PHILANTHROPIC ACTIVITY OF ENTERPRISES in ALBANIA
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[ Terminology ]

Charity – A voluntary act of donation in money, goods, or time to the people in need without a profit aim.

Philanthropy – Volunteer and strategic engagement (financial, organizational, human resources) aiming to fulfill human needs for a peaceful and fair society, without asking for anything in return.

Capital – Total amount of money invested in an enterprise from domestic or foreign partners.

Enterprise – Enterprise is the smallest unit of the combination of the legal and production of goods and services units, which is independent in decision making, especially about the use of its material and monetary resources. An enterprise can exercise one or several economic activities.

Physical person – A commercial activity exercised in personal name of an individual and profits are in his/her name and account.

Corporate Social Responsibility – Obligation of the business to determine those policies, to take those decisions, and to implement those actions that are in accordance with its interest and those of the society.

Average annual turnover – Income generated by a business through the sales of products and services during a year.

Sponsorship – Financial support or provision of goods and services to social and public activities in exchange for advertising.

Limited Liability Company – The Limited Liability Company is established from one or more partners that bear losses only up to the outstanding contribution agreements in the initial capital.

Joint Stock Companies – Company, capital of which is divided in stocks and is established by shareholders that bear losses only up to the outstanding contribution agreements in the initial capital. The profit that is distributed to the shareholders is called dividend.
Philanthropy in Albania has its own specific history, inextricably linked with the social, economic, and historical circumstances that the Albanian population has lived through. The first traces of philanthropy among Albanians originate very early and date back to the medieval times. But, since the 19th century, the philanthropic activity acquired new and specific features that overcome the old system schemes which were more linked to the Ottoman social organization of the medieval period.

In the frame of its work and research in the field of philanthropy, in 2011 Partners Albania carried out the first survey “Entrepreneurship and Philanthropy” presenting a clear overview of the scale and nature of social causes supported by business community in Albania, as well as proposing actions towards further development of philanthropy in the country.

Following this survey, in 2016 Partners Albania conducted a second survey on the development of philanthropic activity of enterprises in Albania. The purpose of this survey is to assess the level and characteristics of philanthropic activity carried out by the business sector in Albania, its development features during 2011 – 2016, as well as development trend in the upcoming years.

Based on the findings of the first survey, and the monthly monitoring reports on philanthropic activity in Albania that Partners Albania prepares since 2015, it results that the activity carried out by enterprises in general has the characteristics of charity rather than genuine philanthropy. Thus, in the questionnaire is used the term “donation/philanthropic activity”, aiming to include all enterprises that carry out such kind of activity, regardless of its nature and characteristics.

Subject of this survey were 130 enterprises from different economic sectors, which were selected from the Statistical Business Register 2015, published by INSTAT. This survey report presents the methodology applied, findings based on advanced analyses, conclusions and several recommendations to strengthen, promote and develop philanthropic activity in the country.

Philanthropic Activity of Enterprises in Albania

Methodology

The purpose of this survey is to assess the level and characteristic of philanthropic activity carried out by the business sector in Albania, as well as its development trend over a period of five years.

The applied methodology consisted in primary data collected through interviews, and in secondary data obtained from the Business National Registration Center. The survey was conducted through face to face interviews with 130 enterprises, in 13 cities of Albania. The interviews were conducted with Chief Executive Officers (CEO) of the enterprises, Directors of Human Resources Departments, Directors of Finance Departments, and with representatives of Corporate Social Responsibility Departments. The data collection was carried out through July – October 2016. The data were processed in SPSS.

The data collection instrument used in this survey was a structured questionnaire. The questions were divided in four sections: (i) general information on the enterprise; (ii) information on the philanthropic activity; (iii) information on the corporate social responsibility of the enterprise; and (iv) future plans on philanthropic activity.

