Corporate Community Involvement in the San Francisco Bay Area

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Martha Reiner  David Vogel

In 1982, Steve Jobs, a founder and then chairman of Apple Computer, departed from Apple’s tradition of avoiding political action to lobby successfully for the passage of California Assembly Bill 3194. This legislation, nicknamed the “Apple Bill,” gave manufacturers special tax credits for donations of scientific equipment to California schools. Through its “Kids Can’t Wait” program, Apple has donated computer systems to more than 9,000 elementary and secondary schools. Apple also encourages companies that make products for Apple systems to add these products to Apple’s systems donations.

Del Monte Corporation began making product donations of occasional excess production on a decentralized basis many years ago. Products were given to local communities, food banks, and even company employees. However, these recipients were frequently unable to absorb large quantities of often single-product contributions. Concerned with the waste and inefficiency of this decentralized distribution method, Del Monte searched for a better way to contribute excess products to needy recipients. In 1985, it arranged with a national food-bank clearinghouse to distribute excess products through a network of local food banks.

These examples illustrate some of the trends identified in a study of community involvement on the part of San Francisco Bay Area companies. This article summarizes the results of this study of the community activities of 46 corporations and subsidiaries which was conducted in 1984 under the auspices of the Program in Business and Social Policy at the University of California, Berkeley.

The 46 firms in our study included 33 of the 50 largest publicly held corporations headquartered in the greater Bay Area, 10 of the largest Bay Area subsidiaries of publicly held corporations headquartered elsewhere, and 3 of the region’s 10 largest privately held companies. (The ownership

We want to express appreciation to our colleagues, Robert G. Harris and David McKendrick, for their participation in the early phases of the study. This project was supported by a grant from the Evelyn & Walter Haas Jr. Fund.

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status of 8 firms has changed since the study was conducted.) Firm size was determined on the basis of 1983 sales revenue. The smallest firms in our sample reported 1983 sales of $200 million; the largest had sales of $29 billion. Half reported 1983 revenues of greater than $1 billion. Six companies reported losses in 1983.

The San Francisco Bay Area encompasses a 5-county area surrounding San Francisco Bay. Half of the firms in the study are headquartered in the city and county of San Francisco. The corporate offices of the remainder are located in the four surrounding counties of Alameda, Marin, San Mateo, and Santa Clara.

Fourteen of the firms we examined are in high-technology manufacturing, twelve are in traditional manufacturing (including the processing of agricultural, mineral, and petroleum products), eight are primarily providers of financial services, and four are in retailing. The remaining eight firms are in areas such as transportation, utilities, and distribution or are highly diversified. (See Appendix I for a list of the firms in this study.)

Our research consisted of four phases. First, we collected publicly available information about the companies and their community activities. Second, we contacted each company, described the nature of our research, and solicited their cooperation. A member of the research team interviewed the corporate manager(s) directly responsible for the firm’s community activities. Third, we interviewed chief executive officers of approximately half of the firms. Finally, we interviewed staff members of nine network organizations involved in community affairs in the Bay Area.

**Trends of Corporate Community Involvement**

All of the firms we surveyed see themselves as having some responsibility for the welfare of the communities in which they conduct their business, and many have either expanded or institutionalized their community activities in recent years. However, the nature and scope of their community efforts vary considerably. Firms differ in the amount and focus of their philanthropic giving, the links between their community activities and their business operations, and their geographic definition of the Bay Area “community.” The extent of their ties with both other companies and network organizations and the priority that their managers give to community issues also vary.

Bay Area companies can point to a number of important civic accomplishments. They played a major role in the successful effort to “Save the Cable Cars” and have been strong supporters of San Francisco’s nationally distinguished cultural institutions. They played a leadership role in the passage of Measure A in Santa Clara County, which increased the sales tax to pay for improvements in local transportation. They have donated computers to educational institutions and have worked to improve scientific and technical education in their communities. Firms have been active in
providing summer employment for inner-city youths, in furnishing Bay Area arts programs with volunteers and financial support, and in working to upgrade education at the primary and secondary school levels. A number of Bay Area-based firms, including Levi Strauss, Chevron, the Bank of America, McKesson, Hewlett-Packard, and Apple are nationally known for their philanthropic efforts. Chief executive officers of many of the largest firms, particularly those based in San Francisco and Oakland, devote considerable personal time and energy to community affairs.

The pattern of corporate giving in the Bay Area is changing in a number of respects. Most importantly, it is becoming more structured and professional. Virtually every firm in our sample now has at least one staff member who is responsible for reviewing and making recommendations in the area of corporate contributions. Many of these firms have either developed or plan to develop explicit guidelines for their contributions programs. In addition, Bay Area corporations are making greater efforts to measure, monitor, and assess the impact of their philanthropy than they have in the past. Many are now putting more emphasis on effective grant-making than on particular monetary targets. These firms are attempting to direct contributions to particular issues or problems in order to increase the impact of their philanthropy programs. A number of companies are seeking to stabilize their level of corporate giving over the business cycle, rather than targeting a percentage of pre-tax profits for philanthropy. In addition, companies are developing more programs that link their own contributions to the volunteer efforts of their employees.

Corporate involvement with local communities is a broad concept, ranging from participating in the United Way to providing jobs and taxes that contribute to economic prosperity. The primary focus of corporate community involvement in this study is corporate philanthropy to meet local social needs. This form of corporate community involvement generally takes one of three forms: donation of funds to non-profit organizations, either directly or through an associated foundation; contributions of goods and services to non-profit groups; and volunteering of time by company employees to non-profit and civic organizations.

