks they reported receiving by personalising the request. *'I would rather support staff than people that ring up asking for money.'* There was general agreement that it is better to support a cause that is believed in by an 'internal' advocate – someone they believed in or valued – rather than to 'go cold' with anonymous, unsolicited requests. *'It's easier for it to mean something to you.'* It also added extra value to supporting a request because it showed support for the staff member or the customer/client (or other important stakeholder like supplier or distributor). Thus it was good for the business to strengthen its relationships (and not with just the one person who had championed the request but their social network as well). Thirdly, there was some reassurance that the cause was worthy and credible because it had already convinced the advocate who could be trusted by the organisation. It may also help the business find a good fit between the cause and the business because it was recommended to them. *'They'd know if I was likely to be interested.'* In brief, having such a personal 'ambassador' for a cause made it easier and more attractive for businesses to choose amongst many unsolicited requests.

Indeed, through senior-level advocates, doors can open and lead to positive interaction between the business and the nonprofit organisation. Some SMEs reported inviting nonprofits to the boardroom to make the case for support.

'They told us why we should support them and how it would use our donation.... we got the opportunity to ask all the questions we had.'

'They made such a compelling case for support that we gave to them on the spot.'

Related to this advocacy role by staff, clients/customers or others important to a business was the importance of the business decision maker's own personal affiliation with or interest in a nonprofit cause. As one participant explained:

'Your own views influence what you may or may not support...my son suffers from schizophrenia and is a heroin user and this has coloured how I see young people. And I've got eight other board members...these experiences do creep in.'

A strong personal commitment to a cause by the principal/owner of a business, for example, appeared to strongly influence the kind of community involvement for that organisation.

'Being an MD of a small company, you tend to select the charities you like.'

'At the moment it is pretty subjective.'

'It's a discretionary thing [how decisions are made].'

The power of strong personal affiliations by a business owner was illustrated in the case of a long-resident migrant, the owner of three thriving restaurants, who provided mentoring and work experience opportunities to disadvantaged individuals within his own cultural network/ethnic background. In this case, his

community support was directed to individuals in need rather than to nonprofit organisations. It was also observed in the case of a scientist who was only interested in supporting young scientists in a particular area of science and his business supported this cause exclusively.

- 4. Businesses adopted a passive approach and did not actively seek opportunities.** Businesses across the board tended to wait for nonprofit organisations to approach them, rather than proactively seek out opportunities that might fit their giving objectives. While large businesses usually stated their interests and sought applications via company websites, businesses generally were passive and relied heavily upon nonprofit organisations approaching them for support. There did not appear to be a rationale for taking this stance except that they seem to have enough to ‘wade through’ with the large number of requests they receive.
- 5. Businesses preferred to give more to a few causes because they wanted to have an impact.** There appeared to be tension for businesses in the nature and extent of their support for the community. On one hand, they faced requests for support on a weekly (sometimes daily) basis, which they generally wanted to support because the causes were perceived as extremely worthy of support. They didn’t want to say ‘no’ to those who were trying to make the community better and they felt guilty when they did so.

‘We are just one business...there’s a limit to how many we can support.’

‘I feel bad about saying no because you want to support them.’ ‘It is often a really good cause and I want to support them.’

On the other hand, they commonly reported wanting to do something meaningful, to ‘make a difference’ through what they gave. This desire to have an impact meant that most businesses sought to increase donations but limit the number to which they gave.

‘What’s the point of giving tiny amounts to everyone?’

‘You are better to give a more substantial amount to fewer organisations...small donations can be uneconomic in terms of the recipient organisations.’

To resolve this tension, most businesses appeared to seek to concentrate their giving amongst a few nonprofits, with some discretionary funding for unexpected but highly desirable requests. Nevertheless, such an approach – to give more to fewer causes – remains highly problematic for many medium to large SMEs because, unlike large businesses, they commonly lack a vision for their community involvement and have few policies or infrastructure to manage the process. Small SMEs are relatively content because they do not receive the sheer weight of requests experienced by their ‘big brothers’. As a result, their decision to focus their giving could come unstuck with the steady stream of worthy requests.

- 6. Businesses preferred supporting nonprofit projects, not nonprofit infrastructure.** The qualitative findings suggest that businesses generally liked to see a beginning and an end to any nonprofit program or activity they were helping to fund. They could understand the impact a project sought to make in the community and what part they might play in achieving change for the better. Thus there was a preference for a specific project rather than simply funding the on-going mission of a nonprofit organisation. However, many (particularly mid-size SMEs) said they did appreciate the need for all organisations to have adequate infrastructure to be successful. Some reported a willingness to contribute in this way to nonprofits

but a clear case needed to be made. That is, they wanted to see that infrastructure funding was critical to achieving the mission, and they wanted the purpose of support to be clear from the start. There was strong resistance by businesses generally to asking for money for one purpose and using it for another.

2.4.2 Differences between large and small businesses

There were also some striking differences between how large and small businesses gave. Five key differences were identified:

1. **The importance of personal giving for SMEs.** One of the clearest differences to emerge between large and SME giving was that much giving by SMEs appeared to be done personally by the owner or principal, rather than through the business except where it could be justified by a business reason.

'All my giving is done personally.'

'[The partners] each do our own giving.'

This is also true for giving their time: it was done in their own time. Many SME owners reported volunteering substantial time out of hours to community organisations, commonly serving on boards for more than one charity or sporting body.

'It's often the only thing you can give.'

'It can be more valuable [than money] if a person has a lot of experience or connections.'

While volunteering on nonprofit boards or committees (or providing pro-bono advice) was not 'top of mind' in their thinking about giving (only being reported on direct questioning), SME owners and CEOs believed such input was important to nonprofits.

'I can run a brief meeting with a proper agenda that gets action...and people attend [for this reason]. I know it is more valuable to the nonprofits I am involved with than writing a [smallish] cheque.'

For many, giving was a personal matter, not a business matter, and their giving was perceived as a way to fulfill their personal interests or to meet a request personally extended to them by a peer within their social network. *'Mainly it's a personal ask for support.'* When a substantial amount was involved, spouses were commonly involved.

'[My wife and I] have set up a foundation so that we can give to causes that are more personal in nature.'

'[My wife and I] give to where we see need...this is not always a registered charity.'

For others, private giving was more straightforward.

'It's easier to do it as an individual [than through the business].'

'What I give is too small [to go to my directors]; it's just easier to do it this way.'

Part of this perceived 'complexity' in giving through the business was related to the concern that giving was being forced on business partners.

'I don't think it's fair to insist my partners give to the causes I like. Each of us does their own thing.'

'You feel it could be an imposition...I don't like to ask.'

This applied to cash donations in particular.

'It's easier to spend your own money than someone else's money' (referring to their partners in the business).'

2. **Organisation of giving in the business.** Unlike large businesses, SMEs generally lacked a vision for their community involvement and few had policies or infrastructure (staff and processes) to manage the process. Large SMEs also commonly believed that few guidelines or reference points existed for organisations such as theirs.

'We don't have a real process to handle requests'.

'We haven't had a policy per se.'

This somewhat haphazard approach taken by many SMEs created difficulties, especially for large SMEs, which had more capacity than small SMEs to support community organisations, and was approached more frequently. There was a sense of real frustration at the time it took just to take the calls or open the letters every week, concern at not being able to support all the worthy causes seeking support, and a sense that they could be doing it better. Indeed, many SMEs wanted to review their current approach, which they did not think was working.

'Because it is unstructured, you don't give it a lot of thought.'

'If it is a line item in the budget, it changes how you think about it.'

They wanted less time wasted in how they responded to charitable requests, less stress, and better, 'more strategic' reasons to support one charity over another.

'We are just trying to evolve to a strategy we can put in place.'

'We are looking at how we make our decisions such as whether we should involve staff.'

As noted, large businesses distinguished between sponsorship and community support. These were treated as discrete functions with different outcomes and distinct decision-making criteria. For example, they looked for direct commercial benefit from sponsorship while indirect benefit to reputation, brand building and positioning outcomes were seen for community support. Indeed, in talking about community support by their businesses, they commonly referred to supporting the community as 'the right thing to do' and through their support, they wanted to 'make a real difference' to the community.

This approach contrasted most sharply with that of smaller SMEs which did not necessarily see commercial benefit arising from the 'sponsorships' they took on e.g. sponsoring the local football or soccer club or sponsoring a community event. Such sponsorships resulted from their own expectations of 'giving back to the community' as well as the expectations of others they know and respect. Aside from this 'community' angle, smaller SMEs are guided in their giving by staff or clients who have a personal affiliation with a charity or other nonprofit.

3. **Ideal outcomes of giving program.** While many SMEs, like large businesses, believed their primary motivation in supporting community causes and organisations was moral – *'it's the right thing to do'* – a secondary motivation related to the business itself. A priority for SMEs was to maintain business relationships (with clients, staff etc.) and to promote the business in the local community. While few tried to justify donations in terms of direct commercial benefit, many used intangible business outcomes to help their selection. For example, they gave

to the fundraising efforts of those they did business with (such as support for a client's charity golf day). This benefit, however, was loose and unmeasured.

'We love to support them because they really promote the hotel as well.'

'If you've got a lot of proposals, [a business reason] can help one get over the line rather than another.'

Thus when it came to giving through the business, SMEs commonly chose recipients that had some relationship with their business. *'Someone asked us for a favour' (explaining an original decision to support a cause)*. For example, there was a lot of interest in supporting causes and their staff were committed in their out of hours activities, with some reporting a decision to base their giving around staff interests.

'We try to get the staff to select the charity they would like us to give to for the year.'

'We have a lady who now takes a day off a fortnight to work in a soup kitchen...and we would prefer to give her this extra support because she is already involved in it, rather than just give a cheque to whoever rings up and asks for it.'

SME giving is also commonly tied to maintaining relationships in the local community. *'We live and work in this community. It's important to put something back.'* Regional SMEs emphasised the importance of giving locally. *'You can't be invisible here.'* Interestingly, while they liked to support local causes, there were also expectations by others for them to do so.

'If you are a business person here, you expect to be asked for support.'

This attitude by SMEs of promoting the business through their giving was justified because they felt responsible for sound business decisions: above all, the business needed to be run well and not waste money. Thus, while cash and in-kind donations were seen to be 'no strings attached', some requests were more appealing than others. Indeed, the use of the term 'sponsorship' was blurred with philanthropy by many SMEs.

- 4. Ideal length and complexity of giving.** The main difference regarding timing was that large businesses generally were comfortable with giving to a nonprofit cause over a longer period to achieve more, while SMEs seemed happier with giving over a shorter timeframe. While one community organisation or cause may benefit from donations over several years, SMEs were not particularly interested in complex arrangements or 'partnerships' that committed a mix of financial, in-kind and volunteer contributions to achieve larger impact or project outcomes. Instead, they tended to make a one-off donation or series of donations, or to support staff joining together to raise money for a good cause. This straightforward type of giving tended to be seen by SMEs as more manageable, a priority for them, unlike formal staff giving or volunteering programs, which were largely rejected as too much work.

'We don't need the red tape.'

'It's unnecessary.'

In contrast, large businesses wanted multi-dimensional giving programs for greater impact/synergy. The best equipped to handle complex requests, or to develop multi-faceted programs, were major businesses for they had staff dedicated to managing community engagement, had developed clear written policies and decision-making processes including well-considered selection criteria (and to a

lesser extent, methods of evaluation). Even so, most of these very large businesses were in a state of transition to an even more strategic approach, more internal education and more meaningful staff involvement. Moreover, they had more capacity to engage with community organisations as ‘partnerships’ and liked the concept. ‘Partnership’ has greatest currency with large businesses. Larger businesses were more likely to look to provide support over time, involving a mix of financial, in-kind and volunteer contributions and seeking a larger impact or project outcomes.

5. **Ideal involvement of staff.** Large businesses and SMEs appeared to want to involve staff in different ways in their giving programs. Unlike in SMEs, there is interest in staff volunteering in large businesses, with genuine HR benefit seen to accrue for the companies involved. These large businesses are aware of problems in making it work by nonprofits, and they are interested in finding sustainable models for such engagement. That is, they wanted to get more involved in staff volunteering but were aware that what they could offer a charity such as ‘a half hour on a Friday for 100 staff’ was not always useful to that charity and they wanted to address these issues.

Large businesses tend to be city-based: there was no interest in these activities by businesses in regional areas. Overall, large business participants appeared to be vitally interested in staff volunteering for its perceived benefits such as improved morale and productivity, and the ability to recruit and retain quality staff. They saw staff volunteering programs, payroll deduction schemes, and workplace support for charities as key ways to support the HR function. It should be noted, however, that not all large businesses wanted payroll-giving schemes as they saw these as making ‘too much red tape’, much like SMEs.

SMEs resisted workplace-giving schemes and organised volunteering. *‘The last thing we want is another layer of administration.’* SMEs commonly believed that staff already did a lot of personal giving of cash and time out of hours. *‘There’s no shortage of opportunities.’*

The exceptions were professional firms of all sizes that appeared to participate in on-going pro-bono volunteering arrangements with community organisations.

2.4.3 Ways businesses are approached to give

Overall, businesses reported receiving many more requests for support in recent years to the point where many felt ‘deluged’ by needy organisations. *‘They keep coming’*. The terms ‘overwhelmed’ and ‘inundated’ were widely used, especially by medium and large SMEs and large companies.

‘We get several approaches every week.’

‘It is becoming a lot...we have probably had three or four per day.’

They perceived that organisations to which they had given were coming back to them more frequently; as well, they reported being approached by many more types of nonprofit organisations than previously. *‘We would get at least three a week.’* For example, schools were very active now and smaller, lower profile, nonprofits such as Police Citizens Youth groups were contacting them for the first time. Indeed, many said they commonly received requests from groups or causes they either had no previous connection with or with which there did not appear to be a ‘fit’ to their

organisation. *'We throw most of them [straight] into the bin.'* There was concern expressed by businesses generally that they were constantly receiving requests for support from organisations they had never heard from or about which they knew little. *'Everyone comes to us.'*

Generally, the main methods used by nonprofits – telephone requests and written applications – did not appear to have changed over the years. Participants reported being approached by nonprofits in three main ways:

- By telephone call seeking a donation or sponsorship. These were often for small amounts or were calls from those they knew personally (such as a business contact). Where they were more substantial, businesses commonly requested something in writing.
- Initial contact by telephone, where there may be an enquiry, followed by a written application.
- By a written application, mainly sent by post but may be electronically submitted or faxed. This format and content is either based on company guidelines or created by the nonprofit organisation.

