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Charitable Giving by Corporations in Venezuela

Dr. Germán Acedo-Payarez

Background

Charitable giving by corporations is a relatively new concept in Venezuela. Although Venezuela's legal system acknowledges nonprofit institutions and provides fiscal incentives for contributions to these groups, the precise topic of corporate philanthropy has not received wide interest.

That the subject of corporate philanthropy has not attracted the attention of the legislature or the courts does not suggest a problem. Rather, I believe that community involvement of corporations has not developed as an accepted practice in Venezuela for other reasons.

A principal reason for the lack of corporate philanthropy in Venezuela is the general feeling of distrust that exists toward both the for profit and the nonprofit sectors. I would like to provide a recent personal experience of a tour of an industrial plant with a group of professional people. At the end of the tour, one of my colleagues told me that he was glad that he had joined the tour. "I had no idea that this plant would look like this." "What had he expected?" I asked, "Well," he said, "I expected disgusting non-hygienic conditions, poor conditions for the workers, and so on." This exchange represents to me the distrust of corporations that exists in circles of educated people in Venezuela.

On the other hand, the lack of trust of nonprofit associations results, in my opinion, from a general lack of knowledge of the beneficial activities conducted by them in Venezuela. To correct this situation, I offer the following recommendations:

- 1 Nonprofit associations in Venezuela must engage in a comprehensive public relations campaign. I am proposing that they collectively engage in a concentrated public media campaign, focused on the major population centres and directed to the youth and middle and lower class individual who is likely to benefit from their services. Such an information campaign should provide information about what they are doing, with what population groups they are working, and with what level of financial and other assistance from the general population.
- 2 That nonprofit associations are not generally considered trustworthy derives, in my opinion, from their own reluctance to operate in a transparent manner. By this I mean that they are not officially required to produce annual reports of their activities or financial statements. Nonprofit associations in Venezuela are perceived to conduct their activities in secrecy and without any community supervision. This is a major obstacle to their acceptance, since there is the vague notion that these groups operate in a tax-

privileged status because they are delivering important services to the general public.

To avoid additional government supervision and scrutiny, these groups must police themselves. I am not suggesting that nonprofit organisations must be perfect in their activities. They are managed and led by human beings. However, I am suggesting that there is an urgent need in Venezuela for greater professionalism of these groups.

- 3 In numerous cases, nonprofit organisations have become too deeply involved with political parties. In Venezuela, this is extremely dangerous because many people hold the political parties responsible for the country's economic troubles. Here, too, there needs to be legislation defining the line between nonprofit organisation's behaviour and the rendering of political pressure. Until such legislation is enacted, these groups must be fully responsible for their public images.

Venezuela, like any other country, has suffered from its share of inappropriate behaviour by persons administering nonprofit organisations. While lamentable, these instances could be reduced significantly if there were additional legal regulations of the nonprofit associations in general. We understand that this general trend for greater accountability of nonprofit organisations is a current topic of great concern in western Europe and even in North America. Still, these groups remain responsible for their behaviour according to ethical standards and acceptable judgment.

Perhaps problems that arise in Venezuela have an exaggerated effect. It is possible that in Venezuela, abuses of tax-privileged status are considered to be more offensive because of the general financial difficulties of the country. Therefore, in a country of 22 million inhabitants and a deeply troubled economy, those groups who state that they are carrying out "God's Work" are expected to not only deliver their services, but also to remain above corruption and embezzlement.

While it is obvious that individuals in the nonprofit sector have made gross errors of judgment and have not necessarily maintained the highest standards of behaviour, I believe that the sector in general is too important to be dismissed. And here, I propose, corporations have a responsibility.

In Venezuela, we have many types of business enterprises. They range in size from one-person businesses to large multinational corporations. Many Venezuelan companies produce products and services of very high quality. They effectively manage complex labour situations. They have vast knowledge in the areas of commercial law and taxation and are fully aware of the environmental responsibilities of businesses.

Venezuelan companies have great expertise and experience that their executives can contribute to the nonprofit groups.

Also, in Venezuela 50 per cent of the population consists of young people. As in any other country, this group provides many challenges. But by working with concerned nonprofit associations, Venezuelan companies can assist in the responsibility to this population group and at the same time advance their own interest insofar as recruitment and entry level skills development.

By working together, the business community in Venezuela can enhance its own reputation, while gaining other benefits that come from community involvement. By working with corporate executives, the leaders of nonprofit groups will learn additional business skills, and the exposure will enhance their management and business skills.

Together, these sectors can provide greater economic viability in general and also work to improve the conditions of population groups in Venezuela that need special help. We support the general trend toward affiliations between corporations and nonprofit associations.

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