The donation of funds is by far the most common form of corporate community involvement. Virtually every firm in our sample made cash contributions in 1983. Charitable gifts of 41 firms in the study ranged from $50,000 to $31 million. In several cases, these figures include significant non-cash contributions. (Three subsidiaries and two other firms did not provide dollar contributions data.) For 23 of the 30 firms that provided dollar contributions data for both 1982 and 1983, corporate giving increased. It is a revealing measure of the institutionalization of corporate philanthropy among Bay Area firms that five of the six firms that reported net losses in 1983 still made charitable donations. For three of these firms, the donations were substantial.
A commonly used measure to compare contributions levels of firms of varying sizes is the percentage of pre-tax income devoted to philanthropy. The median ratio of contributions to pre-tax U.S. income in 1983 for a large nation-wide sample was 1.12%. As a percentage of 1983 pre-tax income, the corporate contributions of firms in our sample ranged from 0.2% to 7.5%. The median was 1.1%. Sixteen firms reported contributions of 1% or more; nine of these firms made donations greater than 2% of pre-tax income. Among the 18 firms that provided the contributions percentage for both 1982 and 1983, nine companies increased the percentage in 1983 over the 1982 figure. Seven companies maintained the same figure in both years. Only two companies indicated a lower percentage in 1983 than in 1982.

The second form of community involvement, donation of goods or services to non-profit organizations, is less widespread than cash contributions, at least through formal programs. About one-quarter of the firms in our study have institutionalized noncash contributions programs. Such contributions are given frequently by high-technology firms. These firms provide computers, other technical products, and staff expertise, either on a complimentary basis or at a substantial discount, to non-profit organizations, primarily in education. Some firms that manufacture high-cost products (such as mainframe computers) donate a small number to educational institutions, while firms that manufacture lower-cost products (such as personal computers or software) frequently make donations to a greater number of community organizations as well as to schools. Other firms with institutionalized noncash contributions programs include food processing and retailing firms that regularly make substantial product donations to food banks and emergency relief organizations.

In addition to institutionalized noncash contributions programs, a high number of firms in the study provide goods and services to non-profit organizations on an informal basis. For example, firms have provided printing and photocopying, meeting space, and used office equipment to community groups. One company permits individuals from non-profit groups to participate in internal computer training programs when a vacancy occurs. These informal types of assistance are often handled on a decentralized basis and not counted in the firm's philanthropy budget.

The third form of community involvement, encouraging employees to volunteer their time to non-profit and civic organizations, is an increasingly important way in which firms are responding to community needs. In addition to the use of employee volunteers in United Way fundraising, a growing number of firms are organizing formal programs to match the interests and skills of employees with requests from community organizations for assistance. Approximately one-third of the companies in our sample have developed formal volunteer programs. Several firms have taken the idea one step further and encouraged the formation of employee
teams to identify community needs and to create programs to meet these needs. Levi Strauss & Co. pioneered this concept of Community Action Teams in the early 1970s, and five other companies in our sample have implemented it. Team projects are often quite innovative. One company's Community Action Team raised money to produce a circus for disadvantaged children in the Tenderloin District of San Francisco. This involved 40 neighborhood non-profit organizations and the cooperation of several city agencies and the Board of Supervisors. A number of other firms encourage employee teams for special projects, such as planting trees and working with the Special Olympics.

Approximately 40% of the companies have informal programs to acknowledge the volunteer activities of their employees in internal publications and to disseminate information about community needs to their employees. Approximately one-fourth of the companies in the sample do not have a policy regarding employee volunteer activities.

Differences within the Region

The level of philanthropic giving varies with three organizational characteristics: size, age, and headquarters location.

Table 1 indicates average and median contributions by firm size. Firms were categorized as "large" if they had 1983 revenues between $200 million and $1 billion or "very large" if 1983 revenues exceeded $1 billion. The very large firms contributed a higher percentage of pre-tax income to philanthropy (1.9%), compared with the large firms (1.1%). The higher percentage of contributions by these very large firms generated average contributions in dollars almost ten times the average for large firms. However, Table 1 also indicates that a higher proportion of large firms increased their dollar contributions in 1983 over 1982, and none of the firms in this category decreased dollar amounts. This suggests that the gap between large and very large firms may narrow, if current trends continue.

Table 2 reveals differences in contributions levels based on company age. Firms were classified as "old" if they were founded prior to 1960 or "young" if founded after 1960. Firms in the "old" category contributed a higher average and median percentage of pre-tax income to philanthropy than did young firms. Younger firms may have lower contributions levels because they face greater economic uncertainty and instability.

We were unable to obtain sufficient data from private firms and subsidiaries of firms headquartered elsewhere to determine whether contributions levels varied by ownership status. However, our interviews revealed marked differences among subsidiaries. Several subsidiaries maintain active, formal community involvement programs, either autonomously or as extensions of parent company programs. Others have only minimal activities. Eight of the 46 firms in our sample have changed ownership status since we conducted this study, and several other firms are now involved
### Table 1. Comparison of Contributions Data Based on Company Size

