

Methodology

- The basic data regarding corporate giving, were gathered through a questionnaire addressed to the executives of the firms included in the sample.
- After the data gathering, there were conducted three focus groups, bringing together participants from sponsor and non-sponsor firms. This procedure aimed at a detailing evaluation of the sponsorship law and of the attitudes toward it.
- The sampling frame consisted of 87,000 commercial firms, with a turnover in 1996 of USD 65,000 and over, and it was supplied by the Commission for National Statistic.
- The sampling frame was stratified according to three criteria: turnover (USD 65,000 - 325,000 and over USD 325,000), industry (commerce, trade, services, agriculture) and the structure of capital (public, private and mixed). The sample was proportional with the strata resulting from the three criteria crossing, and with random unit selection for each stratum.
- The size of the initial sample was of 1,122 firms, which were contacted by telephone. Eventually, there were identified 830 firms (i.e. 74% from the initial sample) that declared at least one sponsorship/donation during 1995 or 1996, and 292 firms (26%) that declared themselves as being nonsponsors . The firms were given the appropriate questionnaires (sponsor or nonsponsor) which were sent by fax. In the end, 251 completed questionnaires were returned.
- The stratified structure of the final sample was very close to the initial one, so that the weighting of the results was not necessary. The sampling error was +/- 5% for a 90% confidence level.

The frequency and size of corporate giving.

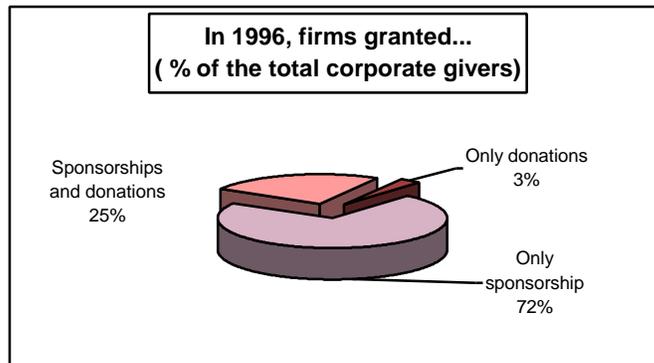


Chart 1

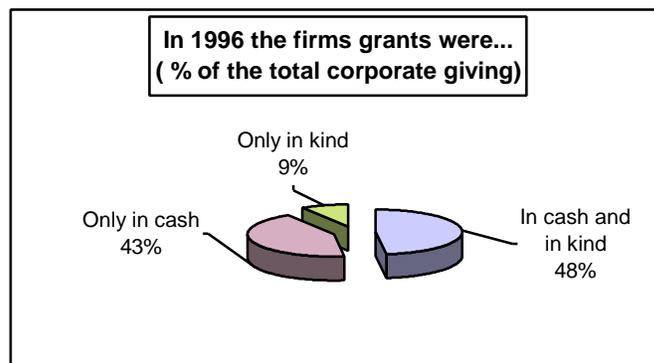


Chart 2

Commentary:

During 1996, three out of four commercial firms granted at least one sponsorship or donation. 72% of the total corporate givers granted only sponsorships, 3% only donations and a quarter granted both sponsorships and donations.

Most of firms granted sponsorships or donations, both in cash and in kind (48% of the total), or only in cash (43%). Only 9% granted exclusively in kind, and the segment of firms that covered all the forms of giving (sponsorship/donations in cash and in kind) was of about 6%.

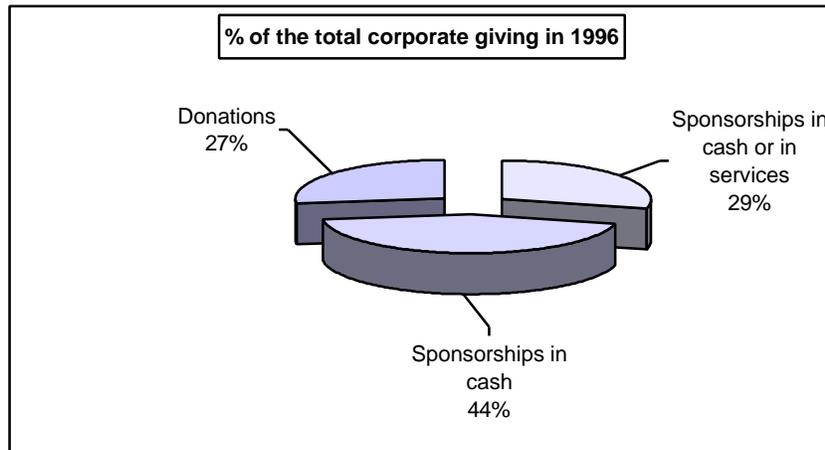
Estimations of the average and total value of sponsorship during 1996

	Annual Average (USD)	MEDIAN (USD)	Estimation of the total value (USD millions)	% comparing to 1995
Sponsorship size	21,000	1,950	515	+ 31 %
Corporate Giving (sponsorships and donations)	26,000	2,100	700	+ 24%

* the median is the value that is bigger than a half and is less than the other half of a data set (i.e. the 50 percentile)

During 1996, the commercial companies (having a turnover of more than USD 65,000) have given USD 26,000 on average. This represents - at the level of the whole business sector – an aggregate volume of sponsorship of USD millions 700. The applicants for sponsorship (public institutions, NGO, individuals) addressed about 2,500,000 million requests of which 40% have been covered. The average value of a grant a firm gave in 1996 amounted nearly USD 650.

Chart 3



Commentary:

The average value of the sponsorships a firm gave in 1996 was of USD 21,000. The aggregated volume of the sponsorship reached USD 515 million, meaning that 72% of the corporate support for individuals and

organizations from the public or non-profit sector was represented by sponsorship. At the same time, almost a half of the aggregate volume of the sponsorships and donations was awarded only in cash.

There is a significant association between the firm size and of the frequency/size of corporate giving. A proportion of 90% of the estimated volume of corporate giving comes from large firms (with a turnover of at least USD 325,000) which gave more frequent than the small ones (having a turnover between USD 65,000 and USD 325,000)

and with larger sums (big firms have an annual average of corporate giving with over 20% higher than the small ones). On average, the large firms received sponsorship applications twice as much as the small ones, and the annual average of a sponsorship, awarded by the large firms, was six times larger than the small ones.

Taking into account the corporate tax share from the state budget, we can state that the commercial firms granted sponsorship in an aggregated volume of twice as much as the amount corresponding to the complete use of the deductibility limit of 5%.

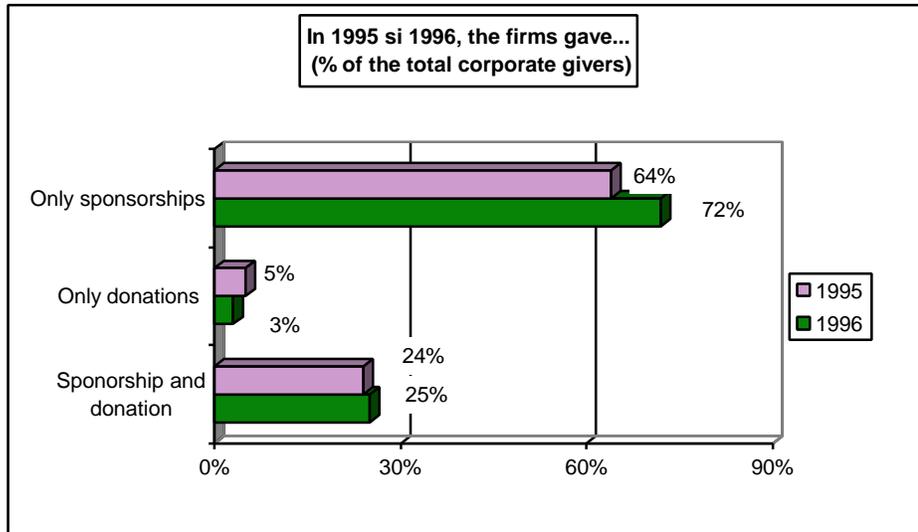
Taking into account the minimal estimation of the sponsorship size and the minimum volume of turnover, the conclusion is that for the small firms the volume of corporate giving represented 1.5% of the turnover, and for the large ones 8.4%. Comparatively to the small firms, it is more likely that the large firms must have been exceeded the deductibility limit of 5% in 1996.

The estimation of the total volume of corporate giving having as recipients individuals, public or non-profit organizations, is mUSD 700 in 1996. At the same time, the volume of the population donation (money and in kind) was of mUSD 650 *. This means that the support given by the business sector for various individual or institutional recipients was 8% higher than that offered by the population.

The dynamics of corporate giving (1995 – 1996).

Chart 4

Commentary:



- In 1996, comparatively to 1995, the frequency of sponsorship activities increased, and the frequency of the donations decreased (see chart 4). The total corporate giving increased with 31% providing that the annual average a firm gave remained the same. The difference between the increase in sponsorship requests and the corresponding increasing supply was of 9%.

The request for sponsorship

Commentary:

In 1996, the corporate givers received and accepted, on average, about 45, respectively 19 requests. This points out that, at the level of the entire business sector, 2,5 million

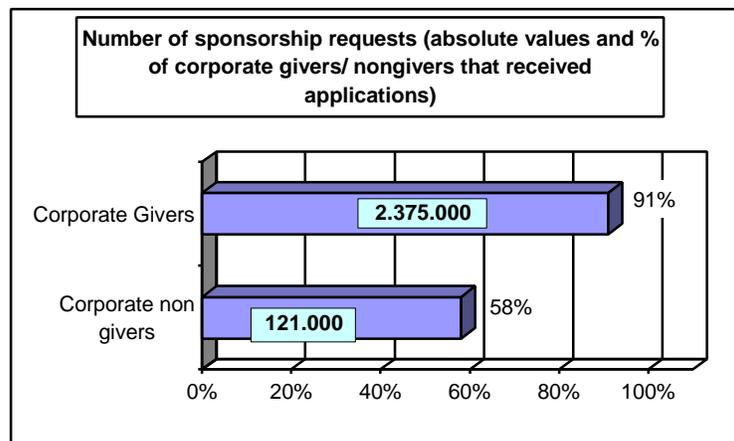


Chart 5

requests were received, and, among them, 1 mil.were accepted. In 1996, the commercial firms covered 40% of the total requests for sponsorship.

The sponsorship is an important alternative support for the individual or institutionalised applicants, taking into account that only 9% of the investigated firms declared the lack of sponsorship requests.

A proportion of 5% of the total requests has been addressed to the segment of firms that, for different reasons, refused the giving. The lack of sponsorship requests is, for 42% of the total non-givers (10 % of the total firms), the main reason for not initiating a giving activity.

Type of applicant	% of the total number of firms that received applications from...	Total number of requests*	Total number of accepted applications	Acceptance ratio (% accepted/ received)
Public Institution	73,4 %	903.000	418.000	46,3%
Individuals	54,2%	707.000	236.000	33,4%
NGOs (associations and foundations)	59,4	640.000	288.000	45%
Other NGOs	21,9%	124.000	56.000	45%
Total	83 %	2.500.000*	1.000.000	40%

* An estimated number of requests, received by the nongivers, was added to the total amount.