In the first section was collected information on the number of employees, main activity of the enterprise, year of establishment and the average annual turnover. The collected information was completed with the official data obtained by the Business National Registration Center. In the second section was collected information on the enterprise’s understanding of philanthropy, reasons for carry out or not philanthropic activity, forms of philanthropic activity, channels of donations, beneficiaries, areas of donations, number and value of donations made in the last three years, as well as criteria on which the philanthropy strategy is based on. Through the third section was collected information on the existence (lack) of a department or staff position on corporate social responsibility, existence (lack) of strategic documents on corporate social responsibility, information on the Albanian National Network for Corporate Social Responsibility, the responsible position within the enterprise where to present a request for donation and the final decision-maker. In the last section were collected data on philanthropic activity driving factors and development trend in the upcoming years.
Selection of the sample and its characteristics

The selection of the sample was based on the Statistical Business Register published by INSTAT, in 2015. The random sampling method was applied, based on two criteria: economic activity of enterprises and their average annual turnover.

As it regards the economic activity of the enterprises, from the initial list were excluded enterprises conducting economic activities such as: health and social services, education and other service provision activities, which comprise a small share of the total number of enterprises. Civil Society Organizations and Public Entities were also excluded, since they are not subject of this study. Based on this criteria, the sample was selected based on the specific weight of each economic activity in the economy as a whole. With regard to the average annual turnover, it was decided the majority of the sample to be enterprises with high average annual turnover, which in principle have greater potential to carry out philanthropic activity.

A sample of 150 enterprises was prepared applying the above mentioned criteria, from which interviews with 130 enterprises were conducted, or 87% of the target sample.

The findings presented in this survey report are in the form of frequencies and crosstabs. The main selected variables for cross tabulations are: (a) average annual turnover, (b) economic activity; (c) the origin of the capital (domestic or foreign).

Each graph shows the total number of responses. For some of the questions, the size of the sample is smaller, because of the number of responses received or because of in depth analyses within the sample.
Sample Characteristics

This section presents general information on the selected sample. The weight of each economic activity in the sample is illustrated in Chart 1.

**Chart 1: Sample by Economic Activity (N=130)**

- Trade: 38%
- Construction: 15%
- Manufacturing: 12%
- Professional, scientific and technical activities: 7%
- Administrative and support service activities: 5%
- Transport: 5%
- Accommodation and food service activities: 4%
- Mining and quarrying: 3%
- Information and Communication: 3%
- Financial and insurance activities: 3%
- Water supply, sewerage, waste management, electricity, gas etc.: 3%
- Real Estate activities: 3%
- Arts, entertainment and recreation: 1%

**Chart 2: Sample by Average Annual Turnover (N=130)**

- Up to 8 million ALL: 62.5%
- Over 8-25 million ALL: 16%
- Over 25-100 million ALL: 12.5%
- Over 100 million ALL: 9%

In terms of average annual turnover, the sample comprises of 62.5% large enterprises with an average annual turnover over 100 million ALL. Only 9% of the sample are small enterprises with average annual turnover up to 8 million ALL.
Most of the surveyed enterprises (88%) operate with Albanian capital and only 12% with foreign capital.

According to the form of registration, 77% of the sample are limited liability enterprises, 15% are joint stock enterprises and 8% are physical person.

The majority of surveyed enterprises (47%) were established before 2000, while 21% were established between 2000-2005, 18% between 2006-2009 and 14% were established in the last four years.

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3 Enterprises with Albanian capital are considered those enterprises whose capital is over 50% Albanian, and vice versa enterprises with foreign capital are considered those enterprises whose capital is over 50% foreign.
The majority of enterprises (35%) have 10-49 full time employees, 27% have 50-249 employees, 23% have 1-9 employees and only 15% have over 250 employees.

The majority of enterprises (81.5%) are run by men.
This section presents the findings from face to face interviews with representatives of enterprises, about the characteristics of philanthropic activity, its development during the last three years, corporate social responsibility, and philanthropic activity plans for the future.