<table>
<thead>
<tr>
<th>Company size</th>
<th>Large ($200 million–$1 billion)</th>
<th>Very Large ($1 billion–$29 billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of companies in study</td>
<td>22</td>
<td>24</td>
</tr>
<tr>
<td>Average sales</td>
<td>$600 million</td>
<td>$5.5 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average contributions (including in kind)</th>
<th>% in study in each category (Numbers of firms supplying data in parentheses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>% pre-tax profit</td>
<td>(13)*</td>
</tr>
<tr>
<td>Range</td>
<td>0.2–2.5%</td>
</tr>
<tr>
<td>Mean</td>
<td>1.1%</td>
</tr>
<tr>
<td>Median</td>
<td>0.8%</td>
</tr>
<tr>
<td>Dollars (000s)</td>
<td>(18)</td>
</tr>
<tr>
<td></td>
<td>$560</td>
</tr>
</tbody>
</table>

**Contribution trend: Dollars**
- Up from 1982: 89% (9) vs. 71% (21)
- Same as 1982: 11% (1) vs. 19% (12)
- Down from 1982: 0% (0) vs. 13% (3)

**Contribution trend: Percent of pre-tax income**
- Up from 1982: 50% (50) vs. 50% (50)
- Same as 1982: 33% (33) vs. 37% (37)
- Down from 1982: 17% (17) vs. 13% (13)

**Percentage of companies with corporate foundation**
- 23% (23) vs. 42% (42)

* Five of the very large companies and one of the large companies are not represented in the percentage figures because they reported net losses.

in merger or acquisition negotiations. Whether the Bay Area firms involved in the recent wave of merger and acquisition activity will be able to preserve their autonomy in managing their community efforts and what effect ownership changes will have on the level of contributions to Bay Area non-profit organizations remains to be seen.

Among the most distinctive characteristics of corporate community involvement in the Bay Area is the perceived contrast between the activity of the firms headquartered in Silicon Valley and those headquartered elsewhere. (Silicon Valley roughly corresponds to Santa Clara County and the southern portion of San Mateo County.) All but one of the Silicon Valley based firms in the sample are in high technology and, with several exceptions, fall into the “large,” rather than “very large,” category of Table 1
Table 2. Comparison of Contributions Data  
Based on Company Age

<table>
<thead>
<tr>
<th>Company size</th>
<th>Old (Founded before 1960)</th>
<th>Young (Founded since 1960)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of companies in study</td>
<td>33</td>
<td>13</td>
</tr>
<tr>
<td>% in study in each category (Numbers of firms supplying data in parentheses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average contributions (including in kind)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% pre-tax profit</td>
<td>(20)*</td>
<td>(9)*</td>
</tr>
<tr>
<td>Range</td>
<td>0.2–7.5%</td>
<td>0.2–2.5%</td>
</tr>
<tr>
<td>Mean</td>
<td>1.7%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Median</td>
<td>1.45%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Dollars (000s)</td>
<td>(29)</td>
<td>(12)</td>
</tr>
<tr>
<td>Contribution trend: Dollars</td>
<td>$4,200</td>
<td>$790</td>
</tr>
<tr>
<td>Contribution trend: Percent of pre-tax income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up from 1982</td>
<td>75%</td>
<td>83%</td>
</tr>
<tr>
<td>Same as 1982</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Down from 1982</td>
<td>8%</td>
<td>0</td>
</tr>
<tr>
<td>Percentage of companies with corporate foundation</td>
<td>30%</td>
<td>15%</td>
</tr>
</tbody>
</table>

* Five of the old companies and one of the young companies are not represented in the percentage figures because they reported net losses.

and the “young” category of Table 2. Thus, it is likely that these firms do make lower levels of contributions. This is evident by the county comparison in Table 3. Firms based in Santa Clara County give about 80% as much as those headquartered in San Francisco and San Mateo counties, and only half as much as firms located in Alameda County. The lower levels of contributions by Santa Clara County firms are mostly a function of their youth and the instability of their economic environment.

Only two of the fourteen Silicon Valley companies examined maintain corporate foundations, and significantly they are among the oldest in this region. On the other hand, almost one-half of the San Francisco based firms operate foundations. However, while the Alameda County based firms make the highest levels of contributions, only one of these seven firms operates a foundation. Thus the presence or absence of a foundation does not explain the regional variation of contributions levels.
CORPORATE COMMUNITY INVOLVEMENT

<table>
<thead>
<tr>
<th>County</th>
<th>San Francisco</th>
<th>San Mateo</th>
<th>Alameda</th>
<th>Santa Clara</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies</td>
<td>21</td>
<td>5</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>in study</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1983 Contributions,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>pretax profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(includes noncash)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of companies</td>
<td>12</td>
<td>4</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>with data**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Range</td>
<td>0.4–7.5%</td>
<td>0.5–2.0%</td>
<td>1.4–2.0%</td>
<td>0.2–4.3%</td>
</tr>
<tr>
<td>Mean</td>
<td>1.25%</td>
<td>1.15%</td>
<td>1.7%</td>
<td>0.92%</td>
</tr>
<tr>
<td>(number of companies)</td>
<td>(11)</td>
<td>(8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.5%</td>
<td></td>
<td>4.3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1)</td>
<td>(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>1.05%</td>
<td>1.05%</td>
<td>1.7%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Percentage of</td>
<td>48%</td>
<td>40%</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>companies with</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>corporate foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Only one company from Marin County was included; thus the county is not represented in these figures because of the small sample size.
** Several companies are not represented in the percentage contributions figures because they reported net losses: San Francisco, 3; Alameda, 2; Santa Clara, 1.