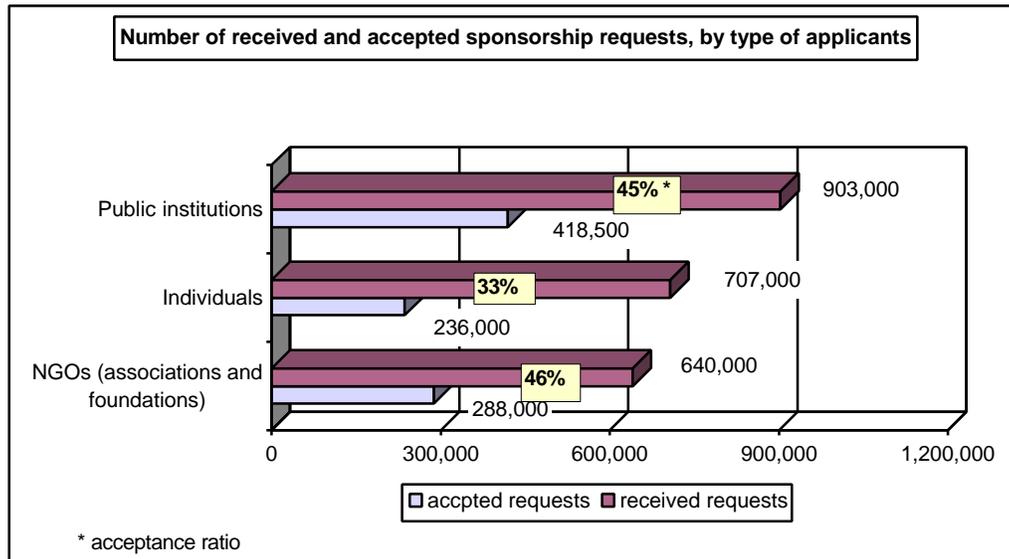


Chart 6

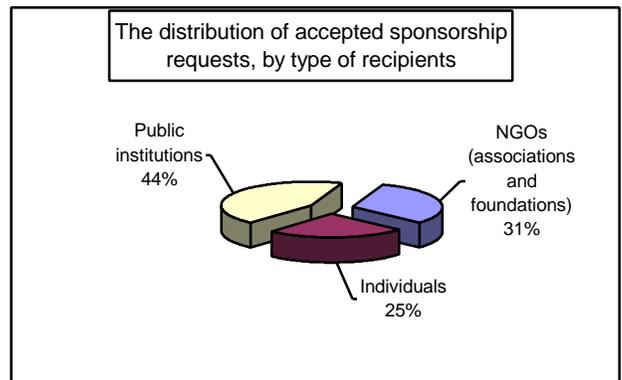
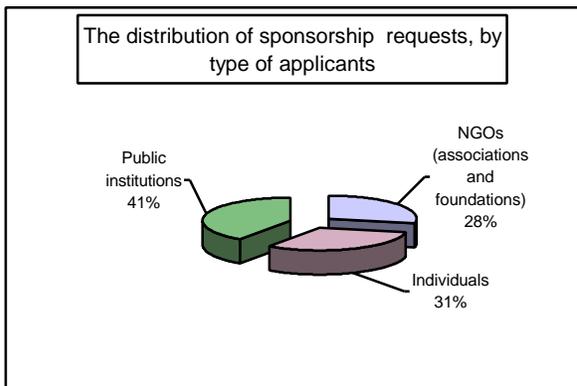
Commentary:

In 1996, the main applicants for sponsorship were the public sector institutions, followed by individuals and NGOs. On the other hand, the firms preferred to accept rather the requests of organizations (public or non-governmental) than those of individuals'.(see chart 7 and 8). The individuals, even if their rate of requests was higher, were more frequently refused than the institutional applicants.

Chart 7

Chart 8

Number of sponsorship requests	% of the total number of corporate givers that received requests	% of the total number of corporate givers that accepted requests
0	8.9 %	0%
0-9	31.3 %	55.6 %
10-99	44.3 %	39.6 %
More than 100	15.6 %	4.7 %



Commentary:

During 1996, the corporate givers most frequently received between 10 and 99 sponsorship requests (44.3% of the total) and accepted up to 9 applications (55.6% of the total). The segment of firms that received and accepted over 100 requests during 1996 are 15.6 % respectively 4.7% of the total corporate givers.

The firms that received and accepted more than 100 requests have an annual average of the corporate giving by 17 times higher than the one of the firms that have up to 9 accepted requests, and by 7 times higher than the ones having between 9 and 99 requests.

Corporate giving recipients

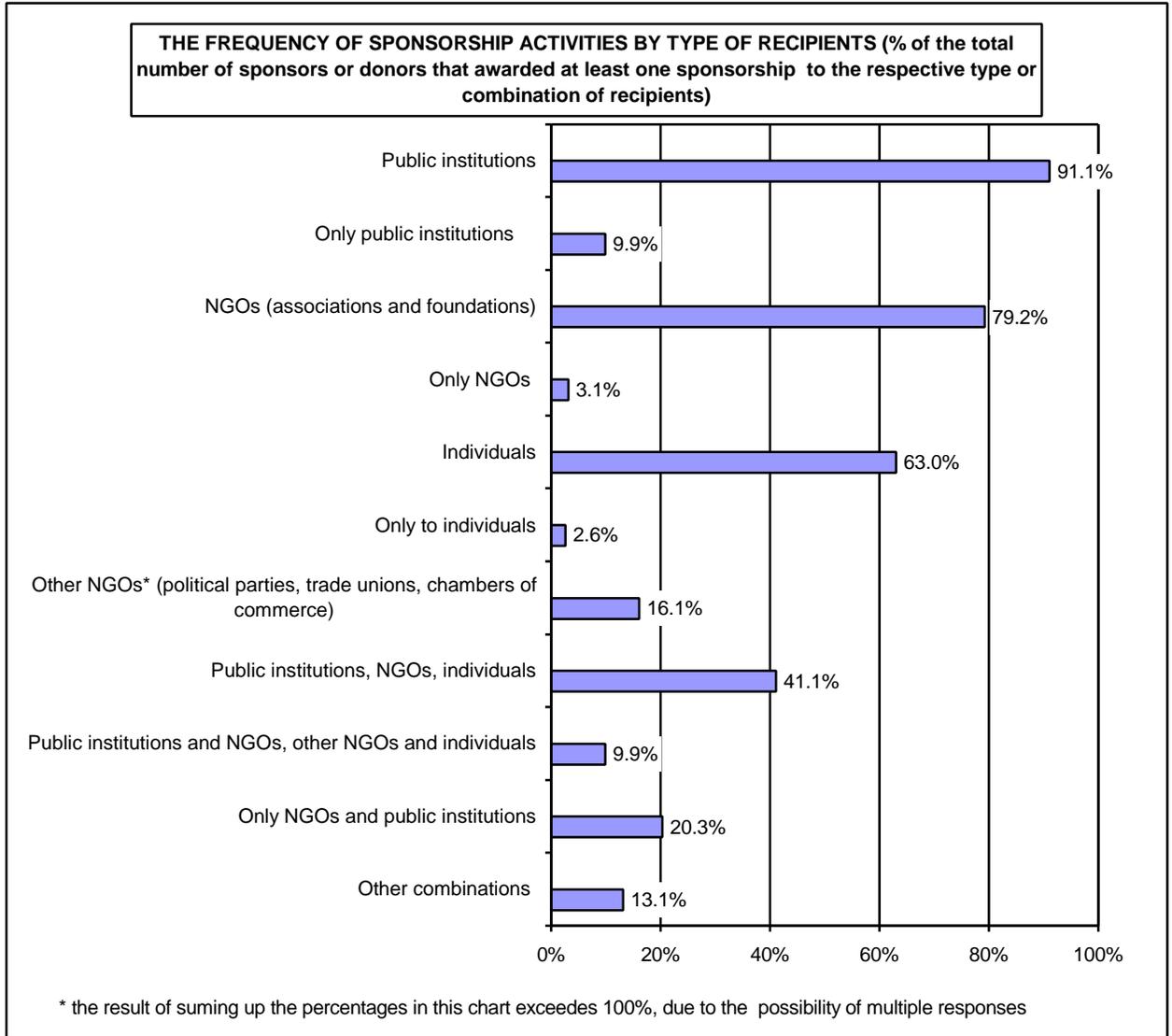


Chart 9

Commentary:

The large number of sponsorship requests has generated a competition environment, involving the main social actors of the giving process. The majority of the firms that granted sponsorships or donations in 1996 have both multiple applicants and multiple recipients. A proportion of 41% of the total number of firms awarded at least one sponsorship or donation for public institutions, NGOs and individuals. Yet, the firms supported rather organizations than individuals, and, among these, rather the ones from

the public sector, than the ones from the non-governmental sector. So, 91% of the investigated firms, granted at least one sponsorship or donation to at least one public institution, 79% to at least one NGO (association or foundation), 63% to individuals and 16% to other NGOs.(see chart 9).

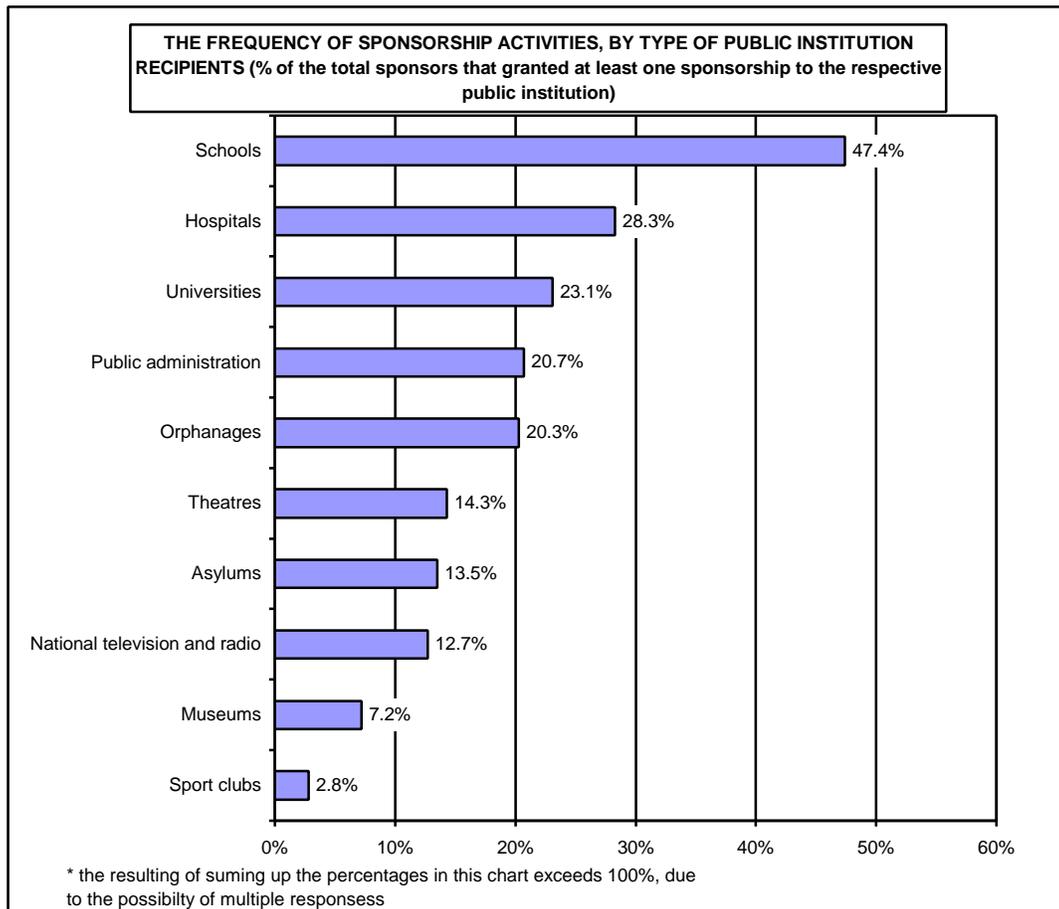


Chart 10

Commentary:

Within the public sector, the main recipients were: the schools, the hospitals, followed by universities, orphanages and organizations of the local public administration. The radio, the public television, the theatres, the asylums and the churches represent the second important segment of public institutions that received the support of the business sector. (see chart 10).

