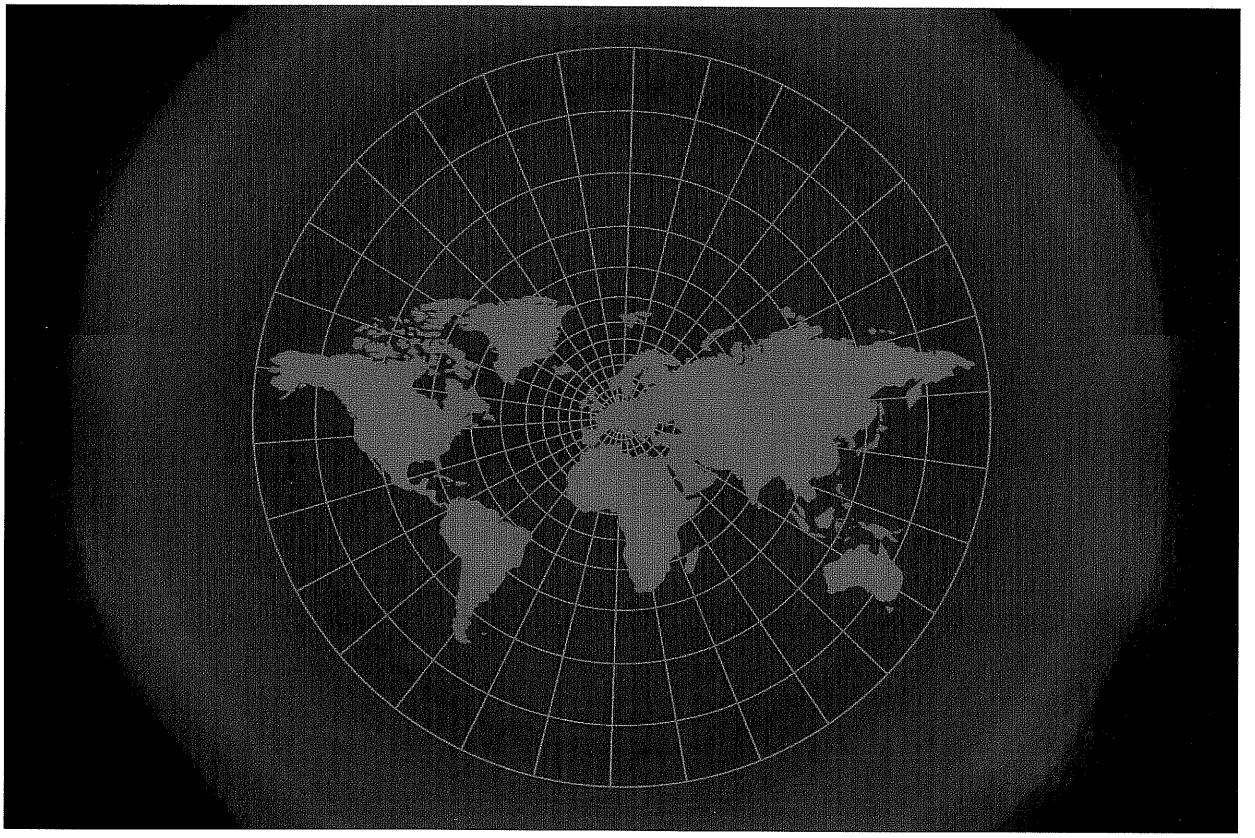
# EMPLOYEES IN THE COMMUNITY
# A GLOBAL FORCE FOR GOOD



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# A Global Force for Good

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# Employees in the Community: A Global Force for Good


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The team that did the research work around the world is deeply grateful for their support. Corporate community involvement, a concept that originated in the United States, is an increasingly important force in many societies worldwide, but very little is known of its nature, value and impact. This study is a preliminary effort to begin to explore this important topic.

This project's funders wanted to support a better understanding of the role corporate community involvement can play in both communities and companies around the world. They have helped pioneer a new examination of the role of employees in the community in many cultural contexts.

## The Research Team

This study was a joint venture between the London-based consulting firm The Corporate Citizenship Company and the Center for the Study of Philanthropy, The Graduate Center, City University of New York (CUNY). The idea for the study was that of David Logan, a Director of The Corporate Citizenship Company, who structured and edited the study and wrote the two introductory chapters in **Sections I** and **IV**. He was advised and supported by Professor Kathleen D. McCarthy, Director of the Center for the Study of Philanthropy, who saw the need for the work and helped ensure that it was funded and supported by the Center.

Michael Tuffrey, also a Director of The Corporate Citizenship, contributed the second chapter of **Section IV** and the review of trends in Western Europe, where he has extensive experience in employee community involvement. Peter Trusedale, the Senior Researcher at The Corporate Citizenship Company, researched and wrote **Section II** covering the activities of international companies and contributed to an understanding of what international companies were doing in the various regions of the world as discussed in **Section III**.

Dr. Eugene Miller of the Center for the Study of Philanthropy managed the work and coordinated with the Center's International Fellows and affiliated investigators.

Myra Alperson, a Senior Fellow at the Center, provided research support and contributed her own research to the review of Sub-Saharan Africa, a region on which she is an expert in corporate social responsibility.

The Center's International Fellows who contributed original research to this project are acknowledged in **Section III** at the point at which their work is quoted. With limited resources they succeeded in expanding our understanding of corporate community involvement and employee engagement in their countries.

# Preface

Corporate philanthropy has a long history in many countries around the world. On every continent where private firms have flourished, there have been examples of business owners and their families giving to community causes such as the arts, religion and the relief of poverty. This tradition continues and is accepted practice within many of today's publicly held companies. The idea that business is an active "corporate" citizen of the community is well established in most western countries. Furthermore, as private firms re-emerge in post-communist societies and grow in the developing world, the role of business in the community is becoming an issue of greater significance for a wide range of very different societies.

The giving of cash by company founders, companies themselves and the foundations they have set up is seen as the usual basis of corporate philanthropy. This cash giving may on occasion be supplemented by gifts of products or old equipment, but the basis of the corporate contribution has tended to be a financial one. This trend has been changing in the past 30 years or so as United States companies in particular have begun to make provision to support employees in their personal community activities and have increasingly involved them in company community programs. With their strong and unbroken traditions of corporate community involvement and citizen action, United States companies increasingly saw that it made sense to bring the two together in integrated employee community involvement programs.

This relatively new development in corporate social responsibility has many features that are attractive. Employee community involvement (ECI) is a step toward the "democratization" of corporate philanthropy. It allows ordinary workers, not just senior executives and foundation staff, to determine priorities and thereby creates grass roots links between the business and the community. Employees become the ambassadors of the company all around the world. Company resources are matched by employee enthusiasm and above all, employees bring to the community the special skills and problem-solving abilities of the for-profit sector. While money and in-kind resources remain a vital part of the corporate contribution around the world, the growing deployment of employees in the community is a major unexplored development. It is of particular importance to international companies, but can be relevant for local companies working in a single country as well.

**Employee community involvement (ECI) is a step toward the "democratization" of corporate philanthropy.**

The audience for this study is international companies, particularly in the United States and Europe that have responsibility for developing and implementing community involvement strategies. Locally-owned

companies around the world may also find the report of value, as might nonprofits and policy makers concerned about the role of business in society. This study is an early attempt to view the practice of ECI from a global perspective. The study began with the following four basic goals:

1. To explore the global economic and social context that is the background to and often the drive behind the development of employee community involvement;

2. To develop a definition of ECI that includes employee "volunteerism" as a distinct sub-category of corporate philanthropy. A global approach to the subject requires a broad definition of employee community volunteerism that includes the diversity of practice that is developing around the world. How employee community engagement works is well understood in the United States and some other countries. However, it is not properly understood all around the world.

3. To identify and report on best practices of international companies operating different types of businesses in different regions of the world;

4. To explore how the practice of employee community involvement is developing in key countries and different regions of the world for locally owned companies.

The study was designed to identify how employee community involvement is valued and how its impact is measured. The data available are limited, but a start has been made. Similarly, the study offers only a preliminary review of how companies measure the value of employee programs for business.

The report is organized into five sections:

Section I Describes the global context for corporate employee community involvement.

Section II Addresses how employee community involvement is defined.

Section III Presents 12 case studies of the practice of employee community involvement across companies in very different businesses with origins in the United States, Europe, Asia and Australasia.*

Section IV Reviews how employee community involvement is developing in the various regions and countries by indigenous and international companies.

Section V Addresses how employee community involvement is defined and measured.

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* In this volume the term "Australasia" is used to denote the region comprising Australia and New Zealand and all Pacific Island countries that are members of the Pacific Community.

The authors believe the study has substantially met its main objectives, but that is for the reader to judge. In many ways this study raises more questions than it answers. However, that is probably a good thing as one of the implicit assumptions in the work is that there is much more to do to fully understand the potential that ECI represents to society, business and the employees themselves. It is hoped that others will take up the challenge of doing further research into these questions at the local, national and international levels.

Since this volume seeks to reach a general readership, references have been omitted from the text. An Appendix has been added which lists, chapter by chapter, all the referenced reports and also suggests further reading.

## Key Issues and Trends

This section provides a brief overview of some of the key patterns that have emerged worldwide. The points set out below are trends that seem to the authors to have been well substantiated and are of particular note.

### Section I: Overview

The decline of communism and the liberalization of national economies and world trade are creating a common pattern of organization in the nations of the world, one based on the public, private for-profit and nonprofit sectors.

Outside the United States, as the state withdraws from many aspects of economic, social and cultural life, the for-profit sector in particular, but also the nonprofit sector, are growing rapidly. They are becoming more involved in directly providing goods and services to the community. In addition, all three sectors are exploring how to work together in partnership to promote the common good.

In former communist and developing countries the emerging nonprofit sector is starting from a very low level of development, and there are few private resources to support its growth. The personal giving, bequests and foundations that exist in the West in general and the United States in particular do not yet exist in these countries. Consequently, the role of companies in helping to "jump start" the development of civil society in these countries is vital.

### Section II: Definitions

Companies contribute to society in many ways, not least through their business activities that create jobs, pay taxes and provide the goods and services that society needs and wants. In their voluntary community contributions, companies can deploy four resources: cash; in-kind goods and equipment; the time and skills of their employees; and changes in business policy to promote community benefit.

The contribution of employee time and skills is a multi-faceted aspect of corporate community involvement. Beyond volunteerism, employees also undertake roles such as managing the company's local philanthropy, fundraising, training young people on site and working full-time for community organizations.

## **Section III:** The Practice of International Companies

Among the Fortune 500 list of global companies, roughly 40 percent are of United States origin, 34 percent from Europe and 25 percent from Asia and Australasia. The 12 case studies presented are balanced to represent these regions and show how widespread employee community involvement is within these international companies.

