

SESSION II : Management of Corporate Philanthropy

Types of Corporate Giving in Japan

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Corporate giving can be classified into several categories according to the method and motive.

In terms of method, two major categories exist. The first includes those companies which create an independent system within or outside the enterprise to handle donation activities; the second group comprises those which simply make direct donations. In the first category are those which (1) establish a foundation separate from the main body, (2) form a trust specifically for conducting philanthropic activities, and (3) create a voluntary organization within the enterprise, such as a mutual aid association. Of the approximately 2,000 companies listed on the Tokyo Stock Exchange, 284 companies fall into the first sub-group, with 6 cases in the second sub-group, while no statistics are available for the third.

Among Japanese enterprises making contributions directly, the majority do so unsystematically, making contributions in response to "suggested" allocations by the Keidanren (a situation unique to Japan) or in response to requests by closely associated persons. Only a small percentage of direct corporate giving is made following a clear program outline or within the framework of an allocated budget.

In terms of motive, corporate contributors can be classified as "active" or "passive." Most "active" contributors donate as part of a commemorative event, though some give out of sympathy

for a given initiative. The "passive" types include enterprises making donations in response to Keidanren "allocations" or to requests by closely associated persons, or as a response to the actions of other enterprises.

Corporate giving in Japan has three unique characteristics. One is the impact of Keidanren and industry associations. These groups play a significant role in pressing enterprises to make donations which, stated conversely, means fund-raising without their support is extremely difficult in Japan. However, once such endorsement is obtained, an individual enterprise does not need to undertake further screening of projects, which may hinder the development of a corporation's own philanthropic program. As efficient as the system may be, corporate giving under guidance of industry leadership discourages enterprises from becoming seriously involved in donation activities of their own.

A second characteristic of corporate giving in Japan is the lack of sufficient appreciation for philanthropic activities in the business community. Public interest organizations have not necessarily fostered the best of impressions in this area and some corporations confuse requests for donations with threats of gadflies. As a result, enterprises tend to make excuses, dodge, or beat down requests, and fail to take initiative in positively considering donations.

The third characteristic is the strong influence of administrative bodies holding jurisdiction over foundation activities. The notion of following the will of authority is deep-rooted and many thus believe that public interest groups should help serve the purpose of the government. At times, the government may prevent the establishment of a new foundation or trust on the ground that it deviates from governmental policy and purpose. On the other hand, a foundation may be established with a government subsidy to offer suitable employment for a retiring high government official.

I would like to offer some suggestions for nurturing and promoting philanthropic activities among enterprises. Directed to the enterprises themselves, first, an appropriate staff and budget are vital to successful efforts, and donation activities should be conducted with a clear sense of purpose and followed through to assess the results. Second, enterprises should embark on more active publicity of their philanthropic activities. Third, provisions should be made for employees involved in

volunteer activities and other public welfare programs.

As for those seeking contributions, greater effort should be made (1) to approach individual enterprises rather than relying on the leverage of Keidanren and (2) to give follow-up reports on the use of contributions.

Lastly, two suggestions to the administrative branch are to remove inequitable tax barriers and to change the attitude toward philanthropic activities from one of constraint to one of active cultivation. Regarding the former, the special tax deductions accorded to foundations qualified as Shiken Kenkyu Hojin (Experimental Research Corporations) should be expanded to include charitable trusts now conducting similar philanthropic activities.