

# A Decade of Growth: The Corporate Sector and Society

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*2015 marked the 10th anniversary of Giving in Numbers, the leading corporate societal engagement report that CECP releases in association with The Conference Board. The last decade has not only witnessed many technological, societal, and economical changes but also changes in the way the corporate world gives back to society. CECP's mission has advanced during this time as well, from approximately 90 in 2005 to now more than 220 of the largest companies in our network. Let's travel back in time to learn about societal investment trends and many other global developments that have shaped our world.*

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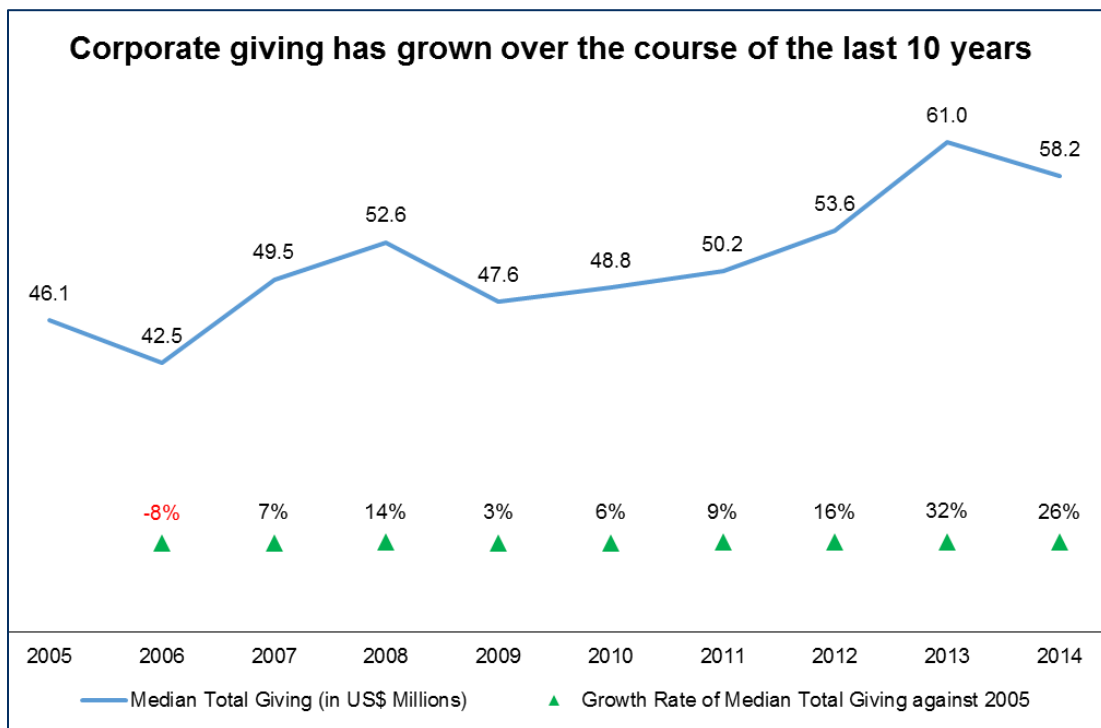
## What are some of our global challenges?

Over the last 10 years, the world was challenged with a Great Recession, increasing oil prices that have just recently started to decrease, natural disasters, an increasing population ages 65 and above (7.3% of global population in 2005 to 8.1% in 2014 – World Bank 2016), chronic poverty, racial tension, civil wars, and terrorism that continue to shape the environment in which large companies do business.

## A decade of increasing corporate giving

CECP is proud to say that 63 companies (half of them are in the top 100 of the Fortune 500), with approximately 3.2 trillion dollars in combined revenue during 2014, have consistently provided CECP with societal engagement information over the last 10 years! These companies focused on the challenges the world faced despite a slowdown of the global economy in 2008, and in fact, they increased their total giving by 26% over

the last 10 years. Their median total giving went from \$46 million in 2005 to \$58 million in 2014 (note that the latest available data corresponds to 2014. 2015 data will be collected in 2016).