**Characteristics of philanthropic activity**

Below are presented the findings on enterprises that carry out philanthropic activity, their understanding of philanthropy, reasons and forms of carrying out philanthropic activity, areas of philanthropy activity, beneficiaries and channels of carrying out this activity, and encouraging reasons to channel the philanthropic activity through non profit organizations (NPOs).

**CHART 8 ENTERPRISES CARRYING OUT PHILANTHROPIC ACTIVITY (N=130)**

Despite the nature, volume and frequency of the philanthropic activity, 83% (108) of enterprises admit that they do carry out philanthropic activity.
Over 67% of surveyed enterprises from all economic sectors, carry out philanthropic activity, except for the arts, entertainment and recreation sector (specifically sports betting). It is noted that 100% of enterprises from the information and communication, financial and insurance, and mining & quarrying sectors carry out philanthropic activity.

The findings show that the origin of capital is not a decisive factor for carrying out philanthropic activity, because the percentage of enterprises that carry out philanthropic activity, either with foreign or Albanian capital, is almost the same.
There is a link between the average annual turnover and the philanthropic activity, as over 80% of enterprises with an average annual turnover over 8 million ALL carry out philanthropic activity.

The interviewees were asked about their understanding of philanthropy, based on the three options provided above. Almost half of interviewees (49%) had a correct understanding of philanthropy, choosing the first option, 46% equate philanthropy with charity (option 2), while 5% equate philanthropy with sponsorship.

From the data analysis resulted that more than half of enterprises (52%) that carry out philanthropy have a clear understanding of it. While 32% of enterprises that do not carry such activity equate philanthropy with charity. This shows that there is a relation between carrying out philanthropic activity and understanding philanthropy as a concept.
The majority of enterprises with foreign capital (69%) have a clear understanding of philanthropy. While 49% of enterprises with Albanian capital equate philanthropy with charity and 5% of them equate it with sponsorship.

Personal willingness of CEO/owner results the main reason for 49% of enterprises to carry out philanthropic activity, followed by the support for people in need selected as the main reason by 31% of enterprises. It is noticed that reasons related to the business interest such as improvement of the business image, compliance with the business strategy, tradition of the enterprise, are less selected as main reasons for carrying out philanthropy.

Benefits from fiscal incentives, as one of the listed reasons in the questionnaire is not selected by enterprises as a main reason to carry out philanthropic activity.

Out of 130 surveyed enterprises, 22 do not carry out philanthropic activity. The main reason stated by 59% of them is lack of budget. Two other reasons selected by the enterprises are: lack of information about groups in need (9%) and consideration of philanthropy as an activity that requires human resources mobilization (9%).
The main reason why most of the enterprises with Albanian capital carry out philanthropic activity is the personal willingness of CEO/owner (55%), while enterprises with foreign capital emphasize as the main reason the compliance of philanthropic activity with their business strategy (50%).

Financial contribution is the main form used by the majority of enterprises (45%), followed by contribution in goods and products (31%), and services (19%). Very few enterprises practice voluntary engagement (5%) as a form of philanthropy.
More than 70% of philanthropic activity carried out by enterprises in the construction, mining & quarrying, and financial sectors is in the form of financial contribution, while over 50% of philanthropic activity in the trade, and accommodation & food service sectors is in the form of goods and products. Enterprises in the transport and professional, scientific and technical activity sectors, carry out over 55% of their philanthropic activity in the form of services. This shows that there is a relation between economic activity and the form of carrying out philanthropic activity.
Poverty alleviation through economic aid resulted as the main area on which enterprises donate (49%), followed by education (14%), healthcare (12%), and art/culture (8%). Besides the listed fields, the interviewees mentioned other fields such as: housing (real estate agencies) and tourism (travel agencies).

Three main sectors that carry out most of the philanthropic activity in the field of poverty alleviation through economic aid are: accommodation and food service (75%), trade (68%), and construction (59%). Meanwhile, it is noticed that enterprises from the financial and insurance sector donate more in the field of healthcare (75%), enterprises from the mining & quarrying sector donate more in the field of environment (50%), while enterprises from the transport sector donate mainly in sports (50%).

