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# Why Businesses Give: A Case of Foundation's Long-Term Disaster Relief

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While governmental agencies have provided wide-ranging support to help the public recover from the impact of the Great East Japan disaster, their efforts have not been all-encompassing. Meanwhile, non-profit organizations and foundations have played a crucial role in this aspect. This study highlights the significant characteristics of a foundation, “The MICHINOKU Future Fund,” which has provided financial support to children who lost their parent(s) in the 2011 disaster. The Fund is a compelling case in disaster giving. It has been receiving donations for ten years, even after the disaster, with a steady increase in contributions from corporations and individuals. Our study explores this extraordinary case and identifies factors leading to successful fundraising as they endeavor to rebuild the society in the aftermath of an untoward disaster. Given that around 70% of the donations that the Fund receives come from private firms, most of whom have donated multiple times, the study aims to understand why businesses continue to donate to the Fund. We conducted semi-structured interviews with 12 donating companies. From the analyses of transcribed interviews applying the grounded theory approach, we identified sustained donations from multiple aspects of the Fund that the companies found favorable, including the opportunity to provide continued support to children's future and frequent reporting from dedicated staff members. The companies learned from the experience of disaster giving, and preferred to avoid providing one-shot support. This study contributes to the literature on disaster giving, particularly corporate donations in Japan, on which limited knowledge has been accumulated to date.

**Keywords:** donation, corporate giving, corporate foundation, disaster relief, disaster reconstruction

## 1. Empirical Concern: 3.11 and a Foundation

Reflecting on the past ten years since the Great East Japan Earthquake, one of the most important factors has

been to create an environment that can provide sustained support to help the public rebuild their lives. Governmental agencies have provided wide-ranging support, but their efforts have not been comprehensive. Nonprofit organizations and foundations have played an important role in this respect.

This study focuses on a foundation that has continuously received donations for ten years, even after the disaster. The number of donations has been increasing each year. This trend is an exceptional characteristic because disaster fundraising is often considered challenging. Individuals, companies, and governmental organizations often make considerable contributions immediately after an untoward incident to reconstruct places and people's lives [1]. Nevertheless, their motivation tends to dwindle with time. People deflect their attention, and the media becomes busy reporting latest news. By exploring an extraordinary case where donations continued to pour in even ten years after the disaster, we investigate the possibility of ensuring a steady flow of donations to support efforts to build a better society in the aftermath of an adverse event. This could provide important insights for future disaster recovery efforts by nonprofit and private sectors.

This study takes a rare but an insightful case of the MICHINOKU Future Fund (hereafter, “the Fund”). The Fund was established in response to the earthquakes and tsunamis that struck Japan in 2011, to provide scholarships to those who lost their parent(s). The Fund's support was not one-time but designed to support the children until they completed their education after graduating from high school. The Fund is scheduled to terminate its activities when the last student that they have been supporting completes graduation. It was established in collaboration with three companies: Kagome Corporation, Calbee Corporation, and ROHTO Pharmaceutical Co., Ltd. Later, Ebara Food Industry Inc. also joined the endeavor. Considering that the Fund receives around 70% of its donations from private firms, we aim to understand why businesses continued to support the Fund even ten years after the disaster struck. Despite the key presence of private firms in supporting recovery efforts in Japan, our knowledge of their giving behaviors has been limited. We ex-



pect to draw insights into studies on corporate giving. The more the number of companies and individuals making donations to nonprofit organizations and foundations, the greater the likelihood that they will address social issues. Therefore, it is imperative to clarify why individuals and companies continue to donate to nonprofit organizations and foundations. The implications from this study are expected to provide guidance for policymakers and practitioners for evidence-based policymaking and management, and to build an environment where social activities are mediated by foundations.

## 2. Literature Review: Motivations for Corporate Giving

This study focuses on the convergence of disaster giving and corporate donations. Highlighted in the former are the impact of media broadcasts [2, 3] as exposure to disaster-related news drives donations [4]. Some other studies have explored the impact of social media [5, 6]. The focus tends to be on individuals, with limited attention paid to private firms.

Extant research on corporate giving has explored the reasons why businesses offer donations. Diverse models have been proposed focusing on corporate productivity, ethical or altruistic issues, political concerns, and stakeholders [7]. Another study shed light on local community support, employee commitment, and personal motivations [8]. A key focus has been on philanthropic strategies for selecting the donee [9] and the strategic use of giving for public relations [10], given its association with future revenue [11]. An increasing number of companies are cognizant of Corporate Social Responsibility, and they have supported their employees after the 3.11 earthquake [12]. Even though the companies did not damage their business directly, they were willing to support others in altruistic, strategic, or commercial aspects. For instance, companies may engage in collaboration based on agreements with governments and ensure continuity of disaster response [13].