Companies in the United States have the longest history of ECI and some of the most diverse practices. They often have several different types of programs running concurrently. Traditional volunteering is well established, with some companies organizing worldwide programs and volunteering days. But there are other sorts of employee engagements such as fundraising and providing technical assistance to the community. Multinational United States-based companies have led the way in spreading these programs around the world.

European companies also engage employees in the community, with an emphasis on involving them in company-led community programs, and, to a lesser extent, promoting personal volunteering. Asian and Australian companies provide examples of several types of involvement and they, like their United States and European counterparts, are increasingly making employee involvement a feature of their international corporate culture.

**International companies of different national origins increasingly see ECI as a vital part of their commitment to social responsibility.**

International companies of differing national origins and all types of business are increasingly seeing that ECI is a vital part of their commitment to social responsibility. It helps the company build a common corporate culture among employees from diverse cultures.

Furthermore, international companies cannot develop worldwide community programs without involving employees in a variety of capacities. Professional community affairs and foundation staff are, almost without exception, based at company headquarters in the home country and, of course, they cannot implement community programs in dozens of countries around the world. As giving programs become global, companies have to delegate the work to local managers and employees. After all, the managers and employees on the ground know the local conditions much better.

## **Section IV:** The Regional Reviews

The regional reviews demonstrate that the employee involvement programs of international companies are active in most of the major regions of the world. They range from the initiatives of individual employees, as in a deprived community in Kazakhstan, to the fully developed, multifaceted programs implemented in South Africa and Brazil.

Most important, the regional reviews begin to show how locally-owned and managed companies also promote employee community involvement as part of their commitment to society. Some large companies in Brazil have extensive nationwide programs. Others, in Georgia for example, are local initiatives undertaken by very small companies. There is ample evidence of local business people and their staffs responding to local needs by getting directly involved with community groups and problems.

There is little "employee volunteering" as traditionally understood in the United States among locally-owned companies, not least because there are few nonprofits and traditional volunteering opportunities in developing and post-communist countries. There is also a danger of misunderstanding what is actually happening in many countries because of differing uses of terminology. For example, "volunteering" is a rare concept in many societies around the world. In addition, many companies—particularly the small companies and people-based service companies—use the term "in-kind" to cover both gifts of products/equipment and the time and effort of employees.

For the local companies reviewed in this study, the engagement of employees in the community has overwhelmingly philanthropic motives, and there is virtually no measurement of the value of the employee contribution and its impact. Furthermore, in this climate, the idea that ECI can help strengthen the business by developing the individual employee or enhancing the morale of the whole workforce is barely considered.

Nevertheless it is very clear that in many post-communist and developing countries, ECI is not only a real contribution to the common good, it sets an example for active citizenship and social responsibility both for the company and the individual employee.

**In many post-communist and developing countries, ECI is both a real contribution to the common good, and an example for active citizenship and social responsibility for company and employee alike.**

## **Section V:** Measuring the Impact of Employee Voluntarism

There are many reasons why employee contributions are of special value to the community. Most notably, they leverage many additional resources and bring private sector problem-solving skills to bear on community issues. ECI can benefit the business as well, but few companies explore this aspect of their contributions.

The monitoring and measuring of the value and impact of ECI is barely established as a practice, and there is a lack of 'hard' data on what it achieves. This situation will have to change, and quickly, if the practice is to grow and the contribution that employees make is to be properly understood, valued and honored.

# Section I: A New Global Context for Employee Community Involvement

## A Brief Historical Perspective

The stunning growth of international laissez-faire capitalism that reached a worldwide peak in the early 20th century contained the seeds of conflict; the Russian revolution and other great revolutions led to the establishment of many societies in which private business was more or less completely banned. Outside the United States, state communism, socialism or even National Socialism came to be seen as an answer to the social disruption, poverty and elitism associated with the nineteenth-century free market system. Not until the New Deal era did the United States enact social policies on a national level.

The election of the Thatcher and Reagan governments in the UK and the United States signalled the end of the post-war consensus about the dominant role of the state in western society. Their approach was based on expanding the role of the market and cutting back the role of the state. This was achieved by:

- cutting business and personal taxes;
- privatizing state economic assets;
- de-regulating a wide range of business activities;
- confronting and reducing the power of organized labor;
- cutting government spending on a wide range of social programs;
- promoting individual and family responsibility for all forms of welfare provision.

In the wider world, socialist ideology in communist and developing countries had begun to falter and fail. From the 1980s on, the advocates of private enterprise were winning the argument and seeing much greater commercial freedom in all but the most hard-line communist countries like Cuba and North Korea. When the Berlin Wall came down, global economic trends were developing and opening up new opportunities for re-invigorated global companies and the private sector.

- The collapse of command economies in Russia, China and other former communist countries opened huge new markets and bases of production for western firms and led to privatization programs and the foundation of many new indigenous private businesses.

- Countries in the developing world with strongly socialistic governments followed suit. The past ten years have seen something like three billion people

make the transition from command to free market economies. We are still seeking to understand the social impact of the changes being generated by the restructuring of the world economy.

- The worldwide demand for capital and consumer goods has exploded, while the internationalization of financial and other services is also taking place as trade barriers in goods and services, particularly financial services, have been coming down. Free trade agreements now abound and regions like Europe, North and South America are becoming vast single markets.

- Global systems of physical and electronic communications, particularly the internet, have been established to support global economic integration and play a vital role in creating and fulfilling demand for goods and services. The internet also provides a means by which the actions of multinational companies in the most distant parts of the world can come under immediate scrutiny in their home country and beyond.

- New institutions are emerging to help regulate human relations around the world through the United Nations and other multi-lateral economic and legal institutions. Far-reaching bilateral agreements are being made between states.

**Business is not just a force for economic change; it is the driver of social change as well.**

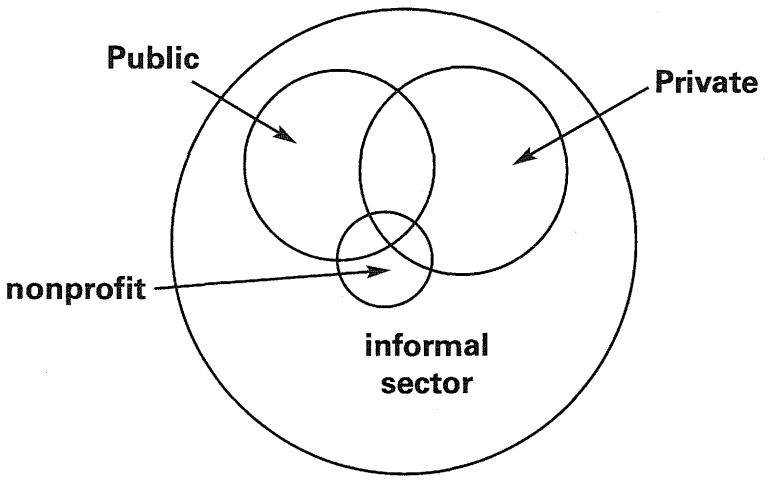
From these changes we can say that capitalism is back in business on a worldwide basis, and the question is, "what kind of capitalism is it going to be?" These trends are well known, but the full impact of these changes has still to be experienced. One theme dominates the discussion: the changing relative roles of the state, the for-profit and nonprofit sectors and what that implies for global corporate social responsibility and community involvement.

The role of business is not only changing in the global market place, but in society and communities globally as well. Business is not just a force for economic change; it is the driver of social change as well. Individual companies are agents of change and they have choices about how they conduct themselves in the community and the wider society; likewise, they have to make choices as to how to position themselves in local, national and global markets.

## A New Global Context for Corporate Employee Involvement

A global review of corporate social responsibility and corporate community involvement is only possible as a result of these recent political, economic and social changes that followed the end of the cold war. Today a similar approach to social organization seems to be becoming common in virtually all the countries of the world. It is based on the existence and interaction of four basic sectors of society. They are summarized in **Figure 1** below and are as follows: the organized public, private, and nonprofit sectors operating in parallel with an immense informal sector. The latter is unorganized but of great importance in all developing countries and of continuing importance in industrialized countries also. This is the realm of personal family and community life that continues without any formal structure to guide it. Relations within it are organic and voluntary forming the very "stuff" of everyday life.

**Figure 1**
**The four sectors of modern society**




This study primarily focuses on the interface between the for-profit, public and nonprofit sectors. It addresses the role that business can play in fostering the success of both the organized and informal sectors. More specifically, this study examines the distinctive role that private sector employees can play in this process.

However, these sectors are not static and their relative roles are changing in similar ways around the world. The common trends among the sectors have real implications for how business sees its role in society and what part employees might play in shaping the company's wider role in society. These trends are:

## 1. The declining role of the state

In state-dominated economies and societies there was little room, or in the case of Russia and Georgia no room, for private initiative in either the economic or social arenas. The state and its many economic, social and cultural agencies took total control of the individual's life beyond the informal relations of families, friends and neighbors. However, governments around the world are contracting their direct role in society, seeking to "steer, not row." In particular, they want to regulate business, not own it. On a worldwide basis, government is getting out of running businesses as fast as it can. Large amounts of formerly publicly-held assets have been privatized and are now managed by private firms.

As can be seen from the regional section addressing Russia and Georgia, many new companies are being formed around the world. Private airlines, oil companies, banks and healthcare systems are now common where they were once exclusively state-owned. In Russia, as with other former communist countries such as China, Poland and Hungary, there were virtually no private companies listed on the local stock market in 1990; now there are many hundreds. Some of these new, private companies are seeking to develop their own distinctive culture of social responsibility; they have public service roots that need to find

some expression in a free market context. This study is seeking to identify the role of employees in that process.

In addition, governments are trying to reduce the costs of social welfare, health and retirement programs. China, for example, has declared that it cannot afford a national pension scheme. It has begun to cut housing subsidies and is selling off its immense stock of housing. These two policy changes immediately created a vast market for pensions, mortgages and the insurance that goes with them. Similar trends are seen in countries as far apart as Britain, Chile and Russia, where both the nonprofit and the for-profit sectors are moving into the vacuum created by state contraction in the social sector.

**More and more governments want to foster the growth of the nonprofit sector as a means of addressing social and community problems.**

This shift to private, market-based provision in the social sector also means that a significant minority of citizens may quickly become classified as impoverished. The elderly who cannot accrue savings are going to need help, as are the very poor, the sick and their families. The informal sector can help, but community-based, nonprofit organizations around the world are increasingly seeking to play a part in caring for those in need. More and more governments want to foster the growth of the nonprofit sector in particular as a means of addressing social and community problems.

