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## **An exploratory study into the giving behaviour of Small to Medium Enterprises (SMEs): an Australian experience**

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A constant growth in the number of non-profit organisations (NPOs) over the past decade has also meant an increase in competition between NPOs for ongoing support. In this environment and without the marketing resources of their national and international counterparts many smaller NPOs do not attract the same level of individual or corporate support as their larger NPO rivals. Evidence suggests an alternative source of support for these smaller NPOs is often small to medium enterprises (SMEs).

This paper argues that although there is a considerable body of literature on the giving behaviour of individuals, and to a lesser extent large publicly listed corporations, little is known about the giving behaviour of SMEs. This study begins to address this deficiency in the literature by exploring the giving behaviour of SMEs within a regional area of Australia.

Findings from eleven case studies are presented which suggest that as a result of contextual factors, including size and management structure, SMEs exhibit what can be conceptualised as a continuum of giving behaviour. This continuum reflects characteristics of both individual and large corporate giving behaviour and can be conceptualised along a number of dimensions including: strategic alignment, the nature and level of expected return and the relationship level between SME and NPO. The paper concludes by discussing the implications of these findings for small NPOs and suggests avenues for further research.

### **Keywords**

Exploratory, Study, into, Giving, Behaviour, Small, Medium, Enterprises, SMEs, Australian, Experience

### **Disciplines**

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**An Exploratory Study into the Giving Behaviour of  
Small to Medium Enterprises (SMEs): An Australian Experience.**

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## **An Exploratory Study into the Giving Behaviour of Small to Medium Enterprises (SMEs): An Australian Experience.**

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A constant growth in the number of non-profit organisations (NPOs) over the past decade has also meant an increase in competition between NPOs for ongoing support. In this environment and without the marketing resources of their national and international counterparts many smaller NPOs do not attract the same level of individual or corporate support as their larger NPO rivals. Evidence suggests an alternative source of support for these smaller NPOs is often small to medium enterprises (SMEs).

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Findings from eleven case studies are presented which suggest that as a result of contextual factors, including size and management structure, SMEs exhibit what can be conceptualised as a continuum of giving behaviour. This continuum reflects characteristics of both individual and large corporate giving behaviour and can be conceptualised along a number of dimensions including: strategic alignment, the nature and level of expected return and the relationship level between SME and NPO. The paper concludes by discussing the implications of these findings for small NPOs and suggests avenues for further research.

### **Keywords**

Non-profit marketing, small to medium enterprises, giving behaviour

### **Introduction**

In many countries around the world there has been a constant growth in the number of non-profit organisations (NPOs), that is, charitable, religious and community service non-profit organisations. For example, in Australia, the number of NPOs has steadily grown over the past ten years to now total 700,000 (ATO 2004). Increases in the number of charitable organisations have also been reported in countries such as the United Kingdom (Hibbert 1995, Sargeant 1999). As the number of NPOs grows so does the degree of competition between these organisations for necessary financial and other support (Guy & Patton 1989, Bendapudi, Singh & Bendapudi 1996).

As the degree of competition has risen so has the complexity of the marketing efforts of many large national and multinational NPOs. It is not uncommon for large NPOs to have dedicated marketing departments implementing well managed segmentation and integrated marketing communication strategies targeted at specific groups of individuals and large corporations. These large NPOs are just as sophisticated in their marketing as any major for-profit organisation (Gallagher & Weinberg 1991). However, as Henley (2001) points out many smaller local and regionally based NPOs are forced to market themselves with few of the resources of their larger counterparts. In Australia, only 5% of NPOs employ staff of any kind, let alone dedicated marketing staff (Philanthropy Australia 2004). This may explain why many local and regionally based NPOs do not attract the same level of individual and corporate support as their larger rivals. Rather than seeking the support of large corporations, historical and other

anecdotal information (e.g., CACOM 1995, Givewell 2004) suggests that an alternative support base for small locally based NPOs are small to medium enterprises<sup>1</sup> (SMEs) operating within the same local or regional area.

Small NPOs with limited resources directing their marketing efforts towards the SME segment require an understanding of the giving behaviour of SMEs to ensure their marketing is both effective and efficient. However, whilst there is a considerable body of literature regarding the giving behaviour of individuals, and to a lesser extent large corporations, relatively little is known about the giving behaviour of SMEs. This paper presents the findings of an exploratory study into the giving behaviour of SMEs in a regional area within Australia. The findings from this study begin to address this deficiency in the literature whilst also providing insights that may assist NPOs to better manage their marketing efforts.