For both sets of literature, we introduce the case of Japan, an underexplored context. We aimed to understand decision-making processes when the company decided to donate to the Fund. For instance, was it a decision taken by the top management, or did the idea come bottom-up? In addition, drawing from prior research, we focused on companies' motivations, including commercial, support, and employee commitment. The first aspect to be considered is the corporate network. Since the Fund was created and managed by four private companies, their business connections may have influenced a company's decision to donate. Second, the location of the headquarters and branches may have triggered sympathy among employees, especially if they stayed in the vicinity of the affected area. Third, how donating companies intend to use information about their donations to the Fund is of concern. Some might be eager to publicly post such information through their annual reports or websites to demonstrate

their commitment toward society, in order to gain reputation or seek more business opportunities. Some others may share information within the office to inform and encourage their employees to cooperate. The study explores these motivations by asking what the donating companies found favorable about the Fund. What aspect of the Fund did they find attractive that they decided to make sustained donations even after years had passed since the Great East Japan disaster?

## 3. Data and Methodology

Data on donations to the Fund included who, when, how much, and how many times donations were made since the establishment of the Fund through March 29, 2019. The donor dataset consisted of 5,914 individuals and companies. Many corporations made their first donations in 2012 or 2013. At least 50% of the companies started donating in the first two years after the disaster: 24% in 2012 and 26% in 2013. This is a clear indication of the high interest in the immediate aftermath of a disaster. Meanwhile, 50% of the companies started donating more than three years after the disaster.

When we grouped the data by the year of the first donation and analyzed whether they continued to give, we found that about 30% of companies that made their first donations within two years after the disaster had made one-time donations, and about 70% continued to donate. Observing the trends in 2014, 2015, and 2016, the rate of one-time donations approached 40% to 50%, while the rate of continued donations declined.

Why do some companies continue to donate? We selected 12 private firms from the list for interviews. The interviewees were selected to balance the timing of the first donation, firm size, and location. Some of them started donating within a year or two after the disaster, while others did so after five years. Some were located in Tohoku (northeastern Japan), while others were in Tokyo, Osaka, Hiroshima, and Fukuoka prefectures. All the companies had already decided on continuing donations to the Fund at the time of the interview. Among the selected companies, the smallest cumulative amount of donation was 1.5 million yen, while the largest was over 125 million yen. Some were well-known and nationwide corporations, while others were domestic firms.

Semi-structured interviews were conducted between July and December 2019 with CEOs and the employees involved in the decision-making to donate to the Fund. Applying the grounded theory approach, transcribed interviews were coded in three steps: open, axial, and selective [14]. The research team discussed the codes collectively to inductively draw explanations as to why businesses make donations.

The grounded theory approach is an inductive qualitative analysis method that uses the narratives of the people involved as a starting point to derive the background to their donations to the Fund. The methodology enables us to uncover and understand a wide range of factors without

**Table 1.** Three stages of coding to analyze interviews [14].

Stages	Tasks
First: Open coding	Segment the parts related to a pre-determined topic and assign a code based on the words spoken in the interview. In this case, we analyze the topics “deciding factor for the initial donation” and “favorable aspects of the Fund.”
Second: Axial coding	Check the open codes against the interviews that followed and summarize the similarities among the open codes. Repeat the process until the codes reach a state of “saturation,” where no new axial codes are generated.
Third: Selective coding	The relationship between the identified axial codes is drawn to provide an explanation to the research question.

being limited to what previous research on corporate donations and disaster-related donations has demonstrated or what researchers envisioned as the “factors behind the donation.” We also avoided asking direct questions such as “Did you donate because you wanted to help society?” As a specific task, the interviews were transcribed into text and coded in three stages, as shown in **Table 1**. While focusing on the actual words spoken in the interviews, the common points were consolidated and categorized.

The first and second stages were conducted after interviews with a few companies were completed. The remaining interviews proceeded in parallel with the prospect of the candidate axial codes that summarize the common contents from the topics discussed in the interviews. We used the qualitative analysis software NVivo to systematically analyze the interviews with 12 companies. By applying this method, we expect to find the most plausible explanation for the question, “Why do companies of diverse sizes, locations, and industries donate to the MICHINOKU Future Fund?”

## 4. Findings

### 4.1. Factors That Drove the Company's Initial Decision to Donate to the Fund

Our analysis identified six factors. First, the donating companies highlighted the Fund's primary activity of providing financial support to children as they continued to receive education or training beyond high school. Eight companies stated this point vividly. They saw financial support to children as an effort “to build future Japan” and for “future leaders.” Some companies perceived children as “the most vulnerable” population, who should not have to give up their education because they have lost their parent(s).