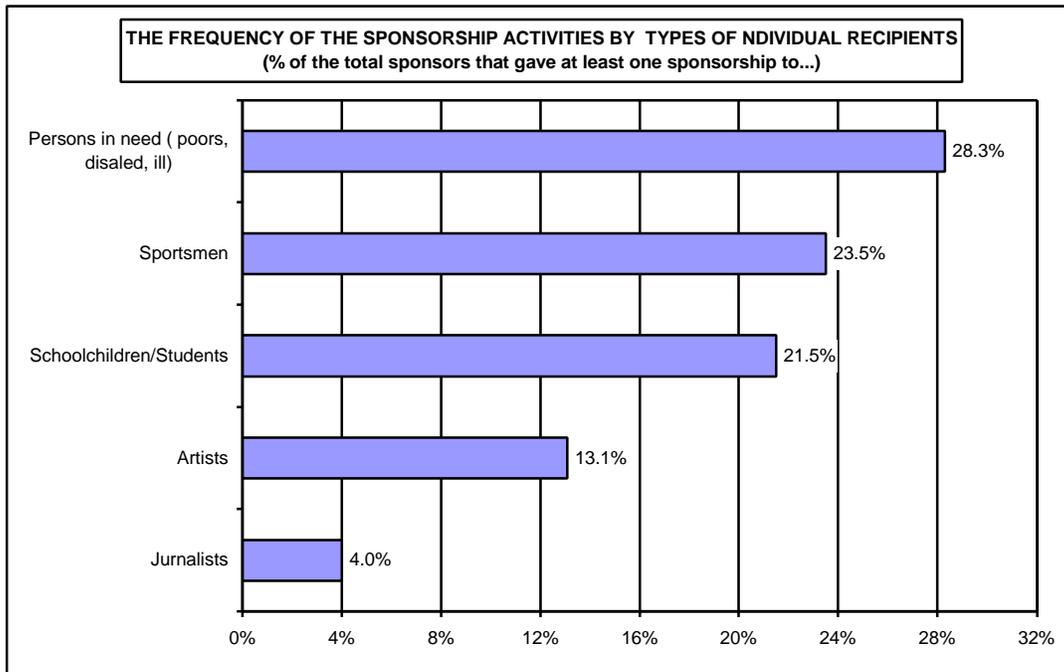


Chart 11

The main individual beneficiaries were the persons who suffered from a certain disorder and the sportsmen, followed by pupils, students and artists(see chart 11).

The main beneficiaries within the non-governmental sector

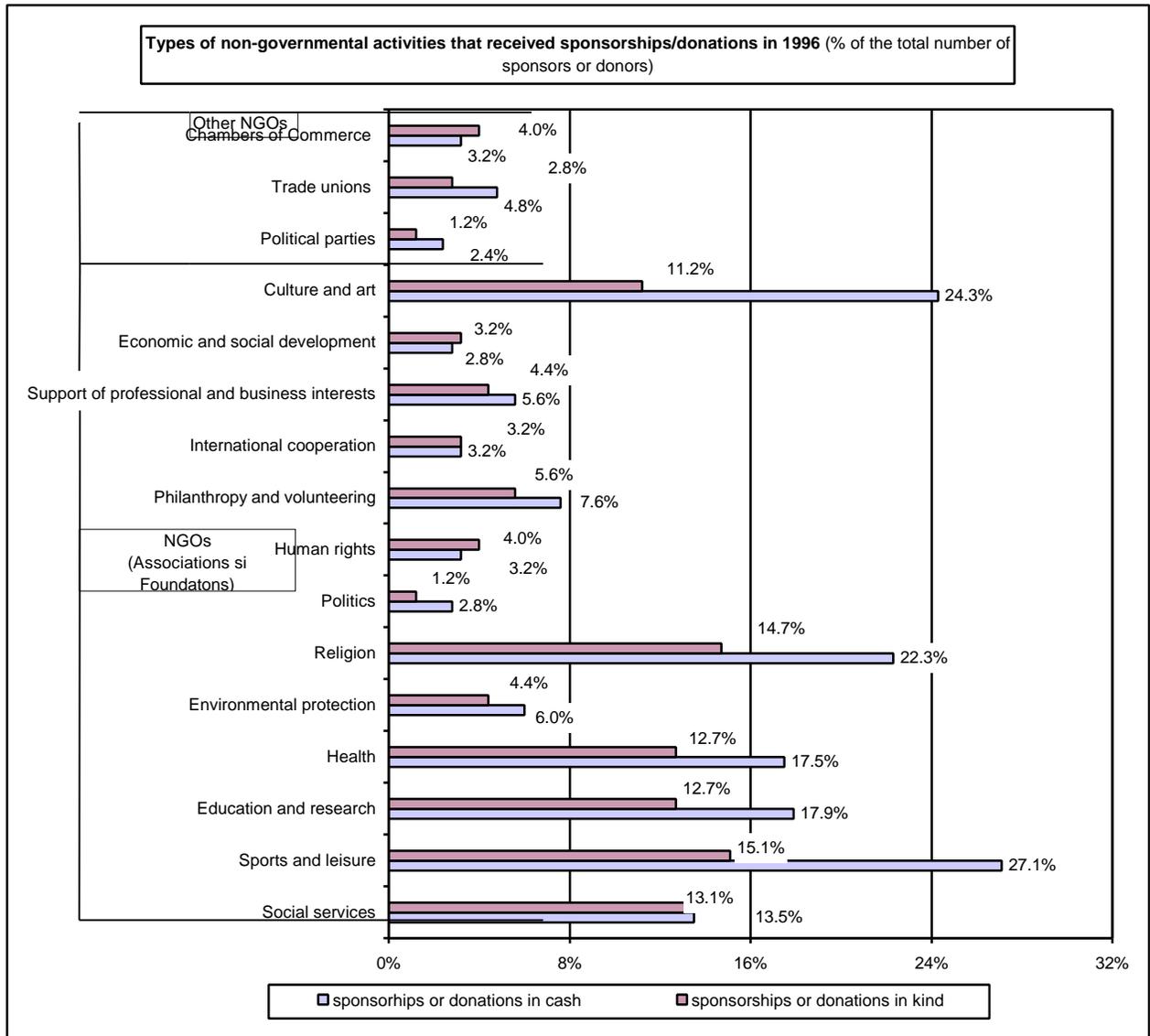


Chart 12

Commentary:

Only a small segment of firms (2.4% of total) channeled their contributions exclusively towards NGO sector. The main beneficiaries within the non-governmental sector, are the associations and the foundations active in sports, culture/art and religion (see chart 12). A second group of non-profit beneficiaries consists of organizations delivering social, health and education services. At the same time, the NGOs related to the business

sector, as well as the employers organizations or the organizations that run projects in the field of economic development, were granted only by 8%, respectively by 6% of the total corporate givers.

During the elective year 1996, both political parties and political associations or foundations were granted by 3% of the total of corporate givers.

In 1995 , 46% of the total NGO received at least one sponsorship/donation from the business sector and the annual average an NGO received was USD 4700 *. This fact points out that, at the level of the whole NGO sector, there were granted sponsorships totaling mUSD 23 . Taking into account that during 1995 the total corporate giving was nearly mUSD 395 , we can conclude that the NGO sector received 6% of the total amount.

Comparative data

USA

During 1995, the non-profit organizations received sponsorship of USD 6.5 billion, that is 5% of the total non-profit income volume (USD129.88 bil).

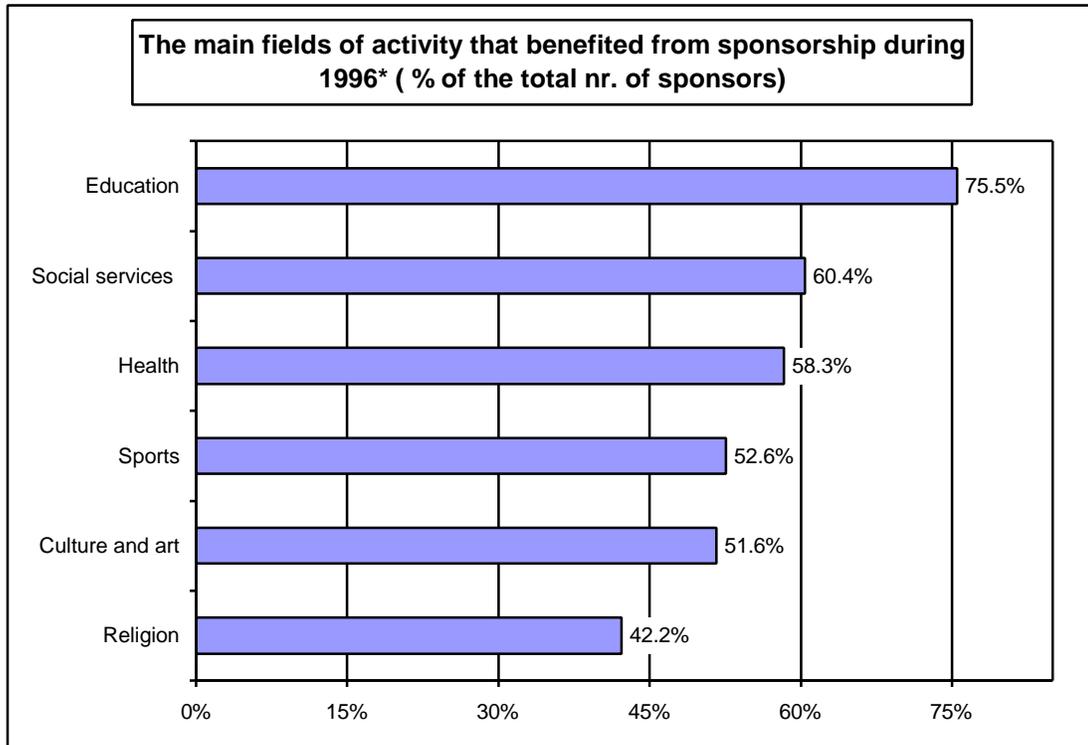
Source: Giving USA, 1995

The Great Britain

During 1994-1995 the income of the voluntary sector resulting from sponsorship, reached £471 billion, that is 4% of the total income of the voluntary sector.

Source: The UK Voluntary Sector Statistical Almanac, 1996

*Source : ACCES, Centre for NGO Development,



*The hierarchy of the fields of activity was done through gathering all the types of sponsorship recipients (public institutions, non-governmental organizations, individuals) from the respective field.