## 2. The rise of the for-profit sector

This has been an unprecedented period for the creation of new companies and the globalization of existing ones. Small and medium-sized companies are flourishing, and in 1999 the UN estimated that there were 45,000 trans-national corporations in the world with over 280,000 foreign affiliates. Many of them are larger in terms of their annual revenues than countries measured in terms of their GDP. Most important for this study, as **Table 1** below suggests, are the large numbers of direct and indirect employees they support. When companies help mobilize their own employees and those of their business partners for the public good, they can have a tremendous influence in society.

**Table 1**
**Countries and multinational companies compared**

| Countries | | | Companies | | | |
|---|---|---|---|---|---|---|
| | GDP[1] $billion | Population (million) | | Annual revenues $billion | Direct employees | Indirect Employees[2] (million) |
| Poland | 159 | 38.7 | General Motors | 161 | 594,000 | 2.3 |
| South Africa | 133 | 41.4 | Wal-Mart | 139 | 910,000 | 3.6 |
| Ireland | 82 | 3.7 | IBM | 82 | 291,067 | 1.1 |
| Malaysia | 72 | 22.2 | Volkswagen | 76 | 297,916 | 1.1 |
| Pakistan | 63 | 131.6 | Hitachi | 62 | 328,351 | 1.3 |
| New Zealand | 53 | 3.8 | Sony | 53 | 177,000 | 0.7 |

*Sources: GDP and population figures from World Bank World Development Indicators revenue and employees from* Fortune Magazine, *August 2, 1999. All figures are for 1998.*

*Notes:*
[1] *GDP and annual revenues are not directly comparable. In a technical sense, corporate value added would be most accurate but the comparison helps make a general point about the relative size of major companies and smaller countries.*

[2] *"Indirect employees" is an estimate. Calculated by including, in addition to direct employees, three supplier jobs in the company's backward linkages, and one supplier job in the forward linkages, the assumption is based on broadly agreed figures in the auto industry but may not apply to all firms.*

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These companies provide goods and services in most aspects of life and play the leading role in creating our global economy. They operate beyond the control of any single state and represent a vast new global center of economic, social and cultural influence. In addition to these giant trans-national companies, there are literally millions of small and medium-size companies operating in most countries of the world, most of them local and family owned. These firms may be relatively small compared with multinationals, but they are often a major force in the communities where they do business.

The main contribution to society of these companies is wealth and job creation, the payment of taxes and the provision of goods and services. However, governments and the wider community around the world also expect companies to play a positive role in helping society solve its problems. State finances are under pressure, but education, community development and the provision of cultural activities, which benefit workers and their families as well as the wider society, still require support. Outside the United States, corporate involvement in the arts, education and social services was usually viewed with suspicion twenty years ago. This is no longer true and as a result companies are experiencing increased pressure from the community to get involved and are

wrestling with how to do that in an effective way. For companies, involving their employees is a vital part of the solution to that problem.

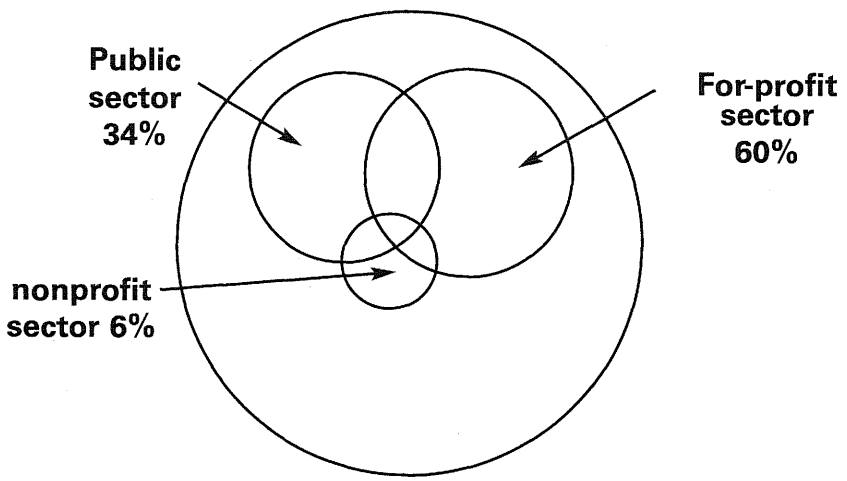
Today the reputation of business is increasingly being shaped by how it responds to these wider issues in society, as well as how it performs commercially. Around the world there is some limited, but growing evidence that the public and opinion formers tend to take high quality goods and services from business for granted. The public now gives some secondary consideration to how the company behaves as a good corporate citizen when forming a view of its reputation. This factor, linked to the desire of employees to be proud of their company and their willingness to be involved in the community, are key to driving a new appreciation of corporate community involvement.

**The reputation of business is increasingly being shaped by how it responds to wider social issues, as well as how it performs commercially.**

## 3. The rise of the nonprofit sector

The United States has the largest, best-established nonprofit sector in the world and it has long been central to the development of the country. Alexis de Tocqueville noted its vitality, organization and role in society in the nineteenth century. As Figure 2 shows, today the sector accounts for about 6 percent of GDP.

**Figure 2**
**The three key sectors of a modern society: approximate share of GDP in the United States in 1998**




The pattern of social organization in **Figure 2** is not today exceptionally American, and it has been argued that it is becoming the global norm. The nonprofit sector has always existed in most western countries, but has operated at a lower level of significance outside the United States due to the dominance of the state. However, as the state has contracted the nonprofit sector has begun to grow rapidly. For example, in Britain nonprofit housing associations have taken over substantial public housing assets, while over one third of Germany's hospitals are run as nonprofits.

Table 2 below is derived from an international study of the nonprofit by Johns Hopkins University in the United States. It shows the role of the nonprofit sector by share of GDP and service sector employment in developed countries. It is clearly a force of importance in these societies. However, it is less developed outside the United States and while it is growing quickly, it is doing so from a low base. Its infrastructure is often weak and much needs to be done to strengthen it. The role of citizen volunteers is key for this growth and, while corporate donations help, the active involvement of their employees is probably more important.

**Table 2**
**The nonprofit share of GDP and service sector employment in eight developed countries**

| Country | Share of GDP (Percentage) | Share of service sector employment (Percentage) |
|---|---|---|
| United States | 6.3 | 15.4 |
| UK | 4.8 | 9.7 |
| Germany | 3.6 | 10.4 |
| France | 3.3 | 10.0 |
| Japan | 3.2 | 8.6 |
| Italy | 2.0 | 5.5 |
| Hungary | 1.2 | 3.2 |

*Source: Lester M. Salamon and Helmut K. Anheier,* The Emerging Nonprofit Sector: An Overview, *The Johns Hopkins Nonprofit Sector Series, Manchester University Press, 1996.*

**Independent nonprofits are vital to service provision in societies where the state is no longer the sole provider of economic, social and cultural life.**

In former communist countries in particular, an independent nonprofit sector was firmly suppressed; it has just begun to develop. Even in China, where independent nonprofits have an uncertain legal status, they are flourishing because people need them. They are vital to getting services provided in a society where the state is no longer the sole provider of all economic, social and cultural life. They are also a major bulwark of democracy. They need to be supported not only because they provide needed services, but also because they represent the foundations of pluralism in previously totalitarian societies and are vital to the re-building of cultural diversity.

The Johns Hopkins study goes on to point out that on average, cash giving in the form of philanthropy accounts for about 11 percent of nonprofit income worldwide, with 49 percent coming from fees and 40 percent from state sources. While philanthropy is the smallest component of funding, corporate giving is important for many reasons discussed below. In addition corporate volunteers are also potentially of great importance. However, there is no agreed-upon methodology for measuring the value of the time contributed by corporate volunteers. Consequently, it is not quantified. The same is generally true for other forms of community involvement. We are just beginning to

quantify fully the cash income of the nonprofit sector, and the real worth of volunteer time is only beginning to be known.

## 4. The special circumstances of former communist and developing countries

**Corporations have a leading role to play in helping the emergence of a successful nonprofit sector in former communist and developing countries, and while cash is important, voluntary citizen action can have a far greater impact in building civil society.**

This study gives a special emphasis to former communist, socialist and developing countries. They contain the vast majority of the world's population, but in these countries there is often a limited tradition of individual giving (not least because the majority of people are very poor) and there are few wealthy philanthropists to set up foundations or leave bequests to fund charities. Consequently, 94 percent of the philanthropic funding sources taken for granted in the United States and cited in **Table 3** below do not exist in the countries containing the vast majority of the world's population.

### Table 3
### Philanthropic giving by source: United States 1999

| Source of giving | % of total |
|---|---|
| Individuals | 75.6 |
| Foundations | 10.4 |
| Bequests | 8.2 |
| Corporations | 5.8 |
| Total | 100.0 |

*Source:* Giving U.S.A. 2000, *AAFRC Trust for Philanthropy*

Hence, corporations have a leading role to play in helping the emergence of a successful nonprofit sector in former communist and developing countries in particular, and while cash is important, voluntary citizen action can have a far greater impact in building civil society.

While cash contributions from companies are important, the passion and time commitment of employees are the real value added to the nonprofit sector, particularly in its early years before it becomes professionalized. Companies attract some of the most qualified people in each society and mobilizing their contribution to the development of the wider society is a vital challenge. In this way companies will help in fostering the spirit of nation building in many developing and newly established pluralistic democracies. They will promote citizen action in countries where state welfare provision is in decline, and new social models need to be established and strengthened.

While the long-established and unbroken tradition of the American model of a society based on public, for-profit and nonprofit sectors is fast becoming the global norm, there are important regional variations on this theme which emerge throughout this study. There can be no doubt that the general climate of expectation for corporate employee community involvement that exists in the United States is emerging worldwide.

Other societies will want to adapt the U.S. approach to local cultural conditions, and this study explores such adaptations. However, the core values and basic approach of business to ECI is relevant to all countries, and multinational and local companies have an opportunity to demonstrate good citizenship in a variety of foreign environments to the benefit of the local society and the reputation of the business.

# Section II: Employee Voluntarism as Part of the All-Round Business Contribution to Society

## The Total Business Contribution

Businesses are a part of society, not separate from it. There are three broad areas where a company can have an impact on society. In descending order of importance they are:

1. Companies work with various stakeholders to achieve business goals. Stakeholders are groups that have a tangible interest in the success of a business, including stockholders, employees, customers, business partners, and the communities where the company trades. Some companies include the environment, the government or the wider society among their stakeholders. However defined, all these groups are directly affected by the actions of a company.

   Within this framework businesses create jobs, invent and provide goods and services, and pay taxes. A company is judged by how it treats its stakeholders: does it pay well, does it produce safe and reasonably priced products that are honestly described in advertising?