Second, eight companies emphasized that since the Fund was founded and supported by well-known firms in Japan, they felt “secured” that “famous companies are taking the initiative.” It also meant that the Fund operates “with a sense of business,” which they found suitable to achieve certain objectives. The Fund was considered as a “fresh” initiative, a rare case where multiple businesses

partnered to establish a foundation.

Seven companies appreciated the fact that the Fund provided sustained support to the children, not just once. From the outset, the Fund set its mission to assist children until they realized their dreams, thus providing donors the opportunity to support children for a certain period of time. Many companies were not satisfied with simply providing one-shot donations.

A few companies were affected by the disaster, which led them to donate to the Fund. Some were located in the northeastern region, while others had branches, employees, or their families in the affected region. Among them, seven clearly stated in the interviews that the experience was the direct reason for donating to the Fund. Some have considered such donations as ways to repay the help they received from the communities.

Seven companies already had experience of donating to organizations other than the Fund. Lessons learned from such experiences led the company to donate to the Fund. Some expressed dissatisfaction that they did not know where or how their gifts were being used. As donors, they felt uncomfortable about not being able to “see the face” of the beneficiary, that they questioned whether their donations had reached the affected regions. In other cases, the donating companies felt that the objective of assistance in their past experience had become irrelevant and decided to look for another cause to give. Some companies were equipped with more information and chose the Fund because they knew few organizations provided support for children's education beyond high school.

Finally, some companies reported having issues of their own. Businesses engaged in recovery efforts wished to give back the benefits gained from “emergency demands.” Some had received compensation for the damage from the disaster and wanted to donate that money to a cause that they perceived as needed in the society.

From the analysis, we determined that *who* and *what* are the key factors that motivate companies to donate to the Fund, in addition to some other factors. It was important that the Fund, led by private firms (*who*), supported continuous education for children (*what*).

## 4.2. Favorable Features of the Fund

Besides factors that led donating companies to make their initial donation to the Fund, we identified five Fund features that they found favorable. Ten in twelve companies highlighted reports that the Fund provided. Some appreciated that the “staff members would frequently visit” to provide detailed explanations, while others found the Fund’s periodic newsletters made it “easy to understand what was going on.” Donating companies recognized that they “can see the faces of who’s doing this work as well as the children we’re supporting.” They also expressed satisfaction with “strong and detailed reports of ‘this is how the children turned out’ through the Fund’s support.” Some had the impression that they received “every detail on where the donated money ultimately reached.”

Second, donating companies appraised the staff members’ dedicated attitudes. Seven companies mentioned explicitly that the Fund staff were “serious” and “caring” toward children. Companies that had observed staff members interact with children believed that the staff “kept a good distance” and maintained “firm communication.” Furthermore, through staff visits and other occasions, donating companies found the Fund staff “passionate and lively” who looked “enthusiastic and forward-looking.”

Third, seven companies mentioned that they had an absolute sense of assisting and receiving direct responses from their donations. From what they read in the fund newsletters, staff visits, or meetings with children in Fund-hosted gatherings, companies could perceive the growth and progress of children. They felt very close to the children, and said “I feel like I’m raising kids again” or “I received a mental return.”

Fourth, six companies commended the Fund’s efforts to support children’s education. The activities were recognized as an effort “to encourage children who want to do their best.” One of the companies mentioned that children’s stories are easy to follow and that it is “authentic and real.”

Finally, donating companies referred to the attitudes of the four companies that managed the Fund. While some were impressed by the amount of money they had put out for the Fund, others were motivated to consider what they could do. Four managing companies were also found to emphasize human resource development. They were not just providing financial resources, but also sending their employees to temporarily work at the Fund. Besides costs, having their employees work at the Fund is a significant change in their career path as the job at the Fund may differ from one’s field of expertise. These companies said they experienced the “determination” of each managing company. Some others appreciated the fact that four managing companies were not using their commitment to the Fund to appeal to a broader society.

The analysis revealed that the *who* and *how* of the Fund was a crucial feature that donating companies found favorable. What mattered to them were the people and companies that managed the Fund’s activities (*who*). These dedicated staff provide detailed and updated information

that makes them feel the change they are making with the donation (*how*).

## 5. Concluding Remarks

When public support is limited, organizations that operate on private donations can play a vital role in enhancing long-term reconstruction. Although donations are often not sustainable, our case provides recommendations for donors to encourage sustained donations even after years have passed since the disaster. Our findings suggest that in times of disaster, corporations’ donation behaviors, including decision-making processes, may be subject to mechanisms that differ from those discussed in non-disaster contexts. Regardless of business size or industry, companies appear to understand corporate donations as necessary efforts to support the future. The findings lead us to further study the management of foundations and nonprofits for recovery and reconstruction from large-scale disasters in disaster-prone Japan, as well as its international applicability. A comparative perspective to examine the unique features of Japanese companies may also be of interest in future studies.

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