1 Excludes a very high figure that would bias the result.

2 The excluded figure.

While there are significant exceptions, in general, Silicon Valley firms devote fewer staff resources to defining and implementing community programs and their CEOs devote less time to working with non-profit organizations other than trade associations. More significant than the extent of corporate giving by Silicon Valley companies relative to that of firms headquartered elsewhere is its nature. With some exceptions, the philanthropic efforts of Silicon Valley companies tend to be more closely tied to their business activities than are those of other firms in our study. For example, a number of these firms have contributed to technical education in their communities. Also, many Silicon Valley firms emphasize donations for local social services that directly benefit their employees. To date, much of the civic involvement of firms based in the valley takes place through industry associations in the valley and focuses on community issues such as transportation, education, and environmental quality rather than on philanthropy.

As a general rule, companies tend to focus their community-oriented efforts either on the communities where their employees are located or,
in the case of firms with large numbers of retail outlets, on the communities where they do business. Since most of the firms in our sample do not have stores or branches, the former criterion is the more important one. This in part explains why the community-oriented corporate giving of Silicon Valley firms is centered in Santa Clara County. In interviews with both CEOs and corporate staff of these companies, we learned that the geographical boundaries of their “community” did not extend to San Francisco and other parts of the Bay Area. Silicon Valley firms are more likely to confine their donations to the specific communities in which their facilities are located and a major portion of their work force is concentrated, thus their focus remains on Santa Clara and San Mateo counties.

There is, however, a notable exception to the link between employee location and corporate community involvement. A significant number of the firms in our sample headquartered in San Francisco and Oakland have relatively few of their employees in the Bay Area; for many of these firms, this region is primarily the location of their corporate headquarters. Yet a number of the CEOs of these companies do feel a strong sense of personal responsibility for the quality of life of the Bay Area; they are personally very active in a wide array of civic organizations whose activities are often only peripherally related to the actual conduct of their businesses.

The CEO Perspective

Most chief executive officers whom we interviewed appear to be relatively satisfied with the overall level of civic commitment on the part of Bay Area based corporations, although some expressed concern about the relatively low degree of support for the United Way when compared to other metropolitan areas. However, there is a considerable degree of pride in the degree of support that the business community has provided for cultural institutions in San Francisco and a number of executives have devoted considerable effort to improving the level of United Way contributions. In addition, most executives thought that there had been a measurable increase in the degree of civic commitment on the part of Bay Area firms over the last five years and that firms have begun to develop a clearer sense of their distinctive area of interest—and competence—and are focusing their community efforts accordingly. They also noted an increased willingness on the part of many companies to cooperate with other firms, existing “network” organizations, and, in a number of cases, government agencies in an attempt to address particular social problems.

A major concern expressed by many of the CEOs we interviewed was the perceived relative lack of involvement in community affairs on the part of firms based in Silicon Valley. With a handful of exceptions, the CEOs of these firms remain outside the existing San Francisco-East Bay “network” of corporate philanthropy. Moreover, with a few exceptions, Silicon Valley firms do not contribute to the support of San Francisco’s cultural institutions, even though these are presumably enjoyed by some of their
employees. For their part, a number of executives from Silicon Valley companies appear to be resentful of the efforts of the CEOs from established San Francisco firms to encourage them to contribute more to institutions based in San Francisco. Moreover, much of their reluctance to participate more actively in the existing network of Bay Area community organizations stems from their unwillingness to accept the leadership of the San Francisco business “establishment” in defining corporate community involvement for the Bay Area.

Several CEOs of Oakland and San Francisco based firms are concerned and frustrated by this state of affairs. They expressed disappointment in their efforts to integrate the CEOs of these communities into the community life of the Bay Area. Overall, they observed a lack of interaction between the CEOs of the Bay Area’s “newer” and more “established” companies; few have any personal acquaintance with each other. In general, the CEOs from San Francisco to whom we spoke were not optimistic that this “gap” in social performance and involvement would be closed in the near future. Most argued that the development of a sense of community responsibility is an evolutionary process for a company. At this point, they suggested, the CEOs of high-technology firms tend to be preoccupied with the survival and growth of their firms.

However, the development of an increased sense of community responsibility on the part of Silicon Valley companies may mean little for San Francisco. Instead these firms may concentrate their community involvement in the area around corporate headquarters, as other Bay Area firms do. There are already some indications that this may be in fact occurring. For example, a number of the Silicon Valley firms which are unusually active in community affairs do not consider San Francisco as a part of their “community.” A number of Silicon Valley firms are, in fact, extensively involved in community affairs—more than the CEOs of many San Francisco based companies give them credit for. But their involvement is focused on Santa Clara and San Mateo Counties—and thus is not visible to companies based in Oakland or San Francisco. With the emergence of San Jose as a second regional “hub,” the level of corporate giving to San Francisco based organizations and institutions is unlikely to increase in the future, although South Bay organizations are likely to benefit. Within the past year, community and civic projects totaling $100 million have begun fundraising in Silicon Valley. These include the $60 million High-Technology Center and the $7.7 million Children’s Discovery Museum. Silicon Valley firms and executives are being asked for large contributions for these projects.

Corporate Involvement in Network Organizations

Our study also examined the extent of corporate “networking” related to community involvement. There appears to be extensive interaction, infor-
mal as well as formal, particularly among the larger firms and those with active community involvement programs. A significant number of chief executive officers are active in a wide variety of community activities and thus have considerable opportunity to discuss community issues with their peers. At the staff level, managers appear generally knowledgeable about the programs of other companies. A number of firms are widely acknowledged for their leadership role in community activities, and managers from other firms are influenced by their programs. This influence is felt mainly among firms with professional staff in the community affairs function, who are in a position to interact with their counterparts in other companies. Smaller firms, without these staff functions, often expressed greater isolation.