Enterprises with Albanian capital carry out philanthropic activity mainly in poverty alleviation (53%), while enterprises with foreign capital carry out philanthropic activity mainly in the field of education (36%) and environment (21.5%). This evidence points out the strategic approach that enterprises with foreign capital have by focusing in specific areas, versus enterprises with Albanian capital.
The main beneficiaries from the philanthropic activity are children (37%). This is evidenced also from the periodic monitoring and the Annual Philanthropy Monitoring Report 2015, published by Partners Albania. Also, economically disadvantaged people (20%) and youth (17%) are among main beneficiary groups selected. About 11% of enterprises mentioned other unlisted groups as beneficiaries of their philanthropic activity such as: general public, young intellectuals, customers and their employees.

More than 50% of philanthropic activity carried out by trade, professional, scientific and technical activities, financial and insurance, accommodation and food service sectors, have children as the main beneficiary group.

It is noticed that the main criteria determining philanthropic activity is the link with the activity of the business (25%), followed by the profit margin at the end of the year (18%), the level of turnover at the end of the year (17.5%) and the community affected by the business activity (17.5%). Meantime, 10% of enterprises stated that their philanthropic activity is more spontaneous, with no specific strategy.

Regarding the relation between the determining criteria of philanthropic activity and economic activity of enterprises, it is noticed that the sectors with a high impact in the community, as the mining & quarrying industry (75%), waste treatment and management sector, electrical power, gas (100%), have as determining criteria the community that is affected by their activity.

For the enterprises with Albanian capital, the main criteria to determine their philanthropic activity are the relation of philanthropic activity with the type of enterprise (24%), the level of annual turnover (20%), the margin of profit at the end of the year (18%). Meanwhile, for enterprises with foreign capital, the main criteria determining philanthropic activity is the community affected by the activity of the enterprise (43%). This again highlights the strategic approach followed by enterprises with foreign capital.
It is noticed that 53% of enterprises carry out their philanthropic activity through donations made directly to individuals and beneficiary groups, while the others through state institutions (25%) and NPOs (21%).

The defining reason for enterprises that chose to donate directly to individuals and beneficiary groups is the emotional reward, followed by the assurance for the good management of the donation. Enterprises that carry out donations through state institutions, select the assurance for good management of their donation as the main reason, followed by the establishment of a relationship of mutual benefit. Two main reasons that guide the enterprises to donate through NPOs are the good management of the donations and the mission/work of NPOs. Assurance in the good management of the donation is made evident as an important reason that influences the decision making of enterprises in channeling their philanthropic activity.

Direct donation to individuals and beneficiary groups is the main form of philanthropic activity, despite the average annual turnover of enterprises. However, as the above chart shows, higher the average annual turnover, more diversified are the channels of donations used by enterprises.
Presentation of ideas from NPOs that fit with the donation strategy of enterprises, is considered from the majority of enterprises (34%) as a driving factor to channel their donations through NPOs. Two other predominant driving factors are: easily accessible information on the funds managed and the activity results of NPOs (16%) and their capacity to manage the donation (13%).

It can be mentioned that enterprises require that NPOs be more proactive, more transparent, require more information on the work and the impact of these organizations in the community, in order to channel their philanthropic activity through NPOs.

**Level of philanthropic activity in the last three years**

In this section are presented the findings on the number of enterprises that have carried out philanthropic activity, even for once, during the last three (3) years, the number of enterprises that carry out philanthropic activity consistently, the number of philanthropic activities carried out and the average value of a donation.
The number of enterprises that have donated in the last three years has increased from 58 enterprises in 2014, in 83 in 2015, while for the period January - September 2016 there are 73 enterprises that have donated. This cannot be considered a decreasing trend in 2016, because the data include only the first nine months of 2016.

