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## **Small Businesses and Corporate Philanthropy**

**Center for Education and Development  
Hanoi, August 2014**

## Small Businesses and Corporate Philanthropy – A Review

Vietnam, on the whole, contains many more small businesses than large corporations of the scale seen in the USA and Europe. Larger organizations are often part-state owned and so do not fall under the same rules anyway. Nonetheless, smaller enterprises also exist in the western world, and there has been a plethora of literature written on them, including how they can engage with corporate philanthropy. As Vietnam itself has lots of smaller businesses, which perhaps have not embraced strategic giving with much vigor yet, the existing literature on western small businesses may be transposable to the business world of Vietnam. Consequently, this document will look at western literature on the subject; and will then determine the relevance of the material to Vietnam. Small businesses may not be able to commit the same amount of time or resources to corporate philanthropy as large businesses, but they can still make it part of their strategy and not only make a difference to those in need, but also reap the rewards in terms of reputation, community engagement and staff attraction and retention.

As a start, US web company Yahoo has a section dedicated to small businesses. On this platform there is an article dedicated to corporate philanthropy for smaller businesses which stresses that philanthropy can be worked on by businesses of any size.<sup>1</sup> A report they refer to says that a key driver of success in small businesses is getting the employees involved with the charitable work. This increases staff retention rates and job satisfaction, as well as increased charitable funds.

Nonprofit website *Charitychoice* points out that in the UK companies tend to support the bigger charities in a few select partnerships. Indeed, three-quarters of corporate grants in 2012 went to the largest three per-cents of charities.<sup>2</sup> Because of smaller administration teams, *Charitychoice* recommends that smaller business team up with smaller, local charities. Smaller businesses are more likely to be deeply embedded into their local culture, and so local charities with smaller goals and resources might be a more natural fit.

Corporate news platform *Business News Daily* has written an article entitled 'Giving Back: 36 ways your small business can help'.<sup>3</sup> In it, 36 different small business owners share their experiences and tips on corporate philanthropy. It certainly could give any small businesses ideas on their own charitable policy. For instance, one business offers 5% of sales to a specific local charity, while another delivery company distributes material for a local charity that cannot afford to deliver all their own literature.

American news outlet *The Washington Post* have published an article that tells of ways that small businesses can learn from big businesses when it comes to corporate philanthropy.<sup>4</sup> The main techniques they suggest small businesses should take on board are encouraging employees to volunteer with a local charity, offering pro bono services (for example legal assistance to nonprofits), small-scale targeted giving and a buy-one-give-one scheme whereby all new materials bought are accompanied by a

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<sup>1</sup> <https://smallbusiness.yahoo.com/advisor/tis-season-embrace-corporate-giving-140000819.html>

<sup>2</sup> <http://www.charitychoice.co.uk/the-fundraiser/how-small-charities-can-engage-with-corporate-giving/45>

<sup>3</sup> <http://www.businessnewsdaily.com/642-small-business-owners-giving-back-to-community.html>

<sup>4</sup> [http://www.washingtonpost.com/business/capitalbusiness/business-rx-what-small-businesses-can-learn-from-large-ones-about-corporate-giving/2013/12/19/7de7747a-674b-11e3-a0b9-249bbb34602c\\_story.html](http://www.washingtonpost.com/business/capitalbusiness/business-rx-what-small-businesses-can-learn-from-large-ones-about-corporate-giving/2013/12/19/7de7747a-674b-11e3-a0b9-249bbb34602c_story.html)

related product to be given away to a nonprofit organization. By having ambitious yet realistic goals, smaller businesses can still make corporate philanthropy part of their mission. According to this article, both employer and employee engagement is the key.

*Paysimple* provide tools to small businesses and have presented a report on corporate philanthropy in relation to small businesses. They suggest that 85% of consumers have a more positive image of a small business if they support a cause that they approve of, and 90% want small businesses to tell the public of their philanthropic work.<sup>5</sup>It also provides advice on tax breaks and how to find nonprofit causes to support. Clearly, there are benefits for small businesses getting involved in corporate philanthropy.

Huge bank *Citibank* work with many small businesses; giving them services and capital. Part of this partnership includes giving advice and guidance on corporate philanthropy policy to small businesses. On their website, a case study is listed<sup>6</sup>which illuminates the way in which small businesses can engage with charitable causes. A small photography business explains that telling clients about where some of their profits go actually encourages more custom, even if they cannot afford to give the same about as large multinational corporations. The other important point to make from the case studies in question is that you should carry out your philanthropic work because you have a genuine passion for the charitable cause; and of course it then may well have a positive impact on your business operation.