The development of corporate activity to meet community needs is included in the mission of many network organizations in the Bay Area. We examined the activities of nine of these organizations. We also analyzed the participation of the largest Bay Area firms as members of these groups. For this portion of our study, the sample size was increased to 65 firms in order to include firms that had declined to participate in the interview stage or were not approached because of changes in their ownership status.

Important attributes of the network organizations include: whether emphasis is placed on participation by senior corporate officers; whether the primary focus is the operation of joint programs or the development of individual members' skills; and the geographic focus of the organization and its membership. Several trends in corporate involvement in network organizations related to these attributes emerged from the study.

In general, corporate managers have become more active in network organizations concerned with philanthropy, volunteerism, and other community issues. Several network organizations have reorganized to work more closely with the business community. For instance, the Northern California Foundations Group, founded in the mid-1960s as a forum for foundation staff and trustees, changed its name to Northern California Grantmakers in 1979 to reflect its growing number of corporate participants. Today, corporations make up 30 percent of Northern California Grantmakers' membership. Peninsula Grantmakers (originally called Mid-Peninsula Grantmakers) drew its members primarily from foundations when it was founded in 1976; most of its members now represent corporations.

Senior officers' community involvement through networks has in several respects become more active and structured. The membership of the Campaign Cabinet of the United Way of the Bay Area, for example, has become more oriented to senior corporate executives. The Business Leadership Task Force was formed in 1982 in order to enable senior executives to jointly consider specific community issues (initially, employment and training, summer jobs for youth, and health care costs). Although the task force does not intend to become institutionalized, it has been
more structured in its approach than have previous informal senior executive groups.

Most of the Bay Area firms in the study belong to several network organizations. There are differences in participation in network organizations related to the ownership type (public, subsidiary, or private) and to locations of the firms’ headquarters. The 44 public corporations sampled had participation rates, in the networks studied, ranging from 18% to 70%. The 30% level was most common. In general, public companies had the highest participation rates, followed closely by subsidiary firms. Very few of the 10 private companies in the sample were involved in any of the network organizations; for such businesses, the maximum participation rate was 20%.

Table 4 indicates the participation ratios by county. In the networks which emphasized CEO involvement, executives of San Francisco corporations were the most likely to participate. Involvement from firms in the other counties was generally lower—reflecting, in part at least, the North Bay focus of most of the networks studied. The county differences of chief executive membership were most pronounced for the elite Business Leadership Task Force. Of the San Francisco firms, 38% are involved, compared with 22% of the Alameda County firms, and no firms from the other counties. The Bay Area Council, founded in 1945 and based in San Francisco, also emphasizes senior executive participation. The Council focuses on policy issues related to the economy and quality of life of the Bay Area (recently, housing, transportation, and job training). San Francisco and San Mateo officers in our sample were the most likely to be members. However, a significant number of firms from the other counties also were represented in the Council’s membership. Santa Clara firms are active in the Santa Clara County Manufacturers’ Group (a network organization that similarly targets senior officers and emphasizes activities related to issues of community public policy) and in the American Electronics Association.

Senior officer participation is also stressed in the Campaign Cabinet of the San Francisco based United Way of the Bay Area. This United Way organization conducts fundraising drives in San Francisco, San Mateo, Alameda, Marin, and Contra Costa Counties. The Campaign Cabinet advises the United Way on fundraising strategies. San Francisco firms were most likely to have executives who serve in the Cabinet. South Bay executives were understandably more likely to participate in activities of the United Way of Santa Clara County.

Participation in local staff-level organizations was fairly even among counties. San Francisco firms were the most likely to have staff represented in the San Francisco based Northern California Grantmakers, while Santa Clara County firms were the most likely to have staff represented as members of Peninsula Grantmakers. San Mateo County firms were the
Table 4. Network Participation—County Comparison*

<table>
<thead>
<tr>
<th>County:</th>
<th>San Francisco</th>
<th>San Mateo</th>
<th>Alameda</th>
<th>Santa Clara</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies**</td>
<td>32</td>
<td>10</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Network organization</td>
<td>(percent of sample companies in network organization)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(primary level of involvement)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bay Area Council (Senior executives)</td>
<td>75%</td>
<td>60%</td>
<td>44%</td>
<td>38%</td>
</tr>
<tr>
<td>United Way of the Bay Area, Campaign Cabinet (Senior executives)</td>
<td>31%</td>
<td>10%</td>
<td>22%</td>
<td>0</td>
</tr>
<tr>
<td>Business Leadership Task Force</td>
<td>38%</td>
<td>0</td>
<td>22%</td>
<td>0</td>
</tr>
<tr>
<td>(Senior executives)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2% Club of the Bay Area (Company program)</td>
<td>20%</td>
<td>20%</td>
<td>22%</td>
<td>8%</td>
</tr>
<tr>
<td>Volunteer Center of San Mateo County (Company program)</td>
<td>16%</td>
<td>30%</td>
<td>11%</td>
<td>8%</td>
</tr>
<tr>
<td>Northern California Grantmakers (Staff)</td>
<td>34%</td>
<td>20%</td>
<td>22%</td>
<td>8%</td>
</tr>
<tr>
<td>Summer Youth Project/ Family Needs Program (Staff)</td>
<td>41%</td>
<td>20%</td>
<td>33%</td>
<td>31%</td>
</tr>
<tr>
<td>Peninsula Grantmakers (Staff)</td>
<td>22%</td>
<td>50%</td>
<td>22%</td>
<td>85%</td>
</tr>
<tr>
<td>Bay Area Public Affairs Council (Staff)</td>
<td>72%</td>
<td>20%</td>
<td>33%</td>
<td>62%</td>
</tr>
</tbody>
</table>

* Only one Marin County company was included; thus the county is not represented here because of the small sample size.

