PHILANTHROPY

Golfing Alone

Some communities have more vibrant nonprofit sectors than others, but not because they need them more. Social welfare organizations often thrive in the richest cities instead of the poorest ones; new performing arts organizations crop up around the corner from old ones. So what is it about a place that helps nonprofits grow?

Christopher Marquis, associate professor at Harvard Business School, takes his clues from corporate news: When Boeing moved its headquarters to Chicago, the Art Institute grew. When Pittsburgh lost Gulf Oil, its symphony suffered. Even in a global economy, the vast majority of corporate giving is local, with 80 percent focused on nonprofits in the community of the company's headquarters.

But this beneficial relationship is particularly good for some nonprofits. "Art museums, the opera, private schools," and other elite-oriented cultural and educational institutions often fare better under the attention of CEOs than do social welfare-oriented nonprofits.

Marquis and his co-authors divided the National Center for Charitable Statistics' nonprofits into two groups: those that address local social problems or human needs in the community, from soup kitchens to civil rights organizations; and those that provide "luxury goods" in the arts, culture, and private education—whose primary beneficiaries are white-collar, college-educated community residents. They compared IRS records on several thousand nonprofits to security filings of publicly listed corporations and census data on the 100 largest US communities from 1987 to 2002, a period of unusual growth in the nonprofit sector.

They found that the number of both types of nonprofits grows more where there are more corporate headquarters. Nonprofits all do better in the Northeast and where the business community is long established and has a cultural tradition of support for the sector.

How much the corporate elite hobnob with each other matters for elite-oriented nonprofits but not for social welfare ones. Marquis's research shows that it's in places with more upper-class social clubs that business is especially good for the arts, culture, and private education. "Corporations are doing these great things for the community, but a lot of it is oriented towards taking care of their own executives," says Joseph Galaskiewicz, a sociologist at the University of Arizona who was not involved in this study.

Corporate philanthropy that benefits elite interests "calls into question whether the companies are actually interested in improving society, or if they're just interested in creating better environments for their CEOs," Marquis says. But Galaskiewicz, whose own work has shown how good corporations are for Minneapolis-St. Paul, is grateful for the spillover effects. "If the corporation is helping to support organizations like theaters and music halls and orchestras and ballet troupes, it's great for you and me," he says. "We don't have to pay the full price."