American media giant *Fox* has a section of their website dedicated to small businesses. On it, they argue that corporate philanthropy within small businesses is on the rise.<sup>7</sup>It also lists examples of good practice when it comes to small businesses and corporate philanthropy. One such small business is *Odyssey Teams*, based in California. They have only 5 full time staff, along with 40 contractors. They encourage their staff to help to construct bikes for disadvantaged children, along with prosthetic hands which have been sent as far away as Vietnam. Another example focuses on a bookstore that allows children with autism to use some of their services for free. This is a very cheap way of giving back, but a very effective way.

American news agency *Reuters* has reported on a Chicago food store and in doing so has argued that small businesses have to be strategic about their giving.<sup>8</sup>It is said that it is important to be very selective about the causes you support; because as a small businesses you cannot support many. Perhaps it would be wise to pick causes that you can actually effectively help, and ones that which benefit your business. This may result in keeping it local, as you can probably do more good in an environment in which you are already familiar.

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<sup>5</sup> <http://paysimple.com/blog/2012/12/20/tools-for-making-the-most-of-small-business-charitable-giving/>

<sup>6</sup> <https://online.citibank.com/US/JRS/pands/detail.do?ID=CitiBizArticleCharitableGiving>

<sup>7</sup> <http://smallbusiness.foxbusiness.com/entrepreneurs/2012/03/22/small-businesses-giving-back-in-big-ways/>

<sup>8</sup> <http://www.reuters.com/article/2012/11/16/us-moneypack-charity-smallbiz-pix-idUSBRE8AF0WD20121116>

US business online publication *allbusiness* has a page with ten tips for small businesses taking part in corporate philanthropy.<sup>9</sup> Although a lot of the content is seen elsewhere, the list for clarity is as follows: Set a budget, make a plan, target the right charity, perform your due diligence, question everything, partner with your chosen charity, spread the good news, network, reap the PR rewards, reap the tax benefits. Of course, all these points are valid for big businesses as well, but *allbusiness* is a small business publication, so we can safely assume that these tips are applicable to small businesses. Small business publication *Small Business Trends* gives a similar list, while stressing that it's important to involve both the employees and the customers.<sup>10</sup>

Bigger foundations, such as *Chillicothe-Rothe* based in Ross County, USA, can help smaller businesses with corporate philanthropy by giving them a charitable partner. Alternatively, they can simply offer advice on an ad hoc basis. For instance, *Chillicothe-Rothe* offer four effective ways of getting involved in charity that may also assist a company in their tax relief status<sup>11</sup> – gifting portions of stock of the company, contributing stock before selling a business, using the business to provide an income for someone with a charitable trust, and benefitting from estate planning for your children to inherit the family business.

*Nonprofit Quarterly* has posted a report that stresses the importance of fostering a complete culture of philanthropy in small businesses.<sup>12</sup> Whilst cash donations cannot be as big when originating from small business, there is no reason that pro-bono or volunteer contributions can't be extensive. *Smallbusinesscomputing* make a similar point, as well as stressing that time needs to be set aside for philanthropic work.<sup>13</sup>

So, as has been seen, it is perfectly possible for small businesses to engage with corporate philanthropy. Benefits to the businesses themselves are similar to large corporations; albeit on a smaller scale. So, local reputation can increase, staff can be more attracted to the company, and consumers are more likely to use the business again. Again, the methods small businesses are often very similar to larger companies; so involving customers and employees alike, thinking of your operation strategically and making investments sustainable. However, some specific tips would revolve around working with the local community; no one knows the community better than the small businesses of shops, cafes, restaurants, etc. Moreover, big companies tend to support big charities, so it may be a good idea for smaller businesses to help smaller, local charities. Until you become a big business, you must ensure that your influence is positive in the immediate local area. Concentrating philanthropic efforts locally can help this aim. Nevertheless, the causes you pick should be beneficial to your business in some way. Pro bono help should also be considered.

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<sup>9</sup> <http://www.allbusiness.com/specialty-businesses/home-based-business/11086-1.html>

<sup>10</sup> <http://smallbiztrends.com/2012/01/5-steps-to-giving-back-all-year-long.html>

<sup>11</sup> <http://crcf.net/donors/ways-to-give/corporate-small-business-giving>

<sup>12</sup> <https://nonprofitquarterly.org/philanthropy/23232-small-businesses-make-big-impacts-through-philanthropy.html>

<sup>13</sup> <http://www.smallbusinesscomputing.com/tipsforsmallbusiness/the-value-of-small-business-philanthropy.html>