** The sample size was increased for this phase of the study.

most likely to participate in the Corporate Partnerships Program of the Volunteer Center of San Mateo County. In all four counties, firms were at least as likely to participate in the issues-oriented Summer Youth or Emergency Family Needs programs of the Northern California Grantmakers than in the Grantmakers itself. The increased participation of Santa Clara firms in these multi-county activities is particularly noticeable. Firms from San Francisco and Santa Clara counties were most likely to have representation on the Bay Area Public Affairs Council, a professional network.
organization for corporate public affairs staff that also considers community policy issues.

Relatively few firms were members of the Two Percent Club, which in the Bay Area is administered by the San Francisco Chamber of Commerce. Member firms have made a commitment to target 2% of their pretax profits for philanthropy. (They may include noncash contributions such as equipment and employees' work hours devoted to nonprofit organizations.) This low level of involvement corresponds to the fact that several managers and CEOs interviewed for this study stated that improving the effectiveness of corporate philanthropy is a more worthy goal than is promoting numerical targets for corporate contributions.

Bay Area corporations' contributions managers have long participated with foundation managers in "roundtable" organizations in which information is shared and members' skills are developed. The corporations also have operated community programs (such as the Foundations-Corporations Emergency Fund Committee and the Summer Youth Program) for some time. However, both internal skills development and external program operation have recently expanded and become more formal through the network organizations. This increase in the interaction of corporate staff, foundation managers, and representatives of nonprofit community organizations through network organizations such as Peninsula Grantmakers and Northern California Grantmakers should allow more effective planning to meet community needs.

There has also been some increase in inter-county activity at the staff level through the grantmakers' organizations. For example, Peninsula Grantmakers affiliated with Northern California Grantmakers in 1985. The increasing coordination of corporate volunteer programs by groups such as the Volunteer Center of San Mateo County indicates both the growing emphasis that Bay Area corporations are placing on employee community involvement and the increased attention that volunteer networks are devoting to work with the business community. The Center, which has concentrated on work with large corporations, is now increasing its efforts to work with smaller firms.

**Conclusion**

Corporate involvement in local communities is an increasingly important topic. Federal budget cuts in the near future will greatly affect programs that support community development and seek to alleviate social problems. Restrictions have been imposed on many local governments that limit their ability to raise funds for community needs and projects. Thus, local nonprofit organizations and local governments are increasingly looking to the private sector for funds and other resources to improve the quality of community life.
This study has focused on the types and levels of corporate community involvement in the Bay Area. Analysis of contributions data confirmed that the average giving level for this sample of large Bay Area firms matches the national average. However, within the sample, we found significant differences in contributions levels. Firms that are categorized as "very large" or "old" contribute almost twice as much as those in the "large" and "young" categories. There were also differences in participation in network organizations, particularly at the senior executive level. These factors help to explain the lower levels of philanthropic giving by firms based in Silicon Valley compared to other firms in the sample.

However, a focus only on the amount or percent of cash contributions misses two important developments in corporate community involvement. The first is the increasing emphasis on the effectiveness of corporate programs. Many companies have begun to develop a clearer sense of their distinctive areas of interest and competence and are focusing their community efforts accordingly. The second is the growth of employee volunteer programs that reflect a significant commitment to community welfare. The development of employee volunteerism—through recognition of individual employees' efforts and sponsorship of group projects by employee teams—can leverage a company's community involvement. Employee volunteers can also be catalysts for higher cash contributions in firms that have a sense of obligation to honor requests for funds that come from employees.

Most chief executive officers whom we interviewed appear to be relatively satisfied with the overall level of commitment to community programs and projects by Bay Area based corporations. A number of CEOs thought that there had been a measurable increase in commitment by firms in the region over the last five years. However, a number of companies that have traditionally had strong philanthropy programs have recently had or are in the midst of changes in ownership or control. This may affect the direction and degree of community involvement in the Bay Area.

Leadership in community involvement involves effectiveness in designing programs as well as the size of the contributions budget. Corporate programs that represent creative and innovative responses to community needs can serve as models for other companies seeking to make the most effective use of both their human and financial resources. What distinguishes the corporations that most observers regard as leaders in corporate responsibility in the Bay Area is less the quantity of their giving than the quality of their community programs. We need to do more to both define and publicly acknowledge those corporate programs.5

References

2. Contributions data as a percentage of pre-tax income were available for 29 firms in the
sample. Six subsidiaries, three private firms, and two publicly held firms did not provide contributions percentages. Firms that reported net losses were also excluded.
3. For a report of this type of noncash assistance, see "An Examination of Bay Area Corporate Non-Cash Contributions" by the Coro Foundation, 1982.
4. Although a Marin County firm and two Contra Costa County companies were included in the sample, these figures were not included in the county comparisons because of the small sample size.
5. Distinctive features of the community involvement programs of most of the companies and network organizations in this sample are provided in "Profiles of Community Involvement in the Greater San Francisco Bay Area," Center for Research in Management, University of California, Berkeley, 1986. Appendix I is a list of companies in the sample. Three of these profiles are included in Appendix II.