Businesses commonly referred nonprofit organisations to their corporate websites especially for information and guidelines about requests for support, if they existed. In doing so, many businesses believed it saved their time and energy giving this information on a one-to-one basis but it helped attract more relevant, higher quality applications (if the guidelines were specific enough). Businesses also reported that not all nonprofits referred to information for nonprofits on a company's website (where it existed). Further, businesses generally reported receiving more *different kinds of requests*, as well as traditional requests for money alone, or for in-kind donations with or without a cash component.

Increasingly, they said they received requests for, or expressions of interest in workplace promotions, for staff fundraisers at work (such as Shave a Head day or morning teas asking for a donation). This was particularly the case for large SMEs who generally reported the most requests and commonly did not have formal processes in place to handle these.

'It wastes a huge amount of time for us...and it must be for those who are writing them.'

There was also the worry that, once they make a donation, they will be approached regularly to give and expected to do so.

'As soon as you give something, you're thinking you're going to be inundated with more requests...it makes you want to say no at the start.'

2.5 Perceptions about giving

2.5.1 Attitudes to giving

Many business attitudes to giving have already been discussed and this section should be read in conjunction with the rest of this report. Overall, business participants shared a strong belief that they should be supporting community causes. *'It's the right thing to do.'* Indeed, an expectation existed that they would.

'It's part of being in business.' Even the smallest SMEs saw it as their duty to show support for community causes. *'We try to do something.'*

While many large businesses had already committed to comprehensive community engagement programs in recent years, SMEs appeared more likely to be contemplating the best approach for themselves. A common top of mind issue reported by SMEs was 'what is the ideal approach to giving for our business?' There appeared to be two types of SMEs. Firstly, there were those who perceived a shift had occurred within their particular industry and in their own business as well, towards a growing sense of responsibility to be a 'good corporate citizen'. *'We are now a profession and [for the firm specifically] a part of a larger conglomerate so we now allocate a budget and have a committee for it.'* Some experienced a culture change through a merger or new business relationships. For example, one participant reported being taken over by a U.S. company, which had increased their commitment to giving:

'They had a strong culture of supporting activities in the States and that culture was one of the things they exported to our company...They imposed certain disciplines on us and one of these was budgeting: we had to have a budget for giving to charity.'

Secondly, there were those SMEs who were less sure about the extent of their obligation to support community causes and experienced more barriers in doing so. For these SMEs, an important issue seemed to be: to what extent does charitable giving require a good business case for support? For these owners, directors and partners of larger SMEs, the lines for giving through the business were unclear. *'I ask myself, is this something that should go through the business?'*

Giving by businesses was widely seen to require a balance of responsibilities as a business: to its own profitability and to their shareholders or owners, and to other stakeholders in the community who supported their activities. *'It all depends if you have shareholders or not...you can't just give it away.'* Large businesses showed they had largely dealt with this balance while SMEs were currently dealing with it. However, it also may be that SMEs are more willing than large business participants (who were generally responsible for community engagement, not CEOs or owners) to discuss what they have not yet got right. For example, there was agreement by some large businesses that there were a range of large businesses that were not transparent in their community engagement activities (specifically, that their corporate rhetoric did not match their actual level of community engagement). Further, there appeared to be mixed use of best practice guidelines: some appeared to isolate themselves by saying their company had learned what they needed and how they needed to proceed. That is, they were proud to have developed their own giving approach as most suitable for their needs.

2.5.2 Perceived barriers to giving

One perceived barrier for businesses generally, but especially for SMEs, was the selection of causes amongst the many that were asking. *'It's really difficult because you can't say this one is worthy and that one isn't.'* Ideally, they said, they would give more than they currently give. *'We feel bad that we can't support them [all].'* Many felt unsatisfied with their constraints in what they could give as a business. *'You feel like you are not doing enough.'*

The difficulty was that while businesses, particularly mid-size ones (large SMEs), *wanted* to provide support to the nonprofit sector, they frequently did not know how to do so in this environment of increasing requests from different directions. The ones who struggled the most generally did not have a clear outcome in mind nor strategy to underpin it, and they were inefficient due to an absence of guidelines or processes. While such businesses wanted to help, they felt under siege with no immediate way out. There was a sense of real frustration at the time it took just to take the calls or open the letters every week, concern at not being able to support all the worthy causes seeking support, and a sense that they could be doing it better.

A second perceived barrier, again expressed mainly for SMEs, was determining how much financial support it was appropriate for a business to give. *‘What is appropriate to be allocating for this?’* This dilemma concerned the total expenditure desirable on charitable activities overall, as well as how to spread it amongst those seeking support. *‘Because we are a stock broking firm, people think we’ve got lots of money [to give away].’* One way around the first part of this dilemma was for businesses to support nonprofits with in-kind donations, pro-bono work and volunteering, and staff fundraising projects rather than cash. Indeed, some businesses, including large businesses, believed that nonprofits themselves were looking for ‘more than a cheque’. *‘It’s often not about the money.’* Overall, there were mixed feelings about how much money it was appropriate for business to give to charitable activities and this lack of clarity appeared to both restrain giving activity as well as to favour non-cash donations.

A third perceived barrier for businesses related to concern that donations not be wasted. Businesses commonly did not know if the money they gave was reaching those in need and having an impact, both of which were important to them. *‘You hear of [nonprofits] raising money and it’s all just a fraud.’* This concern was particularly true for ‘cold’ requests from unknown organisations. SMEs generally were hesitant about whether they should support nonprofit organisations not because their cause was not worthy, but because they did not know if their donation would be used wisely. *‘You think...will the money get through [to the cause]?’*

Of particular concern was that donations may be used in *indirect* activities such as nonprofit marketing, fundraising or other administration: money spent on such internal activities was largely perceived as ‘being wasted’. Overall, SME owners and CEOs shared a strong dislike of waste, seeing this as a personal value, and they believed much waste occurred in nonprofit administration. Most were aware of stories in the media about the use of ‘flashy’ new model, ‘status’ cars, high salaries and what was perceived as ‘excessive’ overseas travel costs for nonprofit CEOs, and there was general disapproval of such waste. Interestingly, participants did not distinguish, until pressed, between legitimate administration costs such as bookkeeping staff and job ‘perks’ for senior management: all appeared to be ‘lumped together’ as administration, triggering a concern that waste may be occurring. When businesses were asked if they could see a need for some administrative costs by nonprofits, however, there was agreement. *‘You have got to have some administration.’* However, what was an appropriate level of administration was unclear and there were obviously some trust issues that existed for participants.

‘As soon as you set a percentage on administration that you say is acceptable, that’s what will be spent even if it’s more than they need to.’

‘If you’ve got economies of scale, it should bring down the admin costs...but can you trust them to keep these down?’

While some businesses wanted their donations to be used *only* to address community need and not on administration costs at all, others suggested that if a strong case was made for administration support, they would consider it. *'We understand the concept: you can't run an organisation efficiently without adequate infrastructure.'* The two overriding requirements were that it had to be justified and the real purpose of the funding needs to be clear. SME owners and CEOs did not want to give money for a particular purpose, and then have it spent elsewhere. *'We want them to be up-front about it, not say one thing and do another.'* Thus there seemed to be two sticking points for them: firstly, administration was associated with waste unless justified and, secondly, there needs to be integrity by nonprofits in ensuring money raised for one purpose is not used for another.

There is another aspect to this fear of waste: feedback. Given that many businesses, particularly those in metropolitan areas, reported being approached by nonprofit organisations with which they were not familiar, it is not surprising perhaps to find that they needed feedback about outcomes achieved by nonprofits. *'We don't see what happens...they need to tell us.'* Not only did participants say they rarely got feedback from those to whom they gave but some reported not even getting a thank you from the organisation concerned. *'You just never hear from them.'* Not surprisingly, this dismayed them. In contrast, regional businesses had fewer problems: they generally gave locally and could see the impact in their community. *'You run into people everywhere.'* For those more removed from the communities in which the money is spent, however, this absence of follow up merely raises concerns about whether donations have helped improve a situation.

A fourth substantial barrier to giving by business appeared to be poor targeting and inappropriate persistence by nonprofits. Many businesses expressed frustration and being 'turned off' by what they perceived as unrelenting attempts by nonprofits to win business support without any perceived connection with the cause. *'Once you get on one list, you seem to get on the list of everybody.'* This was illustrated by one company that purchased some raffle tickets as a 'one off' gesture of goodwill, which then triggered numerous requests for larger donations over ensuing months and ultimately alienated the business from that organisation. *'It was terrible...we gave them token support and they really chased us.'*

Many reported asking such nonprofits not to keep contacting them 'to no avail' as no records appeared to be kept and different people were involved. *'They don't seem to hear you.'* There was a high level of frustration expressed at being 'inappropriate' targets due to no rationale for their business support and at being ignored in their requests. Several said they were now extremely wary of being approached by any nonprofit organisation. *'We've learnt from experience...if you support them once, it can open up the flood gates.'* An additional concern was that nonprofits were not responsive to seemingly straightforward requests, such as businesses that wanted to receive a newsletter less frequently. *'You just wonder how much is being wasted sending information that people don't want, or don't want it so often.'*

Finally, there were internal issues that were perceived as significant obstacles to giving. For small SMEs, giving is constrained by their limited resources and what they believe nonprofits want. For larger SMEs, the main internal obstacles appeared to be a lack of vision, policies and processes for giving, causing confusion and

frustration in the face of many requests. For large businesses, giving appeared to be seriously constrained when management commitment was not there. Giving activities are not required to be publicly detailed and this absence of transparency, plus the lack of consensus for external guidelines, may underpin the large variability in corporate giving.

We now turn to the perceived impact of the Tsunami disaster and to the perceived impact of tax incentives to encourage giving, then to findings about motivations for giving by business.

2.5.3 Response to the Tsunami disaster

Many businesses perceived the tsunami disaster on 26 December 2004 as an unusually tragic situation that triggered generosity within their business at an unprecedented level, commonly through new types of fundraising such as business ‘dollar matching’ schemes. *‘We felt we had to do something.’*

Many participants reported taking action in the wake of the disaster to enable emotionally charged staff and customers to make a contribution at the workplace, sometimes for the first time. Some perceived the timing of the disaster as influencing their response and that of Australians generally. Coming so soon after Christmas excesses, participants reported being acutely aware that, as Australians, we had so much while the victims of the disaster now had practically nothing.

Also, as the disaster occurred at the hottest, sleepest time of year in Australia, a few business participants found that by the time they were able to see what they could do, partners and staff had committed themselves elsewhere.

‘There wasn’t any need for us to do anything more as everyone had already given.’

‘We had already donated as a family.’

However, even in these situations where no workplace giving took place, the businesses consulted staff and partners about their wishes. *‘If there had not been so many places that people could give, we definitely would have done something.’* This level of consultation – and willingness for giving to be orchestrated through the workplace if needed – appeared to be ‘a first’ for many businesses.

Indeed, it was widely agreed that the scale of the disaster and its nearness to Australia and Australian holiday spots had a huge and unprecedented impact on people. Many participants said the needs of affected communities (and the aid agencies that were supporting them) were highlighted by the intensely graphic and continuous media coverage of the disaster’s toll for days and weeks after the event. Further, the massive response by Australians (and our political leaders) in both wanting to make donations and having what seemed to be unlimited opportunities to do so (in terms of number of avenues open and their 24/7 accessibility via websites) created a deep impression on participants. There was general agreement that the disaster ‘brought home’ to them that giving was legitimate in the workplace and it worked to bring staff and management together. *‘It was important to show staff that we supported them.’* Indeed, it seems that many Australians were strongly affected seeing such a terrible disaster on the country’s ‘doorstep’ and that they wanted to do something together, as a group, to help. The workplace appeared

to be a natural group environment to facilitate expressions of sympathy, concern, bonding and, ultimately, giving by individuals. Many businesses, particularly, SMEs reported this as the first time they had rallied to this extent for a community cause.

Participants' views varied as to whether the tsunami response by businesses would lead to more workplace giving opportunities or if the event was unique. However, they did agree that it could be done and there were benefits for not only the community, but for staff and, indirectly, for businesses as well, because staff are important.

2.5.4 Tax incentives

Overall, awareness of recent tax incentives amongst SMEs was low. Even medium and large SME participants were largely uninformed and wanted information about these. Some had heard about one or more incentives by chance but were vague about details. They saw themselves as potentially interested in utilising these incentives and wanted more direct communication by the government about this. *'The government writes to us all the time. Why can't they let us know about these?'* (Please note that information may have been sent after this data was gathered between October 2004 and February 2005.) The smaller the organisation, the less helpful they thought the tax incentives were to them.

Large businesses appeared to be better informed, with most aware of improved tax advantages especially workplace giving. However, there were mixed reactions to it. Those who had embraced such a program were motivated by their interest in staff relations and morale. Many of these businesses believed it was important to empower staff in decision-making relating to it, and to roll out a program at a local branch or department level. Some other businesses, regardless of their size, rejected such workplace giving schemes because, mistakenly or not, they saw these as adding another layer of costly and time-consuming administration in their organisation. *'It's just more bureaucracy.'*

Nevertheless, there was wide agreement by participants that tax incentives that supported donations and other types of support for nonprofit causes were a good thing.

'I'd much rather make a donation and get a tax deduction, than buy a ticket in a raffle to win a house that you don't even want.'

'Speaking personally, if I was giving away \$500, and I would think that was a substantial donation, I would want to give it to a DGR [and claim it on tax].'

Although they did not believe donations were motivated by tax deductions, there was some agreement that the level of support could be increased by tax incentives. *'You'll give more if you get something back.'* On the other hand, the rules were perceived by some as complex and not well understood, even by government agencies that interpreted requirements differently. Moreover, poor understanding of incentives across different government departments caused problems for those businesses seeking to take them up.

