

Corporations favor elite nonprofits

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(Phys.org)—Businesses are good for nonprofits, but they are especially good for nonprofits that directly benefit the corporate elite such as art institutes, symphony orchestras and private schools, according to research from the University of Michigan.

The study asked how locally headquartered corporations influenced the growth of two different types of nonprofit organizations—those oriented to the elite and those focused more broadly on social welfare—in the largest 100 U.S communities from 1987 to 2002.

Gerald Davis, a professor at U-M's Ross School of Business, said that the study shows that [nonprofits](#) appealing to the elite flourish in communities that have a strong base of corporations working together.

"Corporations are vessels for aggregating resources," Davis said. "We find that across every major American city, the resources of the corporate sector are most beneficial for elite-oriented nonprofits."

Older cities tend to have a stronger connection between the corporate and nonprofit communities, he said.

"Cities whose business communities 'grew up' after the turn of the 20th century are really different from cities established earlier," Davis said. "Older communities laid down traditions like giving to charity. And then they were reinforced every year."

[Social welfare](#)-oriented organizations such as [food banks](#), [homeless shelters](#) and women's shelters saw no additional benefit from a large concentration of corporations in a community, said study co-author Christopher Marquis, a Harvard Business School professor and Ross School alum.

"Our results are thus generally consistent with speculation that philanthropy may actually be a vehicle to benefit elite interests," Marquis said. "Corporate effects on elite-oriented nonprofits are enhanced when there is a [community structure](#) in place that organizes and validates the elite."

Davis notes the example of the Twin Cities of Minneapolis/St. Paul with their Five Percent Club. Corporations need to give 2-5 percent to charity to gain admittance to the Minnesota Keystone Program.

"Well-connected social elites can enforce those norms," he said. "When

you know you're going to see your colleagues every month at the club or the board meeting, you're more inclined to follow the local standards around giving back."

Having strong elite cultural, art and educational nonprofits in a community also helps [corporations](#) recruit and retain executives, said co-author Mary Ann Glynn, a professor at the Carroll School of Management at Boston College.

"The vibrancy of nonprofits within a community represents one of the most direct indicators of the quality of life in that community," Glynn said.

More information: [orgsci.journal.informs.org/con ...
717.abstract?papetoc](http://orgsci.journal.informs.org/con...717.abstract?papetoc)

Provided by University of Michigan

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