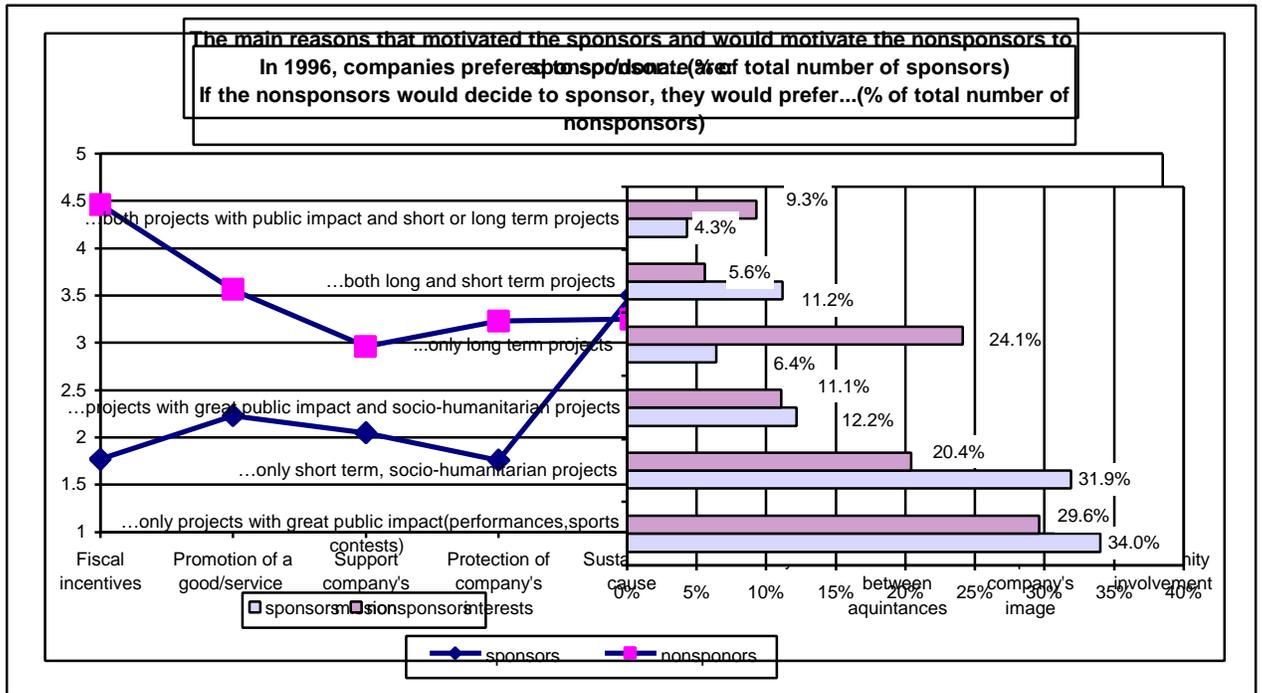
Chart 13

Commentary:

Irrespective of the institutionalized framework in which they are performed, the main fields of activity that received the support of the business sector in Romania were: education, health, social services, sports, culture and art. (see chart 13)

The Sponsor's Motivation

Chart14



Commentary:

The commercial companies decided upon giving a contribution, due to a complex set of reasons whose components could become decisive, while passing from a group of firms to another, or from a business cycle to another. In 1996, the size of the firm, the field of activity, the legal framework of corporate giving and the personal qualities of the business leaders, represented the most important factors which figure out the motivational structure of the (non) giving decision.

The motivational structure of corporate giving could be revealed by analyzing both the reasons declared by the interviewed executives (see chart 14) and the main types of projects their firm prefer to support. (see chart 15).

From this point of view, we can notice there are three types of motivations and, at the same time, three patterns of corporate giving:

1. The basis of sponsorship is the moral motivation (charity and support for a cause). This motivational structure is actualized in sponsorship actions for local public events, mainly with humanitarian charitable profile.

Chart 15

2. The type of sponsorship based on the idea that this activity brings extra new value to the company's image and this extra value can be transformed on a short or medium term in a direct economic profit; this category prefers mostly to support short or medium term events, with a great public impact and with a strong media coverage.
3. The sponsorship partially deriving from the idea that a firm has certain social responsibilities that overtake the economic imperatives of profitability. This type of motivation-which actually is rarely met and that is often associated with elements from the first and the second type - leads to the sustaining of communitarian projects on a long or medium term, runned mainly by non-governmental organizations.

The above-mentioned sponsorship patterns, are set out both according to their frequency and to the hierarchy of the three motivation structures mentioned above.

Over 90% of the total number of sponsors preferred to support public events, either of great public impact (concerts, contests, sport events) oftenly supported by media or local social- humanitarian ones.

The projects for comunitarian sponzorship is often accompanied by the presence of sponsored-events. Only 6.5 % of the total number of firms are oriented to such projects. On the other hand, the firms corresponding to the third model have the highest annual average of giving. These firms are the most frequently solicited to sponsor (during 1996 they received, on average, 2.5 times more requests than the firms from the second category), but their acceptance ratio is lower than that of the corresponding firms from the first two models (34% out of 45% accepted requests).

Social sponsorship

The support for the problem or the cause sustained by the applicant and the charitable beliefs of the executive board, are parts of the motivational structures that have the highest score at the whole sampling level. These reasons are emotional expressions of understanding for the applicant, whether the employer is empathetically involved or not. This kind of motivation is a typical one for the small firms that are oriented towards short term public events, mainly humanitarian-charitable. These firms, even if they don't have a sponsorship strategy (in the sense that they rather answer randomly to the requests for support and assistance from different persons, groups and organizations), initiated actions having as main reasons the altruism and the interest for the public image of the employers.

Sponsorship for gaining public image

The basic motivation for this type of sponsorship comes from the decision-maker's belief that the firm's image could be increased or promoted through this kind of activities. In this case, the sponsorship activity is conceived as an extension of commercial advertising (implying also an increase of the deductible publicity budget, (see chart 29)?* being often subordinated to the general promotion of the firm or of its products.

Corporate Giving and Advertising

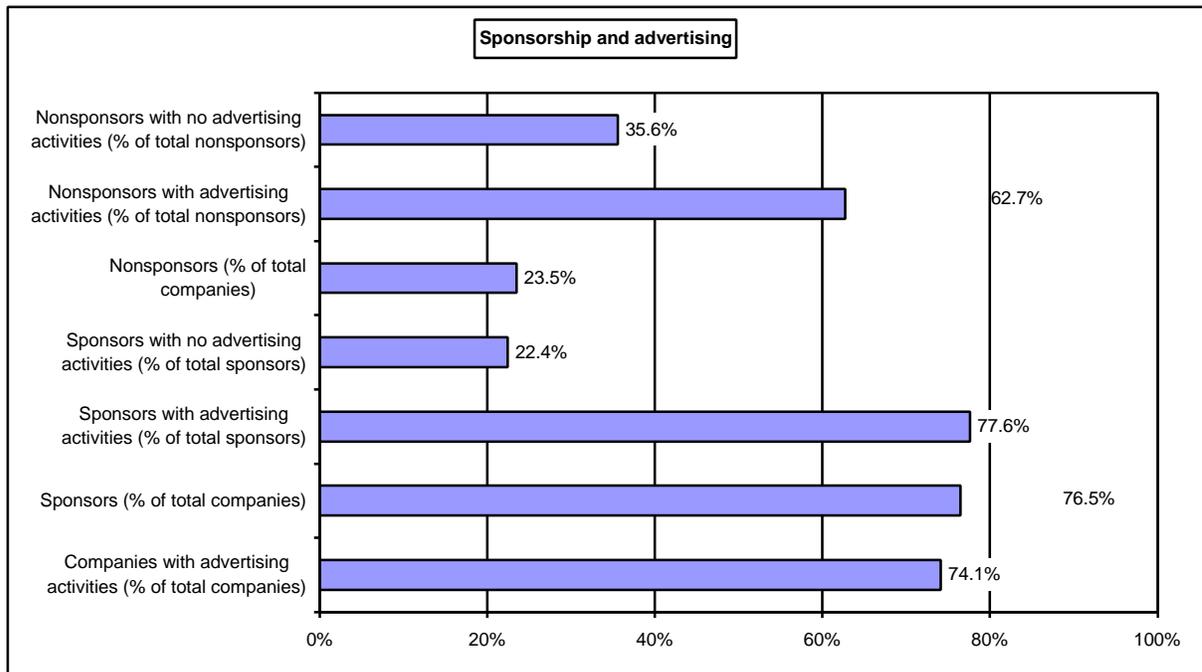


Chart 16

Commentary:

There is a positive association between advertising and sponsorship. In this respect, the firms that made commercial advertising granted sponsorship, on a higher amount and more frequently than the ones that did not. Thus, during 1996, the firms that made advertising accepted fourth times more applications and also granted sponsorship on annual average of ten times more than the ones without an advertising activity.

The link between advertising and sponsorship is very significant for the large firms that integrated (or are about to) the sponsorship activities within the firm's general strategy of promotion, and one of the components of this strategy is the channeling of the funds

mainly towards activities with large scale public impact (34% of the total number of firms). The large sponsors make rather direct advertising (they maintain the advertising decision within the firm) or use both types of sponsorship (direct or through advertising agencies). The sponsorship activity is positively associated with direct advertising and negatively associated with that made through advertising agencies.

The social responsibility of firms

Only a small segment of firms initiates sponsorship activities because of a programmatic understanding of the social responsibilities of the firm.

Even if there is an important segment of firms that initiate sponsorship activities with a humanitarian-charitable profile, or support projects of communitary development on a long term, these are not directly associated with the firm as a whole (or to its social mission) but rather to the patronage of some enlightened businessmen.

Some firms that partially derive the sponsorship motivation from the social mission, integrated the sponsorship activities (within which reasons like “the need to make ourselves known within the community” and the “firm's mission support” materialized in sustaining mostly the NGOs projects) within the promotional mix of the firm. These firms link less the sponsorship activities to events with large public impact and to commercial publicity in general.

The firms that granted projects on a medium or a long run represent 22% of the total, and 6.5% are exclusively interested in supporting this kind of projects.