More generally, there was support for tax rebates but mixed views on the optimum level of these. They welcomed tax incentives to match staff donations, seeing

this as good for staff morale as well as for the charity and helping to justify their corporate contribution, as well as ‘dollar matching’ by government for funds raised by business for community activities.

Other issues, particularly around education, came up in the qualitative discussions. For example, participants from large SMEs who were also involved on school committees and boards as parents and business leaders wanted better tax deductions for donors interested in education. They strongly believed there was a growing need for foundations, for government matching fundraising efforts, and for scholarships for disadvantaged students to be tax deductible. These participants reported having first hand experience seeing disadvantaged children unable to be assisted because donors could not be found. People were encouraged to give to building funds through the tax system, instead, leaving what they considered to be real need unmet.

2.6 Motivations

Participants expressed a variety of different motivations for business giving, with the strongest support shown for six types of motivations:

1. **Desire to be responsible.** This was commonly expressed as a responsibility or duty felt by business to ‘put back’ into the community or make a meaningful contribution as a successful business in the community. This desire appears to relate to action arising from the businesses concept of itself as a moral entity. For example, many large businesses say they are motivated by their sense of responsibility to do so as good corporate citizens. *‘We should be doing it.’*
2. **Desire to show core values.** This was expressed as a desire by businesses to show who they are and what they stand for. Community involvement can help a business express their core values. The voluntary commitments of a business can manifest or reflect its principles, and show its identity, as an organisation. This motivation appears to demonstrate a wish by the business to express its authentic self. *‘It’s just who we are...and what we stand for.’*
3. **Desire to show a human face.** This was expressed as a desire by business to add an emotional, social dimension to its interactions with its stakeholders (for example, staff) and, in turn, to add to the richness and appeal of what a business is perceived to be by those who come into contact with it. As one participant commented:

‘It’s important to let staff know what you give...it creates a better culture, to know you are not only out to make a dollar. That’s not the reason you do it, mind you, that’s a by-product.’

This desire concerns action by the business to expand its identity with others. *‘We are not just about making money.’* For example, some large businesses believed that giving allowed staff to see a different, caring, side to the company. One participant expressed it this way:

‘We feel [giving] has to do with the long-term longevity and sustainability of business. So much is coming at us so quickly and we’re trying to find a balance... when things come and go so quickly, [giving] provides a kind of balance, on the other side, to the hard graft of business.’

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4. **Desire to create solutions.** This was expressed as a desire to help find solutions and improve community outcomes. It related to making a genuine contribution to the community and ‘being part of the solution’. This desire concerns action by the business to be a creative force for good. Many business participants, for example, wanted to know the money would directly address a problem. *‘If we don’t try to help fix this, who will?’*
 5. **Desire to support others in the community.** This was expressed as a desire to be mutually supporting, to be other-focused and cooperative. It relates to an understanding that businesses need to support their community if their community is to support them. This desire concerns action by the business to be in supportive relationships in the broad community. Many SMEs, for example, believed that the business should support those in their local community, which was sometimes interpreted as being within their their state or territory but more usually their immediate environs, such as their city or town. *‘We are in this together.’*
 6. **Desire to build good relations.** This was expressed as a desire to create social capital in the economic exchanges in which the business engages (such as customers or suppliers). It is related to the need to support others in the community (see above) but is focused upon the specific set of relationships a business enjoys at any point in time. This desire concerns action by the business to nourish its key business relationships. *‘It’s all about people in the end.’*

These motivations differ to the degree that they have internal or external reference points: the first three motivations may be loosely related as internally driven, the last three as externally driven. Further, businesses appeared to gravitate to one type or the other, although not necessarily exclusively. Businesses generally spoke of a mix of motivations applying to them. For example, the main reasons that SMEs said they gave to community organisations were that not only did they believe they should be supporting community activities and expected they would do so, but they believed it also helped to strengthen business relationships, with both clients or customers and staff. Moreover, secondary outcomes derived from corporate giving may be different from primary motivations for engaging in it. For example, several large businesses believed that a strong giving profile helped attract and keep quality staff, and ensured a good reputation with clients. Nevertheless, they did not believe this was why they engaged in such programs, at least they were not the main motivations: they regarded these as a bonus.

2.7 Summary of business giving behaviour

Who gives

There was almost universal participation in some kind of giving to community causes. Within that, there was a tapestry of giving attitudes, reported behaviours and approaches. A main theme was the diversity of giving approaches.

Many reported currently reviewing or about to review their community involvement, wanting greater strategic fit to their business. There was strong interest in better managing giving practices, especially by SMEs.

Strong giving was reported for businesses with:

- ▶ espoused social responsibility values
- ▶ delineation between sponsorship and giving
- ▶ infrastructure of policies, plans and sometimes people to administer giving
- ▶ a mix of giving vehicles (staff time, dollars, goods)
- ▶ staff interested in volunteer efforts
- ▶ a focus on 'work-life balance'
- ▶ often a formal corporate foundation.

These tended to be large businesses.

Converse facets were noted in those least likely to give:

- ▶ concern with giving away stakeholder money
- ▶ principals giving privately
- ▶ no giving vision, function, record, line item in the budget or other infrastructure to manage nonprofit requests
- ▶ little exposure to best practice giving
- ▶ blurred lines between commercial activities like sponsorship and more altruistic engagement
- ▶ focused on 'keeping the lights on' – survival.

These tended to be small to medium size enterprises (SMEs).

Business size appeared to influence, at least to some degree:

- ▶ the likelihood of a giving focus
- ▶ the legitimacy accorded to giving
- ▶ the resources expended
- ▶ the extent to which they controlled their giving activities.

The types of businesses that give most consistently to community causes are:

a) *very large companies characterised by:*

- ▶ on-going management commitment
- ▶ carefully articulated vision for community involvement
- ▶ formal budget, qualified staff and systems in place to manage this function within the organisation.

b) *small, locally-based businesses, often with a retail shop front and 5-20 FTE staff that:*

- ▶ were visible and connected to others in their local community via service clubs or committees or other groups to which they belonged
- ▶ identified closely with their immediate community
- ▶ wanted business with their local community and are happy to 'pull their weight' (albeit in limited ways)

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- ▶ tended to operate on a tight cash flow with survival their main concern
 - ▶ were almost exclusively approached by locally-based nonprofits (such as the local football club)
 - ▶ gave in relatively low amounts but consistently to these local causes.

Key patterns in how businesses give, regardless of size:

- ▶ *Approaches to giving by business were very individualistic*, as illustrated by two large SMEs, one of whom reported giving less than AUS\$5,000 annually while the other said they had committed 20 times that, AUS\$100,000 a year.
- ▶ *In-kind giving was an attractive way to give*. There was a greater comfort level for businesses in giving their time, or goods or services (or a combination) than simply cash.
- ▶ *An advocate or ‘ambassador’ for a cause was valued*. A staff member, a client, a supplier, a business associate who championed a cause helped to give it priority for decision-makers and to cut through the ‘clutter’ of multiple asks.
- ▶ *Businesses rely on being approached* and do not actively seek opportunities. Rather than proactively seek opportunities, most large businesses tended to advertise and seek applications while SMEs responded to approaches by nonprofits.
- ▶ *Businesses preferred to give more to a few causes* so as to achieve more by their larger contribution.
- ▶ *Businesses preferred projects not infrastructure*. Projects with clear aims and start/finish dates held more appeal than on-going projects or administrative costs. However, businesses may be open to funding a nonprofit’s infrastructure if the need and application of monies was clear from the start.

Key patterns in how large businesses give:

- ▶ large businesses appeared strongly motivated by sense of social responsibility and desire to express their values as an organisation
- ▶ community engagement was treated as a function in its own right but one that meshed closely with the rest of the company, especially marketing, human resources and corporate strategies
- ▶ localised staff efforts (volunteering, staff donations) were encouraged, as well as choosing causes – seen as empowering staff, lifting morale, finding support from head office
- ▶ carefully considered policies and procedures were in place to manage giving including targeting, assessment and internal marketing of the function.

Key patterns in how small to medium size businesses (SMEs) give:

- ▶ SME owners strongly believed in supporting community organisations but generally were less organised and more reactive in their giving (than large businesses). Few had written policies, procedures or infrastructure to assist them.
- ▶ Most reported feeling overwhelmed by the number of requests they received and feared doing anything that might accidentally ‘open the flood gates’ to even more.
- ▶ Community engagement was rarely a function in its own right, and decisions blurred with marketing decisions and desire for personal giving by owners.

- ▶ SMEs liked to give in kind or for the owner to volunteer rather than give cash and when cash was involved, they tended to give in small amounts.
- ▶ Mid and larger SMEs (more than 20 FTE staff) were different from smaller ones. The former experienced more dissatisfaction with their handling of requests, feeling overwhelmed by the growing number and range of requests they were receiving. There was less confidence in their approach and concern for time and resources involved. They wanted templates for managing their giving but did not know where to start to get these.

Key differences between large and small businesses (SMEs):

- ▶ importance of personal giving for SMEs
- ▶ larger businesses tended to be better organised their giving
- ▶ ideal outcomes of giving program (more direct business benefit wanted by SMEs)
- ▶ ideal length of giving programs (Larger businesses tend to longer term projects)
- ▶ ideal complexity of giving programs (SMEs prefer straightforward activities)
- ▶ ideal involvement of staff (Larger business want to involve staff).

Location and business giving:

- ▶ Greater consistency showed amongst regional businesses than metropolitan businesses in their connectedness to – and interdependence with – their immediate local community and less questioning of their giving practice.
- ▶ Regional businesses frequently resembled smaller metropolitan-based SMEs:
 - ▶ while they felt constrained in their capacity to give, they were convinced they should be supporting their community to the extent they could
 - ▶ they liked to give in simple ways, preferably in-kind and through volunteering by the owner
 - ▶ in return for their contribution, they had some expectation of loyalty (patronage) by their community.
- ▶ There were differences across regional centres. Businesses in regional centres that are large, easily accessible, attractive to visitors, and that have a changing population made for a business (and living) environment that was more anonymous and ‘city-like’ than those in other regional centres. There appeared to be less sense of ‘community’ and community expectations for such businesses, with less impact on giving behaviour.
- ▶ The more distant a business community was from Sydney or Melbourne, the more close-knit the business community appeared to be. This mentality encouraged businesses to support local causes and find solutions to local problems, although not necessarily exclusively.

Approaches to giving:

While all businesses reported receiving many more requests by nonprofits, the main approaches used – telephone requests and written applications – remain unchanged. Mostly, participants reported being approached by nonprofits in three ways:

- ▶ Personal approach by telephone call or face to face, seeking a donation, purchase of raffle tickets, or sponsorship. These were often for small amounts or were requests from those they knew personally (such as a social or business contact). When for more substantial sums, businesses commonly requested a letter.
- ▶ Personal approach usually by telephone, followed by a written application which may or may not be submitted on-line.
- ▶ By a written application, mainly sent by post but may be electronically submitted (or faxed). This format and content was either based on company guidelines or created by the nonprofit organisation.

Response to the Tsunami disaster:

- ▶ business giving was characterised by a strong staff feeling of wanting to do something together, as a group, to help
- ▶ many SMEs reported this as the first time they had rallied to this extent for a community cause
- ▶ those who did not participate reported that by the time they and their partners considered it, they, and their staff had already given through the myriad of opportunities available at the time.

Tax incentives

- ▶ Participants all agreed that tax incentives were important for lifting donations. There were mixed views on the optimum level of tax rebate but they wanted the incentive. They also liked the notion of dollar matching by government for money raised.
- ▶ While many large businesses were aware of recent tax incentives, this was not the case for SMEs whose business owners commonly had not heard about the changes or had found out by chance and were still rather vague about them. They claimed not to have seen anything in writing about these changes, which surprised them, and they wanted to find out more.
- ▶ Generally, businesses appeared interested in utilising these incentives but they wanted requirements to be simple/straightforward and not ‘another level of administration’. For example, some businesses including large ones, reported not implementing staff giving due to the expected layer of administration it was seen to impose. Those supportive of it were motivated by their interest in staff relations and morale.
- ▶ Also, some perceived rules appeared to be poorly understood even by government agencies that interpreted requirements differently.
- ▶ The smaller the organisation, the less helpful they thought the tax incentives were to them.

Motivations

Participants commonly expressed the following motivations for business giving:

- ▶ **social responsibility or duty**, relating to action resulting from the businesses concept of itself as a moral entity
- ▶ **show core values**, relating to a desire to outwardly express a set of core values that underpin the business, to manifest or reflect its values, and thus show its identity, as an organisation
- ▶ **show a human face**, relating to a desire to add an emotional, social dimension to business interactions with stakeholders
- ▶ **create solutions**, relating to a desire to help find solutions and make a genuine difference to the community
- ▶ **support others in the community**, relating to a desire to be mutually supporting and co-operative, as a business needing the community (and the community needing it)
- ▶ **build business relations**, relating to a desire to create social capital in the economic exchanges in which the business engages.

Moreover, outcomes derived from corporate giving were perceived by some businesses, especially large ones, to differ from primary motivations for engaging in it.

2.8 Key issues and opportunities arising from these findings

1. Strong interest in better managing giving/volunteering practices is evident, especially by SMEs. Greater philanthropy was expected by participants if it were easier for them to give. They wanted:
 - ▶ exposure to best giving practices by other businesses
 - ▶ easy to implement infrastructure
 - ▶ incentives for in-kind giving
 - ▶ staff volunteering programs and ideas
 - ▶ exploration of dollar matching by government or others to leverage their giving.

For large businesses, the desire for more exchange on measuring, implementing, making volunteer programs work and so on suggests the worth of more collegial activities.

2. Advocates/ambassadors for a cause or organisation were crucial. How can more people be encouraged to fill this role in their workplaces?
3. The avalanche of requests is turning businesses off giving and nonprofits need to get this message. Aggressive approaches and poor targeting need to be discouraged.