2. The economic impact of the business beyond the company's own activities. Businesses deal with suppliers and trade customers as well as consumers, an extended value chain that increases their impact on society. They outsource production and run their businesses through joint ventures, licensees and other arrangements that increase their reach and raise subsequent issues. Companies like Nike and the Gap have found that extending the supply chain to developing countries may entail ethical issues surrounding the use of child labor; distillers may promote safe-driving campaigns to reduce the incidence of drunk driving.

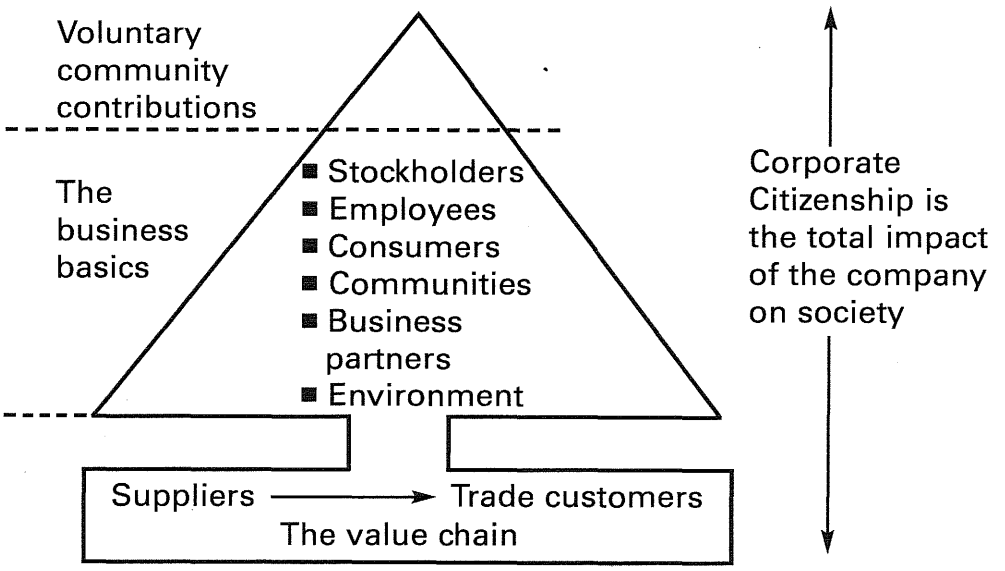
3. In addition to pursuing their own commercial interests, many companies make voluntary contributions to help local communities and the wider society. These contributions are small in terms of the total impact of the business on society, but they are important because they symbolize the willingness of the business to play its part in supporting the well-being of the larger society. These voluntary contributions cover all forms of corporate community involvement. The corporate volunteer programs described in earlier chapters fall under this heading.

These activities are summarized in **Figure 3** below. The boundary between community involvement and the rest of the business is not solid; it is permeable and reflects the fact that companies increasingly want to integrate their business and their community contributions. Indeed, many companies see no point in community involvement at all unless it is closely tied to the interests of the business and its various stakeholders.

**Many companies see no point in community involvement unless closely tied to the interests of the business and its stakeholders.**

In addition to employee voluntarism, companies also engage with their customers through cause-related marketing, facilitated giving, and other partnerships to enhance the scale and effectiveness of their community contributions. Some work with their suppliers to fund local development in the communities where the suppliers are based.

## Figure 3
## The three components of corporate citizenship




*Source: The Corporate Citizenship Company*

As corporate community involvement becomes more integral to the business, it becomes more connected to basic business activities and relationships in the value chain. As this happens, the role of employees in promoting the company's community commitments grows.

## The Company Contribution to the Community

The company has two roles to play as a good citizen in the community. The first is to develop and implement its own corporate policy of support for the community; the second is to support its stakeholders, customers and suppliers within the community.

## Companies contribute four basic types of resources:

### *1. Cash*

Companies can give of their own cash resources either from specially designated philanthropic funds maintained in a company foundation, or from the company's current income. Some may also give low-interest loans to charities.

Some companies, like H.B. Fuller and Levi-Strauss, use employees to develop and deliver their local philanthropic programs. By creating alliances with employees and providing fundraising incentives, they engage their employees in and provide cash support for community organizations. Cause-related marketing and facilitated giving programs can "leverage" additional cash into a project. Matched giving programs support individual employees with company funds in tandem with their personal giving.

### *2. Time*

This study is not concerned with those employees who volunteer of their own volition apart from their activities at work. There are millions of volunteers who also happen to be employees of companies. The focus here is on those employee volunteers who become involved as a result of the support or encouragement of their company. Their commitment may not be part of a job obligation, or it may be related, as in the case of a professional firm sending a young lawyer to help a nonprofit as part of the company's commitment to society.

Companies employ millions of people around the world, many of whom are among the best educated and most highly skilled people in their communities, and their skills and contacts are often immensely wide ranging. **Table 4** suggests the breadth of these resources.

**Table 4**
**Employees as a local community resource**

| Examples of potential people contributions | |
|---|---|
| **Special skills** | **Special contacts** |
| ■ Driving/welding/electrical | ■ Local government |
| ■ Languages | ■ National government |
| ■ Word processing/computers | ■ Other companies |
| ■ Accounting/book-keeping | ■ Suppliers |
| ■ General management | ■ International organizations |
| ■ Market analysis associations | ■ Trade and technical |
| ■ Information technology | |
| ■ Legal & tax | |
| ■ Training/counselling | |
| ■ Environmental management | |

Companies have two ways to use these resources on behalf of the community. First, they can send their employees to work in community projects on a full, part-time or occasional basis. Second, the company can promote the personal volunteering of individual employees and their families, as American Express does around the world. It can work in separate localities in purely local programs or, like EDS, it can create a global volunteering day to provide a company-wide framework for action.

### *3. In-kind contributions*

Companies give products from current inventory, depreciated products, or old equipment such as computers and cars once used by the business. Contributions of old equipment are common among businesses of all sizes around the world, in part because the costs to the company are effectively zero in terms of the book value of the goods. Gifts from inventory are a significant part of the world-wide giving programs for pharmaceutical and technology-based companies like Microsoft, as **Table 5** shows below. Companies that do not have large in-kind programs, like Chevron and Unilever, are more typical in the U.S. and the UK, giving cash donations of around 1 percent of their pre-tax profits annually.

**Table 5**
**The importance of in-kind giving to pharmaceutical and technology companies**

| Corporation | Relative position in Fortune 500[1] | Total contributions inc. in-kind | Cash contributions only |
|---|---|---|---|
| Royal Dutch/Shell | 11 | 92.1 | 92.0 |
| IBM | 14 | 116.1 | 37.1 |
| Hewlett Packard | 41 | 60.1 | 14.8 |
| Unilever | 43 | 40.0 | 40.0 |
| Merck | 115 | 221.0 | 37.0 |
| Chevron | 116 | 31.3 | 31.3 |
| Pfizer | 280 | 123.9 | 31.3 |
| Microsoft | 284 | 107.1 | 17.5 |

[1] *Figures from 1998 Fortune Global 500*

When a company gives a service to the community that it normally sells at a profit it is an in-kind contribution. In–kind giving is usually defined as goods, but can also include services donated by professionals such as lawyers, doctors, and consultants. In the latter case, this is not a volunteer commitment. The company or firm is giving a kind of product, or a professional service it could sell.

### *4. Business policy*

Companies can also help the community through their business policies. For example, they can place a premium on working with minority, immigrant,

or female-owned businesses to sell goods and services to the company as local suppliers. Companies can train and find jobs for ex-offenders and disadvantaged youth, or transfer environmental management skills to local governments.

The power of businesses to help the community through their basic business activities is immense, and employees can help to devise and execute these policies.

**The power of businesses to help the community through their basic business activities is immense, and employees can help to devise and execute these policies.**

Table 6 illustrates these activities. The lines between the categories are dotted because, potentially at least, they can all be integrated and play a complementary part in a coordinated program. In addition, employees potentially have a critical role to play in shaping cash, in-kind, and business policy contributions.

### Table 6
### Examples of the role of employees in delivering all forms of corporate community contributions

| Type of contribution | Examples of employee participation |
|---|---|
| Cash | ■ managing local corporate giving participation in matched-giving and fundraising schemes |
| Time | ■ as loaned executives<br>■ individual volunteering with company support<br>■ participating in group volunteer initiatives<br>■ as informal consultants or advisors |
| In-kind | ■ organizing and supporting the effective use of product donations such as computers<br>■ providing professional services on a pro-bono basis |
| Business policy | ■ developing and implementing business relationships with nonprofits and others in the community as an integrated part of the business process (e.g., as service suppliers to the business or as customers receiving preferential treatment) |

## Employees in the Community: The Hidden Corporate Contribution

This study is not just about employee volunteerism, which is a vital component in the mix of corporate employee contributions to the community, but not the totality. It is an early attempt at a broader, more comprehensive review of how the employee can be a catalyst for a far more broad-ranging and effective engagement by a business within the community.

A narrow definition of employee community involvement focuses solely on the giving of personal time by employees to voluntary activities, and

what the company does to enable it. This is very much the approach found in the United States. By virtue of its strong tradition of personal volunteering, the U.S. tends to be the model the world looks to. However, the tightly focused U.S. definition of employee volunteering does not work well overseas. It is too restrictive and undervalues the roles employees increasingly play in delivering the totality of a company's contributions.

**The tightly focused U.S. definition of employee volunteering does not work well overseas; it undervalues the employees' roles in delivering the totality of a company's contributions.**

A broader definition developed throughout this study also includes the role of the employee as a representative and ambassador of the company in delivering all of its contributions to the larger community. Although few companies will engage in more than one or two types of activities, **Box 1** (which expands on Table 6) maps out the full range of employee roles in corporate community involvement.