Non sponsorship motivation

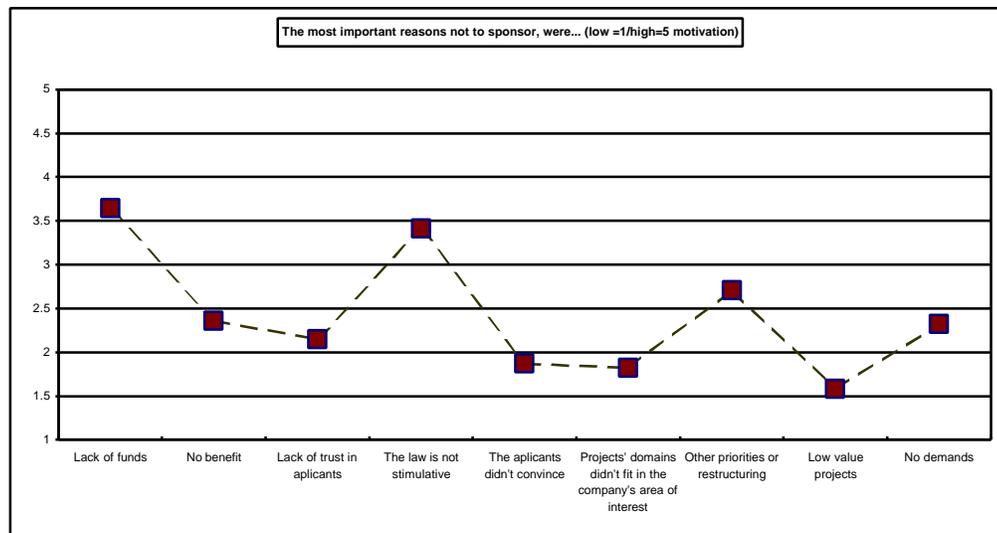


Chart 17

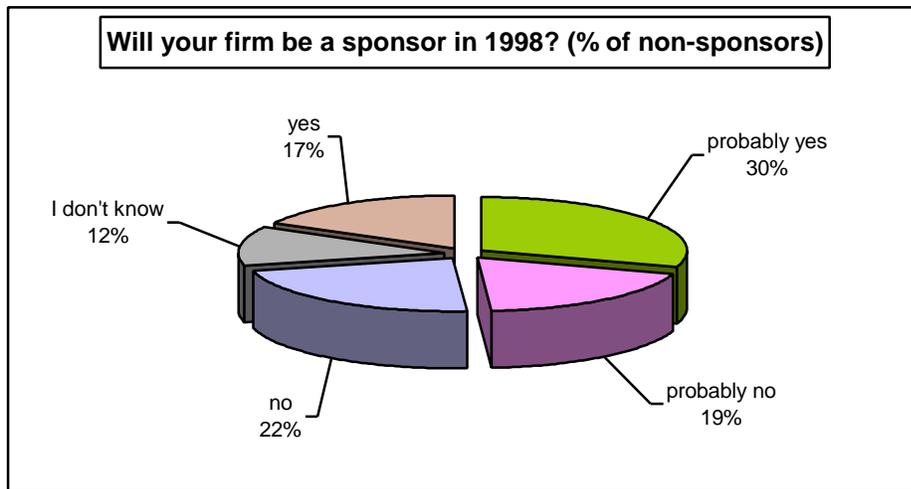
The lack of sponsorship requests is the first reason for not promoting sponsorship activities, in the case of 40% of non-sponsor firms(10 % of the total firms) .

As concerning the segment of non-sponsor firms which were solicited to sponsor - the reasons for not giving, that were the most frequently mentioned, are the lack of funds in general or in some circumstances (the firm is under restructuring, “we have other priorities”), as well as the non stimulative provisions of the Law on sponsorship 32/1994.

The non-sponsors are commercial companies (usually small firms) which did not enjoy the idea of sponsoring different activities, these being regarded as non-profitable, mainly because of the legal framework. This negative perception is sometimes amplified, due to the lack of confidence regarding the applicant. The firm would decide the initiation of sponsorship only if this is accompanied by significant reduction of the corporate tax, or if they are sure that the extra image, gained by the firm or its products would increase profit.(see chart 17).

Chart 18

Commentary:



47% of the actual non-sponsors declared the intention to initiate sponsorship activities in the future and 41% declared that they will maintain the negative attitude regarding sponsorship.(see chart 18).

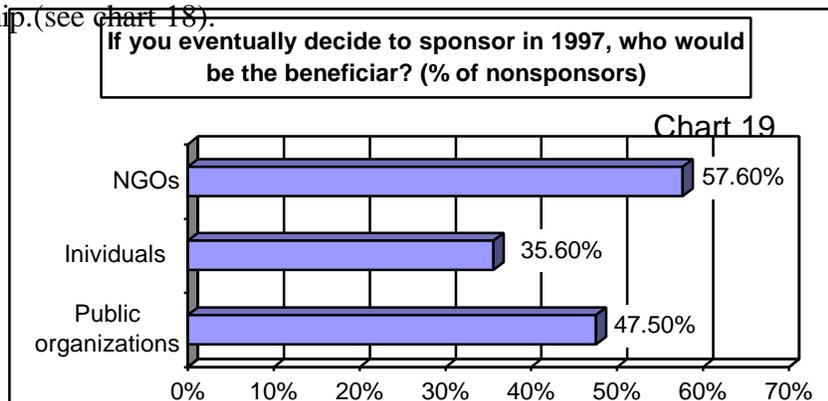


Chart 19

Commentary:

The prospective sponsors would direct their grants to long term communitary projects more often than the actual sponsors (see chart 15). The assertion is sustained by the fact that the possible giver would rather finance programs of NGOs (58%), than of public organizations (47%), or individuals (36%) (see chart 19).

The Sponsorship Strategy

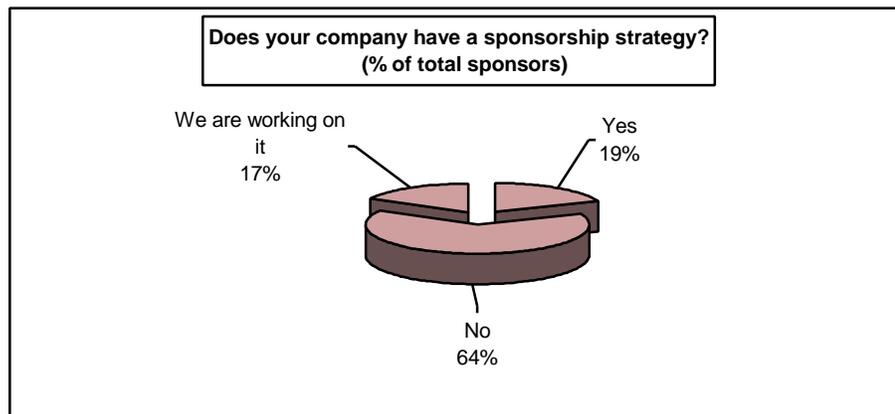


Chart 20

Commentary:

Almost two thirds of the firms that granted sponsorship during 1995 and 1996 didn't have their own strategies of corporate giving.

The fact that a relatively small segment of firms have a sponsorship strategy means that the real sponsorship supply is small. In 1996, the sponsorship activity was conceived only as a reaction to the requests, in the sense that the great majority of firms answered rather punctual to the needs of individual social assistance or of different organizations from public or non-profit sector.

The already existing sponsorship strategies or the ones that are about to be developed (36% of the total number of sponsors) could be found rather within the large firms mainly from service industry. The existence of a strategy – which is specific for the firms which adopt rather the first and the third above mentioned patterns, is positively associated with the frequency and size of sponsorship. The firms that declared the existence of a strategy, granted sponsorship on annual average of 9 times more than firms that didn't have a strategy.

The Sponsorship Decision

Corporate Giving decision is rarely delegated either in or outside the firm. The Romanian business sector has a small number of firms that set up their own foundation in order to manage corporate giving activities.

Even if two thirds of the total number of sponsor-firms make advertising activities through a specialized firm, only a small segment (2% of the total) entrust them to lead sponsorship activities. The reduced role of the publicity agent is emphasized by the fact that only 11% of sponsors declare the possibility that the agent might influence the sponsorship decision.

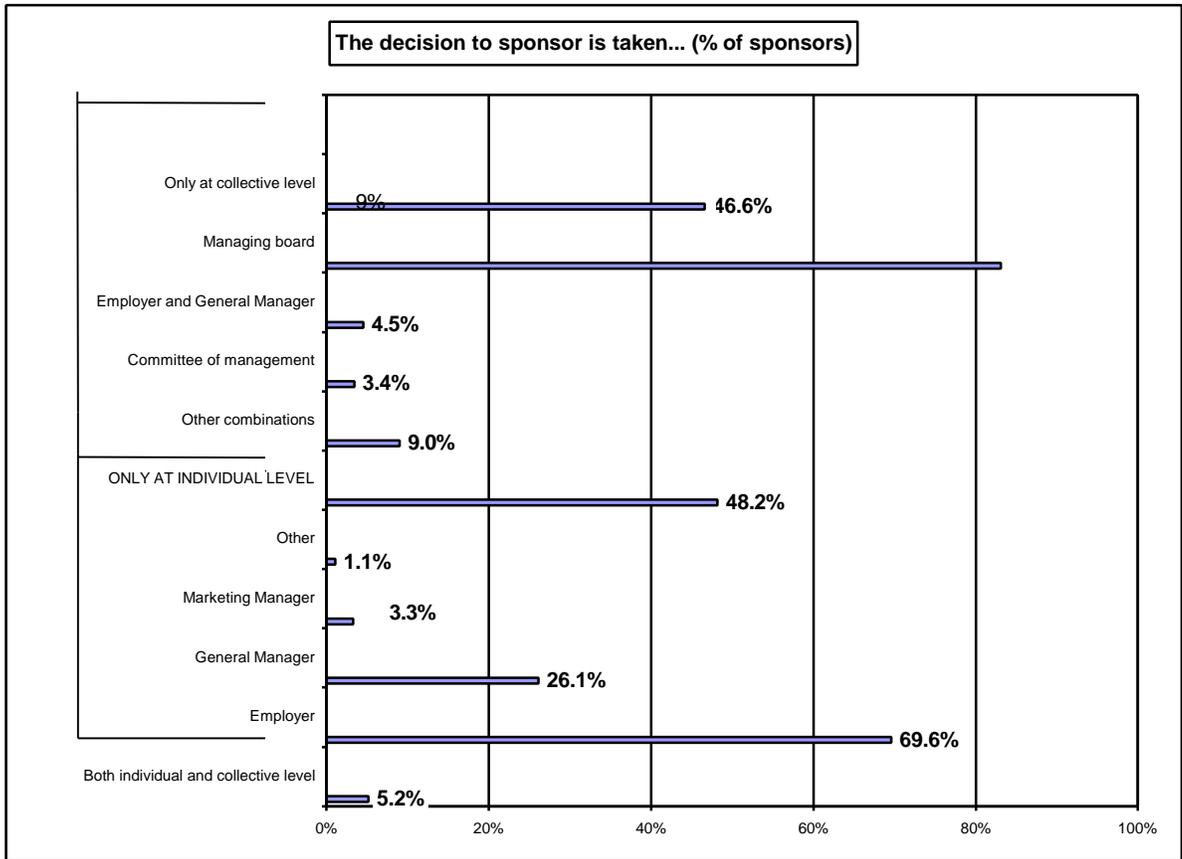


Chart 21

Commentary:

Corporate Giving decision is taken either on the individual level (48% of sponsors), or on the collective level (47%); only a small part of corporations declared both level of decision as being equally important .

In most cases, the sponsorship decision is not appointed to a particular position (marketing manager) but it is kept on the top of organizational hierarchy. The typical decision maker is the managing board or the employer (see chart 21). The individual decision is typical for the small firms, activating mainly in the commerce sector while the collective decision is specific for the public owned firms which are rather services-oriented. The collective decision is associated in a positive way to the volume and the frequency of corporate giving.