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4. The need for administration, including fundraising and marketing, needs to be justified by nonprofits. Can the nonprofit sector work together to address expectations for what is reasonable? Also the purpose to which funds raised will be used needs to be clear from the beginning. How can nonprofits be encouraged to communicate better with donors, both in listening to them and in informing them about outcomes?
 5. Tax incentive awareness was low amongst SMEs. They wanted to hear about this from their accountants. Are accountants targeted with such information?
 6. Small businesses felt the tax incentives did not help them. Can something be tailored?
 7. Incentives were very positively viewed but they had to be:
 - ▶ easy
 - ▶ low cost – concern over another layer of costly administration
 - ▶ ideally showcased in another business so they could see them in action
 - ▶ well and consistently explained by government agencies.

For example, workplace giving would be favourably viewed but it is seen as hard to implement therefore has been dismissed.
 8. The Tsunami giving had sparked real interest particularly for new or small business givers. How can this be sustained and grown?

3.0 Nonprofit findings – the recipients of giving

In-depth interviews and focus groups with nonprofit organisations suggest a number of critical sector challenges they perceive as affecting organisational capacity. These may be categorised as concerns relating to administration costs, finances, leadership, managing volunteers and government relations, and each are addressed in turn.

3.1 Challenges perceived for the sector

3.1.1 Increased administrative costs

CEOs were generally very concerned about the costs in time and money that their nonprofit was incurring by necessity in relation to:

- Compliance requirements in areas such as governance, qualifications for service delivery, and accreditation. These facets were seen by many as difficult and expensive to implement. Costs associated with compliance were perceived as rising and likely to create on-going difficulties for nonprofits.
- Risk management, especially public liability insurance and managing volunteers.

GST also appeared to be still a major problem for some. Both compliance and insurance issues were perceived as increased demands, tying up their organisation's limited finances and time. Many were concerned that they had far less time to devote to raising needed funds or to take advantage of opportunities that talented and motivated volunteers offered.

'It's sad to see us not being able to do the things we could do...opportunities are going begging.'

Many expressed frustration that, as CEOs, their energy was being diverted from big picture challenges and strategy to handle these compliance and insurance issues. They generally perceived these as unnecessary burdens. There was also a sense of urgency that changes were needed to address the difficulty these issues presented to the sector. Some called for new types of partnership and leadership within the sector to resolve their shared difficulties.

The changed legislative environment appears to affect complex nonprofits and small ones most severely. Small nonprofits, in particular, were seen as struggling because they commonly did not have the people nor systems to meet new requirements.

'They are just going along with committed, lovely, well meaning people but [it's not enough because] the environment has changed.'

There was widespread concern expressed that many of these smaller nonprofits will not be able to survive increased compliance and insurance requirements, particularly when also faced with an increasingly uncertain funding environment. Many perceived that the loss of this bottom tier of the sector, often very locally knowledgeable and focused, at the smallest, grass-roots level would be devastating and special assistance is needed to ensure their survival.

3.1.2 Instability of funding

CEOs commonly expressed strong concern about their organisation's financial stability, with many reporting marked changes in this area. Many traditional government funding sources had reduced their level of support, funded in smaller amounts over shorter timeframes, or limited funding to specific projects by the nonprofit, ignoring infrastructure needs. It also appeared to be common for government funding not to be linked to the CPI, which had effectively reduced funding over time.

'We have had to cut back on our services because we don't get CPI increases.'

CEOs mainly appeared to be worried about having 'all their eggs in one or two [government funding] baskets' when funding appeared to be shrinking in some areas and competition for it was growing. There was a strong sense amongst CEOs that growth in future funding would come from the private sector not the government. Indeed, government funding was commonly seen as highly problematic mainly because of compliance issues.

There was interest in expanding the range of their funding sources, as well as growing non-government funding sources, as ways of minimising risk. For example, there was an effort to ensure sustainability through new types of investments that would generate funding, and for developing new types of business partnerships. One CEO also identified private foundations as a potential source of funding that, unlike the corporate area, was largely overlooked by many nonprofits.

'Most fundraisers don't realise the potential to develop this area.'

However, CEOs were generally concerned that new opportunities could be difficult to exploit and were also unpredictable. For example, there was interest in providing a fee for service but this income could not be counted on. Also they saw the organisation as lacking skills in non-traditional areas. For example, growing business support was highly desirable but challenging for them, both in attracting it and in managing it for successful outcomes. Also they perceived businesses as preferring contained nonprofit projects rather than on-going service delivery.

'If you have a specific project, this really helps with fundraising.'

As introduced earlier, a particularly thorny and worrisome issue for nonprofits was how to pay for the cost of their organisation's infrastructure i.e. the 'normal costs of doing business'. They negatively compared themselves to 'for-profit' organisations, which were seen as being able to 'pass on' such costs, something they could not do. This issue was of great concern. There was a widespread view by CEOs that the community did not understand the need for a sound administrative infrastructure in the delivery of community services. Indeed, they commonly felt to be under unreasonable pressure by donors, businesses and funding bodies in general to do good work without having essential 'infrastructure' costs such as administration, marketing and fundraising.

'People don't want to fund administration but it's critical for us.'

'We are very low in admin but we still need it.'

The expectation that it was not only possible, but ideal, for nonprofits to only rely on volunteers and for all funds received to go into actual service delivery was widely perceived to be a serious barrier for the nonprofit sector. It was a myth, reinforced by the media and some nonprofits themselves, that was perceived by many as dangerous because it encouraged weak infrastructure, putting nonprofits and their missions at risk. Further, the hidden nature of such real costs was also seen by some to constrain comparison of infrastructure costs within the sector. They wanted transparency but also did not want to lose donor support.

Overall, CEOs reported increased financial volatility for their individual organisations, and for the sector generally. As a result, they were directing increasing time and resources into short-term survival strategies, limiting the nonprofit's ability to plan its future. This was of particular distress to them because they widely expected the demand for their services to grow substantially in coming years.

'[Funding] is paramount.'

'Funding is the ultimate issue for us.'

3.1.3 Need for leadership

Leadership was regarded as a key challenge by CEOs for nonprofits and it was generally accepted that it was needed on several fronts: at the CEO level, by Board members and within the nonprofit sector as a whole. The greatest attention was given by CEOs to the latter and there was a call, that was generally supported, for greater cooperation between nonprofits and stronger leadership within the sector to work more effectively with government on critical sector issues and the development of legislation affecting the sector. Nevertheless, there was general agreement that nonprofits were reluctant to cooperate and rationalise their services, when this would seem to be sensible. The fear of losing contracts to others and practical difficulties of working with an organisation with contrasting values were evident. For example, nonprofits helping drug addicts operate on different understandings of problems and solutions and found it hard to consider joint activities.

CEOs widely perceived there to be growing competition within the sector for funding and, given the urgency of trying to keep nonprofit doors open in the short term, many believed there was less energy to work together. This came at a time when sector solutions were sorely needed. Several CEOs called for nonprofit leaders (CEOs and Board Chairs) to articulate a vision beyond their immediate organisation to tackle shared concerns.

Finally, there was some concern expressed that the level of public debate in Australia about community problems and how they might be solved was stifled because speaking out on issues attracted political backlash and threatened funding for nonprofits. For some, advocacy was an important part of their ability to serve their clients and they were loath to threaten it.

Leadership was seen as a conduit to solve a range of issues, as follows.

3.1.4 Managing volunteers

Both CEOs and fundraisers were highly concerned that changed legislation had discouraged volunteers from nonprofit involvement. There was strong agreement that greater protection was needed for volunteers insurance-wise. Indeed, many reported volunteers receiving training including their obligations then immediately dropping out.

Many CEOs also expressed concern that the traditional methods of attracting, using and retaining volunteers were not likely to work for some groups in the future, for example, young adults and baby boomer retirees increasingly appear to be seeking new volunteering experiences. There was general agreement that nonprofits needed to effectively address two key issues:

- ▶ how to meet the need for choice in *when* volunteers contributed (with changing volunteer availability, as well as wishing to work episodically on projects rather than continuously)
- ▶ how to meet the need for choice in *how* volunteers contributed (with changing volunteer expectations about contributing at different skill and expertise levels outside board involvement).

Overall, there was agreement that there was a ‘huge capacity’ that was not being utilised at the moment and this issue would grow in importance for nonprofits.

Some volunteer managers were scathing about the respect given to the volunteer role and about the quality of volunteer management in many organisations. They reported a real divide between volunteers and the rest of the organisation, indicating many stayed despite the management and communication they received rather than because of this.

3.1.5 Government relations

Many CEOs identified government relations as a key issue for the sector. Key problems were seen to be:

Legislation. Legislative differences between Australian states was seen by CEOs of larger nonprofits as problematic, a view echoed by fundraisers. While new laws to regulate the sector was seen as a good move in principle, for example, licensing, it was widely agreed that more consultation with nonprofits is needed – not just with large organisations or those favoured by the government – before laws are introduced. Legislation ‘needs to be informed’ and sensitive to the needs of the sector (not just those close to the government). As well, legislative requirements across states needs to be easy to access and based on the realities of practice.

Reporting standards. The need to meet different and complex reporting standards for government grants and the huge amount of paperwork it generated was also seen as a huge problem. The burden appeared greatest for small nonprofits with lots of small grants and by larger nonprofits with varied activities.

‘The [diversity] of our organisation makes it difficult to respond to what seems like a simple question.’

Intra-departmental communication. CEOs generally agreed that communication between government departments relating to nonprofit issues was often poor, with little sharing of information. There was wide agreement that there needs to be greater cross-fertilisation of ideas across government departments – a whole of government approach. For example, many agreed that the nature of social problems like drug and alcohol abuse affected the levels of disability and mental health in the community, as well as having other impacts, and that a multi-department approach was needed if solutions were to be most effective. By operating as ‘silos’, government departments were seen as limiting the effectiveness of programs and also sometimes duplicating efforts. CEOs were concerned about effective use of resources and wanted departments to work together to attack problems as a united front.

Understanding the sector’s needs. CEOs wanted a greater awareness of the needs of the sector, and its contribution, by the government. A key concern was that government funding agencies commonly sought to impose nonprofit program parameters that were less than ideal. There was general agreement that government representatives tended to inflexibility about what they would fund and how, and with what outcomes, even though they were not expert in these areas.

‘They are very proscribed about the deliverables [for nonprofit programs].’

This desire by individuals within government departments to prescribe solutions appeared to nonprofit CEOs to stem from the need to be highly risk-averse in terms of their own internal reporting processes. However, this rigidity was seen to be a barrier to finding effective solutions to often complex community issues. CEOs wanted the government to appreciate that nonprofits provided more innovative and cheaper delivery of services than could be achieved by others including government.

‘What we can bring to the community is being lost’

‘We build and sustain social capital. Governments don’t [seem to] value that.’

Other perceived barriers in working with government were apparent. One raised by participants was that government departments imposed standards for transparency and compliance on the sector that they themselves did not follow. They wanted government departments to establish standards that were reasonable, and for departments themselves to apply these, at least in a modified form that was appropriate.

‘They expect us to do what they are not doing.’

‘They should practice what they preach.’

The term ‘capacity building’, and the stated effort by government to build the sector’s capacity, was strongly disliked by some CEOs, who preferred terms such as ‘sustainability’, ‘future sustainability’, ‘balanced growth’ and ‘growth’. Its negative connotation arose from the assumption inherent in the term (and the project) by the government that nonprofits had not already built capacity: a few were insulted by this and claimed that any nonprofit that was surviving was already engaged in building capacity, every day. This heightened sensitivity by some suggests that any program developed by the government needs to be owned by the nonprofit sector and not imposed upon it, and its elements need on-going consultation with the sector.

For example, some CEOs expressed the view that the government saw capacity building as *just training* for the sector but they believed that the sector needed help on a greater number of fronts, as noted above. The seriousness of the sector's issues was widely seen as being compounded by Australia's socio-demographic trends especially an ageing population and the continuing rise in the need for community services, and the growing importance of the nonprofit sector in meeting these needs.

Finally, nonprofits found it difficult to reconcile being nonprofits seeking positive community outcomes with pressure by government not to advocate on behalf of needy groups. *'This is our raison d'être.'*

To assist the sector, nonprofit CEOs and fundraisers supported the idea of government facilitating broad sector-wide conversations on topics relating to sustainability. For example, what will volunteering be like in 20 years, and what strategies should we be using to recruit young people into community organisations? Some nonprofits expressed cynicism and distrust of government and were suspicious of any suggested programs of support. (This will need to be considered in dialogues of the future.)

3.2 Attracting support from the private sector

Overall, drawing support from the private sector – mainly through fundraising – was seen as an important piece of the puzzle for nonprofits. The main issues relating to fundraising can be classified as:

- ▶ internal issues within the nonprofit *organisation*
- ▶ internal issues within the nonprofit *sector*
- ▶ external issues in relation to the community
- ▶ external issues in relation to specific groups.

3.2.1 Internal issues - within the nonprofit organisation

Mixed commitment to fundraising is given by many CEOs. Many CEOs perceived fundraising to be expensive and difficult. Indeed, a few reported negative experiences and concluded that paying someone to fundraise was not worth it. Part of the problem was perceived to be the difficulty of finding good fundraisers so that the investment in fundraising could be realised. Some nonprofits appear to waver in terms of the investment they need to make in professional fundraising.

'We shut down our fundraising department...it was costing us more to run than we were getting in.'

Moreover, some fundraisers felt vulnerable to being laid off. They often felt stressed because fundraising results are rarely instantaneous.

'The pressure to achieve [in the short term] is very high.'

Organisational support for the fundraising function is needed. This issue relates closely to the first. Fundraisers wanted nonprofit management to understand the contribution of fundraising to the organisation and not see it as removed from, or

of less value than, other organisational functions. Indeed, some CEOs did suggest less concern for fundraisers, for example:

'Tin-rattling is not as important as [having] volunteers.'

Fundraisers were concerned about the poor image for fundraising within some nonprofit organisations (which is reflected in the wider community, as identified later) with a detrimental effect on fundraising performance. One aspect of this was that fundraising was not well understood within many nonprofits. For example, nonprofits differed in whether they regarded attracting donations of second hand goods for sale in shops as fundraising or not. It wasn't unusual for activities that would be classified as fundraising in one organisation to be treated as a commercial activity in another.