Appendix I. Firms Interviewed in Corporate Study

Advanced Micro Devices
Alumax, Inc.
Amdahl Corp.
Amtac
Ampex Corp.
Apple Computer
BankAmerica Corp.
C&H Sugar Co.
California First Bank
Castle & Cooke, Inc.*
Chevron Corp.
Clorox Corp.
Consolidated Capital
Cooper Laboratories
Crocker National Bank
Crown Zellerbach Corp.
Del Monte Corp.
Fairchild Camera & Inst.
Fireman's Fund Insurance*
Gap Stores, Inc.
Hewlett-Packard Co.
Intel Corp.
Kaiser Aluminum & Chem.
Levi Strauss and Co.
Lockheed Missile & Space
Lucky Stores, Inc.
McKesson Corp.
Mervyn's Stores
National Semiconductor
Pacific Gas & Electric
Pacific Lumber Co.
Pacific Telesis Group
Potlatch Corp.
Raychem Corp.
ROLM Corp.
Safeway Stores
Sage Corp.
Shaklee Corp.
Southern Pacific Corp.
Syntex Corp.
Tandem Computers*
Transamerica Corp.
U.S. Leasing Int'l.
Welsh Fargo & Co.
Wilbur-Ellis Co.
World Airways, Inc.*

Note: Profiles of these companies (except those marked with an *) were compiled. See Appendix II for sample profiles of three Silicon Valley firms. See ad elsewhere in this issue of CMR for where to send for the complete list of profiles.

Appendix II.
Sample Profiles of Three Silicon Valley Companies

Hewlett-Packard Company
Palo Alto

Hewlett-Packard, founded in 1939, makes computers, calculators, test equipment, medical equipment, and scientific instrumentation. The Palo Alto-based company is the second-largest employer in Santa Clara County, with 17,000 employees there. About 20,000 of its 72,000 employees work in the Bay Area.

Founders William Hewlett and David Packard fostered close involvement of their company and employees with operating communities. This value has been institu-
tionalized in philanthropy and employee volunteer programs as well as in the long-standing corporate citizenship objective—to "honor obligations to society by being an economic, intellectual, and social asset to each nation and each community in which we operate." In 1979, the year after John Young succeeded Hewlett as CEO, the company established a foundation to formalize existing activities and insure that contributions could continue even in lean years.

Hewlett-Packard's emphasis on community involvement is related to its desire to attract and retain good employees. Community activities are concentrated in areas where employees live and work. Helping community groups improves the quality of life; having employees take part in corporate philanthropy increases their job satisfaction.

The way in which Hewlett-Packard's programs respond to employee constituencies is distinctive. A matrix of managers at various levels, divisions, foundation staff, corporate staff, and employees shares responsibility for philanthropy and community activities. The company's executive committee and foundation set broad policies. Employees also have influence—partly because employee participation is built into the programs, partly because individuals and groups take the initiative to suggest new directions.

Even where the foundation takes the greatest responsibility—in national grants—teams of employees screen requests. Also, each product group recommends equipment grants, mainly for higher education, as part of the national program. Personnel units initiate grants through the national program in categories such as affirmative action.

Divisions are in charge of their own community grants. Although divisions address different concerns, division-level philanthropy stresses contributions to social service agencies. Each Hewlett-Packard location has a contributions committee composed of a rotating group of employees.

Hewlett-Packard matches certain employee cash philanthropic donations. Also, when an employee or a group of employees contributes one-third of the cost of an equipment gift for an educational institution (down to the kindergarten level), the company donates the rest. One benefit of equipment grant matching is that employees often volunteer to help schools learn how to use their gifts. A related goal of equipment grant matching is to encourage employees to work together. Also, employees sometimes get involved with an organization after they hear that it has received a cash or equipment grant from the company.

One instance of employees' influence on the direction of Hewlett-Packard's philanthropy has been through a task force on international grant making. These employees have considered how to increase equipment grants to foreign countries; import-export laws sometimes constrain grants of products not manufactured in the recipient country.

Hewlett-Packard ranks third in the nation for its contributions to education. This emphasis is natural when improving the technical education of a broad population indirectly improves potential employees' skills and increases receptiveness to technical products. However, there are guidelines to distinguish philanthropy from contributions that may benefit the company directly. For example, results of university research supported by Hewlett-Packard's philanthropy are intended to be available to all. Less frequently, Hewlett-Packard donates equipment to universities for collaborative research; these gifts are counted as operating expenses, not philanthropy.

Hewlett-Packard has funded special projects in the area of education. One recent project provided computer labs for high schools and trained teachers to run them. Hewlett-Packard also has been active in group efforts to improve education, particularly for disadvantaged students. For example, employees teach and serve on the steering and curriculum committees for the Peninsula Academies program managed by the Stanford Mid-Peninsula Urban Coalition. A group at Menlo-Atherton High
School has a special computer curriculum; a group at Sequoia High School has a special electronics curriculum. Also, each of Hewlett-Packard’s 11 divisions in the South Peninsula works with the Mathematics, Engineering and Science Achievement Program at a local school. Besides encouraging employee volunteerism through these special programs and through equipment grant matching, Hewlett-Packard posts some notices of community organizations’ requests for volunteers; it lends faculty to universities and executives to nonprofit organizations.

Hewlett-Packard’s participation in industry and community organizations sometimes results in others’ becoming involved in education and community projects. For instance, the American Electronics Association agreed to fund a $6 million program to support engineering Ph.D. education after it took on a faculty loan program started by Hewlett-Packard. Also, the company has worked to have the American Electronics Association endorse a system of storage tanks that can be inspected although they are located below ground.

