

The Benefits of Employee Volunteer Programs

A 2009 Summary Report



Introduction

There are ample quantitative and qualitative studies that show that being a good corporate citizen can also be good for a company's bottom line. Research shows that there is a direct correlation between active community outreach programs and increased revenues and customer loyalty for businesses that engage in helping their communities. In this context, many businesses have developed extensive strategic philanthropy initiatives to insure that their giving aligns with their missions and core values.

Going beyond donating money and resources, an area of specific interest to many companies these days is that of Employee Volunteer Programs (EVPs). Unlike financial donations and in-kind support, EVPs allow companies to foster a more personal link to the community by sharing its human resources with organizations in need. As the economy slows and nonprofit organizations struggle to provide services on smaller budgets, volunteers become even more vital to the health of our nation's communities. In return for this help, companies benefit with more productive and satisfied employees, a better bottom line and an improved standing in the community.

This report explores how EVPs impact employee attitudes and job satisfaction, a company's bottom line and community attitudes toward companies that sponsor these programs. The authors of this report have reviewed existing research on Company Social Responsibility (CSR) and have selected data that specifically address the effect of EVPs in these areas. This summary includes both qualitative and quantitative research regarding the benefits of these programs to companies, employees and communities.

Volunteerism in America

According to the Corporation for National and Community Service (CNCS), 60.8 million Americans or 26.2 percent of the adult population gave 8.1 billion hours of volunteer service in 2007 worth \$158 billion (using Independent Sector's estimate of the dollar value of a volunteer hour). While the number of adults who volunteered dropped between 2005 and 2006, from 28.8 percent to 26.7 percent, the rate in 2007 held relatively steady (Corporation for National and Community Service, 2008).



In 2008, the Bureau of Labor Statistics reported that the main activities volunteers performed for community organizations were most frequently fundraising (11.4%) and tutoring or teaching (10.1%) – the tutoring and teaching underscoring the value volunteers place on working with young people. Men who volunteered were most likely to engage in general labor (12.6%); coach, referee, or supervise sports teams (10.3%); or provide professional or management assistance (10.1%). Female volunteers were most likely to fundraise (12.8%); tutor or teach (12.0%); or collect, prepare, distribute, or serve food (10.7%) (Bureau of Labor Statistics, 2008).

Top Activities Volunteers Perform:

- Fundraising (11.4%)
- Tutoring or Teaching (10.1%)

(Bureau of Labor Statistics, 2008)

It is estimated that there were one million more volunteers in 2007 than in 2002, and reports that volunteering is stronger now than two decades ago. Volunteer intensity is increasing as well. Today, over a third of volunteers (34%) serve intensively, volunteering 100 or more hours in a year. The number of volunteers donating more than 100 hours annually increased in 2007, although the overall volunteering rate and number of volunteers did not (Corporation for National and Community Service, 2008).

In terms of employer-sponsored volunteer programs, in 1992 only 31 percent of companies reported using their employee volunteer programs to support core business functions. By 1999, that had increased to 81 percent of all respondents. Moreover, there has been a significant increase in companies that incorporate the volunteer program into the company's overall business plan—an increase from 19 percent in 1992 to 48 percent in 1999 (Points of Light Foundation, 2000).

Employee Attitudes and Job Satisfaction

Company-sponsored volunteer programs have many benefits to the sponsoring company. One of the most measurable impacts EVPs have is on the attitudes, productivity and job satisfaction of company employees. According to the study *Good Companies, Better Employees* (Tuffrey, 2003), some of the outcomes of effective EVPs include:

- An improved rating among employees for their employer as a place to work compared to other companies (63 percent saying above average or one of the best, compared to 57 percent before the program was in place).



- Increased job satisfaction levels (64 percent fairly or very satisfied among all employees, compared to 62 percent before; satisfaction among volunteer program participants rose to 67 percent).
- Increased positive word of mouth among employees about their employer (54 percent saying they would speak highly of their employer, compared to 49 percent before the program was put in place; among volunteer program participants, the rate rose to 57 percent).
- Higher retention rates for employees who participated in volunteer activities than for those employees who did not. Additionally, employees who participated in volunteer programs appeared to be more prone to pursue promotion and development activities in the months following the participation in the volunteer programs.

In terms of attracting new employees, approximately 62 percent of workers 18- to 26-years old would prefer to work for a company that provides opportunities for them to apply their skills to benefit nonprofit organizations. Professional growth is part of the reason why these so-called “GenYers” want volunteer programs. About 76 percent of young workers said that volunteering helps them hone their leadership skills, and 75 percent said volunteering lets them develop skills they can use at work (Deloitte, 2007).