Another aspect of concern was that nonprofits did not always see the fundraising as a professional field, one outside the skills available from volunteers alone (as noted above). While participants strongly valued volunteer assistance and used it in a variety of ways, they wanted management to appreciate that volunteers did not uniformly offer the expertise needed for effective fundraising.

'You need to know what you are doing.'

Similarly, the fundraising function required appropriate lines of reporting within the organisation. It was generally agreed that the fundraising function needs to be at a strategic level and for programs to have strong support from the very top of the organisation in order for the organisation to raise funds effectively. Again, this was a problem for some nonprofits.

'A whole of company approach is needed for fundraising...it has to involve and win the support of the General Manager, the Board, Marketing...'

Finally, fundraisers agreed that fundraising needed to be visible to all departments within an organisation and for fundraisers to work across departments in planning and implementing fundraising programs – again, shortcomings in some nonprofits.

'It's important for fundraisers to work closely with other managers [because] what you do impacts on others.'

'Internal cooperation is essential.'

Close internal collaboration was seen as critical if business partnerships were to work because those in other departments are frequently the best equipped to identify opportunities, as well as problems, that can inform such partnerships. Yet, in reality, nonprofit managers and staff can feel that they are corrupting their relationship with clients if they work with the fundraising department.

'Staff attitudes can be obstacles to your effectiveness.'

Overall, fundraisers perceived that organisational misunderstanding and isolation of the fundraising function were barriers to growing private support for many nonprofits. Fundraising needed to be treated as important by the CEO and others in the organisation and strategies were needed to foster these.

3.2.2 Internal issues – within the nonprofit sector

Attracting quality people to fundraising is needed. Many fundraisers wanted a range of university and industry courses in fundraising across Australia because the sector lacked qualified staff. There was a general agreement that it was very difficult to find good staff due to lack of training courses. However, they also perceived that the profession was not attractive to many of the best and brightest: fundraising was not held in high regard within the community. It was not seen as a professional area, an image sometimes even held by those in fundraiser jobs.

‘The image of the sector is a problem. People think it is not paid or wonder if its full-time.’

Partly, this was seen to be due to poor awareness of the fundraising function, not only in the general community but also in nonprofit organisations. There was also a stigma attached to the role. For example, they believed that fundraisers were often regarded as acting without ethics and confused with commissioned agents soliciting donations by telephone or in the street. These agents were frequently dismissed or ‘despised’ because it was believed they were paid out of money given to charities for ‘doing good’.

Thus part of the fundraisers’ image problem as a ‘professional fundraiser’ is that the job is a paid one, unreasonably so when volunteers are seen to be at hand, and that they bring slickness and manipulation to community causes. They symbolise the commercialisation of charity to some in the community, benefiting themselves in so doing.

The Fundraising Institute of Australia (FIA) was widely regarded as the peak body for the fundraising profession but fundraisers outside of Sydney, Melbourne and Brisbane did not perceive their having much access to courses, events and networking opportunities. Also, there was mixed awareness of university programs in fundraising, with some unaware of any being offered in Australia. Others were vague about what was available to them and wanted to see the range of courses from different organisations in one place.

‘What courses can we do?’

‘I’d like to see [course provider] market our courses and we could do the same for them.’

Some expressed frustration that their access to training and support in fundraising was limited due to cost (and little down time). For example, Perth fundraisers reported attending local FIA activities but they commonly believed they were unable to access east coast fundraiser offerings due to cost of travel and accommodation. Fundraisers in smaller states wanted better access to quality training and courses locally, including short ones and, to a lesser extent due to their constraints in attending, to know more about offerings elsewhere.

‘We are lucky to get across there once a year...often it’s a lot longer.’

There is a need for professionalism in fundraising. This issue is closely related to that above. Most fundraisers believed a professional approach to fundraising was critical, not only by themselves but also by management and by nonprofit boards. This involved a wholehearted commitment to best practice fundraising.

In turn, best practice fundraising was widely seen to require the application of knowledge relating to brand development and organisational reputation, with donors cultivated through relationship building and an appreciation of lifetime value. The role of the Fundraising Institute of Australia (FIA) and university courses were perceived as important in providing general opportunities for increased professionalism within the sector. However, more access to long and short courses, conferences and seminars was called for. Moreover, practical resources such as templates for gift acceptance policies, donor ethics best practice and a directory of resources for fundraisers would ideally be available on the web (with FIA suggested as playing a role in developing these.)

Moreover, as well as this general support, fundraisers also wanted opportunities to address the specific challenges of their particular fields. ArtSupport, for example, was strongly applauded for the assistance it offered fundraisers in the Arts. It had identified the greatest needs of fundraisers for this type of nonprofit and developed customised, innovative programs to raise skill levels in that sub-sector. It trials and undertakes a range of strategies aimed at building the fundraising capacity of arts organisations, through workshops in all capital cities, guidebooks, audit support, mentoring programs and the cultivation of external ‘champions’ to influence private givers. Similarly, the professional Association of Development and Alumni Professionals in education (ADAPE) has sought to cater for the unique challenges for fundraisers in the educational field.

There appeared to be support amongst fundraisers for these focused networks and support groups, to allow for more depth of understanding and co-operation in tackling shared issues of concern that apply to a particular type of nonprofit organisation, for example, in the environmental area, disabilities, or medical research. One possibility was sub-chapters or interest groups within FIA as had operated loosely in the past. Overall, leadership was required in particular fields within the nonprofit sector to identify constraints facing particular types of nonprofits in participating in professional development, barriers to implementing best practice strategies, and develop activities that would be most valuable to them.

More skills are needed in attracting corporate support. Fundraisers in smaller nonprofits saw a gap between what they wanted to achieve and their ability, either personal ability or that of their organisation, to do so. Particularly, they wanted to engage with businesses and attract corporate support but many were unsure of how to achieve this. While this was widely perceived as a main opportunity for funding nonprofit activity, it was also seen as a difficult and highly competitive area of fundraising and one in which many had not previously been involved.

Small nonprofits engage in little fundraising. Small nonprofits reported that they engaged in limited fundraising and the smallest appeared the most limited in fundraising skills, but desperate to learn. Several CEOs or coordinators of smaller nonprofits reported little fundraising activity, being mostly dependent on government funding and commercial contracts, or on support by members or service users. Commonly, this income was supplemented by business sponsorships for money or in-kind goods, albeit in low amounts.

‘[Local businesses] know us and support our work.’

While some small nonprofits were relatively satisfied with their circumstances, many more appeared to be anxious that they would not be able to survive. They reported sharply increased demand for their services while expecting funding to remain the same or to fall in the near to medium future. They commonly lacked fundraising skills and were unsure where to start with fundraising. Most wanted simple, practical ideas about fundraising and were interested in mentoring or other help in relating strategies that large nonprofits employ to a small, local setting.

In contrast, larger nonprofits appear to be more organised and, in turn, more satisfied with their fundraising. However, as the expectation was that larger nonprofits would be excellent fundraisers, it may be more difficult for them to admit areas in which they can improve. Indeed, some believed that large organisations were not making the most of their opportunities or seeing particular markets as limited where they may not be.

Awareness of recent tax incentives is low. The issue of tax incentives, including recent tax incentives, was *not* raised unprompted by CEOs or fundraisers. One exception was the issue of deductibility of donations to sports organisations. While there was awareness they could give through the Australian Sports Foundation, this was perceived as difficult.

However, when prompted CEOs and fundraisers were generally aware that a wider range of tax concessions for giving was available but they tended to be vague on details. Indeed, many appeared to think of the incentives as at ‘arm’s length’ to them and not directly impacting upon them. While some scepticism was expressed about whether these incentives were token efforts, they were regarded as benign moves that could ‘only help’.

Some incentives, such as tax advantages in payroll giving, were seen to have potential but there were some hurdles in changing givers’ behaviour.

‘We have found it is hard to interest people to give out of their salaries.’

Location affects opportunities. Fundraisers in smaller states (in terms of population) generally believed they had more opportunity to be innovative but less opportunity for engaging in fundraiser training, finding skilled staff, raising very large sums from community campaigns, and developing corporate partnerships than those in NSW and Victoria. Those further removed from the largest states, for example, those in WA and NT, and to a lesser extent SA, Queensland, ACT and Tasmania, reported difficulties accessing education and qualified and/or experienced fundraising staff, and gaining access to large business decision makers.

Fundraisers in smaller states generally reported financial, time and staff coverage constraints in attending conferences, seminars and even meetings with branches of their own organisation in Sydney or Melbourne and rarely did so. Also, their communities were relatively small and there was only a small pool of businesses to approach.

‘It is easier for [nonprofits in Sydney and Melbourne] because they have a larger population to work with.’

Fundraisers report that businesses in smaller states are approached repeatedly for support. Also, large companies may have only a branch in the state and it was

common for requests to be sent to their head office interstate. Thus community engagement decision-making was often distant, making it more difficult for fundraisers to gain access to corporate decision-makers and, due to unfamiliarity of a distant cause, more difficult for requests to be assessed favourably.

An additional downside of being away from Sydney and Melbourne was that time differences made it very difficult to work with people in these cities, especially if one was seeking to agree on partnerships with bigger companies.

'In summer with daylight saving, there can be seven different time zones you are working in.'

'[It's problematic because] you have to talk to people in Sydney and Melbourne... that's where the decisions are made.'

Western Australia was also perceived by many WA fundraisers as different from other smaller states (in terms of population) because of its unique land size and distance from other Australian states. These were seen to present enormous challenges in communication and building partnerships with businesses. They perceived a greater need to travel around the state and spent much time trying to link people and resources around the state.

'There are huge time and cost factors involved in working with communities that are so spread.'

On the positive side, fundraisers believed that their smaller communities were more aware of the need to be supportive of local nonprofits. Participants also saw them as 'close-knit', where people were likely to know each other personally or have mutual friends, making it easier to get cooperation between nonprofits and businesses or the media. For example, participants in both WA and Tasmania spoke of the ease of contacting 'the right person' to assist fundraising efforts: they may have grown up together or their paths crossed regularly due to participating in the community.

'There is nearly always someone you know in a business.'

Also, fundraisers reported feeling less constrained by norms of how things are done elsewhere and had been able to be more innovative than they might have been if they weren't located where they were. For example, fundraisers in WA widely supported the notion of more innovation and vibrancy in WA than in the eastern states: they saw themselves as being out of the mainstream of what is happening elsewhere in Australia and it was necessary to 'do your own thing'. In sum, fundraising was perceived as a different challenge for nonprofits located outside of Sydney and Melbourne and fundraiser needs varied on this basis.

3.2.3 External issues – within the community generally

The poor image of some charities affects the sector. Many fundraisers expressed concern that some nonprofits suffered from a poor image and this was seen as negatively affecting the entire sector.

'People say, "how can I trust them?" It [affects] all of us.'

One concern was that nonprofits showed they were acting responsibly. It was generally agreed that there were greater expectations of accountability for the nonprofit sector, a trend that was also seen more generally in the community (for example, in business). However, what these expectations should be was unclear because nonprofits did not have the same lines of accountability as business (such as to their owners) and they are relatively independent from government. At the same time, many saw media reports of nonprofit excesses, even cases of corruption, as fueling public concern that all nonprofits needed to be closely monitored.

Generally, there was a sense that there had been a loss of confidence by the public in nonprofits and the call to do more to build credibility of the nonprofit sector with the public was widely supported. The more that nonprofit fundraising came to depend on public donations, the more important it was to have the confidence of donors.

'We are extremely vulnerable [to community attitudes]'.

There was also recognition by some fundraisers that those seeking donations for nonprofit organisations can be aggressive and offend some members of the community, and that this is damaging the sector. Mainly, they saw the problem as arising from paid agents, especially those on commission who are keen to raise as much as possible. There was awareness that complaints were increasing, especially about telemarketing practices.

'It really annoys people...the organisation may employ this as a short term strategy but it creates a negative impact in the longer term.'

While some noted that the FIA was trying to address the problem, there was some support for individual organisations themselves to monitor the activity.

'What can the FIA do? Organisations themselves need to be more accountable.'

The new fundraising practice of 'chugging' is of concern. In terms of fundraising methods, 'chugging' or charitable 'mugging' – signing up people in the street for monthly donations on their credit card – was seen as questionable and raised questions for fundraisers. Fundraisers generally were aware that this practice was increasing and it was attracting negative publicity, and wanted to know whether the practice would have a negative impact on donors and potential donors. On the other hand, organisations that were experiencing success from this vehicle were highly critical of the closed mind attitudes of industry associations and other charities and called for more objectivity.

Increased requests puts donors under pressure. Many reported increasing competition for the charitable dollar as more types of nonprofits were undertaking fundraising activities. For example, schools are non-traditional fundraisers. This increasing number of requests was seen as putting donors under pressure, even the most well intentioned.

Nonprofits perceived the need for stronger brands and closer donor relationships to address this challenge. There was also support for greater transparency and for regulation to help keep public confidence. At the same time, they wanted regulation to be *workable*. Currently, different legislation in each state was seen to be extremely difficult for the sector operating across Australia and in some states and territories they felt compelled, and indeed encouraged, to fudge results to fit the requirements.

This angered them. They also wanted easy access to information on different state legislation (this had been promised in some states but not yet delivered).

The type of cause must be considered when measuring fundraising efficiency.

This issue relates to transparency, mentioned above. Fundraising was generally viewed as more difficult for some causes that did not have wide understanding or general support in the community. For example, many fundraisers saw sports organisations as in a more favourable position than other types of nonprofits in being able to raise public monies.

Similarly, causes promoting the interests of children and animals were seen as more easily portraying their cause in fundraising campaigns than those with less appeal for potential donors such as disability organisations. Participants see that, in the latter, a higher investment is commonly needed to generate returns. For this reason, some fundraisers said there should only be comparisons of efficiency for nonprofits within similar parts of the sector.

The Tsunami disaster has affected giving to local causes. Fundraisers generally agreed that the Bali bombings and the Asian tsunami had had an immediate and striking effect on the fundraising performance of nonprofits not involved in relief efforts. The greatest effect was in the immediate aftermath of the disasters when most held off running major campaigns, even when they were planned. For example, several said they had postponed large campaigns planned for early to mid February.

'We were badly affected for the first six weeks.'