Decision Criteria in Corporate Giving

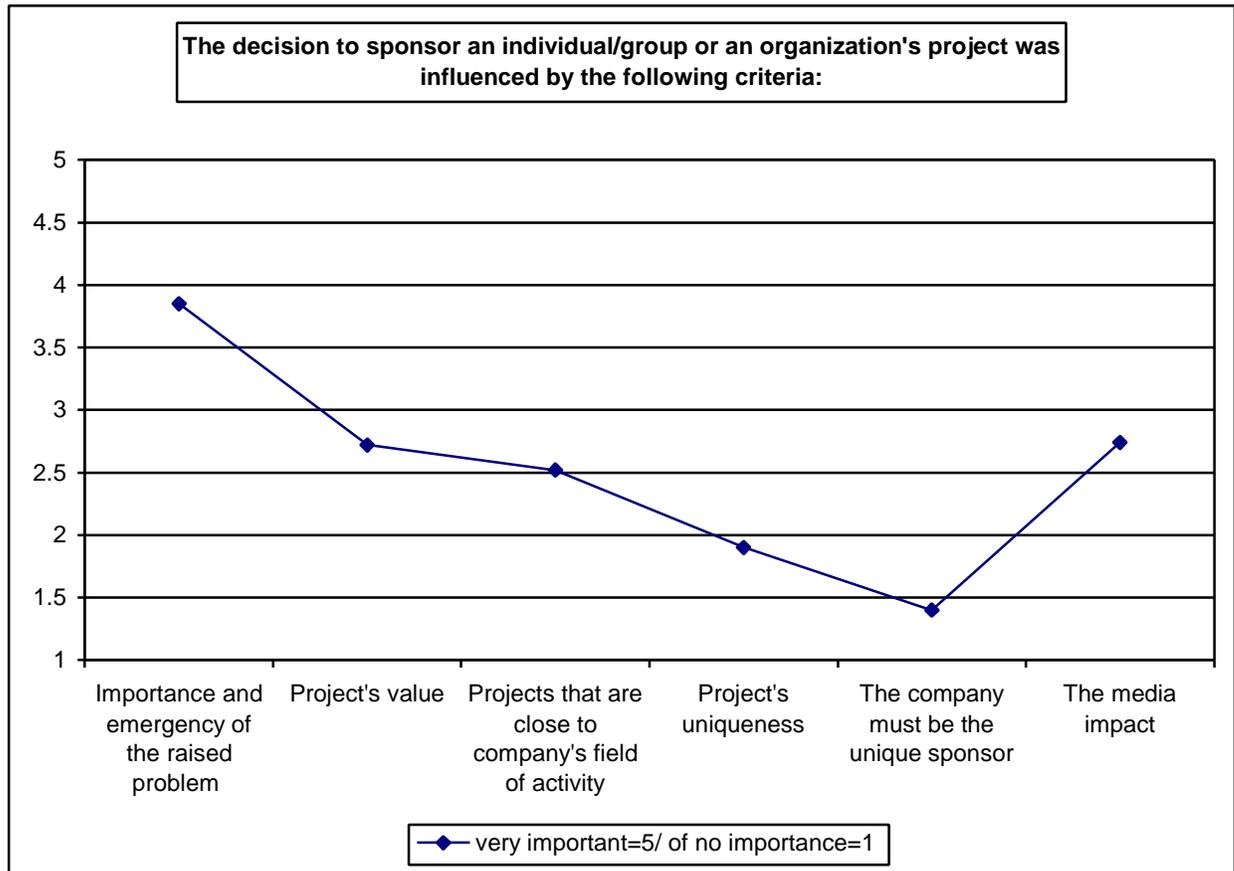


Chart 21

Commentary:

The chances of accepting a sponsorship request depend on the degree in which the decision-maker is convinced by the importance and emergency of the problem raised by the applicant. The fact that the applicant managed to gain a previous support from other organizations (public, nonprofit or business sector), constitute an important advantage in influencing the executives to make a positive decision.

A second criteria set that influence the sponsorship decision, refers to the content of the action/project that the support is asked for. The sponsor firms are interested in projects that are close to their field of activity or to their main target markets in order to add an extra image to the firm.

The Recipients' Characteristics and the Sponsorship Decision

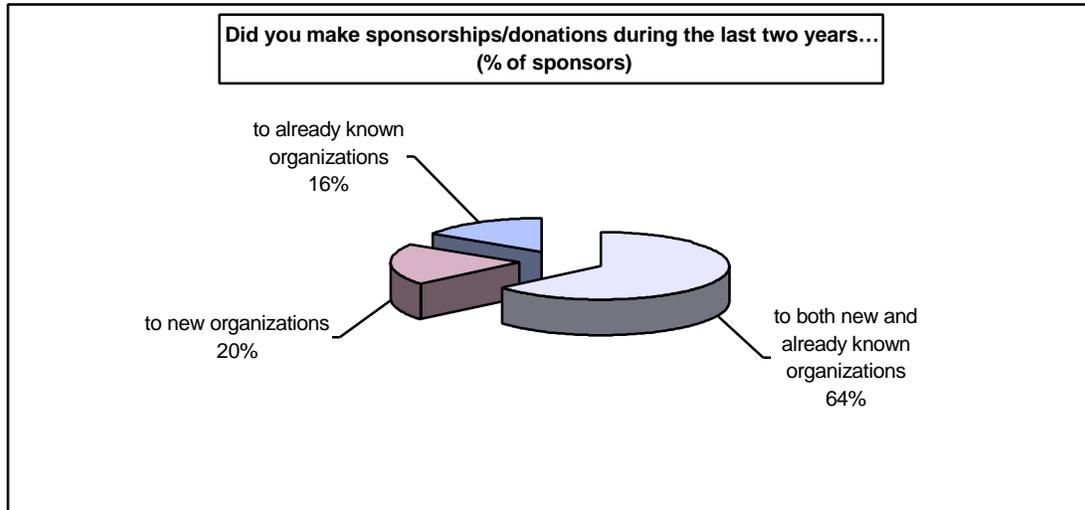


Chart 22

Commentary:

More than 50% of the sponsors took into account every sponsorship request, this pointing out that the firms have, in general, a rather high accessibility degree.

A proportion of 16% of the total sponsors channeled their corporate giving into already known organizations that previously received sponsorship and one out of five sponsors preferred to support every time a new organizations. The existence of previous requests (whether accepted or not), is more likely to influence the decision for further sponsorship activities especially in the case of small commerce firms.

Even if in most cases the final sponsorship decision belongs to the sponsor

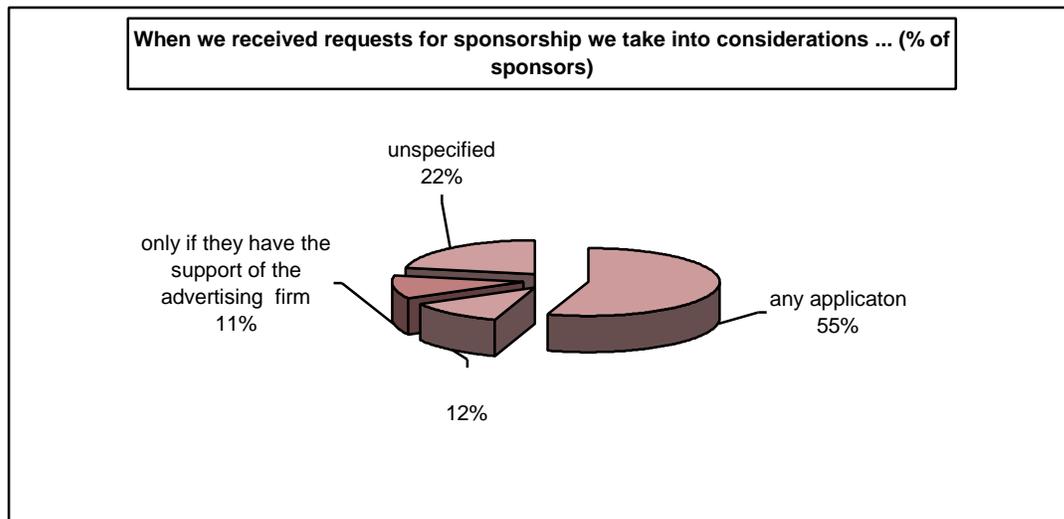


Chart 23

firms (through the employer or the managing board) one out of four firms declares that their decision was influenced by the recommendation of a friend, an acquaintance or a publicity agent (see chart 25). The intervention of an intermediary/agent seem to influence the corporate giving volume, taking into account that the annual average of the sponsor firms that accepted the influence of an intermediary, is twice as much as that of the firms which didn't declare the presence of an intermediary.

The existence of a previous relationship between the sponsor and the applicant or the existence of an intermediary agent lead to the organizing of the sponsorship activity in network systems including different actors (sponsors, applicants, former recipients, friends, and acquaintances from or outside the business field, publicity agents, etc). Within this sponsorship network, the decision of sponsorship reveal rather the option to preserve the quality of the previous relationships, than the immediate interest of both the firm and the applicant.

The tendency to organize the sponsorship process into a system implying many local actors is more obvious for small firms, especially from the commerce field.

Expenses accepted in sponsorship

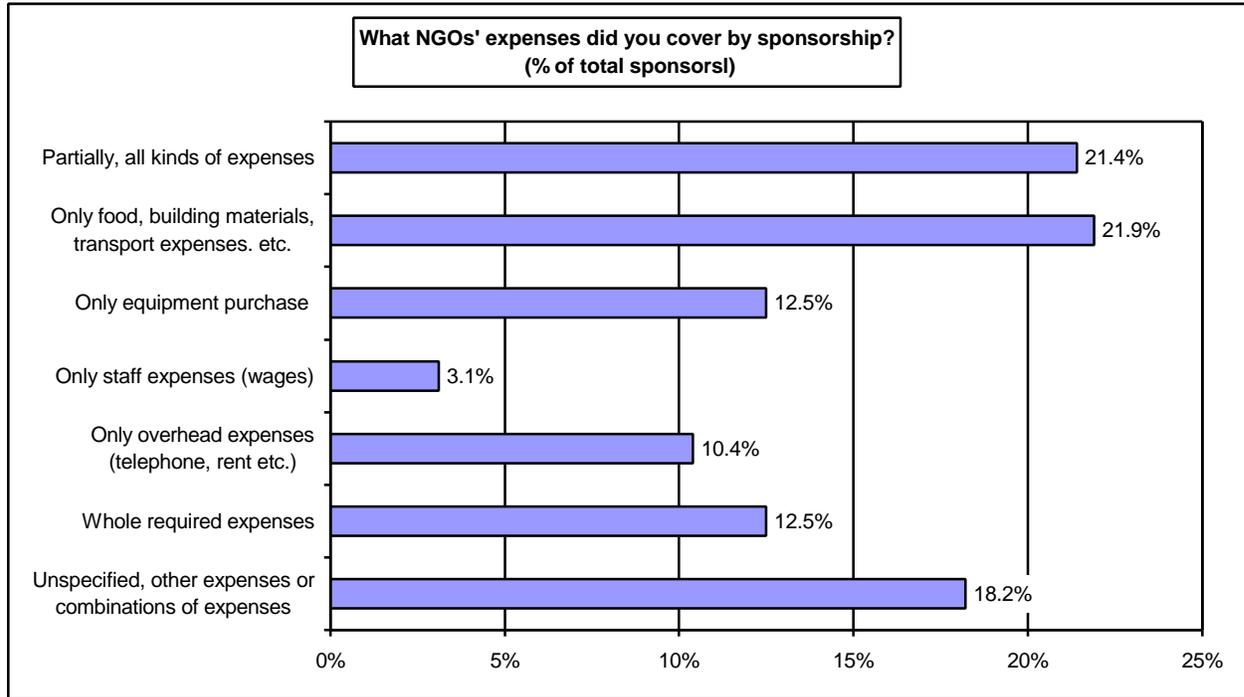


Chart 24

Commentary:

The types of expenses that the sponsors accept to defray, correspond to the set of criteria that influence the sponsorship decision. In this case, almost one out of four firms faced some critical situations, defraying the basic expenses (food, transport, building materials) of NGOs projects. At the same time the sponsor's preference for supporting co-financed projects is materialized in the fact that they cover the costs implied by the NGOs projects rather partially (21% of the total) than totally (12,5%).