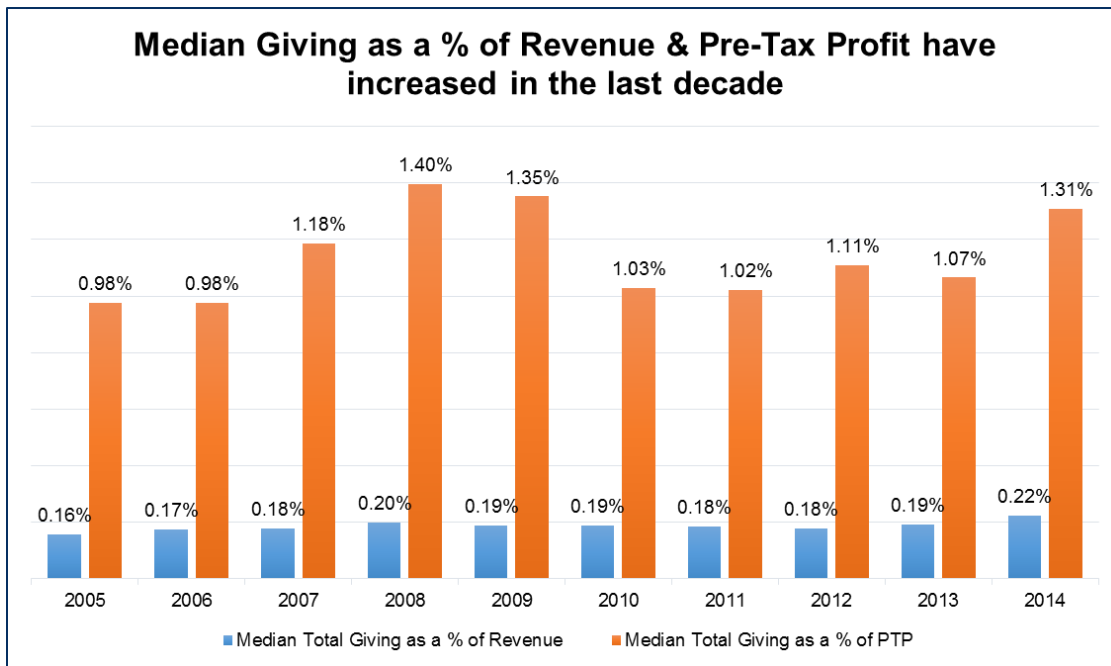


n = 63, Inflation-Adjusted, 10 Year-Matched Set

Companies also allocated a higher percentage of their total corporate revenues to a variety of societal causes. The median ratio of total giving to revenue reached its highest in 2014: It went from 0.16% in 2005 to 0.22% in 2014 (for a company with \$20 billion in

revenue in 2014 this would represent \$45 million in total giving). In terms of the median ratio of total giving to pre-tax profit, we saw a significant increase during the Great Recession. This tells us that the decrease in giving was not as abrupt as the decrease in profits. Large

companies continued supporting a significant number of their causes. As the global economy continued stabilizing, the median ratio of total giving to pre-tax profits also increased when compared to the levels of 10 years ago (0.98% in 2004 versus 1.31% in 2014).