It is noticed that 75% of enterprises with average annual turnover above 100 million ALL have consistently carried out philanthropic activity in the last three years, showing genuine philanthropic activity characteristics: strategic and long term.
As the chart shows, over half of enterprises, despite their average annual turnover, have carried out not more than 5 donations per year, during the last three years. As it is shown in the above chart, around 9% of enterprises with average annual turnover above 100 million ALL have carried out over 50 cases of donations during 2015.

Asking for the number of donations made during the last three years (2014, 2015, 2016), not all enterprises that carry out philanthropic activity have provided information. It results that more than half of enterprises, despite their average annual turnover, have carried out not more than 5 donations per year, during the last three years. As it is shown in the above chart, around 9% of enterprises with average annual turnover above 100 million ALL have carried out over 50 cases of donations during 2015.

Regarding the value of donations, there is a decreasing trend with 11% from 2014 in 2015. The same cannot be said for 2016, as the surveyed period for this year is only 9 months.

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5 In the chart 25 is evidenced the number of donations by average annual turnover for 2015, since it is the last full year assessed.
The average annual value of donations for enterprises that donate consistently varies from 150 thousand to 16.2 million ALL, according to the average annual turnover of enterprises. Enterprises with an average annual turnover over 100 million ALL have a higher average value of donations compared to enterprises with a lower average annual turnover. This shows that there is a relation between the donated value and the average annual turnover.

In 2014 it is marked the highest average value of donations from enterprises with average annual turnover over 100 million ALL (16.2 million) compared to 2015 and the period of January – September 2016. For the other ranges of the average annual turnover, the difference in the average annual value of donations during the last three years is insignificant.

**CHART 30 AVERAGE VALUE OF DONATIONS BY AVERAGE ANNUAL TURNOVER IN THREE YEARS**

The average annual value of donations for enterprises that donate consistently varies from 150 thousand to 16.2 million ALL, according to the average annual turnover of enterprises. Enterprises with an average annual turnover over 100 million ALL have a higher average value of donations compared to enterprises with a lower average annual turnover. This shows that there is a relation between the donated value and the average annual turnover.

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**CHART 31 ENTERPRISES BY AVERAGE AMOUNT OF A DONATION AND THE WEIGHT OF DONATION AGAINST TOTAL AMOUNT**
In the above chart it is presented the percentage of enterprises according to the average value of one donation made during the last three years. Also, the chart presents the weight of the value of donations according to the range of the average value of one donation against the total value donated in the last three years. As it is noticed from the chart, 36% of enterprises make donations with an average value up to 50 thousands ALL. On the other hand, even though only 9% of enterprises make donations with an average value of 1 million ALL, the weight of these donations in the total value of donations is 44%.

**Corporate Social Responsibility (CSR)**

Only 19% of the enterprises that carry out philanthropic activity, state that they have one designated personnel in charge of the CSR. 55% of the enterprises that claim to have a CSR person, state that this position is part of the Marketing, PR and Communications Department, while 15% say that the position is part of the Human Resources Department. Only one of the interviewed enterprises has a separate CSR Department. Based on the economic sector they operate, the rest of interviewed enterprises include this position in specific departments such as: Strategy and Compliance Department, Clients & Markets Department, and Environment & Corporate Department. It results that 75% of the appointed CSR persons are women.

Analyzed by economic sectors, it results that mostly financial, insurance, information & communication and the mining & quarrying industry sectors have CSR personnel.

According to the capital, it results that 90% of the enterprises with Albanian capital do not have a designated CSR staff, while 56% of those with foreign capital have at least one staff responsible for CSR.

Only 15% of the enterprises that carry out philanthropic activity have a strategic document on corporate social responsibility. The timeline of the CSR strategy varies from 1-15 years. All the enterprises that have a strategic document on CSR carry out philanthropic activity. An important fact is that 75% of the enterprises that have a strategic document on CSR, have a correct understanding on philanthropy. Having a strategy in place makes the enterprises have a clear understanding on the concept of philanthropy, which among others is a long-term and strategic commitment.