### **The Who, Why and How of Giving Behaviour.**

There is a considerable body of literature that attempts to explain and understand the giving behaviour of individuals and large businesses such as publicly listed corporations. This literature attempts to answer three basic questions regarding giving behaviour. Firstly, various writers have discussed the question of 'who' gives and the associated question of how much various groups give. Secondly, other writers have concentrated on understanding 'why' individuals and corporations give to NPOs. Finally, a third group of writers have examined the question of 'how' individuals and corporations give. In the section that follows, the extant literature that examines the questions of who gives, why they give and how they give to NPOs is reviewed as it applies to both individuals and corporations.

#### Individual Giving Behaviour

There have been significant numbers of empirical studies over the years examining specific aspects of individual giving behaviour resulting in a rich body of literature in this area. The constraints of this paper preclude any in-depth discussion of specific pieces of work, others, notably Sargeant and Jay (2004), provide a more comprehensive review of this literature. However, it is of importance to this paper that an overview of the who, how and why of an individual's giving behaviour is presented so as to provide a conceptual basis to the discussion of the findings of this study.

The question of who and/or which individuals give to NPOs has been investigated in numerous studies over the past twenty years. These studies have been helpful in identifying which demographic variables impact on the giving behaviour of individuals and may influence the comparative level at which groups of individuals are likely to donate. Various studies (e.g., Simpson 1986, Banks & Tanner 1997) suggest that age is an important variable in determining the likelihood of an individual to give to an NPO with older individuals being more inclined to give. Other variables identified as being of significance include; gender (Marx 2000, Stirling 2000), socio-economic group (Silver 1980, Sargeant & Jay 2004) and level of education (Sargeant 1999).

The question of why individuals donate money, time and other resources to NPOs has been investigated in studies in the fields of both social psychology and marketing. The findings from these studies point to a range of motivational factors, including the roles that altruism

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<sup>1</sup> The Australian Bureau of Statistics definition of small to medium enterprises (SMEs) has been adopted for the purpose of this study. That is, businesses which employ between 5 and 99 people and have sales less than \$A50million (Australian Bureau of Statistics 2002)

(Berkowitz 1972), self-interest (Dowd 1975, Piliavin, Piliavin & Rodin 1975), empathy (Aronfreed 1970, Batson & Coke 1981), sympathy (Clary & Snyder 1991), social justice (Miller 1977) and social norms (Clark & Word 1972) have in motivating individuals to give to NPOs.

The question of how individuals elect to give to NPOs is explored in the literature through attempts to develop models of the process adopted by individuals in deciding if and to what NPOs they give. Examples of these models include those by Smith (1980), Burnett and Wood (1988), Guy and Patton (1989), Bendapudi et al. (1996) and Sargeant (1999). In the main, these various models are attempts to synthesise various studies of the who and why of individual giving into a conceptual framework to explain the process by which individuals give to NPOs. These models often place emphasis on recognising the factors which moderate and determine the how aspect of the giving process. The utility of these models lie in their integration of various aspects of the extant literature into a process based framework of individual giving behaviour. It should be noted that being conceptual models based solely on the extant literature, these models have not been tested through any empirical research.

In summary, any overview of the literature on individual giving behaviour demonstrates the depth of study undertaken over many years. This literature provides significant understanding of which groups of individuals are likely to donate, the relevant level at which various groups of individuals give at, the cognitive drivers motivating individuals to give as well as insights into how these factors may link together into a process of individual giving. In relation to this study, the literature on individual giving highlights areas for investigation. For example, does the age or gender of the SME owner influence the 'who' of a firm's giving behaviour? Similarly, is altruism, empathy, sympathy etc the 'why' factors behind SME giving and 'how' do firms decide to give – do they follow the decision paths suggested in the various models of individual giving or do they follow a unique decision pathway?

#### Corporate Giving Behaviour

When contrasted with the literature on the giving behaviour of individuals, the literature on the who, why and how of corporate giving behaviour is relatively sparse and suffers from a number of deficiencies as the following discussion illustrates.