## Box 1
## How employees contribute to the community around the world

**The range of roles that employees can play in the community includes:**

- Managing the company's local cash and in-kind community contributions (e.g., participating in reviewing and supervising grants)
- Organising workplace-based fundraising activities (e.g., workers as a group raising money for charities to be matched by company funds)
- Individual volunteering (i.e., any personal voluntary activity in the service of the community, contributing time or skills)
- Team volunteering (e.g., staff teams collecting food and clothes for the homeless or undertaking an environmental project)
- One-to-one support (e.g., working with individual school children or ex-offenders as a mentor, advocate or tutor)
- Membership of a community organisation management committee (e.g., a school governor or charity treasurer)
- Workplace-based community activity (e.g., acting as a guide to a visiting group of school children)
- Part-time project assignment, which can be on an individual or team basis (e.g., release for 100 hours during office hours over three months to undertake a specific project, either as an individual or as part of a team)
- Full-time, short-term work as a "secondment" or "loaned executive" (e.g., a three-month break to undertake a particular task, with continuous employment and a guaranteed return to the company)
- Full-time, long-term secondment (e.g., a one-year career break to work in a charity, with continuous employment and a guaranteed return to the company)
- Managing the company's business relations with community organisations (e.g., working with minority suppliers or programmes for disadvantaged customers)

*This table is adapted from* Employees and the Community *by Michael Tuffrey, 1995.*

The cultural context in which these activities play out can differ markedly. For example:

- Voluntarism in the U.S. has historically been widespread. Conversely, in countries like Russia, Georgia, and China, citizen involvement in the community has been either highly regulated or discouraged. In the developing countries of sub-Saharan Africa, people tend to be engaged in the community, but through family, clan, village, and other informal networks, and many countries lack an extensive, organized nonprofit sector.

- The term "volunteer" has a resonance in the U.S. that is just not found elsewhere. The term "employee volunteer" is often a complete mystery to business people in non-Anglo-Saxon countries, and if questioned about it they would deny that their company promotes it. However when their programs are examined in detail they often depend very heavily on employee involvement.

- The tax incentives for cash giving vary greatly from country to country. In the U.S. they are generous; in many other countries like Georgia and China they simply do not exist, so there is a tendency for companies to give products and professional services as in-kind giving, which is often not measured and counted as a community contribution.

- The intermediaries that exist in the U.S. to promote and support volunteerism barely exist elsewhere, although there are a growing number in Europe and a few countries elsewhere.

Nevertheless, the experience of the multinational companies suggests that it is possible to engage employees in the world's diverse communities in traditional United States-style volunteer efforts. However, limiting that engagement to a single approach may miss opportunities for employees to play other highly beneficial roles in partnership with the company.

Business rationales can vary as well:

- In local business cultures overseas, particularly in developing countries, management styles tend to be top down and corporate philanthropy is often the prerogative of the chief executive's office. The idea of engaging employees in the community to do projects of their own choosing is unusual. Companies are more likely to have their employees do a job for the community as a company contribution, than to set up U.S.-style employee volunteering programs.

- In addition to the lack of tax incentives, only the largest companies overseas have established community budgets. Thus the apparently "no-cost" contribution of in-kind and time contributions are very appealing, particularly for small companies. However, since they are "no cost" contributions, companies tend not to value and report them to the same extent as their cash giving.

- Outside of the U.S., the UK and a few other regions of the world, community affairs work has not been professionalized. Consequently, companies that want to do more than make cash contributions need to use their employees

in multiple roles to do so. In many companies the head of human resources, public affairs, or a factory manager may act as the community affairs specialist. In multinational companies, professional community affairs managers located at the headquarters in the home country can only deliver their programs overseas if local employees are involved to ensure that they are well delivered. This type of work needs to be recognized and supported by the company.

**If the concept of ECI is to grow, it must adapt to different cultural and business conditions around the world.**

The concept of ECI and its practice owes a great deal to the experience of the U.S., but if it is to grow and flourish it must adapt to different cultural and business conditions around the world. The U.S. definition of employee volunteering does not fit all circumstances any more than the theory and practice of U.S. philanthropy does.

Most companies overseas use a much wider definition of corporate philanthropy and community involvement than that determined by U.S. charitable law. Moreover, foreign-owned companies around the world are going to develop and deploy employee voluntarism in ways that suit the business and the culture in which they operate. multinationals will also adapt their employee activities to local conditions and cultures.

# Section III: International Approaches to Employees in the Community

## Introduction

Multinational companies are agents for change in the globalized economy. They have an impact both through their direct activities and indirectly through the supply chain, retailing and distribution, and related activities.

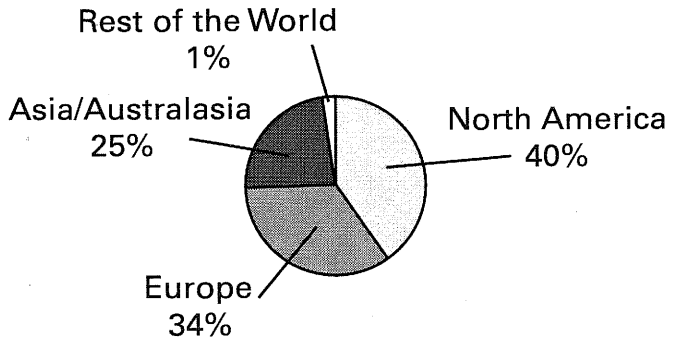
Companies act as conduits for the transfer of technology, business practices and innovation. Their impact varies according to the nature of their products, the markets they operate in, and the degree of decentralization within their management structures. The business practices they transmit through their activities broadly reflect the culture of the company. This varies according to the type of business (e.g. oil or pharmaceuticals) and the national culture in which the company is headquartered. National culture is particularly important in shaping community involvement policies.

## Who Are the International Companies?

The headquarters of international companies are not evenly distributed around the world. Most are based in North America, Western Europe and Japan. For example, four tenths of the companies in the Fortune Magazine 1999 Global 500 are based in North America, a third in Europe and a quarter in East Asia and Australasia. Sixty percent are in the U.S.A. and Japan. There are few international companies in Africa, the former Communist states or South America outside Argentina and Brazil.

The major multinational companies are not significant direct employers of labour when compared to the absolute size of the global workforce. For instance, the top one hundred companies in the Fortune Magazine 1999 Global 500 have a total direct employment of 16.25 million. Though not great in relative terms this is a significant number if the companies choose to mobilize their employees within the wider community.

Geographical distribution of Fortune Global 500 Companies




**The key to the influence of multinational companies is that their workforce is spread throughout the world.**

The key to the influence of multinational companies is that their workforce is spread throughout the world. Business contact with suppliers, customers and the broader society in each country where the company operates can magnify the influence of a consistently-followed employee engagement strategy.

## Companies' Home Country Experiences

It is clear that there has been a growth in employee volunteering around the world during the last twenty years. However, companies' attitudes toward employee volunteering are still strongly shaped by their home country experience.

### (i) United States

The United States provides a model of society in which freedom of association and voluntary social effort remains pre-eminent. There is a remarkable vitality in both the religious and secular parts of the not-for-profit sector. However the widespread use and encouragement of employee volunteering as a part of active corporate community programming was not established within the United States until the 1970s. This built on a growing acceptance of company activism in this area over the preceding three decades.

By the 1970s in the United States it was accepted that companies had a role to play in solving social problems through the work of their foundations and community programs. This was not the case in Japan or Western Europe. In the 1970s Western European and Japanese societies were still engaged in a corporatist model of society. Within this model it was primarily the job of the state to ensure that social problems were addressed. It was the job of the labor unions to represent the interests of workers. It was the job of companies to generate revenues to finance social programs. Organized employee volunteering did not make sense within this model in the way in which it did within the more individualistic and enterprise-driven U.S. system.

How and why did some U.S. companies come to internationalize their employee volunteering? The key is corporate culture. Employee volunteering came to be central to the corporate culture of certain U.S. companies. This then spread internationally. If the promotion of employee volunteering was a key

part of doing things the H.B. Fuller way in Minneapolis, why should it not also be a part of doing things the H.B. Fuller way in San Pedro Sula, Honduras or Wels, Austria? Inevitably there was a need to adapt to local circumstances, but committed companies were able to adapt. Once the programs were established, the employees could see the benefits of involvement and endorsed the programs. Direct engagement with local communities also made the foreign subsidiaries of American multinationals seem less alien.

### (ii) Western Europe

Western Europe, like the United States and Japan, is the home of a significant number of multinational companies. Unlike the United States and Japan, the region includes a number of different states with different languages, histories and cultural traditions. Making generalizations is therefore difficult.

**European companies tend to be more aware of differences in national cultures. They are more wary of imposing their home country culture on affiliates than is the case with American and Japanese firms.**

Western Europe does not have the same level of individual or company activism in tackling social problems as in the United States. The state does more. There is a broad acceptance of the higher taxation necessary to deliver higher social benefits. Even so in all Western European societies there has been a reduction in the role of the state over the past twenty years. More people recognize the voluntary contribution the company can make to society. There has also been increased interest in the impact of the whole of a company's operations on society. This is shown by the "Social Balance" reports produced in countries like France and Italy, and by social audit reports produced by firms like Shell and BP in the United Kingdom.

Employee volunteering within European companies is seen as just one of the ways in which a company engages with society. The models of employee engagement are diverse. There are examples of employee fundraising committees, company-wide volunteering days and similar programs that have often been modelled on the practices of European subsidiaries of American companies. There is a greater diversity within the European models of employee volunteering than in the United States.

European companies have been keenest to encourage employee volunteering with beneficial outputs that expand the skills of individual employees and improve teamwork. There has also been recognition that some employees have skills that are valuable in helping to solve social problems. This has led to the development of pro-bono work, especially among professional groups such as accountants and lawyers.

There has been some interest among European multinationals in fostering employee volunteering outside the home country. By and large, however, employee volunteering is insufficiently central to the corporate cultures of these companies for this to be a major preoccupation. Furthermore, European companies tend to be more aware of differences in national cultures. They are more wary of imposing their home country culture on affiliates than is the case with American and Japanese firms.

### (iii) Japan

Japan lacks a strong tradition of volunteering. However, its corporate culture is strong and Japanese firms have been open to learning from the countries in which their subsidiaries operate. The widespread adaptation by Japanese multinationals of the company foundation model from the United States is

good evidence of this. The bond between Japanese employers and their employees is also traditionally broad and strong.

A number of Japanese employers have recognized the advantages of increased morale, teamwork and improvement in individual skills that can come from employee volunteering, and have set up employee volunteering programs. Employee volunteering in Japan grew during the 1990s. Employee volunteering activities are becoming more firmly established. It remains to be seen whether the practice will ever become as central to Japanese corporate philanthropy as encouraging education or promoting cultural exchange.

## The Nature of the Business

Companies' approaches to engaging their employees are shaped by the nature and structure of their businesses. For example, the fundraising activities of the Levi-Strauss & Co. Community Involvement Teams were well suited to engaging a large blue-collar workforce in Levi-Strauss plants. The model was simple and straightforward, and no significant level of skill was needed to get involved. The benefits of the local plants' fundraising to the local community were clear.

A significant challenge for many companies is making their programs truly local. Only very large sites can justify a dedicated person to manage the community program. This is not optimal, as it is recognized that company community programs achieve at least part of their impact from personal contact. Employee engagement is a method of tackling this difficulty. Where there is no dedicated resource on site, volunteer employees may manage a company's contributions. The H.B. Fuller Company and its Community Affairs Councils exemplify this strategy.