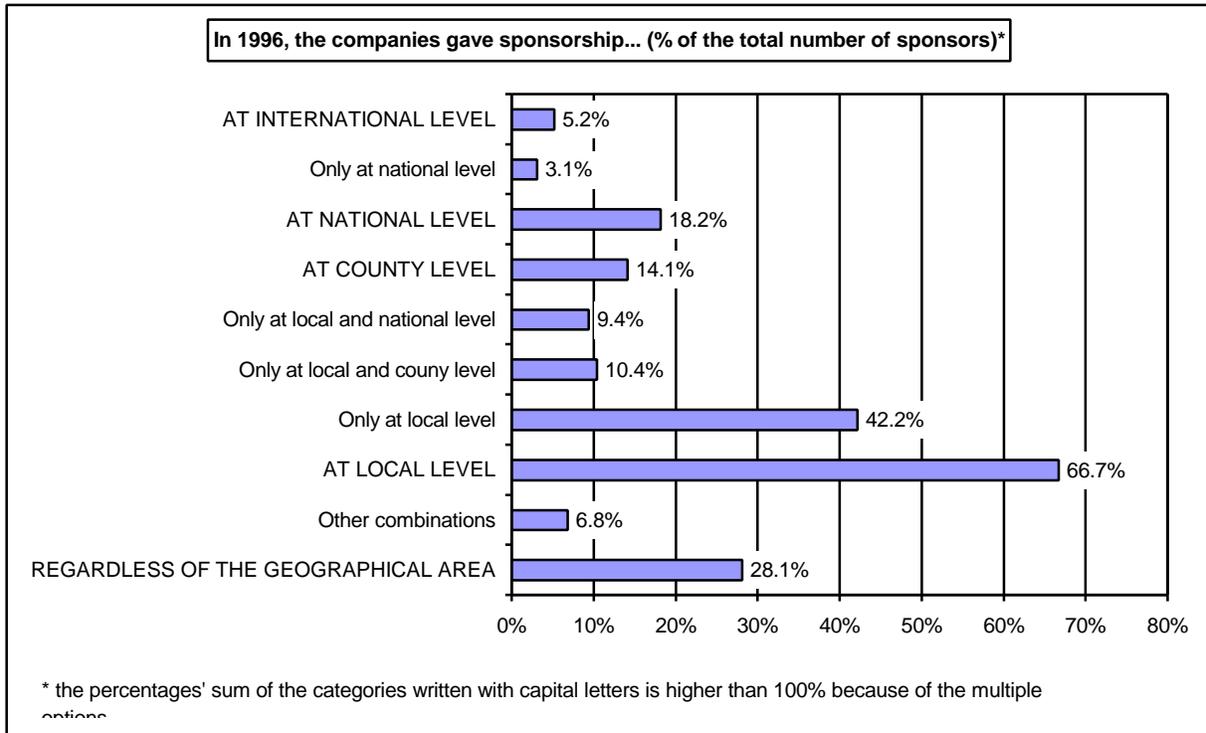
An important segment of firms that sponsored NGOs projects, accepted to support the institutional development of these organizations, by covering the equipment's' costs (12% from the total), the administrative costs (10%) or the employees' wages (3%).

The geographical destination of corporate giving

Chart 24

Commentary:

The firms have chosen either to sponsor at local level or they didn't pay attention to such



a criterion.

Two thirds out of the total sponsors awarded corporate giving for projects/programs of public organizations, NGOs or individuals settled in the same residence area in which the firm is located.

There is a positive association between some characteristics of the sponsor- firm (scope, field of activity) and the geographical destination of the activity. It is most likely that the smaller a commercial firm is, the locally, the irregularly and on a short term the sponsorship is. The expansion of the sponsorship activity at local, regional, and national level (20% of the total number of firms) is associated mainly with the large firms from the industrial field, having intense publicity activities and which developed or are about to develop sponsorship strategy including events of great public impact, and on a less degree, long term communitarian projects.

Addressing sponsorship requests

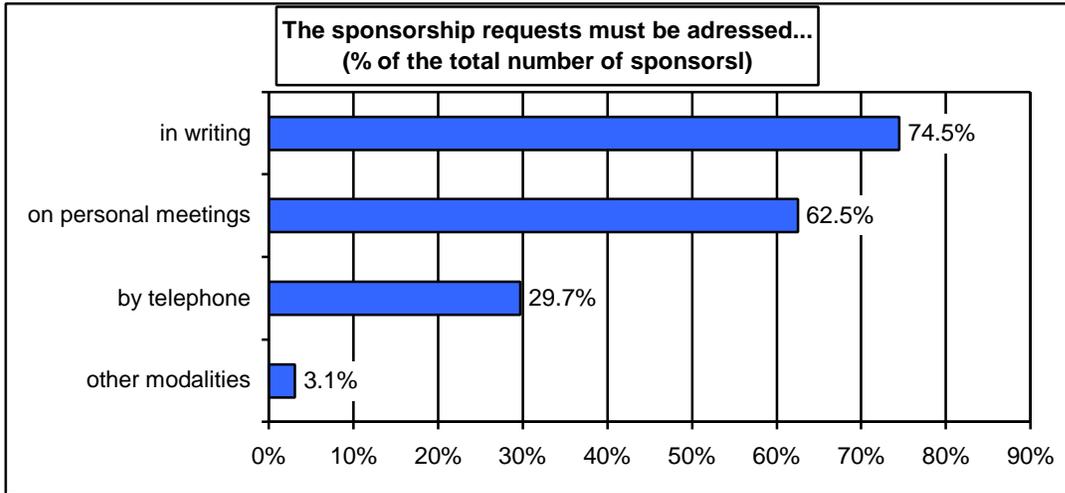


Chart 25

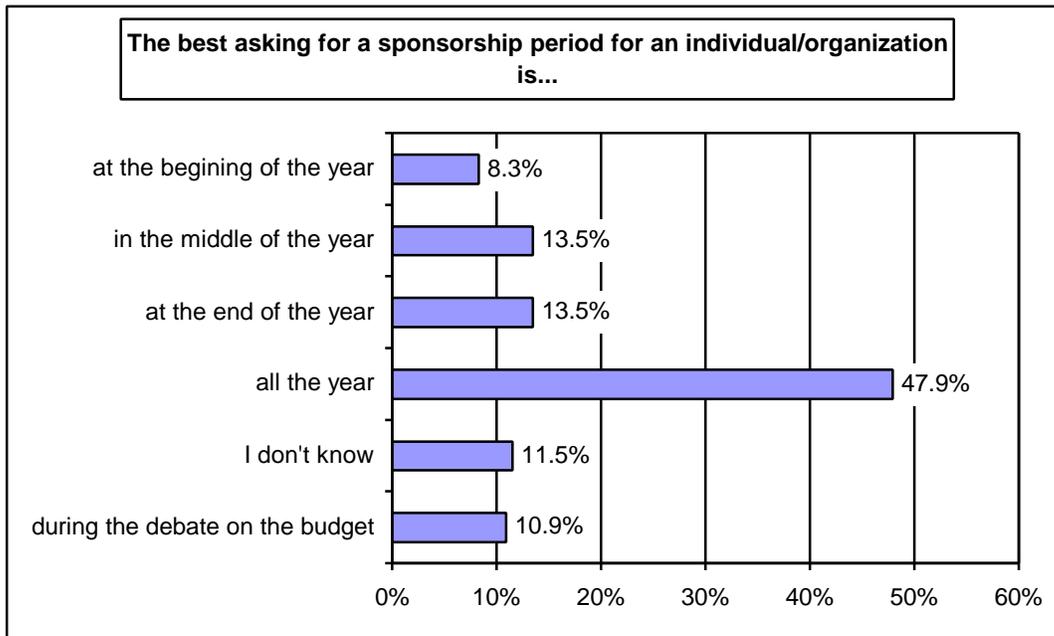


Chart 26

Commentary:

Most firms prefer that the sponsorship applications might be addressed in writing and/or through a personal meeting.

Almost a half of the sampling firms considers that the applications must contain only the presentation of the project and organization. 15.5 of the

total declare that the sponsorship request have to contain explicitly the benefits that the sponsorship activity would bring to the sponsor-firm, and 8% ask for the detailing of the budget implied by the sponsorship.

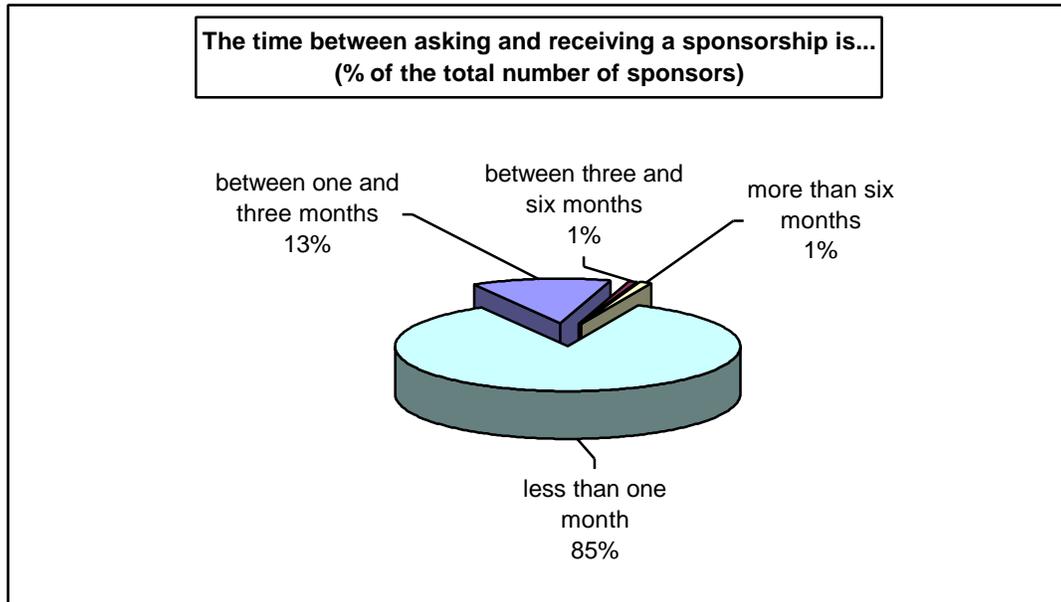


Chart 27

Commentary:

Only a half of the sampling firms declare that they are ready to sponsor during the whole year; the rest of the firms (divided into segments of 10% from the total), prefer the beginning, the middle, the end of the year, or the period of time in which the promotion budget is to be established. In most cases, the requests are accepted and solved in less than a month (85 % of firms) or up to three months (13 % of firms).