Before discussing the literature on what is frequently labelled as 'corporate' giving it is appropriate for the purpose of this paper to discuss the repeated use of the term 'corporate' in the extant literature. Although distinctions have been drawn in the literature between the terms 'corporate philanthropy' and 'corporate giving' (Burlingame 2001), the use of the word 'corporate' has been given no discussion. It seems within the literature that many writers consider that the term 'corporate giving' does not require a definition as it is assumed that its meaning is so obvious as to not need a definition. However, in the main, writers that adopt the term 'corporate' are most often examining the giving behaviour of large publicly listed companies with turnovers in the millions of dollars or pounds. These businesses can be contrasted to the plethora of smaller firms, i.e. SMEs, which also contribute to NPOs. Perhaps one of the reasons why so little research has been conducted specifically into the role that privately owned smaller firms play in supporting NPOs is because it is assumed they will exhibit similar behaviour to the larger publicly listed companies or alternatively because of their management structures it is expected they will exhibit giving behaviour associated with that of individuals. This is understandable since most SMEs are managed and controlled by single individuals rather than by independent boards and subsequently the giving behaviour of a SME may echo that of its owner or principals. However, at this point these assumptions are untested hypotheses only.

An implicit exception to the foregoing is in the literature that attempts to identify who or which businesses give to NPOs and in what relative amounts. Some writers (e.g., Lenway & Rehbein 1991), suggest that firms with larger turnovers are likely to give support to and at a greater level than firms with relatively lower turnovers. It can be implied from these arguments that large publicly listed firms are likely to give more than SMEs. In addition to turnover, others have pointed to the economic sector the firm operates in, the country of ownership of the firm (Adams & Hardwick 1998) and the nature of a firm's shareholder base (Hart 1993).

The question of why large corporations give to NPOs is discussed in the literature from a number of perspectives. Sargeant and Jay (2004) provide a historical perspective to this question suggesting that up until the late 1960s corporate giving was based either on the personal interests of the firm's chairman or chief executive and/or if the activities of a particular NPO provided some form of direct support to a firm's workforce. However, as Sargeant and Jay (2004, p. 217) point out, from the late 1960s there has been a shift away from this parochial approach towards what they label an "opportunity-based paradigm" in which firms regard a connection with an NPO as a means of achieving a business objective be it increased sales, brand image, staff morale, shareholder value or whatever. That is, a more strategic and commercial approach has been adopted over the past thirty years. Evidence in support of this shift in giving is found in various studies such as those by Andreasen (1996), Sagawa (2001) and Wymer and Samu (2003). Apart from supporting NPOs to achieve strategic objectives, King and Tchepournykh (2004) have also suggested that economic vitality, cultural orientation, fiscal mechanisms (mainly tax policies) and organisational leadership are factors impacting on why corporations give to NPOs.

In contrast to the literature addressing how individuals decide to give to NPOs, the literature on corporate giving concerns itself mainly with 1) understanding how the business and NPO relationship may progress over time, or 2) with the various forms by which corporations elect to support NPOs. Typical of the former work is that by Austin (2000, 2003) who suggests business and NPO relationships are likely to progress through three distinct linear stages that he labels the philanthropic stage, transactional stage and lastly the integrative stage. An example of writers who focus on examining the various forms a business and NPO relationship can take is that of Wymer and Samu (2003). They suggest a typology of relationships extending from simple monetary donations or what these authors define as corporate philanthropy, through corporate foundations, licensing agreements, sponsorships, promotions - what others such as Bennett (2002) may describe as cause related marketing relationships - to ultimately joint ventures. Associated with the literature on the nature of relationships between business and NPOs is work by researchers such as Drumwright, Cunningham and Berger (2000) who have identified the presence of what they label as 'fit' between a business and any NPO as a necessary requisite for the success of the business - NPO relationship.

When contrasted to the literature on the giving behaviour of individuals the comparable literature on business giving can be described as still in an early form of development lacking depth and synthesis. Accordingly, this literature has a number of deficiencies, for example, there has been limited investigation into the question of how the decision to donate is made within a business (Ostlund 1977, Brammer & Millinton 2003). Rather, the literature focuses on the various methods used to support NPOs. Another, and perhaps more significant deficiency, in the extant literature is that it does not attempt to identify or give insights into the overall giving behaviour of different business groups as distinguished by either economic sector or relevant size. In the main, the literature only deals with the giving behaviour of large publicly listed businesses - the "corporations". No studies, that this author could find, have attempted to explore specifically the how and why of the giving behaviour of the SME sector. As stated

earlier, one explanation for this focus on only large businesses may be that researchers and writers implicitly assume that the giving behaviour of an SME will be similar to that of either an individual or a corporation. This study attempts to provide empirically based insights into whether such assumptions have any validity as well as adding to the extant literature on the general giving behaviour of business.