Asked if aware of the Albanian CSR network, 22% of the interviewees are aware of its existence, and 43% of them are members of this network.
The enterprises with an average turnover around 8 million ALL do not have a CSR designated personnel nor a CSR document. As presented in the Graph 32, higher the average annual turnover, higher also the number of enterprises with a CSR personnel (from 5% of the enterprises with an annual turnover 8-25 million ALL, to 90% for enterprises with over 100 million ALL). Meanwhile, only the enterprises with an average annual turnover above 25 million ALL have a strategic CSR document, of which 87.5% are enterprises with an average annual turnover above 100 million.

To better understand the communication line that has to be followed when requesting a donation, the interviewed enterprises were asked about the first person to contact in their enterprise. The majority (81%) responded that this person is the CEO/owner of the enterprise. Despite the fact that the majority of the sample is comprised of large enterprises with a high number of employees and a hierarchical structure compared to the small enterprises, it is still noticed that the CEO/owner of the enterprise is the first person to be contacted in case of a request for donation.
The majority of enterprises (57%) confirm that the CEO is the first contact and also the final decision-maker in carrying out philanthropic activity, followed by the owner/shareholders in 33% of the enterprises.

The future of philanthropic activity

The last section presents the future plans, as well as the driving factors for starting out or expanding the philanthropic activity of enterprises.

Only 27% of the enterprises state to have a planned budget for the philanthropic activity to be carried out in the upcoming year. Asked on the amount of the budget, some of the enterprises did not provide information considering it confidential, but 21 enterprises do have a planned budget that varies from 20 thousand – 140 million ALL, while one enterprise states to allocate 10% of the income for philanthropic activity. From the data results that regardless the average annual turnover, the majority of the enterprises do not have a planned budget for philanthropic activity.

81% of the enterprises that have a strategic document on CSR, also have a planned budget for philanthropic activity.
The survey shows that 64% of the enterprises with foreign capital have a planned budget for the philanthropic activity, which once again proves their strategic approach on philanthropic activity compared to the enterprises with Albanian capital, 70% of which do not have a planned budget.

The data shows that almost half of the interviewed enterprises (46%) do not know and do not have any plan on how their philanthropic activity will continue, 27% state that will carry out more philanthropic activities while 26% state that the trend will remain the same as the previous year. The trend of the philanthropic activity is closely linked to the financial situation of the enterprise. Moreover, the enterprises that are going to carry out more philanthropic activities, are referring to the increased trend of the request for donations, their mission and the image of their enterprise. The enterprises that are not clear on
how their philanthropic activity will continue, state that such activity is spontaneous and not planned, what shows that this activity reflects mostly characteristics of a charity.

Meanwhile the majority of the enterprises that donate consistently (45.5%) show the same trend in the philanthropic activity for the following year, followed by 34% of enterprises that declare an increasing trend.

It is encouraging that 23% of the enterprises that do not carry out philanthropic activity, plan to do so in the upcoming year.

CHART 38 FORMS OF SUPPORT TO CARRY OUT PHILANTHROPIC ACTIVITY (N=129)

<table>
<thead>
<tr>
<th>Better fiscal incentives</th>
<th>33.5% n=43</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliable partners for managing the donation</td>
<td>29% n=37</td>
</tr>
<tr>
<td>Information about programs in which the enterprise can contribute</td>
<td>17% n=22</td>
</tr>
<tr>
<td>Information/knowledge how to organize philanthropic activity</td>
<td>11% n=14</td>
</tr>
<tr>
<td>Other forms</td>
<td>9% n=12</td>
</tr>
<tr>
<td>Examples of other companies engaged in philanthropic activities</td>
<td>0.5% n=1</td>
</tr>
</tbody>
</table>

The fiscal incentives seems to be the key driving factor for 33.5% of the enterprises, followed by 29% of the enterprises that are looking for reliable partners to manage their donations and 17% who would like to have more information about the areas and programs where to contribute.