'Our funding went right down'

However, fundraisers were heartened by the generosity of Australians and they felt the following were positive factors that encouraged giving behaviour:

- media coverage was graphic, continuous and across all media, and coverage was consistently sensitive to the disaster
- politicians, community leaders and opinion leaders spoke about the need to give (and gave on behalf of their organisations and themselves)
- people talked about the disaster and giving, and saw others giving
- families talked with their children (who saw the disaster in the media) about giving and made family giving decisions involving children
- employers showed sensitivity to the issue by making it possible to give at the workplace
- individuals were given many choices about giving (when, where, how and a choice of nonprofit), with giving options available 24/7 through the internet.

There were two main types of fundraiser response to the hugely successful public appeals: some were extremely concerned that their fundraising revenue would fall for the year (or longer), while others predicted a short but substantial dip then returning to normal annual levels. The former view appears to have softened as the notion that 'if one expects fundraising to fall, it will' takes hold in the sector and as donors appear to be returning to 'normal'. Nevertheless, some nonprofits will be affected by lower returns. Overall, fundraisers were optimistic about giving

generally: it was widely agreed that the spike in giving presented an opportunity to grow the philanthropic pie. Specifically, many new givers could continue to give if well stewarded, as could businesses that previously had not supported workplace giving, for both had changed their behaviour to engage in giving.

The community expects more from fundraising activities. Finally, there was general agreement that the cost of doing fundraising was rising and, in some cases, was out of reach for many nonprofits. For example, shopping centre leasing costs for showing cars that were being raffled had risen exorbitantly. Nonprofits were also finding they had to provide increasingly expensive prizes to attract interest from the community.

3.2.4 External issues – relating to government and business support

Government encouragement of private giving generally seen as highly desirable. There was strong support expressed by both CEOs and fundraisers for efforts by the government to encourage philanthropy, including industry-nonprofit partnerships, and such efforts were seen to have increased in recent years. There was general support for the notion that there was a lot of money available in the community but the government needed to encourage giving.

‘There’s no shortage of it out there...this [potential to give] just needs some strategies to harness it.’

Nevertheless, as noted, there was generally low awareness of specific tax incentives recently introduced. Few had details, nor did they appear particularly interested in finding out themselves. Several reported advising donors to speak with their financial advisers to be sure of the optimum tax approach.

‘We say talk to your accountant...you can structure your gift to get maximum tax benefit.’

There also appeared to be strong, negative associations by some nonprofits about prescribed private funds (PPFs) and there was some cynicism expressed as to their purpose. They were seen to be a mechanism for some wealthy individuals to build up reserves and *not* give money to nonprofits, despite appearing to be philanthropic. There was fear expressed by some that it would be harder for nonprofits to attract PPF funds, as it would be more difficult to know who to apply to – unless they were *‘in the know’* – and that existing support by the wealthy could change for the worse. While discussion of PPFs was limited to Sydney nonprofits, it is clear that at least some strong misconceptions are circulating within the sector about how PPFs work and their value to the sector.

As well as low awareness of new tax measures to encourage philanthropy, few believed that individuals or businesses actively used such measures yet. For example, while they were keenly interested in changes to payroll giving, they perceived uptake to be slow and difficult to achieve.

In general, there was widespread support by fundraisers for maintaining tax deductibility for donations. Even though donors were known not to claim all their donations in their taxes, many reported that the strongest direct mail response was achieved when it is sent just prior to the close of the tax year.

‘More than double [our usual].’

However, many fundraisers wanted the minimum donation for tax deductions raised from \$2 to a more significant contribution within the reach of many, such as \$20 or \$50, as a \$2 gift was so small it could be seen as almost meaningless. That is, they wanted tax deductibility to reward a higher dollar value gift. They also wanted the minimum amount to change over time to reflect CPI increases so that it would stay relevant to the value of money.

Fundraisers showed interest in the government taking up dollar for dollar matching schemes or supporting businesses that do so. Several also suggested that the United Kingdom model had proven good for tax deductibility: an individual gives \$100 to a charity and also donates the tax deduction to go to the nonprofit. Another idea that was widely seen as both feasible and highly desirable was for the governments at State and Federal level to do more to recognise and acknowledge businesses for their community involvement. Transparency would reward companies that are actively involved in community engagement (because it shows the company meeting or exceeding community expectations) while it puts pressure on companies doing little, particularly if they are large and successful companies (because it is not what the community expected). One option to achieve this, which received wide support, was for the government to announce and acknowledge company contributions annually (potentially including corporate efforts and community impact). This could occur in different ways. For example, there could be certificates or other types of public identification, or a public register on government websites. *'This means something to Boards, to a CEO.'*

This type of inclusive approach was preferred over running a competition as a strategy which was seen as 'a bit dated' and still offered invisibility to low corporate givers. The perceived benefit of a register, for example, was that it provided a check for the community against their expectations. They saw that a register would make plain what companies were contributing, rather than allow their annual reports and other corporate profiling give the impression of doing so when they were not. Low corporate givers would be obvious. Recognition by government was seen to be valued by companies and some business peer pressure was expected over time for companies to participate.

Business partnerships need to have 'wrinkles' sorted. Those fundraisers who were working to create business partnerships were excited by their potential. However, they also reported difficulty in making programs feasible for both parties. For example, businesses commonly wanted to involve their staff with nonprofits in a hands-on way – by offering staff the opportunity to volunteer – but the availability and skill set of staff may not match nonprofit needs.

'You have to create things for them to do.'

'Everyone wants to work [in service delivery] but this is a very sensitive area for us.'

The logistics of business partnerships needed careful consideration, and creativity on the fundraisers' part, if mutual solutions were to be found. Fundraisers varied in whether businesses were aware of this difficulty.

'There is a naivety in the business community about nonprofits and what kind of volunteering is feasible. This can be difficult when you are trying to juggle several business partnerships.'

‘Businesses are increasingly aware of how their needs might be difficult to accommodate.’

Fundraisers generally wanted businesses to think longer term with their volunteering in community projects (over a couple of years) and to be more flexible and realistic about what could be achieved.

3.3 Summary

Overseas capacity building studies have pointed to organisational, financial and human resources as key nonprofit concerns/areas to build new strategies. As outlined above, these broad categories were echoed in the Australian focus groups and interviews. Particular themes evident were financial issues, human resources, and the organisation and its environment.

3.3.1 Financial issues

1. *Increased administrative costs* from rising compliance and risk management demands, across all nonprofits but most acutely for small nonprofits. Compliance issues included:

- ▶ governance
- ▶ qualifications for service delivery
- ▶ accreditation
- ▶ onerous evaluation and reporting on contracts/grants
- ▶ GST.

Key risk management challenges were:

- ▶ public liability
- ▶ volunteer management.

These were seen as unnecessary burdens that diverted management energy away from cause challenges. Small nonprofits feared for their survival, given concurrent funding instability.

2. *Increased demand for services pitted against unstable funding.* This volatility stemmed from perceived shrinking government funding, and the flow-on danger of too few alternate funding sources or skills to access them. Concerns about reduced traditional funding from governments included:

- ▶ fewer dollars over shorter periods
- ▶ no linkage to CPI
- ▶ little infrastructure funding.

3. *Opportunities for future funding and sustainability were seen as likely to come from private not government sources, such as:*

- ▶ private foundations
- ▶ new types of business partnerships
- ▶ new types of investments
- ▶ fees for services.

Related concerns were the nonprofit sector's inability to pass on costs to clients (unlike corporates) and the lack of public understanding of the normal costs of doing business. Transparency was favoured but not at the cost of donor support. Result: knee jerk short term survival strategies and little future planning.

3.3.2 Human resources

1. *More leadership needed at all levels – sector, board and CEO.* Importantly this could improve financial and organisational/environmental problems (e.g. visionary nonprofit joint ventures, negotiating better with governments).
2. *Insurance risks dampening volunteerism.*
3. Traditional *recruitment, time commitment and activity use* not appropriate for new volunteer breeds (e.g. young people and baby boomer retirees).
4. *Huge untapped volunteer capacity perceived* – despite perceived abysmal treatment of volunteers.
5. *Attracting quality fundraising personnel a challenge*, issues include:
 - ▶ lack of training (especially regionally, or in opportunity areas such as winning corporate support)
 - ▶ need for more single-cause support networks (which could also help with tailored training)
 - ▶ the profession not attractive to the best and brightest – poor community regard. (A related issue from individual focus groups is the discomfort level of everyday Australians with perceived high nonprofit salaries and perks).
6. Current *education and training efforts* applauded but call for more courses, conferences, seminars, templates and best practice guidelines.
7. *Small nonprofits limited in fundraising* but desperate to learn more.

3.3.3 The organisation and its environment

1. *Government relations* seen as a key environmental issue, including:
 - ▶ funding matters
 - ▶ variations in state legislation
 - ▶ lack of sector consultation/understanding in framing legislation
 - ▶ agreed need for transparency but also for regulation to be workable and informed (e.g. the complexities of measuring fundraising efficiency)
 - ▶ poor coordination/exchange between government funding 'silos'
 - ▶ little valuing of nonprofit contribution/experience by inflexible bureaucracies
 - ▶ difficulty of finding effective solutions to complex community issues due to the risk averse mentality of government funders
 - ▶ imposing standards of transparency the government themselves does not adhere to

- ▶ paternalistic view ('insult') that the sector needs 'capacity building' versus a strong nonprofit preference for a concept of 'sustainability' or 'balanced growth'
- ▶ perceived pressure not to advocate on behalf of needy groups, despite this being central to many nonprofit missions
- ▶ potential of broad sector-wide sustainability conversations (e.g. what will volunteering be like in 20 years etc.).

Cynicism was evident in some groups about capacity support programs from government.

2. Government encouragement of private sector giving seen as highly desirable (e.g. community business partnerships) – a lot of untapped philanthropy perceived.
3. Limited awareness of tax incentives but benign view that they might help (with the exception of some charities who felt threatened by prescribed private funds taking money that may have earlier flowed directly to them).
4. Widespread support for maintaining tax deductibility for donations but suggestion to raise the minimum contribution to reward higher dollar gift.
5. Interest in matching gift programs by government/business and follow the example of the United Kingdom's Gift Aid system.
6. More recognition needed for businesses that support community and potentially a public register of business giving.
7. Business partnerships favoured but seen as hard to manage well.
8. Call to build (or rebuild) the credibility of the nonprofit sector, affected by the taint of a few bad apples reported in media and by the aggressive and offensive approaches of some (e.g. telemarketing, chugging).
9. Need for stronger branding and closer donor relationships amidst stiffening competition.
10. Impact of tsunami and Bali bombings divided between fear of income dip and opportunity to keep new givers in the giving market.
11. Internal status and understanding of fundraising poor within organisations – more organisational support and a more strategic role for fundraising indicated.
12. Geographic location affects funding and training opportunities, personnel reservoir, costs of accessing these and the level of innovation needed. Donor and volunteer fatigue issues exist for smaller states/areas tapping repeatedly into small pools despite strong local loyalty and strength of networks.

3.4 Issues, challenges and opportunities

Financial

1. Potentially onerous compliance and risk management from government/other funding sources. Need to confirm and address jointly between the funders and nonprofits precise concern areas and potential improvements – e.g. evaluation, reporting, risk management templates, more whole-of-government approaches, helplines for small nonprofits, and assistance with public liability concerns.

2. Unstable funding, escalating service demand:
 - ▶ consideration by government and other funders of realistic infrastructure funding and CPI adjustments
 - ▶ assistance to access alternate funding sources to do away with reliance on too few funding streams.
3. Lack of public understanding of the cost of doing nonprofit business and need to measure/rebuild/track trust in sector
 - ▶ communication strategies needed –e.g. potential for website such as the UK CharityFacts site to increase public understanding
 - ▶ potential to work with boards on achieving long term sustainability
 - ▶ dialogues with funding sources on the real infrastructure costs.

Human Resources

1. Strategies to increase the calibre and number of nonprofit leaders needed:
 - ▶ education, training, recruitment, evaluation, mentoring, recognition
 - ▶ perception of volunteer and paid leadership roles in nonprofits needs work
 - ▶ understanding/status of fundraising role needs work.
2. Wider education and training strategies needed for fundraising/development personnel to support regional needs, single-cause interests and small organisations – especially in donor relationships and cause branding:
 - ▶ best practice guidelines possible (Australian standards?).
3. Public liability and directors and officers insurance costs impacting on volunteerism:
 - ▶ new schemes needed and training to reduce risks.
4. Need to recruit specific generations of volunteers in appropriate ways and boost volunteer management focus.
5. Opportunity to seed more single-focus support networks by cause area (e.g. ArtSupport).

The organisation and its environment

- ▶ harmonisation of state legislation in consultative form
- ▶ need for more ‘venture/risk capital’ thinking from governments in partnership with nonprofits – potential for public/nonprofit sector partnership focus as in community business partnerships
- ▶ potential for sector wide dialogues on sustainability issues/strategies
- ▶ need to maintain advocacy voice
- ▶ tax deductibility threshold could rise
- ▶ investigation of power of matching gift programs by government
- ▶ potential to capitalise on tsunami attitudes.

4.0 Summary of additional qualitative research data

This section presents findings from additional research proposed by the Centre of Philanthropy and Nonprofit Studies (CPNS) and accepted by The Prime Minister's Community Business Partnership (Department of Families, Community Services and Indigenous Affairs). The aim of this research was to address some small but critical 'gaps' in the data already collected for the wide-ranging *Giving Australia* project. However, the data generated does not represent a comprehensive examination of issues. Rather it was designed to elicit general perspectives and concerns from respondents who were part of the giving landscape but whose views and presence had not emerged strongly in the data gathering process.

Specifically, the researchers have investigated the needs of, and issues relating to:

1. Indigenous needs and grant-making.
2. Developing bequest income by nonprofits.
3. Capacity building by very small 'grassroots' nonprofit organisations.
4. CEOs and Board members of large businesses.

These are addressed in turn. Firstly, let us turn to issues relating to nonprofits addressing indigenous needs and grant-making issues.

4.1 Indigenous needs and grant-making issues

Issues facing indigenous nonprofits and grant-makers of indigenous projects appeared to be different from others in the nonprofit field. To explore these differences and help identify needs, an additional focus group was conducted (with Philanthropy Australia's indigenous grant-makers' affinity group) as well as three in-depth interviews with key informants in indigenous funding.