### **The Use of a Multiple Case Study Research Design**

As the purpose of this study was an exploration into the why and how of the giving behaviour of SMEs, a qualitative research strategy was considered the most appropriate (Martin & Turner 1986, Sarantakos 1998). Specifically, a multiple case study design was adopted as this research method is particularly appropriate in exploring the 'why' and 'how' of any social phenomenon or relationship (Yin 1994). Subsequently, data for this study has been collected from eleven separate and contrasting cases.

Cases were identified and data collected in two phases. In the first phase, cases were selected so as to maximise, as far as possible, contextual differences. Cases in phase one were selected on the basis of those contextual factors that the literature indicated would most likely impact on the giving behaviour of a firm. That is:

- ξ The turnover and/or profitability of the firm
- ξ The size of the firm (measured, in this study, by size of workforce)
- ξ The management structure of the firm (i.e., owner operator, partnership, family based and controlled business, subsidiary of large company)
- ξ The age of the firm (i.e., how long the firm has been operating under its current owners)

In the second phase, once conceptual themes and categories began to emerge from early data analysis, subsequent cases were identified through a theoretical sampling approach (Glaser & Strauss 1967). That is, the collection and analysis of the early data led to the decision of where and what data needed collection next from what new cases. The purpose of this second phase was to reach the point of "theoretical saturation" (Glaser & Strauss 1967 p. 67), that is, to densify the emergent categories, concepts and themes in an effort to clarify and refine aspects of the analysis. Table 1 summarises the major contextual differences between the eleven cases examined.

Data was collected over a nine month period through in-depth, semi-structured interviews with managers, owners and other personnel within each case who had input into or direct control over the giving behaviour of the individual SME. Personal interviews rather than focus groups were used to collect data as respondents were not prepared to discuss their individual SME's giving behaviour in an open forum. For this same reason anonymity was a condition of reporting the in-depth interviews.

In the first phase of data collection, questions in the semi-structured interview were based around themes identified from the individual and corporate giving behaviour literature. For example, some questions were designed to probe the issue of 'why' the SME gave – was it altruism etc as suggested in individual giving literature or was it more for strategic and commercial purposes as suggested in the literature on corporate giving? Similarly, the issue of relationship was probed. That is, the 'how' aspect was probed from the view of what was the process followed in giving - did it follow that of an individual or did it flow through certain relationship stages as suggested by Austin (2000, 2003)? This same intuitive method was used to develop specific questions in the three key areas of exploration, that is, who, why and how of SME giving behaviour.

In total, interviews were conducted with 42 different individuals (several more than once). The vast majority of these interviews were tape-recorded and transcribed, the shortest interview lasting 15 minutes and the longest three hours, with an average length of approximately 90 minutes. Some interviews were of a less formal nature and comprised opportunistic, casual, phone and email interviews which were not recorded and transcribed at the time but were field-noted and coded as soon after the event as possible.

Table 1: A summary of the key characteristics of the eleven cases.

Case No.	Nature of Business	Turnover (AUS\$)	Management Structure	Workforce	Age of Firm (years)
1	Medical Diagnostic testing	\$2-5 million	Partnership arrangement	62	22
2	Metal Manufacturing	<\$10million	Subsidiary large company. Controlled by local managers.	97	2.5
3	Motor Vehicle Sales	\$5-10million	Single owner/manager.	75	15
4	Wholesaling of building products	\$1-5 million	Family controlled	9	25
5	Retailing of paper products	\$500,000 to \$1million	Family controlled	7	8
6	Food manufacture	>\$500,000	Partnership arrangement	12	4
<b>Cases in Phase Two of Data Collection</b>					
7	Registered Club	<\$10million	Board of Management	70	30
8	Retailing of building products	\$5-10million	Subsidiary large company. Controlled by local managers.	44	6
9	Vehicle Repairs	>\$500,000	Single owner/manager.	7	3
10	Hotel	\$1-5 million	Family controlled	25	12
11	Materials Handling*	\$1-5 million	Single owner/manager.	19	17

\*This case is noticeable as they do not support any NPOs.