The revolution in information technology has created a number of companies operating worldwide that have enjoyed rapid growth. There is a need within these companies to reinforce corporate culture and identity. Having a single, worldwide volunteering event like Electronic Data Systems Corporations (EDS) or rolling out an international program like IBM is a means of reinforcing the international identity and cohesion of the company.

## Competitiveness and Human Resource Benefits

The world economy has changed. In the modern economy the companies that prosper are those that can quickly respond to customer needs, seize the business opportunities afforded by new technologies and have adaptable and skilled workforces. Getting the job done is no longer a matter of the operation of an orderly hierarchy: plant manager, unit supervisor, foreman and operatives, but rather there is a constant need to work collaboratively in changing teams. Employee skills and attitudes are key to the success of a company. This also has implications for employee morale. A production line can still function where employees have low morale and little enthusiasm for the company's goals. This is not the case where professional knowledge, skill and commitment are central to getting the job done effectively.

The changing nature of the workforce has acted to reinforce companies' interest in employee volunteering quite independently from any implications employee volunteering may have for the community program. The human resources advantages of employee volunteering are:

**Human resources advantages have reinforced company interest in employee volunteering.**

- improved morale from working with colleagues and the community;
- improved motivation with greater flexibility and ultimately higher productivity;
- enrichment of individual and group skills through undertaking a non-work related task;
- and, when carried out within a global framework, highlighting the common interest and purpose of all employees within the organization.

These advantages are not limited by the place, culture or where the shareholder is domiciled. The following case studies exemplify the ways in which these programs are being carried out by individual multinationals.

# The United States Company Case Studies

1. H.B. Fuller Company: Employees managing the local philanthropy
2. Levi-Strauss & Co.: Support for employee fundraising
3. EDS: Involvement in schools and a global volunteering day
4. GE: Elfun volunteering pure and simple
5. IBM: Deploying business capacities in the community

## Case Study 1: H.B. Fuller Company

| | |
|---|---|
| Nature of business: | Worldwide manufacturer and marketer of specialty chemicals |
| Headquarters: | St Paul, Minnesota |
| Worldwide employees: | 6,000 |
| Global reach: | Direct operations in 38 countries in North and South America, Europe and the Asia Pacific Region |

### Commitment to Engage Employees in the Community

The H.B. Fuller Company is firmly rooted in the strong tradition of corporate community engagement native to the twin cities of Minneapolis-St. Paul. The driving force behind the company's engagement with the community came from Elmer Andersen who purchased the company in 1941. Andersen himself was a dynamic individual committed to community service and was Governor of Minnesota from 1961-1963. He summed up his commitment to corporate citizenship: "Running a business is a privilege not a right. An essential part of that privilege is the need to put time and money back into local communities." Besides his personal community commitment, Andersen encouraged his managers to become involved in their own communities too. In the early seventies this diverse individual activity began to be formalized by the company.

In 1973 the Board of Directors passed the first official statement on corporate responsibility and community involvement. It established a corporate contributions council for the United States that included board members, division managers, shareholders, customers and other employees. By 1978 each H.B. Fuller site in the United States had its own local community affairs council. Employees serving as internal volunteers on the council were empowered to review all requests for contributions. H.B. Fuller saw a double benefit from this dispersal of power and responsibility. The company gained insight into the needs of its local community and was able to assist more effectively. At the same time

employees gained insight into the company's overall mission, its commitment to the community and a degree of pride in their own key role in fulfilling this mission.

From their U.S. base, the company's commitment to employee involvement has spread worldwide. In 1983 the Directors of Kativo Chemical Industries, the Latin American subsidiary of the company resolved to give 5 percent of pre-tax earnings to the community by 1988. It also set in train the establishment of local community affairs councils throughout its operations in Latin America. This was followed by the establishment of community affairs councils in Canada in 1987, and throughout Europe in 1988. These councils are the primary vehicles for employee community involvement.

## Programs

The fundamental building block of employee engagement for H.B. Fuller is the Community Affairs Council. This is what gives the whole corporate philanthropy and community involvement strategy its energy, innovation and commitment. It enables H.B. Fuller to deliver global commitment through local engagement.

The employee-managed Community Affairs Councils make decisions on all grant requests from local organizations providing services. They are also responsible for encouraging employee volunteer service. In addition, employees are encouraged to convey the needs of voluntary and service organizations to the Community Affairs Councils at their location. Participation in the council increases expertise, knowledge and application about the community and community action amongst employees. This is particularly valuable in those locations where there is no professional community affairs presence.

A good example of the effectiveness of company and employee joint working is provided by H.B. Fuller's disaster response to Hurricane Mitch, which wreaked havoc in Honduras and Nicaragua in 1998. The H.B. Fuller headquarters in Minnesota mounted a two-for-one matching fundraising drive. In Honduras, employees donated a day's salary to the relief of suffering in the wake of the hurricane. H.B. Fuller donated U.S. $28,500 in matching donations for the Latin American-based staff. A total of U.S. $105,000 were distributed through the American and Nicaraguan Red Cross and the Churches Association in Honduras.

Over the years a number of different initiatives have been developed that compliment the work of the community affairs councils. In the United States, H.B. Fuller employees have chosen a single issue to unite their efforts. The first of these, combating domestic violence, was selected in 1978. Domestic violence was not widely talked about at the time, and it seems unlikely that this topic would have been selected without employee involvement. The focus has since shifted onto youth and in particular to children at risk. H.B. Fuller has reinforced its commitment to employee

participation by organizing conferences of involved, representative employees at a national and global level.

The efforts of outstanding employee volunteers are acknowledged and awarded. Distinguished and committed volunteers are featured in the company's external publications. The company also acknowledges the efforts of an Outstanding Community Affairs Council. Inevitably with a long history of employee engagement, the company's retirees have also carried on volunteering. The company encourages payroll giving and has a matching gifts program for education.

Over half of the company's employees worldwide are involved in one way or another within its community program.

## Conclusions

In its 1995 Community Affairs Annual Report, H.B. Fuller set out to answer a number of frequently asked questions about the community activity. One question asked was, "What value does the company receive for the dollars invested in the program?" The reply given was, "It may not be possible to put a 'bottom line' to the investment ...while H.B. Fuller spends an increasingly substantial amount of capital on community affairs programs, the real return on investment comes as a product of the active participation of employees. Community affairs gives employees an opportunity to learn about their communities, the chance to learn a new skill and, by working together as a group, to build cohesiveness among employees."

H.B. Fuller has used employee engagement in the community as the cornerstone of its global community affairs program. The successful transfer of involvement from its headquarters, throughout its American operations and then overseas, highlights the fact that cultural barriers to employee involvement outside the United States can be quickly overcome with an approach that truly engages the interest of the employees.

**Cultural barriers to employee involvement outside the U.S. can be quickly overcome with an approach that truly engages the interest of the employees.**

## Contact Details

**H.B. Fuller Community Affairs Department**
**H.B. Fuller Company**
**World Headquarters**
**P. O. Box 64683**
**St. Paul, Minnesota 55164-0683**
**Phone: +1 651 236 5900**
**Website: www.hbfuller.com**

There is good coverage of the program on the website and an annual report is produced.

## Case Study 2: Levi-Strauss & Co.

| | |
|---|---|
| Nature of business: | Clothing manufacture and marketing |
| Headquarters: | San Francisco, California |
| Worldwide employees: | 20,000 |
| Global reach: | Operations in the Americas, Europe, Asia and South Africa |

### Commitment to Engage Employees in the Community

Levi-Strauss is a privately owned corporation. The family owners have maintained the commitment of the founder, Levi-Strauss, to philanthropy and community involvement. The mission of the company is "to sustain responsible commercial success as a global marketing company of branded apparel ... we will conduct our business ethically and demonstrate leadership in satisfying our responsibilities to our communities and to society."

Levi-Strauss established a leadership position in the area of employee engagement in the community through the foundation of Community Involvement Teams (CITs). The first team was established in 1968 in the United States. This was a groundbreaking move at the time and has subsequently been widely copied by other businesses. Although initially a United States based initiative, the CITs have been successfully exported to other countries where Levi-Strauss is operating. It should be noted that Levi-Strauss has been remarkably successful in fashioning an international program in all of the countries where it has operations.

The objectives of the CIT program are varied. They are:

- to provide employee-directed funds to the local community;
- to empower employees to get involved in the local community;
- to develop a good relationship with the local community;
- to build the skills of employees and improve morale and loyalty.

### Programs

The principle of Community Involvement Teams is simple. Each Levi-Strauss facility forms a voluntary committee or team to look at the needs of the local community. It then decides upon a particular organization or project that it wishes to support. The team also then engages in creative fundraising activities to raise funds that are matched by the company. The company provides meeting and communication facilities for each CIT and makes it possible for them to meet during working hours. The resources of the Community Affairs department around the world are available to the CITs to assist with assessing need and identifying community issues. There is also support through internal publicity. This is done by publicizing voluntarism and specific CIT projects on the Intranet, as well as publishing a yearbook describing the projects. There is external publicity via local award ceremonies and press releases.

The number of employees directly involved in CITs is not great. For instance, the average size of a CIT in Europe and South Africa is four. However, pursuing fundraising activities draws in not only the members of the CIT but other employees on site, their families and the wider community. The funds raised by each CIT are then matched by Levi-Strauss at a ratio of four to one. If, for example, a CIT in raises $100, this is matched by $400 from Levi-Strauss funds. The projects supported by the CITs vary in subject according to the interests of the staff involved and the local issues that are of concern. There is also a significant variation in the size of the donations made through the CITs.

**Levi-Strauss's grass-roots employee engagement model works because it allows the company to accommodate and adapt to cultural differences.**

Levi-Strauss has promoted employee involvement as its operations have become more global. Its 1996 contributions report noted community activity in fifteen countries where the company was a direct employer and where there had been no community activity in 1990. In ten of fifteen countries Levi-Strauss had initiated CIT activity.

### Countries where new CITs were established 1990-1996

| | |
|---|---|
| Czech Republic | South Korea |
| Pakistan | Malaysia |
| Hungary | Sweden |
| Singapore | Mexico |
| Indonesia | Turkey |

Levi-Strauss believes that both the company and community benefit from engagement through the CIT program. On the employee side the company benefits both through increased employee loyalty and morale and through the increased skills and confidence employees accrue from participation. There is also an external perception of the company bringing benefit to the community, of it having a human face and taking an active part in the local community rather than being a foreign presence. The community clearly benefits from Levi-Strauss's funding, from volunteer effort and from the role model of active corporate citizenship that can influence the behavior of other companies.