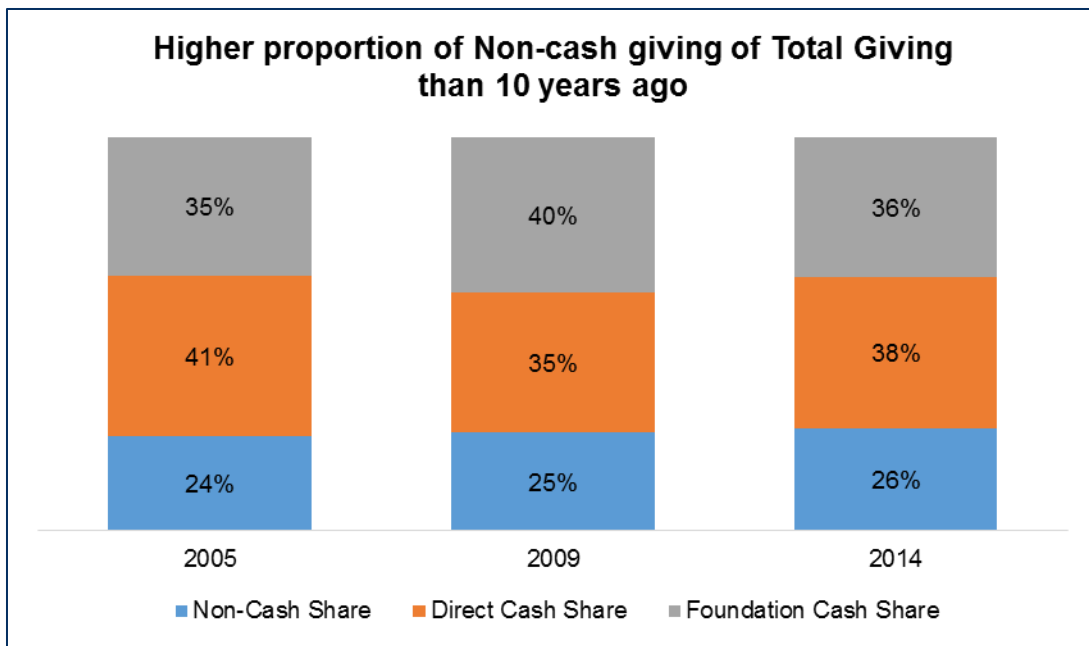
## How have companies given in the last 10 years?

The way companies invested in communities

n = 41, 10 Year Matched Set

remained relatively stable in the last 10 years. Direct cash giving slightly decreased its share of total giving. Companies found more innovative ways of giving back to society through Product Donations, Pro Bono Services and other non-

cash giving. Even though the share of non-cash giving in 2014 only increased 2 percentage points from 2005, it represents an approximate increase in the median non-cash giving of \$4 million.



n=63, Giving by Funding Type, 10 Year-Matched Set

## Health and Social Services was the top societal investment for large corporations in the last 10 years

According to data from The World Bank, the last 10 years have also seen many societal improvements. As the world has seen increases in global population (from 6.5 billion in 2005 to 7.3 billion in 2014) as well as life expectancy (from 69 years in 2005 to 71 years in 2014), the demand for more health and social services is foreseeable. Governments work in cooperation not only with

international organizations, nonprofits, and individuals, but also with the private sector. These collaborative efforts have provided the global population with access to improved sanitation facilities (62% of global population in 2005 versus 67% in 2014), and improved water sources (86% in 2005 versus 91% in 2014). Additional examples of health and social services achievements include the decrease in global infant mortality rates per 1K habitants (44 in 2005 to 33 in 2014), and the decrease in global maternal mortality ratio per 100K live births (288 in 2005 to 221 in 2014).

Large corporations are increasingly aware of and recognizing the key role they play in any society's

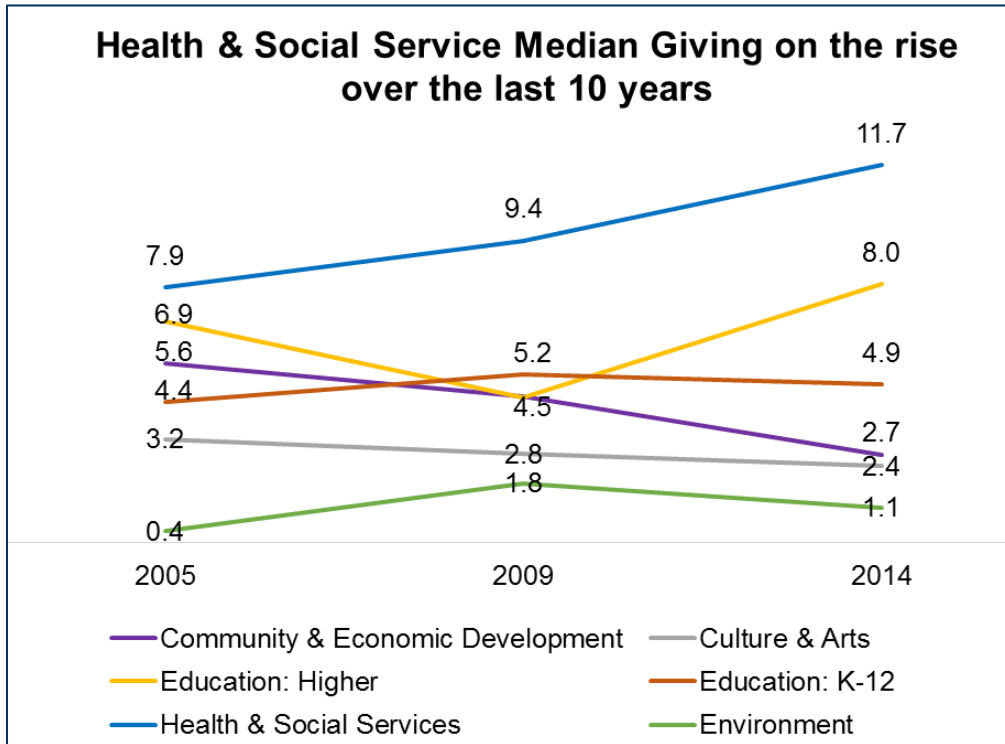
development, not only in terms of providing employment and paying taxes, but also in terms of syncing profit and purpose.