For the purpose of this paper the concept of 'conceptual ordering' (Strauss & Corbin 1998) has been adopted. This concept refers to the organisation of data into discrete categories according to their properties and dimensions, and then using description to elucidate those categories. Data was collected, coded and analysed simultaneously using the constant comparative method (Strauss & Corbin 1998, Glaser & Strauss 1967). This method involves the inductive coding of data with the simultaneous comparison of all events and/or forms of incidents, occurrences or social interactions identified from within the data for similarities, differences and general patterns. In its most elementary form inductive coding requires fracturing the data into coded units then progressively and systematically grouping data units that show similarities and relationships. Using this method of data analysis a number of key findings emerged, each of which is elaborated upon in the following section.

### The Nature of SME Giving Behaviour

The findings from this study show the giving behaviour of SMEs as a complex social process moderated by various contextual factors, the main factors being a firm's size and the personal philosophy of the firm's owner or principals. Differences in the giving behaviour of individual SMEs can be conceptualised as a continuum in which aspects of the decision to support NPOs change from reflecting those of individual giving behaviour to behaviour associated in the literature with large corporations. This change in behaviour between SMEs can be measured along a number of different dimensions each of which is discussed below, in no particular order.

Strategic alignment – in this study, the larger the SME the more likely is the firm to support those NPOs with which it sees some form of strategic or commercial 'alignment'. That is, the larger SMEs chose to support NPOs which they perceive have some direct relationship to the nature of their business. In Case 1 for example, a medical diagnostic testing firm, it deliberately supported only two NPOs, a crisis telephone counselling service and a cancer support agency. The stated rationale for this, to quote a partner in this firm was:

*...our major clients are medical practitioners, these charities link us with our clients, we are all working in the same area - health.*

Smaller SMEs, such as Cases 4, 5, 6 and 9 showed little strategic attempt to align the purpose of their firms with that of the NPOs they chose to support. For example, the firm in Case 4 supported local sports clubs for no other reason than the family that controlled the business were, to quote one of the family members "...a family of self confessed sports nuts". In this respect, smaller SMEs show characteristics identified with individual giving behaviour in that they chose where to give based on personal self interest rather than strategic thought.

Nature and Level of Expected Return – it should be noted that even though firms exhibited different levels of strategic decision making in selecting which NPOs to support, **all** SMEs studied expected a "return", as most respondents labelled it, on their charitable giving. Even the smallest firms studied, often exhibiting characteristics of individual giving behaviour expected some form of commercial return on their NPO support – pure altruism was not a motivating factor in this study. However, what did vary amongst the SMEs in this study was the nature and level of return expected.

Smaller SMEs studied (Cases 4,5,6,9 & 10) all held expectations that each donation given had the possibility of a direct financial return back to the firm. In contrast, the larger SMEs did not regard direct financial return as the only form of return possible. Larger SMEs considered giving to NPOs as a means to achieve a variety of strategic objectives. The two most common strategic objectives that larger SMEs considered were 1) increasing the general profile of the firm within the local community and 2) building staff morale by demonstrating through their giving that the firm had, as one manager expressed it; "a heart". Subsequently, these larger SMEs made a considerable effort to communicate knowledge of their giving behaviour back to both external and internal stakeholders. In Case 3, for example, this firm takes out a full page advertisement in a prominent local paper at the end of each year listing the NPOs it has assisted.

Whereas the larger SMEs in this study had no issue with actively promoting their giving behaviour, some SMEs studied (Cases 5, 6, 8, 9) showed a very strong reticence to directly promote their giving behaviour to the public. When probed for an explanation most of these SMEs pointed to a latent fear of a "...customer backlash" arising from the public perceiving them as somehow capitalising from the "...less fortunate in the community". This finding indicates the complexity of SME giving behaviour in that a return from their giving was

expected in all cases yet at the same time some SMEs were not willing to actively promote this behaviour to their clients or the public at large in an effort to achieve a return.

As the nature of the expected return on giving varied between cases so did the level of return expected vary. Smaller SMEs expected relatively little direct financial return and in no cases did they attempt to determine if indeed any financial return was gained from supporting an NPO. In contrast, the larger SMEs studied, regardless of the relevant amount given, expected a "...measurable return". In Case 2, for example, a condition of giving was that any NPO seeking support from this firm had to complete a form indicating how they would promote the fact the firm had supported them, how it intended to spend any cash donation and how the NPO thought this support would accrue a benefit back to the firm and how the NPO would measure this.