## Conclusions

A thirty-year commitment to grass-roots employee engagement in the community is deeply rooted in Levi-Strauss's corporate culture, and other companies have copied the model. The model clearly works because it allows the company to accommodate and adapt to cultural differences between different countries and locations. There is a challenge to maintain employee engagement in times of economic difficulty for the company, but in many cultures fundraising is the main form of community activity that factory workers undertake, (rather than the formal volunteering of time) and the company's approach is clearly welcomed by employees worldwide.

### Contact Details

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**Website: www.levi.com**

Coverage of this topic on the website is not extensive. Annual reports of contributions are available.

## Case Study 3: EDS (Electronic Data Systems Corporation)

| | |
|---|---|
| Nature of business: | Systems and technology services, business process management, management consulting and electronic business |
| Headquarters: | Plano, Texas |
| Worldwide employees: | 121,000 |
| Global reach: | Has staff and clients in 45 countries |

### Commitment to Engage Employees in the Community

EDS has a clearly defined mission for its Community Affairs function: "EDS Community Affairs mission is to support educational initiatives that prepare individuals to lead productive and fulfilling lives in the global economy." The emphasis on the global role of EDS is striking. EDS has also had a very strong commitment to corporate volunteerism in the United States dating back to 1986. EDS claims that almost half of its staff worldwide is involved in volunteering programs.

### Programs

There are two notable global volunteering programs within EDS.

### (i) Community Involvement Through Education Outreach

In December 1989, EDS focused on education as the number one priority in community involvement programs for the company. Reflecting a growing commitment to volunteerism, it also set up a program through which EDS employees could contribute to this effort.

Education Outreach allows EDS to improve the quality of education through voluntary, hands-on employee involvement. The program is well structured and there are now more than 125 school/business partnerships operating in six countries. The content of the partnerships depends upon

the needs of the schools and the skills of the volunteers. The activities include mentoring, tutoring, curriculum and career enrichment, staff development, technical consulting and support. More than 5,000 EDS employees worldwide are involved, giving on average four hours a month of their work time.

The program is complemented by a Technology Grants program aimed at assisting with the purchase of computer hardware and software and encouraging innovative use of information technology within the classroom.

## (ii) EDS Global Volunteer Day

EDS has been a leader in globalizing its support for employee volunteering. The key here has been EDS's Global Volunteer Day. The day was established in 1993. EDS recognized that through its large employee base and international reach, it could make a significant impact through volunteering. Before setting up Global Volunteer Day, EDS also gathered information that showed the business benefits of volunteering. EDS believed these to be:

- enhanced corporate awareness;
- improved employee morale;
- better teamwork skills;
- increased opportunities for personal and professional growth.

The goals of the Global Volunteer Day are to:

- recognize commitment of employees' year-round volunteering efforts;
- mobilize new volunteers as well as EDS families, friends and clients;
- develop a global model that could be used by other companies;
- strengthen EDS publicity at global, national and local levels.

As with the education program, EDS has set out a six-step guide for how to mount and profit from a Global Volunteer Program:

1. Develop a mission statement.
2. Set a date.
3. Communicate the event.
4. Ask for volunteers to lead projects.
5. Provide step-by-step planning.
6. Report results from the projects.

The program provides a global framework for action undertaken at the local level. Projects reflect local needs and employee interests. In 1998, projects ranged from cleaning a stretch of the River Torrens in South Australia to hosting a fun day for underprivileged children in Kuala Lumpur to fundraising for an orphanage in Nanterre, France.
In 1998, 18,000 volunteers delivered 460 projects in 31 countries. Posters and flyers had to be produced in 13 languages. Over 70,000 hours of effort

were donated. EDS believes that the day touches the lives of over a billion people. It is designed to be inexpensive, with any costs incurred covered locally. Participation came not just from countries with a strong tradition of employee volunteering but also from China and India.

**Employee volunteering can be powerful when it has full senior management backing, good planning and well-structured support.**

One of the EDS volunteers for the Global Volunteer Day 1998 in Australia commented, "If you were in Adelaide on Saturday you knew what EDS was doing because all four TV stations and several radio stations covered the Global Volunteer Day project. EDSers commented that this was the most positive piece of marketing within the last two years." Given the low costs involved in organizing Global Volunteer Day it was not only positive but also cost effective.

## Conclusions

EDS shows how powerful employee volunteering can be when it has full senior management backing, good planning and well-structured support. The success of Global Volunteer Day suggests that perceived cultural barriers to employee volunteerism may be overestimated.

## Contact Details

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**EDS**
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**Website: www.eds.com**

EDS has a particularly full and helpful website coverage on its community program. In particular there are useful "how to" sections on educational engagement and organizing a global employee volunteering day.

## Case Study 4: GE (General Electric)

| | |
|---|---|
| Nature of business: | A diversified company with interests in financial services, industrial products, aerospace, power generation and broadcasting. |
| Headquarters: | Fairfield, Connecticut |
| Worldwide employees: | 293,000 |
| Global reach: | One of world's leading multinationals drawing 41 percent of its revenues from countries outside the U.S.A. |

### Commitment to Engage Employees in the Community

GE has a global commitment to community engagement.

GE is active not only in places like Canada and Australia, where corporate community action is well established, but also in countries with weak voluntary sectors and no history of corporate involvement such as the Ukraine, Romania and Vietnam. Like many U.S. companies, GE has a longstanding commitment to employee volunteerism at home. It is notable that GE works to spread employee volunteerism globally through the unusual mechanism of the Elfun Society.

### Programs

The Elfun Society (whose name is derived from Electrical Funds) is the main means of globalizing GE's volunteering. It was founded in 1928 at the instigation of the then-President of GE, Gerard Swope. Initially society membership was open only to the most senior executives of the corporation. It provided members with a vehicle for financial investments and for social activities. This built on Swope's belief that "If people can relax together and enjoy each other's company, they can work together efficiently and profitably."

In the 1980s Elfun set out to widen its membership. It also sharpened its focus and concentrated more directly on volunteerism. Growth has been significant. By 1999 the Elfun Society had 42,000 members worldwide and 98 Chapters. Thirty of these were based outside the United States, as indicated in the following table.

**The feeling of acting locally but being part of a worldwide organization is a considerable motivator for GE volunteers.**

| Countries with Elfun Chapters established | | | |
|---|---|---|---|
| **Asia** | **Europe** | **North America** | **South America** |
| Australia | Czech Republic | Canada | Brazil |
| China | France | United States | |
| India | Hungary | | |
| Indonesia | Italy | | |
| Japan | Netherlands | | |
| Korea | United Kingdom | | |
| Malaysia | | | |
| Philippines | | | |
| Singapore | | | |
| Thailand | | | |

GE gains significantly from the unique Elfun arrangement. The volunteers control their efforts, which are focused on the needs and concerns of the local community. It is a very bottom up approach. Yet in addition to this local aspect there is an annual global meeting, ongoing sharing of good practice between chapters, and a website. It is clear that the feeling of acting locally but being part of a worldwide organization is a considerable motivator for the volunteers. GE supports the Elfun activity.

The variety of projects undertaken is remarkable. Indonesia has a nutrition project assisting underfed children. India has a mobile crèche project to provide comprehensive assistance to poor children. Malaysia has a commitment to provide library access to 4,000 students in rural areas. The vigor and variety of these projects is striking.

The results speak for themselves. In 1996, GE employees, family members and retirees were already volunteering 700,000 hours per year. In response to President Clinton's Summit on Volunteerism in April 1997, GE committed to increase this to one million hours by the year 2000. In fact, GE hit the target well ahead of time, announcing in April 1999 that it had logged 1.3 million volunteer hours. Based on an Independent Sector Report, GE calculated that a million hours of volunteer time is worth the equivalent of U.S. $13.7 million. This compares to the total spent by the GE Fund in 1998 of $34.5 million. Arguably, the volunteerism effort is more valuable to the corporation's reputation, as every act of volunteering involves active engagement between the local community and a GE employee or retiree. This increases the employees' understanding of the needs of the community. It also allows the community to gain a fuller insight into what GE is, what it does and what it values.

## Conclusions

The Elfun Society is unique, helping GE to foster the worldwide spread of employee and retiree engagement with the community. It shows that it is possible to engage employees with the community even in places like China, often thought of as barren ground for volunteering. There are also significant benefits to creating a worldwide network of volunteers in terms of sharing best practice and enhancing motivation.

## Contact Details

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**Fairfield, CT 06431-0001**
**Phone: + 1 203 373 2211**
**Websites: www.ge.com and www.elfun.org**

There is good coverage of the Elfun activities on GE's website. The Elfun website is available in twelve different languages, including Chinese, Japanese, Malay and Turkish.

## Case Study 5: IBM (International Business Machines)

| | |
|---|---|
| Nature of business: | Information technology manufacturer and marketer |
| Headquarters: | Armonk, New York |
| Worldwide employees: | 307,401 |
| Global reach: | IBM operates in five continents including the former Soviet Union and China |

## Commitment to Engage Employees in the Community

IBM has long had a commitment to employee engagement within the community. It has engaged employees through a variety of mechanisms. Employees make a considerable contribution. For instance in 1997 IBM valued its own contribution in cash, expertise and equipment at $100 million. In the same year employees donated a further $30 million through the IBM matching gifts program and its Employee Charitable Contribution Campaign. In addition, employees gave 3.8 million hours of volunteer time to a whole range of local initiatives.

More recently, IBM has sought to put employee engagement at the center of its community activities through its Reinventing Education program. Started in the United States, the program has been exported to IBM's overseas operations.

## Programs

IBM has many programs that involve employees in the community in different roles. The Reinventing Education program, begun under the personal leadership of Louis V. Gerstner Jr., is a leading example. Its aim is to assist school system reform through the application of technology. The different initiatives run under the program can involve IBM grants and product donation as part of the package. However, the key to the success of the program lies in the active engagement of skilled IBM staff working side by side with teachers, parents and administrators. The particular issues dealt with in the different locations vary, but the methodology is similar and employee engagement is the key factor.

The program was developed first in the United States. The active engagement between IBM staff and people within the school systems was perceived to be the key to its success. In choosing schools systems to work with, IBM looked for administrators who were actively committed to educational reform.

IBM approaches each Reinventing Education project as a work assignment, using the same strategy it employs with its large business customers. All grant sites receive the services of a project manager, consultants and researchers. IBM chooses talented executives to work on the project rather than relying solely upon volunteers.

The initial projects in the United States were of five years' duration, but the greater part of the funding and activity was in the first two years. In the final three years, IBM staff remained involved in monitoring the effectiveness of the project and sharing the innovations made. The projects have led to staff making some innovations that have fed back into business and proved to be commercially marketable.