4.1.1 Key issues

Funders did not want to give 'charity', that is, to give to alleviate symptoms. They strongly preferred to address indigenous problems at a *structural* level and made a clear distinction between the two.

There was wide agreement that addressing issues facing indigenous communities in Australia is highly complex. Nonprofits working in this area cannot be viewed as the same as working with nonprofits in *other* areas. Nonprofits working in Indigenous communities needed to be:

- sensitive to the size of need in indigenous communities, and to the unique challenges involved in addressing the need
- more flexible in how grants are made and assessed
- aware that there are likely to be cultural differences where a non-Indigenous perspective is inappropriate.

Government funding of indigenous nonprofit programs was seen to detract from outcomes in three main ways:

1. Funding that is highly fragmented is hard to co-ordinate. As one participant put it, *'[Government] uses the silo versus the whole of government model.'*
2. Seeking a lot of control. As one participant put it, *'So many forms – too little time left for projects.'*
3. Being risk averse – there is little room for community groups to try new approaches. As one put it: *'The government regimen is "waste dollars and you'll get sacked or prosecuted."*

There is a 'ripple effect' for those supporting indigenous programs whereby all stakeholders can learn (a lot) from each other. For example, 12 Westpac staff in Cape York were reported to be 'hugely educated' by their time with the tribal group and, in turn, educated a range of non-indigenous groups.

Ten main differences between indigenous and non-indigenous nonprofits were identified:

1. The dire nature of needs – especially health – for indigenous communities make for huge challenges and no easy solutions.
2. The long term nature of change in indigenous issues. Comments included:
'Maybe in 10 years my NT funding will bear fruit'
'You need to allow 3-5 years. It takes a long time to get things done'
As a result, indigenous philanthropy takes an extra lead time.
'You can't be too tight in processes, it takes latitude.'
3. In indigenous areas, many people want to see positive outcomes quickly.
'They should see this granting as a learning curve instead.'
4. There is a need for more discretion on how the funding is applied. It is critical to fund essential infrastructure at times, and not to be rigid about solutions. Funders often resist funding infrastructure but there can be a great need for it and not having this flexibility is a real problem.
'People are happy to give money but not for overheads.'
5. When funding across cultures, it is difficult to know whether the groups applying for funds know how to use and manage the funding.
'We try to pick winners not losers.'
'You have to assess the key person running it.'
6. There can be big differences – and barriers – between various tribal groups: one cannot make assumptions of co-operation or understanding.
7. It is difficult to judge grantees/applicants with a traditional business approach due to cultural differences. Referees may be provided for reference checks, but they may be unprepared or unsuitable for the job.
8. There can be a lack of communication between indigenous groups and grant-makers, as illustrated by the following comments:
'We did much chasing once the grant was approved – it was like pulling teeth to get to the point of writing them a cheque.'
9. It is hard to publicise the successes.
'There is zero media interest in good indigenous stories.'

-
10. Public opinion is commonly strongly against funding indigenous programs (and to some extent against some other causes e.g. refugee-related causes). A range of comments were offered to illustrate this, such as:

'Not everybody thinks it's a good idea to help them out. They say 'they'll just spend it on alcohol'.

'[People think you] may as well throw the money out the window [to fund in this area]'.

Yet many had only positive experiences and many believed that cynicism, while it existed, was not based in reality.

'Through the company, we've given out \$10.5 million and one \$5,000 grant welshed on.'

4.1.2 Important areas for indigenous funding

- ▶ Developing indigenous leaders, especially among tertiary-educated young people. One issue is how 'orbiting' might be best practiced (that is, going to the city for experiences and education then returning to contribute to remote/regional communities).
- ▶ Recognising indigenous women as change agents.
- ▶ Developing employment skills as giving a life purpose and strategy to avert other social problems.
- ▶ Supporting indigenous education.
Getting kids to stay in school is crucial.'

4.1.3 What grant-makers look for in funding indigenous projects

- ▶ Project leadership especially organisational/operational skills.
- ▶ Project leadership experience within the indigenous community.
- ▶ Thought-out applications.
- ▶ Contingency plans if the project does not proceed as expected.
- ▶ Indigenous people actively involved in decision making.
'[Funds should] not be siphoned off into some whitefella's organisation'
- ▶ Support for the project team.
We sometimes need to send in people to back up or train others in the short-term'

4.1.4 Recommendations for fostering indigenous nonprofit funding and achieving outcomes

1. Encourage opinion leaders to act as philanthropic mentors to spread the message of the importance of indigenous philanthropy.
2. Address the fears that grant-makers commonly have – that they don't know the best way to fund this area. For example, support Philanthropy Australia's efforts to showcase indigenous funding programs/guidelines so other foundations can learn what/how to proceed through the promotion of their 'Directory of Indigenous Grant-Makers' a free resource but not widely known.

3. Do more to encourage and support businesses in funding indigenous programs. While this area of community need is great and warrants business support, there is some resistance to doing so.
'It's more acceptable to fund art, ballet, orchestra and get tickets and a drink beforehand and your name up in lights.'
For things to change, business' general lack of confidence in funding this area needs to be addressed. There is goodwill but they frequently do not know where to start.
*'They say, "As a white person, I have no idea."
'So many are worried about offending indigenous people.'*
4. Encourage grant-makers to take advice from indigenous experts within the indigenous culture in assessing funding options and outcomes. Using indigenous advisers can help identify what will be acceptable to the local people and therefore what will work.
5. Promote examples of small grants that have been highly effective. It is not widely appreciated that smaller grants in the \$5,000-\$10,000 range can have a huge impact on smaller groups.
6. Assist potential grant-makers to work with established foundations that have the resources to know the needs of indigenous communities and vet projects. It can be hard to know what is needed and the projects most likely to have success.
7. Look for ways that funders can co-fund/co-operate on indigenous projects. This has growing appeal due to the advent of prescribed private funds (PPFs).
'Some [PPFs] lack confidence and have only small sums.'
8. Additional research into the capacity-building needs of indigenous nonprofits is recommended as a check on the comprehensiveness of the above findings (that is, to identify any other issues) and to flesh out these findings in more detail.

4.2 Developing bequest income by nonprofits

In the course of the *Giving Australia* research, it became apparent that bequests represent a huge potential income stream for nonprofit organisations. For this reason, an additional focus group was conducted with Bequest Officers and/or those responsible for this function in a range of nonprofit organisations.

4.2.1 Key issues

- **The need for nonprofits to place value on bequest programs.** Seeking bequests was widely agreed to be an increasingly important part of nonprofit fundraising. Its potential to attract funds for the organisation is perceived by all to be substantial.
'It's the pinnacle of fundraising.'
'It's the ultimate gift.'
- **The need for long term thinking, and investment, by nonprofits.** Participants described a successful bequest program as needing time and effort over several years before strong returns were likely, so resources were important. This was a disadvantage for smaller nonprofits, who found it difficult to fund a full-time position. Indeed, few small nonprofits had someone in the role in any capacity.

- ▶ **The need for developing the donor relationship.** Gaining bequests was seen as the end of a long relationship between the donor and the organisation.
- ▶ **The need for a framework for approaching donors for bequests,** and guidelines for issues that can arise. Nonprofits varied a great deal in how they approach the seeking of bequests and the extent to which it is successful for them.
- ▶ **The need for the bequest role to be well integrated within the organisation.** There is commonly poor understanding and acceptance of the bequest function by other staff, including management, board members and other volunteers and supporters. Moreover, staff and high level volunteers can assist in attracting bequests if they appreciate the role of bequests and how they are developed.
- ▶ **The need of nonprofits with newly established bequest roles for support in developing best practice.** While some have been doing it for many years and have established processes and methods in place, others are only just now thinking about it and there appears to be much ‘reinventing the wheel’.
- ▶ **The need for training and support for individuals working in the bequest area.** Those running bequest activities differed widely in their experience and skills.
- ▶ **The need for the image of the ‘bequest officer’ role to be improved.** A key challenge of this role was that public opinion of it was strongly negative. *‘It’s natural for people to feel uncomfortable about impermanence but we must come straight back at them to tell them the good it can do.’*
‘The way people look at you when you tell them what you do! It can be very awkward.’

4.2.2 Key differences between nonprofits in the area of bequests

1. **Difference in experience by those undertaking the bequest role.** Those who were long experienced in this role nearly always had general fundraising experience in nonprofits. Some of these had taken up the role in retirement on a short term basis and have enjoyed it so much that they continue. They generally strongly liked the role and intended to stay there, despite its challenges. These participants believed their role was a positive one, despite its poor image, and believed there were highlights in the job that kept them there. *‘It’s very satisfying to work in this area.’*
‘You meet such generous spirits!’

This experience and commitment contrasted with those new to this role. Several had spent limited, or no, time in general fundraising roles, and appeared most vulnerable to the challenges of seeking bequests. This may contribute to turnover amongst the inexperienced.
2. **Difference in understanding and valuing the bequest role.** Participants reported variability amongst nonprofits for their understanding of, and support for, the bequest role. Those with little understanding tended to place unreasonable demands on bequest staff for outcomes, which brought its own problems such as poor standards, staff turnover, legal problems with wills being challenged, and on-going reluctance to commit resources to this area. *‘Nonprofits can treat it as a numbers game [with] management putting too much pressure on [bequest] staff to show immediate results.’*

Such organisations were also commonly seen to struggle with the fundraising role generally. *‘Many organisations feel uncomfortable at the thought of having to fundraise.’*

3. Difference in role name. While some used the name 'Bequest Officer', others said they had deliberately dropped it (see item 4.2.3).

'We use [the term] Donor Liaison Officer.'

'We prefer to say Planned Giving Officer.'

4.2.3 Main challenges in growing bequests

- ▶ **The name for the bequest function.** The specific job title of 'Bequest Officer' was strongly disliked by a number of participants and there was general support for changing it. The main reason for concern was that it implied that this form of giving stands by itself, outside other forms of giving. In reality, they said, offering a bequest as an option only occurs after the donor relationship has been built over many giving occasions.

'It's the last thing you do...you really have to build a relationship of trust.'

'Our role...it's not about bequests, it's about our mission.'

Moreover, the title was also seen to make donors nervous: they do not feel comfortable talking about their death and the name can be confronting.

'I wouldn't like to have a bequests officer knocking on my door on a Monday morning.'

'We use the name Planned Giving [officer] for this role because it opens people up. They ask, 'What is that?'

- ▶ **The importance of building up to a bequest ask.** It was widely agreed that some in the sector had been too 'sales-oriented', with a bequest ask coming too early for potential donors.

'Part of the problem is the simplistic selling of bequests...even some of the largest charities are doing this.'

A 'cold, blunt' ask was seen as completely inappropriate, for donor readiness was critical to success.

'You have to build up to it and this takes time.'

'It's about getting to know people [first].'

'You cannot be pushy...they have to be ready to discuss it with you.'

Being approached badly, or the fear of it, was also seen by several as a reason for the poor image of the bequest officer.

'It is important to build a relationship first and this requires more of a public relations approach [than many take].'

- ▶ **Ethical issues and the need for good protocols.** Participants discussed a range of ethical issues that can arise in this area of fundraising such as when a person becomes extremely frail or infirm. Most participants strongly believed in the use of protocols to guide their behaviour at these times. Having wills drawn up by solicitors linked to a charity was also seen as potentially problematic. Having good ethical standards in the bequest area was seen to be important to lifting the image attached to this function.

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- **The challenge to encourage will-making.** People often did not have wills, or current ones, so encouraging people to make a will was seen as a vital step in growing bequest income. For example, some participants provided free sessions on making wills (such as in shopping centres) or held morning teas where a solicitor speaks and people get a chance to talk to a professional and a kit to take away. In doing so, there was general consensus that it was important to stay ‘at arms length’ from solicitors and the actual will-making.

‘It’s important that it is low-pressure.’

‘You’ve got to be careful because it can really get out of hand...so many people can want to attend.’

Encouraging wills but maintaining ‘distance’ from the process was a challenge and not all nonprofits did this, nor did all solicitors. It was acknowledged that some solicitors gave their services as an in-kind donation to a cause while for others the linkage was about finding new clients.

‘It’s not something we should be actively involved in...it’s a private matter.’

‘Some solicitors offer a free or discounted service, which can be handy, so we will list these but there is no recompense in any way.’

- **The challenge of educating professional advisers.** Educating professionals was widely perceived as an important area of their work.

‘Previously, people left everything to their family but there is so much more affluence these days.’

However, advisers often lacked knowledge about giving, for example, what it could achieve, or how to discuss giving with their clients.

‘We sometimes need to challenge professionals...to see what gifts can [help us] achieve.’

‘They need to be educated about giving in general, how to ask their clients [if they are interested].’

Participants emphasised the need for bequest officers to have a good relationship with a wide range of solicitors/estate planners as well as financial advisers, and ensure they are well informed about their organisation. Opportunities arise where a professional adviser will recommend a client to them. In turn, knowing about the nonprofit can make their job easier, so it can be win:win.

‘It’s important to be top of mind [with solicitors].’

‘We can provide bequest wording for solicitors for clients who want to give to us. We know it’s right and won’t cause problems later.’

Overall, it was increasingly difficult to make solicitor contacts and there was a sense that solicitors and other professionals may be being approached by many nonprofits.

‘Many say “don’t bother” [because] they are getting so many approaches.’

‘Usually they are happy to talk with you but they may be busy and you just get to speak with their PA...this is still worth doing.’

An alternative strategy is to work through seminars or, as one participant was doing, through professional bodies such as the Law Society.

‘Those who came along were surprised...didn’t realise the impact of bequests.’