The finding that all the SMEs studied had an expectation of some form of return on their giving can be compared to what Sargeant and Jay (2004, p. 217) label as the "opportunity-based paradigm" associated with corporate giving rather than any notions of altruism, empathy or sympathy that are associated with why individuals often give. When asked directly why they supported NPOs the response in all cases related to the perception that it was, to quote a manager from Case 7, "...their responsibility". Again this finding points to the complexity in SME giving behaviour in that firms expect a return on their giving whilst at the same time stating that they give for no other reason than it is perceived as being their social responsibility.

Relationship level – this study found that larger SMEs were more likely to adopt a relationship rather than transactional view to their giving behaviour. In other words, the larger SMEs tended to support only one or two NPOs and maintained an ongoing relationship with these NPOs whereas the smaller SMEs studied consistently responded to direct solicitations for support and immediately responded, normally with a cash donation on a one off basis. These smaller SMEs did not expect or desire any form of ongoing relationship beyond this simple transaction.

The desire for an ongoing relationship often determined if a large SME would support a particular NPO, that is, was the NPO itself desirous of an ongoing relationship. As a manager from Case 8 expressed this:

*...we are not interested in giving little bits here and there, if they (an NPO) come and want to sit down and talk about who they are and how they see us working together over one, two or even more years then we will...we aren't interested in phone calls or letters addressed to the manager wanting a few dollars...we want to be with them (an NPO) for the long term.*

The difference in their view of the SME-NPO relationship also appears to influence how large and small SMEs respond to calls for support from NPOs. Impersonal and/or direct communication, e.g., direct mail or cold calling, were more likely to have a positive effect with smaller SMEs than larger ones. This is also evident in the above quote from Case 8 and is echoed in other cases studied.

The desire and action of larger SMEs to form an ongoing relationship with any NPO they support is reminiscent of the actions of large corporations and how they also seek relationships rather than brief encounters and have an expectation of the relationship deepening over time with mutual benefits (Austin 2000, 2003).

In addition to the basic finding that there appears to be a continuum of giving behaviour showing hybrid characteristics of individual and large corporate giving, a number of other findings emerged in this study. Two findings of relevance to small NPOs seeking the support of

SMEs are 1) which NPOs these firms are likely to support, and 2) the important role a SME owner or principal plays in the giving behaviour of a SME.

A consistent finding in all cases, even in Case 11 which does not support any NPO, was that given a choice between supporting a local, national or international NPO each SME studied would "...always" support the local NPO. When asked directly why they supported mainly local NPOs, the common response from the SMEs was, to use the words of a partner in Case 1:

*...we derive our income locally, our clients are local, our employees live locally it is our responsibility to support mainly local charities. It also makes simple business sense to support local charities that our clients have knowledge of.*

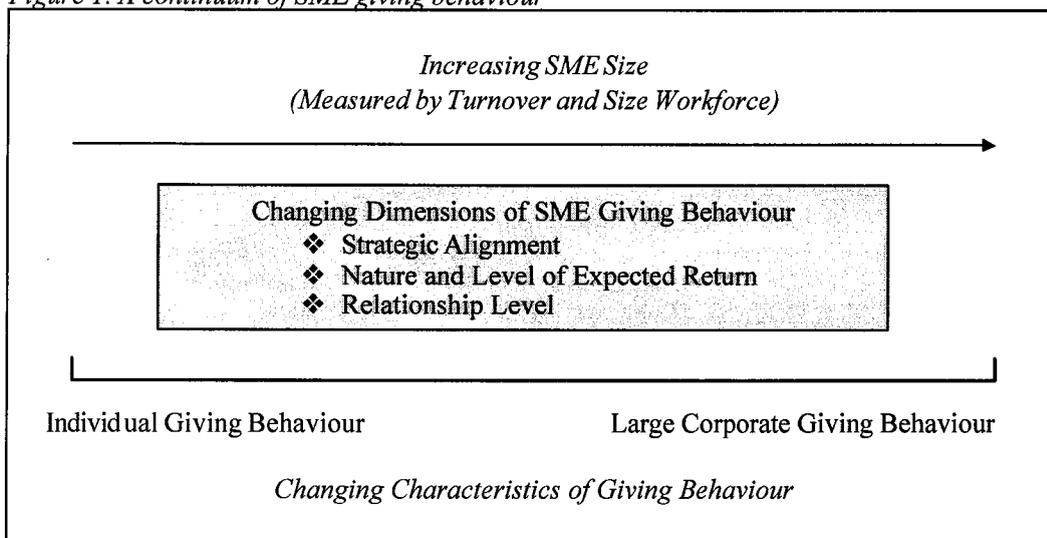
Even in cases (2, 3, and 10) where both local and national NPOs were given support a condition of these firms giving was that their support had to be directed to use within the local area.