Advanced Micro Devices
Sunnyvale

The company focuses on the development of proprietary devices for the professional computation, instrument and telecommunications markets, and places a strong emphasis on innovation. AMD’s corporate headquarters and largest manufacturing facility is located in Santa Clara County, as is the largest concentration of its 13,000 employees.

AMD views philanthropy as an investment in the community and the corporation as a social institution with a responsibility to its community constituents. AMD has dual priorities for its corporate responsibility programs: the first priority is AMD employees, as indicated by the company’s no-lay-off policy; the second priority is the operating communities. The company also expresses a strong sense of social responsibility regarding pollution and environmental protection.

AMD makes grants primarily to community-based organizations serving people in Sunnyvale, Santa Clara, Austin and San Antonio, communities where AMD has plants. Health and welfare activities, particularly those targeted at family issues such as child care, domestic violence, etc. receive the highest funding priority. AMD has committed most of its Bay Area effort to this category. In the Texas communities where AMD has facilities, contributions in the health and welfare category are made through the United Way, as well as specific projects such as a Food Bank, a Women’s Center, and a program to work with teenage illiteracy in the public schools.

The second giving priority is engineering and computer science programs at colleges and universities with which AMD has relationships. AMD views these projects as combining strategy and philanthropy. Two examples are funding for the CAD/CAM consortium at UC Berkeley, and for the Berkeley Roundtable on the International Economy, also at UC. The company has also shown interest in elementary education, especially science education, in conjunction with the Santa Clara County Manufacturer’s group.

AMD’s program is proactive, involving extensive contact with community organizations and networks, and with employees who provide information on community needs. AMD gives primary consideration to programs that will benefit AMD employees and their families. The corporation is particularly interested in funding specific projects where its grants can have a large impact. A current priority area is women’s shelter programs and programs targeted to single mothers, especially minority female AMD employees. AMD prefers to limit United Way contributions in order to target its grants to projects AMD itself selects.
AMD does not have a formal employee volunteer program. The company does match education gifts and publicizes the activities of employees through an internal newsletter.

Raychem Corporation  
Menlo Park

Raychem was founded in 1957 to develop commercial applications for radiation chemistry. Currently the company is involved in developing, manufacturing, and marketing high performance polymeric and metallic products for sales worldwide to the electric power, telecommunications, extractive, transportation, and electronic aircraft and defense industries. Fifty-eight percent of Raychem’s sales are to international customers.

Raychem defines its community relations in terms of a return to the community which has fostered it. There is a self-conscious lack of “self-interest” in the program—it recognizes, and in fact embraces an approach to giving which is focused on the needs of others. The targeting of primary and secondary education, and especially disadvantaged youths, reflects these priorities.

Raychem’s community involvement program is defined almost exclusively in terms of the local community surrounding the Menlo Park facility, and largely in terms of public education and youth services in this area.

The company’s goal is to improve the local community, by participating in or supporting projects that will have an impact. It will fund a project completely or provide partial funding to help the grant recipient attract a partner or establish a basis for other funding. Only an ability to make a difference through participating is required. Moreover, Raychem “doesn’t just make grants,” rather it stays involved and believes that “people make at least as much of a difference as money.” Raychem looks for opportunities that “make sense” to incorporate volunteers in the organizations to whom grants are made.

The company has three formal community involvement goals: 1) to serve the general community; 2) to enhance their employees’ environment by supporting organizations where employees are involved or organizations which contribute to their employees’ environment; and 3) to help provide educational and training opportunities, especially for youths and young adults.

Raychem makes grants both directly from the company and through the Raychem Foundation. The Raychem Foundation is primarily involved in funding higher education: the high school scholarship program is operated by the foundation. One of the current goals for the foundation is building its capital base. To this end, some monies are transferred each year from the corporate budget to the foundation. This is considered important to ensure a reserve or buffer against possible downturns or fluctuations in corporate earnings in future years. At present, approximately 10% or less of Raychem’s contributions are made by the foundation.

Raychem targets community service organizations, primarily in public education, job training and youth services. The company funds schools, districts or agencies providing services. Examples are a three-year $300,000 gift to the Redwood City school district, and a science teaching program through which Raychem personnel (generally chemists) volunteer one day per week in the local elementary school teaching 4th/5th grade science. A high school seniors’ Scholarship Program is another mechanism by which Raychem (in concert with its foundation) supports youth and education.

The pattern of Raychem’s contributions includes roughly 36% to elementary and
secondary education; 31% to community service (including United Way); and 16% each to job training and higher education.

There is no formal written policy on employee volunteerism. However, Raychem does coordinate some employee placements; especially in organizations to whom Raychem contributes money. While no explicit “matching” program is anticipated, Raychem is working on a volunteer resource center for employees who are thinking about getting involved.

An example of a minority-oriented job program is the Summer Hire Youth Program. This program places about 20–30 high school juniors and seniors during the summer in “meaningful” work situations. The goals of this program are to teach the young people (most of whom are from low-employment backgrounds) “what it takes to get a job and what it takes to keep one.” An unanticipated benefit has been the positive experience Raychem employees (especially the supervisors) have had working with young people whom they usually do not come into contact with.

Raychem works closely with the agencies to whom it provides funding. In addition, the company is active in the corporate and foundations network in the Bay Area, including the 2% Club and the Contributions Roundtable.