At CECP, we took a closer look on how large companies allocated their societal investments.

Health and Social Services, Higher Education and Environment were the program areas with higher increases of their median total giving between 2005 and 2014.

The program areas with the highest growth rates in median giving were Environment, Health and Social Services, and Civic and Public Affairs.

### Health & Social Service Median Giving on the rise over the last 10 years



n=30, 10 Year-Matched Set, Median Giving (US\$ Millions), Inflation- Adjusted

	Growth Rate of 2014 Median Giving vs. 2005 Median Giving
Civic & Public Affairs	56%
Community & Economic Development	-42%
Culture & Arts	-12%
Education: Higher	39%
Education: K-12	34%
Environment	269%
Health & Social Services	77%
Disaster Relief	NA
Other	-16%

n=30, 10 Year-Matched Set, Median Giving (US\$ Millions), Inflation- Adjusted

## The rising role of young employees when assessing performance and purpose

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Corporate financial performance and purpose are interconnected. Companies that had the strongest financial performance were the ones that invested the most in society in the last decade. For instance, companies that increased total giving by 10% or more between 2005 and 2014 also had stronger financial performance (median revenue growth rate of 29%), compared to all other companies (median revenue decreased by -10%). A

group in particular that paid attention to this connection between performance and purpose was the young population. Specifically, in the U.S. Millennials make up 25% of the U.S. population and are the largest generation group: In 2015 millennials (83 million) outnumbered Generation Xers (70 million) and Baby Boomers (77 million) (US Census Bureau). As explained by Deloitte's 2016 Millennial Survey, Millennials around the globe showed a strong sense of loyalty to companies especially when employers demonstrate a strong

sense of company purpose beyond financial success. Millennials who are more likely to stay more than 5 years in their companies are the ones who share their organization's values and sense of purpose (88% of surveyed Millennials around the world). However, this global population group has been particularly affected by the economic downturn. The World Bank's figures show that the employment rate of the population aged 15 to 24 decreased by 3.5 percentage points between 2005 and 2014 from 44.6% to 41.1%.

"Millennials don't only **demand to know the organization's purpose** but are also **prepared to leave the firm** if that purpose doesn't align with their own values."

**Robert E. Moritz**, Chairman and Senior Partner, PwC U.S.

## Increased value in corporate responsibility reporting

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The corporate world is also aware of the importance of measuring results and/or impacts. KPMG demonstrated in its 2015 Survey of Corporate Responsibility Reporting how the world's largest 250 companies listed in

the Fortune Global 500 ranking for 2014 (G250) use corporate responsibility (CR) reporting as a standard practice: The reporting rate of G250 companies was 92% in 2014 compared to just 64% in

2005. This study also showed that seeking third party assurance of CR information increased over the last decade: In 2015 almost two thirds (63%) of the G250 had their CR information independently assured, as opposed to

only 30% in 2005. Environmental, Social and Governance (ESG) metrics are no longer seen as complementary information but as mandatory. As pointed out by Edelman in its article “Why the Global Reporting Initiative (GRI) Matters,”

## The increasing role of information technology in holding corporations accountable for their business strategy

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Information technology also played a crucial role in the way companies and the world communicate and connect with each other. As referenced in *Giving in Numbers: 2015 Edition*, companies’ cutting-edge technological resources can be part of their non-cash giving. In 2014 the technology industry in particular donated not only their products but also 6 out of 10 companies offered their employees Pro Bono Service programs to share their skills with the community (only

ESG data is increasingly sought after by U.S. investors, and several countries and stock exchanges. Our world has witnessed over the last decade the benefits of the ESG focus. For instance, in terms of the “G”, The World Bank has estimated

surpassed by the Healthcare industry).