Another consistent finding in all cases studied was the role that the firm's principal had in the giving process. These individuals appear responsible for determining if a firm will support NPOs. It is often these individual's own personal philosophy regarding the social responsibility of business that initiates a firm's decision to give. However, it should be noted that, although these key individuals set the direction of the giving behaviour of a firm it is more likely that the level of support given is determined by economic factors. As one manager from Case 3 stated:

*...we know how (name of firm's owner) thinks...from the start he had this business donating to charities, supporting the kids ward at the hospital here. Having said that, what determines how much we give is our sales; the more we sell the more we can give.*

In summary, the findings from this study suggest that the giving behaviour of the SMEs studied includes characteristics of both individual and large corporate giving behaviour and can be conceptualised as a continuum as shown in Figure 1. As this diagram suggests the giving behaviour of SMEs is moderated principally by the individual firm's size with various dimensions of the firm's giving behaviour changing as the size of firms increase. Principal amongst these changing dimensions are: strategic fit, the nature and level of return expected and the relationship level. In addition to this finding this study suggests that SMEs have a propensity to support local NPOs rather than national or international NPOs and the role of the firm's principal is significant in setting the overall direction of a firm's giving behaviour.

Figure 1. A continuum of SME giving behaviour



## Conclusions

The findings of this study relate only to the eleven cases studied. Therefore this paper makes no attempt to generalise these findings. However, there is a consistency in aspects of the giving behaviour of the SMEs studied which can be the basis for future study. These consistent aspects of the findings also contain implications for small NPOs which may wish to focus their marketing efforts on local SMEs rather than compete directly with their larger NPO rivals for major corporate support.

The findings in this study suggest that even the smallest of local NPOs without the resources of larger national and international NPOs may have a competitive advantage in approaching the local SME sector for support. This advantage involves the desire, and what is commonly seen as the responsibility, of SMEs to act locally in their giving. However, NPOs which wish to direct their marketing towards local SMEs would be unwise to consider the SME segment as homogenous. The findings from this study indicate distinct differences between large and small SMEs within a single community. The nature of these differences has direct bearing on 1) which SME an NPO is best suited to approach, 2) how this approach should be undertaken, and 3) what the expectations of an SME is likely to be in any relationship. By considering these three aspects of their marketing strategy to SMEs small NPOs may be able to improve the effectiveness of their marketing efforts to this group of potential donors.

This exploratory study has identified a number of possible hypotheses concerning the giving behaviour of the SME sector. These hypotheses could be tested through a much larger quantitative study into the giving behaviour of SMEs. Considering the potential importance of the SME sector for locally based NPOs it would seem appropriate that the giving behaviour of this group be more fully studied in the future.

In addition to the need for a quantitative study into the giving behaviour of SMEs based on the findings of this study, the literature may benefit from a study into the marketing efforts of locally based NPOs. Such a study may wish to consider if these NPOs do, as part of their general marketing strategy, target local SMEs and how do they currently approach and market themselves to this segment. This study may shed light on the current level of congruence between what the SMEs seek and expect from supporting a local NPO and what these organisations currently do.

The Tsunami Crisis in Asia early in 2005 demonstrated the willingness of individuals, large corporations and SMEs around the globe to give to well recognised national and international NPOs. An outcome of the media coverage of this tragic event has been to further increase the profile and recognition of many national and international NPOs. In turn the increased profile and brand image of these larger NPOs may make it even more problematic for small local NPOs to compete for necessary support in the future. Increased understanding of both the giving behaviour of SMEs and the marketing efforts of local NPOs would benefit the overall community by ensuring a more stable funding base for these NPOs who fulfil important local needs.

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