The development of philanthropic activity 2011-2016

In this section will be presented some of the main developments of philanthropy considering as a baseline the first and only study conducted in this field, by Partners Albania in 2011.

Initially it is evidenced an increased number of enterprises that carry out philanthropic activity, from 62% to 83%. According to the economic sector, the financial and information & communication sector sectors continue to remain the two main sectors that carry out philanthropic activity. Meanwhile, the mining & quarrying industry is also identified as a main sector in the 2016 survey. With regards to the average annual

turnover, the large enterprises continue to have the heaviest weight in the philanthropic activity.

During the last five years, the majority of the enterprises have carried out 1-5 donation each year, but different from the first survey, in the current one it results that there are enterprises carrying out more than 50 donations per year.

The first survey shows that the main reason behind the philanthropic activity was the moral obligation, while in the current survey the main reason is the personal will of the CEO. While the main reason for not carrying out philanthropic activity remains the lack of budget.

The financial support is the main form of philanthropy, the same as five years ago. The economic aid for poverty alleviation, and health related issues remain the main areas of the philanthropic activity. Different from five years ago, the education is listed in the three main areas of philanthropic activity.

The enterprises continue to identify the increase of financial incentives and the information on programs where to donate, as the main factors that motivate their philanthropic activity. Finding reliable partners that can manage the donations is an added driving factor in the present survey.

The lack of strategic documents on CSR is highlighted also in the current survey, making once again evident the fact that for the majority of enterprises, philanthropy continues to remain a spontaneous and not strategically planned activity. This is also related with the fact that most of the enterprises do not know how their philanthropic activity will continue in the future.
[Conclusions]

Below are presented the conclusions of the study based on the qualitative and quantitative data analysis.

**Characteristics of philanthropic activity**

- The majority of enterprises (83%) have made at least one donation in the last three years (2014-2016).
- There is a 43% increase in the number of enterprises that have donated in 2015 compared to 2014, while the total value of the donation has decreased by 11%.
- The main reason mentioned by enterprises about the level of donations is directly related to the level of profit.
- Main areas of donations are poverty alleviation, education and health, respectively with the financial sector as the major contributor in the health field; the professional, scientific and technical sector in the education field and the mining & quarrying industry in the environmental field.
- The main beneficiary groups of business philanthropic activity are children, economically disadvantaged people and young people.
- Philanthropic activity is more developed and consistent in enterprises within the financial and insurance sector, information & communication sector, and mining & quarrying industry.
- Personal willingness of the CEO / owner is decisive in carrying out philanthropic activity, especially in the enterprises with Albanian capital. In the majority of enterprises, the CEO / owner is the first person to communicate with when making a request for donation, and the final decision maker to make the donation.
- Some of the enterprises carrying out philanthropic activity make no use of the tax incentives foreseen in the existing legislation, due to its misinterpretation by the tax authorities as tax evasion.
Philanthropic activity by type of enterprises

- There is a relation between the nature of philanthropic activity and the economic activity of enterprises; however, the financial support remains the main form of philanthropic activity.

- The origin of capital is not decisive in carrying out or not philanthropic activity, but it is noticed a tendency of a genuine philanthropic activity carried out by enterprises with foreign capital compared to the Albanian-owned enterprises.

- Philanthropic activity seems to have a relation with the average annual turnover. Majority of the enterprises that carry out philanthropic activity, either in terms of number of donations or the donation value, are enterprises with an average annual turnover over 100 million ALL.

- As it regards the sustainability of philanthropic activity, 40% of enterprises that claim to carry out philanthropic activity, have consistently donated over the past three years. Majority of these enterprises (75%) have an average annual turnover over 100 million ALL.

- More than half of interviewed enterprises, regardless of the average annual turnover, carry out up to five donations per year. The average value of a donation ranges from 3 thousand to 2.4 million ALL. While for the majority of enterprises this value goes up to 50 thousand ALL.