In all, 70 percent of young workers feel companies should use volunteering as a professional development tool, but only 28 percent said their company does so. About 55 percent were satisfied with the volunteering opportunities that their employer provided, while 13 percent were dissatisfied. Finally, 51 percent believe some form of employee volunteer program is the greatest contribution a company can make to a nonprofit organization, surpassing “financial donations” (37%) and “product donations” (8%) (Deloitte, 2007).

On the employer side, 91 percent of Fortune 500 HR managers surveyed believe that contributing business skills or expertise to a nonprofit organization in a volunteer capacity can further develop an employee’s business skills, and 56 percent say that this kind of volunteering is encouraged as part of their company’s development and training program (Deloitte, 2008).



Perceptions of Young Workers

- Believe Employers Should Use Volunteering as Development Tool (70%)
- Are Satisfied with Volunteering Opportunities at Work (55%)
- Believe Volunteer Programs are the Greatest Contribution an Employer can make (51%)

(Deloitte, 2007)

The Company's Bottom Line

There is ample evidence that volunteering can strengthen work teams and build employee skills as well as contribute to professional development. However, beyond personnel development, there is additional evidence that company-supported EVPs can also contribute to the bottom line. As a result:

- 81.7 percent of corporations focus their employee volunteer programs on core business functions.
- 52 percent of companies stress a commitment to community service in their corporate mission statement to help build a cooperative corporate culture (Points of Light, 2000).

In addition, those companies are tying their workplace volunteering programs to:

- Address public relations goals (83%)
- Meet marketing and communications objectives (64%)
- Develop employee skills (60%)
- Recruit and retain employees (58%) (Points of Light, 2000)

Furthermore, employer-supported volunteering is a concrete example of how corporate social responsibility results in a company's enhanced reputation, increased consumer loyalty and greater attractiveness to prospective employees. Research by Vanderbilt University and Hewitt Associates in 2000 showed that the 100 companies rated as "the best to work for" received 1.9 times more applications per post than average, offering a wider choice of candidates for each role. (Tuffrey, 2003). The Center for Corporate Citizenship reports that companies with extensive corporate community involvement programs consistently attract the best new talent (Rochlin, 2000).

Involvement of employees in community activities increases a company's brand recognition as well as the company's awareness of community and consumer need, which pays off in both market and product development



opportunities. Research at both IBM and British Gas demonstrates that good news stories about employee volunteers generate significantly greater media coverage for the sponsoring company. As a result, a reputation enhanced by corporate social performance can significantly improve a company's ability to attract and retain investors, customers and employees. Employers whose employees volunteer gain a more highly skilled workforce, with competency gains showing up at 14 to 17 percent as a direct result of volunteering (Tuffrey, 1998). Employees whose employers support their involvement in the community are more loyal to their employer and stay longer, reducing the costly need to recruit and train replacements.

Employees demonstrate competency gains of between 14 to 17 percent as a direct result of volunteering.

(Tuffrey, 1998)

A study of the linkages between employee attitude, customer relations and sales at Sears, published in the Harvard Business Review, reveals the direct connection between employee attitude and the bottom line (Rucci *et al.*, 1998). The study found that:

- Improving employee attitudes by five points results in a 1.3 point improvement in customer satisfaction.
- Improving customer satisfaction by 1.3 points produces a 0.5% improvement in revenue.

Applied to Sears, a 0.5 percent improvement in revenue means additional sales of \$65 million per-year.

Community Attitudes Toward the Sponsoring Company

The Center for Corporate Citizenship at Boston College predicts increased pressure on business in the coming years to pay greater attention to its role and performance in society is likely to increase (Rochlin *et al.*, 2000). Employee-sponsored volunteer programs are a highly visible way for businesses to show their commitment to their communities. In return, these businesses benefit from positive perceptions in the community.

Communities gain from the involvement of employee volunteers in a variety of ways, including: enriched community life; community organizations with more human resources and a



wider variety of skills delivering enhanced health, education, and social services; citizens with access to more and augmented programs and services; new partners for government in service provision; and enhanced historical, artistic and cultural richness for citizens to enjoy.

Healthier and more active communities attract new businesses and new employees. They cost less to operate and thereby contribute to economic as well as social development. Vigorous communities create an environment that is clearly more conducive to business growth and bottom line success. Enriched communities also benefit those who live in them, so employees who get involved in their own communities directly and indirectly reap the rewards of their own efforts for themselves and their families (Graff, 2004).

"It helps our reputation... We are seen as a better company if we give back to the community . . . It's a big reason why we do it . . . We want people to say I want to work for Ford . . . [Through volunteering] you also have a better handle on what your customers are like . . . Spending more time away from your regular day-to-day stuff also gives you a chance to connect with customers."

A Ford Employee
Commenting on Ford's
Employee Volunteer Program

(Pancer et al., 2002).



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