The last decade saw the birth and growth of social media platforms such as Facebook (February, 2004), YouTube (February, 2005), Twitter (March, 2006), and Tumblr (February, 2007). One cannot easily think of a U.S. consumer that doesn’t have a Facebook account or has seen a video on YouTube. For instance, Facebook users went from 1 million in 2005 to 1.55 billion in 2015. Technological advancements such as internet and cell phones that were once not within reach of the general public, especially in the developing world, are now a given in most societies. For example, according to data from The World Bank, global mobile cellular subscriptions (per 100 people) went from 34 in 2005 to 96 in 2014; in other words, almost anyone in any region of

a global increase in the proportion of seats held by women in national parliaments (16.5% in 2005 to 22.2% in 2014), as well as an increase in the proportion of women in ministerial level positions (14.2% in 2005 to 17.3% in 2014).

the world has access to a mobile phone. Internet access also gained global presence: according to the United Nations Population Division and Internet Live Stats, internet users went from 1.02 billion in 2005 to 2.93 billion in 2014.

In this journey throughout the last decade we have evidenced how total giving by corporations increased, not only in terms of median giving but also as a proportion of corporate revenue and pre-tax profits. We also witnessed how non-cash giving, which can come in the form of product donations, pro bono services, or other non-cash giving, became a larger share of total giving. We also observed how Health and Social Services, Environment, and Civic and Public Affairs were the areas with the highest giving allocation increases.

What are the main challenges your company has faced over the course

of the last decade? What is easier nowadays in the way companies do business than 10 years ago? What is the biggest lesson the last decade has given us? Tweet about your accomplishments and share your work over the course of the last decade:

@CECPTweets, and don't forget to contact CECP if you want to be part of Giving in Numbers at [info@cecp.co](mailto:info@cecp.co)! Don't miss the opportunity to shape the way the corporate world makes a difference in the next decade!

## Sources

Deloitte, Facebook, Internet Live Stats, KPMG, United Nations, U.S. Census Bureau, The World Bank

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## About CECP

CECP is a coalition of CEOs united in the belief that societal improvement is an essential measure of business performance. Founded in 1999, CECP has grown to a movement of more than 150 CEOs of the world's largest companies across all industries. Revenues of engaged companies sum to \$7 trillion annually. A nonprofit organization, CECP offers participating companies one-on-one consultation, networking events, exclusive data, media support, and case studies on corporate engagement.

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## Summary Table (Comparison between 2005 and 2014)

	2005	2014
<b>Demographic Indicators</b>		
World's Population (billions)	6.5	7.3
Population ages 65 and above (% of world's total)	7.3	8.1
Global Life Expectancy (Years)	69	71
<b>Health and Social Indicators</b>		
Improved sanitation facilities (% of world's population with access)	62	67
Improved water source (% of world's population with access)	86	91
Global Maternal mortality ratio (modeled estimate, per 100,000 live births)	288	221
Global Mortality rate, infant (per 1,000 live births)	44	33
<b>Economic Indicators</b>		
Global Employment to population ratio, ages 15-24, total (%)	45	41
Global Employment to population ratio, ages 15-24, female (%)	37	34
Global Employment to population ratio, ages 15-24, male (%)	52	48
<b>Governance</b>		
Global Proportion of seats held by women in national parliaments (%)	16	22
Global Proportion of women in ministerial level positions (%)	14	17
<b>Information Technology</b>		
Global Facebook Users	1 million	1.55 billion
Global Internet Users	1.02 billion	2.93 billion
Global Mobile cellular subscriptions (per 100 people)	34	96