- ▶ **The challenge of responding to new types of donors.** Overall, social and demographic trends were seen to impact directly on bequests, and nonprofits needed to understand new types of donors. For example, participants reported:
 - ▶ The ageing ‘baby boom’ generation being very different to their parents. People are increasingly willing to talk about bequests than in the past but they also need on-going attention because they will drop you out of their will, *‘if you do something wrong’*.
 - ▶ Society was seen as becoming more litigious, with more challenges to wills by families. This was seen to underscore the need for nonprofits to build solid donor relationships, over time, and to show that there was not undue influence exerted. It was generally agreed that nonprofits were likely to be spending more time in mediation where, *‘you just take what you can.’*
- ▶ **The cost of legal challenges.** Moreover, participants were dismayed that the cost of challenging wills was seen to be largely borne by the estate, making it a relatively risk-free exercise for those motivated to gain more of an estate for themselves. This made some extra cautious in how they obtained bequests. *‘Challenges are being funded out of the estates, so people have nothing to lose in making one. [The problem is] the lawyers win and the charitable intent is depleted.’*

4.2.4 How bequests are ideally sought

- ▶ **Through relationship development.** It was emphasised that building bequest income is about *facilitating* relationships and this has both passive and active aspects. On one hand, for example, donors need to show they support the organisation before they are approached. *‘We would only visit if their giving pattern necessitated a visit.’*

However, participants also said it was important to give people the opportunity to find out about the organisation and its needs. Also, some people don’t realise that they have the capacity to give, or that people other than the wealthy might leave a charitable bequest. To some extent, then, one needed to be proactive with donors.

‘They sometimes say, “It’s a good idea but I don’t have anything.” And they are sitting in a magnificent house. They often have no idea of what they’re actually worth.’

- ▶ **Use a framework.** It was generally agreed that a framework for approaching donors should ideally be employed if bequest income was to be increased. Experienced participants all used a series of steps or stages to progress through before donors were asked to make a bequest. While these approaches varied a little, they shared the aim of cultivating trust and interaction with donors so that the bequest was seen as an appropriate avenue for donors to show their support. For example:
 1. **Appreciation.** Thank donors for their gifts, making it personal. *‘If that’s the only thing they get done, that’s okay, too.’*
 2. **Education.** Find out what donors don’t know and would like to know. Fill in the gaps in their knowledge, especially in what they are interested, *‘tell them more about our work.’*

3. **Address donor needs.** Identify their needs and how to fill them.
'You need to ask what we can do for them, not what they can do for us, because they have needs, too.'

4. **Match ask to donors.** Look at their potential as donors and ask for their support in ways with which they are most comfortable. Some take a direct approach and ask directly for donors to support them with a bequest. Others give them a list of all gifting opportunities but it was agreed that one could be too vague; one needed to ask for their support.

'You do need to ask at some point, in the right way.'

'It's important to talk about the funding side but definitely not first up.'

Using a framework helped keep bequest officers disciplined and 'on track'. This was particularly important as bequest officers are working in the long term and they can be distracted along the way. Also, it allows donor interests to emerge, to see where people are coming from and their interests, and for a relationship to build over time.

4.2.5 Recommendations

In summary, the opportunity to grow bequest income by nonprofits was seen as great but consideration needed to be given to:

1. A better understanding of the bequest role within the larger fundraising role, and how it fits into the mission of the nonprofit. *'It's about quality not quantity.'* This concern spanned not just signing people up for bequests but in the earlier steps, too, such as generating leads and developing their potential. The main concerns are for education, support, protocols, and a bequest framework.
2. The potential to develop the role played by professional advisers, to support the growth in bequests.
3. Appreciation that donors are changing and how those responsible for bequests can be responsive to the new giving landscape.
4. Raising the community's awareness in giving via a bequest, including the capacity to do so even if one is not extremely wealthy and what a bequest could achieve. Many did not realise they had capacity to give but were interested in so doing once the idea was seeded.

4.3 Capacity building by very small nonprofit organisations

While the nonprofit perspective was comprehensively tapped during *Giving Australia* data collection, we believed there was more scope to hear the voice of very small grassroots nonprofit organisations. They found it more difficult than most to attend discussions, so one additional one focus group was conducted to listen as closely as possible to the needs of those managing very small nonprofit organisations. A variety of organisational types was included and most relied upon volunteers, with few paid staff. None of the participants employed a full-time fundraiser.

4.3.1 Key issues

- ▶ Financial resources were extremely limited and gaining sufficient resources to cover their commonly diverse range of services was their main challenge.
'We exist on membership and donations...we get little or no [government] funding.'
- ▶ All participants reported providing a variety of services to their constituencies. These were developed in response to the needs they saw in the community/ what people most wanted and were seen to be interdependent. Faced with funding issues, they struggled to know which should be cut. All were, by necessity, offered on a 'less than ideal' basis.
'We offer face to face counselling but...the worker is often on the phone or dealing with someone else [at the same time].'
- ▶ Even when co-ordination with other bodies was a good idea (for example, with interstate counterparts) and promised substantial savings, there were insufficient resources to cover the cost of working together in the short term. On the positive side, low funding encouraged creativity; on the down side, the basic collaboration that would improve outcomes was simply unaffordable.
'It's hard to get together and plan...[organisations in] each state are poorly funded as well.'
- ▶ Overall, there was a heavy reliance on volunteers.
'We try to leverage from the legal and accounting community their knowledge and skills for free for the benefit of the artists.'

While many had people who were willing to volunteer, it was difficult to find and keep people with skills in the organisation.

'The expectation is that there's this huge pool of volunteers who are sitting out there ready to help. But if you have [over] 300 volunteers, you need three to four people to co-ordinate that and make sure they're looked after, someone [who knows] what to do, where to go, to answer questions...there's little patches of employment for someone to be there but mostly it's done just as volunteers [and] they burn out...they can't stay to that level of volunteering.'

- ▶ As well as experiencing low levels of resources, instability of funding was a huge issue for all participants.
'We're funded until 2007 at the moment.'
'Every three years, we have to reapply for funding and we always try to apply for grants like Jupiter's funding.'
'We've had a couple of small donations from the State Government but [it's] not an ongoing thing.'

Most participants were extremely concerned that they may not be able to carry on beyond the next few months (or year) if further funds were not found. This created anxiety for them as they felt somewhat helpless in addressing the uncertainty. Also, uncertainty about funding discouraged long-term approaches to community problems.

Those reliant on government funding expressed concern that they were:

1. increasingly working to shorter funding timeframes, affecting the kind of outcomes that could be achieved
2. increasingly under pressure to achieve outcomes determined appropriate by government departments.

This meant they were not able to be as responsive as they wanted to be to those in the community who understood what was most urgently needed. This went to the core of their identity as small grass-roots organisations: they saw their role as anchored in the needs of the local community, from which solutions to needs must be found.

- ▶ Several participants saw that the government had withdrawn from its previously strong leadership role in encouraging the community to support small grass-roots organisations, and in its support for these organisations.

'It has traditionally been a good relationship between business and government and individuals in supporting the work of community based organisations [and] letting the nonprofits decide how best to spend the funding...[Now] the money it gives is conditional upon it being something that drives or satisfies government policy.'

'Many businesses are trying to do their bit for society. If Ministers would speak about it more often, others would play their part, too. It needs to come from that top level.'

'We're coming up against opposition from the City Council with their move on powers, moving on undesirable people, [in our trying to help these people]. It's the place they want to be and we're [trying to assist] them there.'

- ▶ Several participants saw the role of their very small grass-roots nonprofit organisation as providing essential assistance to people who cannot get the help they need elsewhere.

'[We are there] for those who have fallen through the cracks.'

- ▶ All were concerned about how to raise funds from the wider community. Even those reliant on government funding wanted to develop additional income streams as government funding was generally seen to be unpredictable.

'Our challenge is to source sufficient funds...we have four staff and if we want to keep abreast and not sort of submerge, we need to keep that number of staff running our program and pay them a decent wage.'

'We've decided we won't seek the government dollar, so we won't be left in the lurch. We have focussed on community support and business has been good, too, especially for in-kind support.'

Further, how to pay for basic operational costs was a challenge for them as they believed that corporate sponsors wanted more linkage to results.

- ▶ Many had clients/constituents or members but their capacity to provide financial support for services was constrained.

'We have a very small membership base...only 300 members.'

'They're willing to give their time but can't afford [substantial donations].'

- ▶ Generally, participants felt ill-equipped to compete for community support against large and well-known nonprofits with good media exposure, such as the Cancer Fund. In particular, they find it hard to raise their profile, especially if it is not a popular cause.

'You are out there competing for the same donation dollar [but] we are not a popular campaign.'

'People just don't want to talk about it...they say, 'We don't know anyone with [this disorder].'

'I don't know if we can appeal to [bigger donors] because [our cause] isn't up there in the bright lights.'

- ▶ Most participants were not from deductible gift recipient (DGR) organisations and found this to be an obstacle in seeking funds.
‘People who give to [us] really do give it. There’s no exemption for them.’

4.3.2 Key recommendations

1. **Improve access to training and support.** Small grass roots nonprofits needed to raise funds from the community but lacked skills in fundraising. *‘Where do I start?’* was a common question. In particular, they found it extremely difficult to gain publicity (comparing themselves unfavourably to large, ‘popular’ causes) so skills development and networking opportunities need to be tailored to meet the needs of small nonprofits.
2. **Encourage funding of infrastructure/operating costs.** These organisations also lacked the time to raise funds, as they were frequently employed on a part-time basis and were responsible for a range of tasks as well as fundraising. Also, there were opportunities to better harness and retain volunteers, as well as to work co-operatively with other small organisations to raise the profile of a cause. Encouraging business to view infrastructure funding more favourably would greatly assist capacity building of these organisations.
3. **Better government support for grass-roots organisations.** There appears to be a role for government, especially at local and state levels, to provide greater leadership in ensuring very small community organisations continue to thrive and help fill community need. In particular, they are well placed to raise awareness of the existence and needs of very small nonprofits and how people and businesses can play their part. As well, nonprofits need to find solutions in and through their immediate community rather than having solutions imposed on them by government. Goodwill and dialogue is needed on the part of government and the nonprofit sector to address this issue.

4.4 Chief Executive Officers and Board Members of large for-profit organisations

While corporate foundation and community relations managers had previously contributed to the *Giving Australia* research, it was perceived that corporate Chief Executive Officers (CEOs) and Board Members may view their companies differently. For this reason, a small number of in-depth interviews with CEOs and Board Members of very large businesses were conducted to provide additional insight.

4.4.1 Key issues

- ▶ CEOs and Board Members with existing involvement in philanthropy saw a huge potential role for more business leader engagement in giving of time and money.

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- ▶ A key strategy suggested was ‘normalising’ giving behaviour. In particular, two types of norms were suggested.

1. Making it the norm that on taking a directorship they become an individual giver.

‘Make it part of the territory.’

‘We are trialling a notion of 50% of director’s fees going into a fund for charity.’

2. Making it the norm that board members advocate for businesses to develop relationships with the community.

‘Especially cash relationships. Cash is king. Businesspeople above all people should recognise that charities need cash.’

- ▶ Pitted against this goal of greater involvement is the reality, which is perceived as almost a zero base of charitable participation and interest by board members.

‘There’s virtually zero involvement. They leave it to their corporate foundation managers who do not realise the huge potential of board members to contribute.’

‘I’d say 90% do not believe it is their obligation. Keeping a business going is their obligation.’

‘The attitude is “I did it by myself – so should others.”

‘Is there really an Australian standard on CSR? It’s a well kept secret.’

‘Corporate social responsibility is dead. It was a buzzword but it didn’t catch on.’

‘Nonprofits that fundraise poorly do themselves no favours. Board members don’t take the activity seriously and have a poor image of the sector.’

Reasons for these attitudes were suggested to be cultural.

‘Australian culture is very influenced by the UK. It’s a government versus us mentality. We think the government should pay for community issues because we pay high taxes.’

- ▶ A strong motivation for businesses to be involved in community support was seen to be staff morale.

‘We asked staff for their priorities and were pleased there was a good synergy with what our company does.’

‘The 10% who do give do so for staff morale and motivation. Period.’

- ▶ A crucial factor in whether businesses become involved in supporting the community is the leadership of the organisation. It is senior management who sets the tone and culture of the business.

‘Not a lot happens unless it is driven from the top.’

‘Everything is driven by culture’.

4.4.2 Recommendations to encourage business support for community causes

1. **Distinguish terms and lay a clearer foundation for best practice.** In particular, definitions were seen to be ‘rubbery’ leading to confusion in business activity.

‘We still get hung up on what is giving and what is marketing and where they meet. Sponsorship is just a marketing transaction.’

‘Let’s define the field better.’

‘Where does this all fit with corporate social responsibility? You can’t just talk about giving alone. Businesses need to look at the wider picture.’

2. **Simplify avenues for business giving.** Simplifying ways for business to give was seen as essential. The prescribed private fund (PPF) structure was criticised by one interviewee as unsuitable for the corporate sector.

'PPFs are not for business. There's too many potential conflicts, too much work to set up and run them. I have actively told people not to take that path.'

3. **Encourage the involvement of business leaders.** The key driver for change was seen to be the Chairs.

'Get to the Chairs. They are the people you need to convince.'

'Leadership is what will bring change – by government, by Board Chairmen.'

'Talk to the Chairs in their language – impact, outcomes, measurement. Teach charities to do that too.'

A potential role for the Prime Minister and Treasurer was identified by one interviewee.

'Get the Prime Minister and Treasurer on the cocktail circuit round the nation talking to Board Members. People would come and some would listen. Get them to talk about directors donating some of their fees. It's leadership. It's just like direct fundraising by influential people.'

4. Some interest was evident in incentives to give to key policy areas.

'I'd like to see 150% tax deductibility for businesses to give to areas like education. That would get businesses attention.'

Overall, there were some differences between senior management and those managing corporate engagement functions in terms of how they see community involvement and issues warranting attention. Mainly, there was more pessimism shown for how high community engagement ranked in the mind of a corporate leader. This 'harsh reality' was balanced by a perception that corporate leaders could, with appropriate strategic encouragement, play a very significant role in boosting Australian giving.

4.5 Conclusion

Additional research has extended the original findings in four specific contexts:

1. Indigenous needs and grant-making.
2. Developing bequest income by nonprofits.
3. Capacity building by very small 'grassroots' nonprofit organisations.
4. The perspectives of CEOs and Board members of large businesses.

These extra focus groups and interviews offer a better understanding of issues and solutions in these important areas and suggests fresh messages in growing philanthropy in Australia.