Philanthropy and Corporate Social Responsibility

- Among enterprises that carry out philanthropy, only 19% have designated personnel on CSR, and only 15% have a strategic document on CSR. This group comprises mainly of large enterprises with foreign capital and those that are part of the financial sector, information & communication sector, mining & quarrying industry.

- All enterprises that have a strategic document on CSR carry out philanthropic activity, but only 75% of them have a correct understanding of the concept of philanthropy. The rest equate philanthropy with charity or sponsorship.

- Enterprises that have a strategic document on CSR are focused in more defined and strategic areas such as education and environment. Enterprises that have no strategic document on CSR carry out spontaneous philanthropy, providing mainly economic aid for poverty alleviation.
Carrying out philanthropic activity through NPOs

- The two methods enterprises use to carry out philanthropic activity are: directly to the individual / beneficiary groups (53%), and through intermediaries, respectively state institutions (25%) and NPOs (21%). Enterprises prefer to donate directly due to the emotional rewards they receive in return. State institutions are often chosen as intermediaries for the assurance in the management of the donation and the mutual benefit, while NPOs are chosen because their mission matches the causes for which enterprises donate.

- One of the expectations enterprises have from NPOs in order to channel the donations through them, is the presentation of ideas that fit with the strategy of these businesses. According to them, so far NPOs have failed to do so. On the other hand enterprises require more transparency and capacity in the management of donations.

Philanthropic activity development trend

- Three potential triggers for enterprises to conduct philanthropic activity are: more fiscal incentives, reliable partners for the implementation of philanthropic programs, and more information on the programs where to contribute.

- Uncertainty in the economic performance of enterprises related to the lack of commitment in the form of a CSR strategy, also defines the uncertainty in the continuity of the philanthropic activity. While 68% of enterprises that carry out philanthropy have donated over the past year, only 27% of enterprises state to have a planned budget for donations in the upcoming year. These are mainly enterprises that have a strategic document on CSR and have foreign capital.
Recommendations

The following recommendations stem from the survey findings and provide information about potential areas of intervention to encourage philanthropic activity in the future.

- Creating an enabling legal and practical environment for enterprises and individuals to carry out philanthropic activity.

  The recognition and clarification of philanthropy in the legal framework is needed, in order to promote it as a specific activity and to not treat as sponsorship. In this context, it is important to increase the fiscal incentives for enterprises and to provide fiscal incentives for individuals.

  Based on the successful international experience and the expertise acquired over the years by the Albanian organizations, NPOs should be the main partner of enterprises in carrying out philanthropic activity. For this reason, the government should develop policies or incentives that encourage the partnership between the two sectors, as two important actors in the development of philanthropy in the country.

  On a practical level, there is a need to increase awareness and education of the tax authorities on the philanthropic activity, in order to avoid possible barriers hindering further development of this activity.

- Creating platforms of cooperation between civil society organizations and the business sector.

  An important element for the promotion of philanthropic activity, as identified by the enterprises, is the increase of information on programs and projects that they may support, which can serve as input for developing strategic plans on CSR.

  NPOs are an important partner to enable the business sector to realize their moral obligation towards customers and the community. In order to fulfill expectations of enterprises for channeling donations through NPOs, more transparency on their activities is needed from the NPOs, which in turn will boost businesses confidence to cooperate with them. On the other hand, it is necessary for both parties to be more proactive to recognize each other's potential in developing a more effective philanthropic activity.
- Planning of clear strategies that enable the carrying out of philanthropic activity through the functioning of internal and external structures on CSR and philanthropy.

The international practice has shown that enterprises are effective in carrying out philanthropic activity only when it is organized in a clear and institutional form. Planning of strategies and development of structures on CSR and philanthropy would be very important, primarily for enterprises that have greater potential (high profit margin and a larger market segment they serve) for carrying out philanthropic activity.