The Sponsorship Evaluation

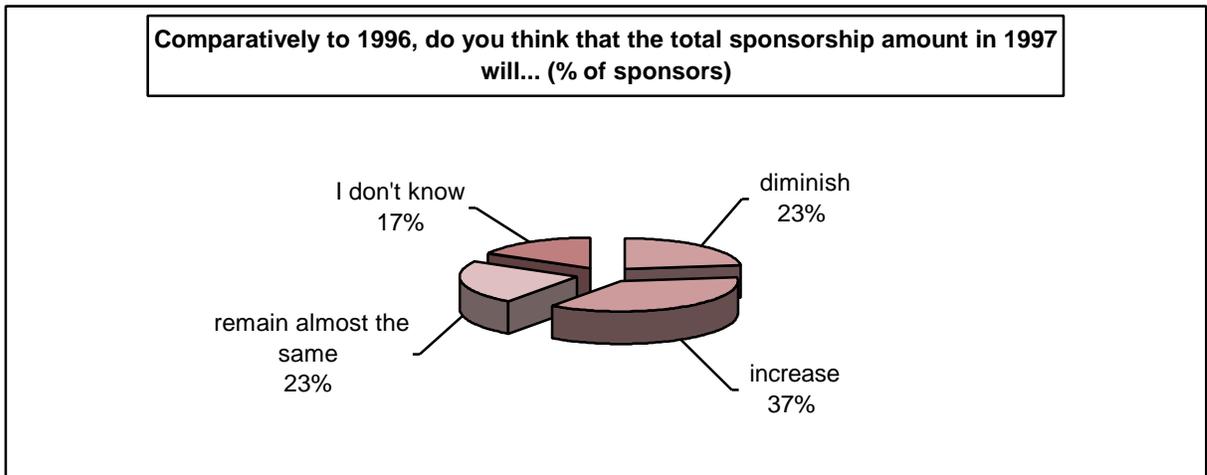


Chart 28

Commentary:

80% of the sampling firms expressed total or partial agreement regarding the finality of the sponsorship activities. At the same time, the percentage of the ones that did not express an opinion (10% of total) pointed out to a high degree of sponsorship activity control. The firms that sponsored public institutions or events with great public expressed more often the discontent or the lack of opinion. (see chart 29)

30% of firms expressed the content regarding the fact that sponsorship activities contributed factually to the increase of the deductible publicity costs. The lack of fiscal facilities and the fiscal bureaucracy are the main difficulties that the sponsor-firms had to face in 1996. More than a half of the firms expressed the discontent regarding the non-correlation of the deductible sponsorship expenses with the decreasing of the income tax.

Almost two thirds of the sponsors considered that in 1997, the volume of the sponsorship activities would increase or remain the same to 1996. Only 23% considered that it would decrease. (see chart 28)

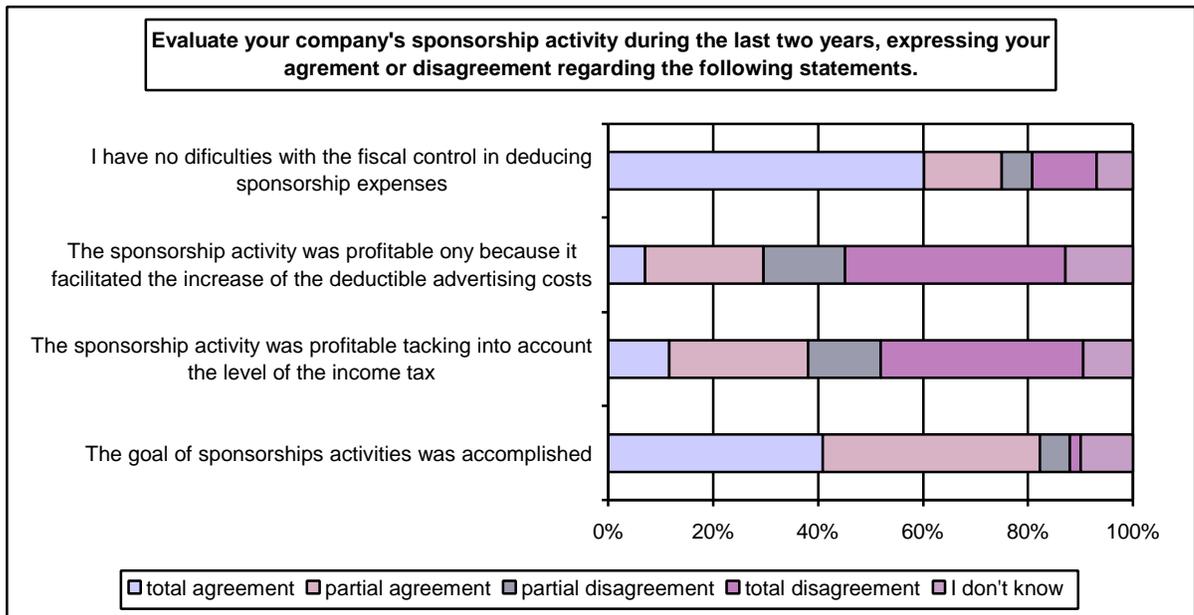


Chart 29

The Evaluation of Sponsorship Law

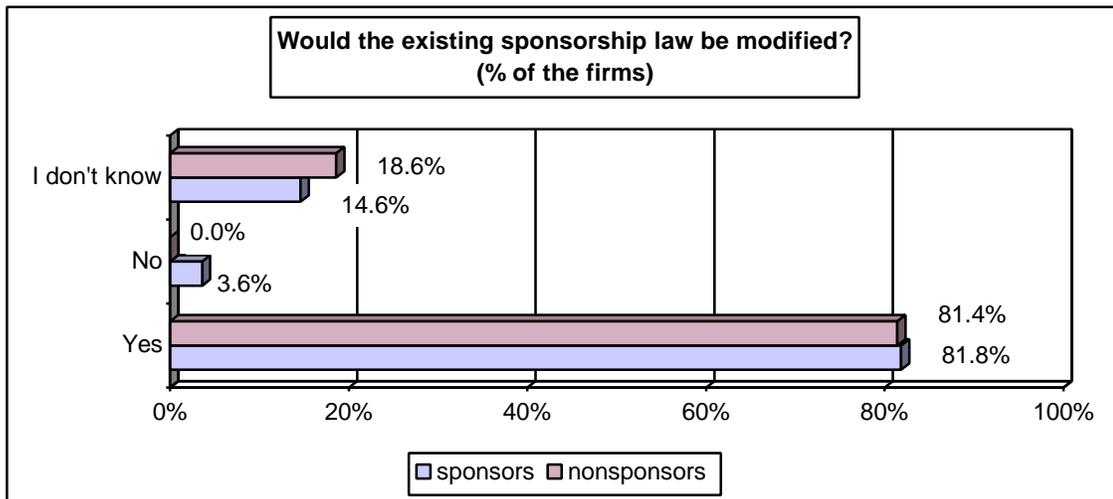
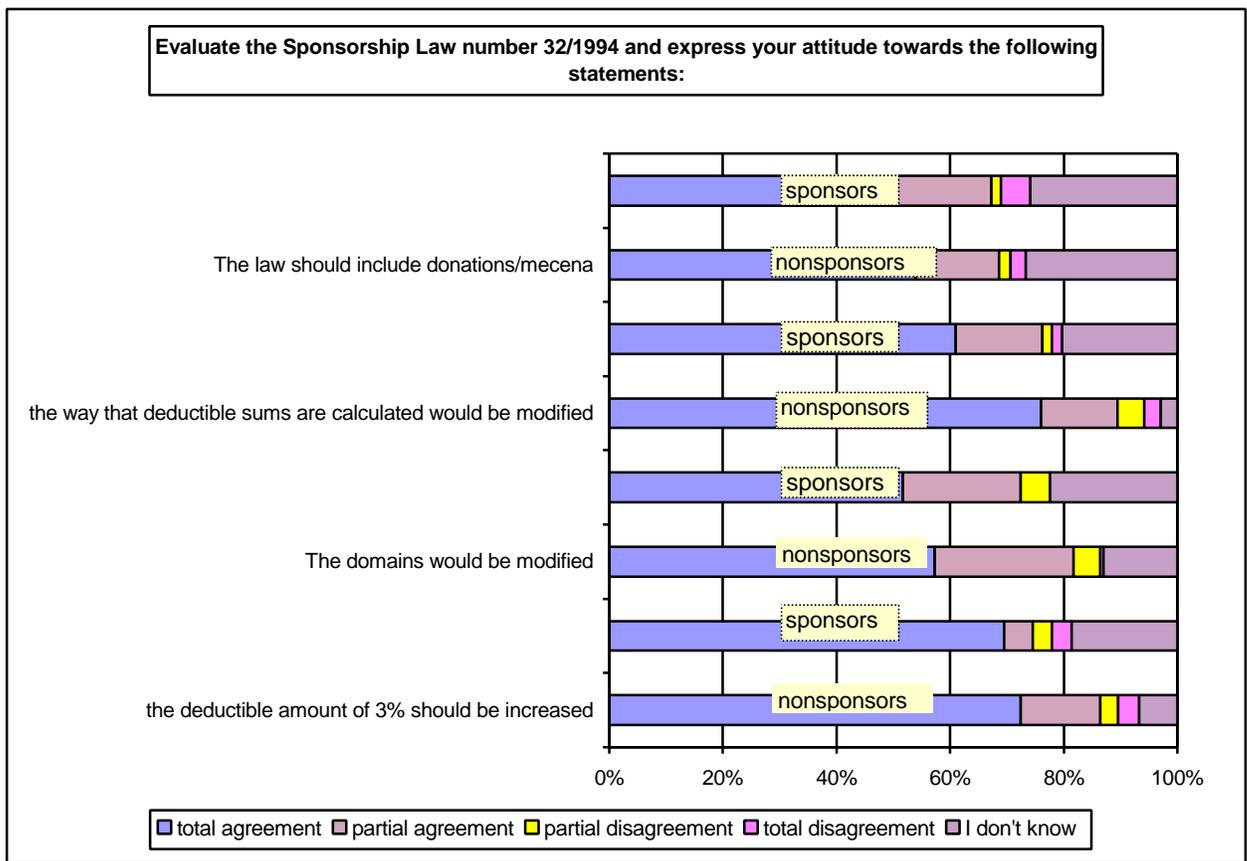


Chart 30



Commentary:

More than 80% of the sampling firms (whether sponsors or not) express the opinion that the existing sponsorship Law number 32/1994 and its applicable regulation would be modified. The percentage of the ones without an expressed opinion is 15% of the sponsors and 18% of the non-sponsors. 75% of the sponsors and 85 % of the non-sponsors declared their agreement regarding the increase of the deductible amount from the income tax or its correlation with a significant reduction of the corporate tax (see chart 31).The way that fiscality interpretate the law generate some difficulties. In this respect, one out of five firms declared that, during 1996 they faced some difficulties regarding the accepting of sponsorship activities and their framing into one or another field, as well as the counting of the deductible costs.

The great number of sponsors expressed their approval concerning the necessity of regulation of the donation regime within a new sponsorship law. This fact might determine the avoiding of the terminological confusion (donation/ sponsorship) and the possibility to settle the fiscal facilities, associated to the mecena/donation.