IBM is now engaged in replicating Reinventing Education outside the United States. There is activity in Brazil (Rio de Janeiro), Ireland, Italy, Singapore, United Kingdom and Vietnam. In Singapore, for instance, IBM is supporting the Singapore government's Thinking Schools, Learning Nation initiative. The IBM International Foundation is contributing technology, training, services and research, which the government is matching with teacher time for training and professional development. The aim is to use technology to increase the flexibility of teaching within schools. In Vietnam IBM has provided a grant of $500,000 cash along with software, hardware and staff expertise. As a result of this, teachers from lower Vietnamese secondary schools are receiving professional training that integrates computer-related technology into the Vietnamese curriculum. It should be noted that this is a very significant contribution

to Vietnam. Vietnam only spends U.S. $625 million annually on education in total (1997 figures).

IBM has used staff expertise in other programs too, particularly in relation to the arts. Most notable is the partnership with the State Hermitage Museum of St Petersburg. Using a $2 million IBM technology grant and in partnership with IBM's team of experts, the Hermitage has become one of the most technologically proficient galleries in the world.

## Conclusions

As an advanced technology company, IBM is an innovation-driven business. IBM has recognized that the best way to enrich its support for the community is by engaging the skill and ingenuity of its staff. This complements IBM's contributions made through matched giving and volunteering programs. The traditional programs could have been profiled here, but from the point of view of a country like Vietnam the Reinventing Education initiative is an important contribution to national development.

## Contact Details

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**Website: www.ibm.com**

The program is well covered on IBM's website, where there is an IBM publication titled Reinventing Education Grant Program.

# European Company Case Studies

## 6. AXA Group: Employee involvement and social cohesion

## 7. Danone Group: Institutionalizing employee involvement

## 8. Zurich Financial Services: Building a strategy around employee engagement

## 9. Rosbank: Partnerships in Russia to help children

### Case Study 6: AXA Group

| | |
|---|---|
| Nature of business: | AXA is a French-based group dealing in insurance and financial services |
| Headquarters: | Paris |
| Worldwide employees: | 87,896 |
| Global reach: | Present in over 60 countries across 5 continents; two-thirds of the employees are based throughout Europe |

### Commitment to Engage Employees in the Community

Corporate community action is sometimes discussed as if it were a solely Anglo-Saxon phenomenon. This is not the case. Western European companies are very aware of their social responsibilities, but work within a different intellectual framework based on the concept of the organic nature of society. Great emphasis is placed on the need for social cohesion within society, and there is an onus placed on companies to assist in combating social exclusion. Claude Bébéar, former Chief Executive of AXA stated it this way: "A company's primary duty is to guarantee its own longevity by meeting the needs of its customers and by satisfying the expectations of its shareholders and employees. A company's long-term survival cannot be ensured and maintained in the absence of profits, which allow it to develop, deliver shareholder value and reward the efforts and motivation of its employees. But above and beyond this financial objective, a company cannot afford to be indifferent to the larger social environment."

In pursuing its social mission AXA has instituted a volunteering program in France and exported it to seven of the European and North American countries in which it operates.

## Programs

AXA's volunteering program is known as AXA Atout Coeur.

In cooperation with fourteen other French companies, AXA founded the Institut du Mécénat Humanitaire (IMH) in 1986. The role of the IMH is to develop long-lasting partnerships between companies, their employees, and external organizations committed to reducing social exclusion. In November 1990, AXA went a step further. It believed it should step up and revitalize its commitment to French society. Accordingly it commissioned a series of opinion surveys with its French employees and related agents. They were asked what sort of corporate citizenship activities the company should undertake.

**Volunteers significantly enrich the quality of the assistance AXA gives. Volunteering results in long-term partnerships and gives the community program "soul."**

As a result, AXA Atout Coeur was formed in October 1991. Reflecting its concern regarding social exclusion, AXA deliberately chose to focus its efforts on four core areas:

- tackling substance abuse;
- preparing the unemployed for work;
- AIDS;
- disability.

While AXA Atout Coeur does provide some material assistance and funding, the prime resources are the professional and personal skills of the volunteers. AXA believes that the time, skill, and know-how of the volunteers significantly enrich the quality of the assistance it gives. It leads to the setting up of long-term partnerships. AXA describes it as giving the community program "soul."

AXA sees itself as a pacesetter and innovator in corporate engagement in France. One of the intentions in setting up AXA Atout Coeur was to encourage other French companies to establish employee volunteering programs.

AXA also has transplanted the model to some of the other countries in which it operates. It has been necessary to make some minor adjustments to reflect cultural differences but the model has proved versatile. AXA facilitates the sharing of experiences between the different countries. It sees this as being one of the distinctive benefits that a multinational can bring to corporate citizenship.

## Conclusions

AXA Atout Coeur shows that employee volunteering is not just an Anglo-Saxon phenomenon. AXA has consulted with its employees and built a robust program in line with its overall mission within the community. AXA provides further evidence of the ability of multinational companies to transmit good practice across national boundaries.

### Contact Details

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**Website: www.axa.com**

There is brief coverage in both English and French of Axa Atout Coeur on AXA's website.

## Case Study 7: Danone Group

| | |
|---|---|
| Nature of business: | Danone is a French-based foods group concentrating on water, dairy products and biscuits |
| Headquarters: | Paris |
| Worldwide employees: | 75,965 |
| Global reach: | Operates in 120 countries in Europe, Asia and North and South America |

### Commitment to Engage Employees in the Community

The Danone Group makes an explicit link between its social responsibility program and its employees. This reflects the belief of the founder of the company Monsieur A Riboud that "companies have a moral and practical duty to be community minded." Here is how Danone sets out its own basic principles: "The Group has structured its identity around the conviction that the company's performance is directly related to the attention it focuses on its employees. Hence this dual commitment to business success and social responsibility...continues to guide Danone Group employees in any strategic decisions and in their day-to-day work."

The Danone Group's commitment to engagement with the community is indeed part of its Business Conduct Policies. These state that "one of the principles of the Group's general policy is to contribute to the growth of small and medium sized companies and the development of community life." Danone focuses its engagement with the community around three themes:

- occupational training for young people and combating social exclusion by preparing the unemployed for work;
- assisting the social and economic development of local communities around Danone sites;
- helping disadvantaged children.

Danone's aim is to involve as many employees as possible in this activity. Since 1998, corporate social responsibility has been one of Danone's four strategic human resources policy directions. All subsidiary companies are obliged to integrate it into their action plans and to set targets.

The Group has grown substantially in Eastern Europe, the Americas and Asia over the 1990s, mainly through acquisitions. Nineteen percent of Danone Group employees are now based in France, with 25 percent based in the rest of the European Union and 56 percent in the rest of the world.

## Programs

The largest Danone commitment to engaging employees within the company's social responsibility agenda has been the "Children's Hour." The Group Executive Committee committed to this program in July 1999. (This is part of a worldwide initiative that is sometimes known under a different name e.g. the Children's Promise in the United Kingdom). For this initiative the Danone Group donated the equivalent of one hour's net earnings for every employee to mark the new millennium. This totaled 3.5 million French francs. Employees were invited to match this donation. A further 7 million francs were raised. In countries as diverse as Argentina, China, Italy, Malaysia and Russia over 80 percent of employees responded. Employees in some countries including Canada, Indonesia and Poland have also given time to the sponsored projects. This employee involvement has been followed by consumer engagement. In spring 2000, Danone products in over 30 countries carried information on its packaging encouraging consumers to take part in the campaign.

The Children's Hour is the biggest single example of employee engagement within the company's social agenda but there are many others at both local and national levels.

Danone recognizes that it is well placed to assist with the development of SMEs (Small and Medium Sized Enterprises). This is particularly true where Danone is a major local employer. A good example of Danone's approach is provided by its support for Synergies-Normandie, an organization through which large companies transmit their expertise and support to SMEs. Employees are involved in mentoring companies and giving them specialist business advice. For instance, in 1999 Danone assisted Prodergie, a small electrical company, by carrying out a study to identify the best staffing structure to cope with its rapid growth.

Employees are also involved with the Danone Group's youth unemployment measures. Sometimes this is done simply by working to establish close relations with a school or training center, and to provide work experience. In the case of Danone Argentina, this has been extended by special plan to train 60 unemployed people to be electricians and welders. This requires significant commitment from employees to provide on-the-job training. In the Opavia biscuit plant in the Czech Republic, each young trainee is assigned a staff member to act as an in-house tutor, a very time-consuming role over the three-year training period.

At the group's Headquarters in Paris, ten percent of the staff is involved in the Coup de pouce. This group uses the professional skills of head office staff to undertake tasks to assist local voluntary organizations to work more effectively. The work is partly carried out during company time.

## Conclusions

The Danone Group has employee participation firmly embedded in its company culture. Danone is setting out to engage its employees with its own wider social mission and to ensure that Danone is fully integrated into and accepted in the countries where it operates.

## Contact Details

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**75008 Paris France**
**Phone: + 33 1 44 35 20 20**
**Website: www.danonegroup.com**

There is good coverage of Danone's social responsibility activities on the website.

## Case Study 8: Zurich Financial Services

| | |
|---|---|
| Nature of business: | Pensions, insurance and financial services |
| Headquarters: | Swindon, England |
| Worldwide employees: | 2,798 |
| Global reach: | The Zurich Financial Services Group operates in 60 countries around the world |

### Commitment to Engage Employees in the Community

Zurich Financial Services now incorporates Allied Dunbar, (previously Hambro Life), which has been an innovator in employee engagement within the United Kingdom.

Founded by three South African exiles in 1971, the company has had a strong philanthropic commitment from its inception. The main charitable foundation, now called the Zurich Financial Services (UKISA) Community Trust, receives 1.25 percent of the Allied Dunbar pre-tax profit. There are four subsidiary trusts:

- Allied Dunbar Staff Charity Fund founded in 1975;
- Allied Dunbar Foundation founded in 1981;
- General Business Staff Fund founded in 1998;
- ZIFA Cares founded in 1999.

Staff members are engaged through the activities of all the trusts and the company's own programs. They are involved in decision making, fundraising and direct volunteering.

### Programs

#### (i) Allied Dunbar Staff Charity Fund

The fund is supported by the 2,600 staff members at the Swindon headquarters. The monies in the fund come partly from the employees and partly through the Zurich Financial Services (UKISA) Community Trust. Volunteer staff representatives make decisions on grants. The great bulk of these are made to local community organizations operating within a 30-mile radius of Swindon. £30,000 is set aside for work overseas with United Kingdom-based development charities.

#### (ii) Allied Dunbar Foundation

This is the fund of the sales workforce based all around the United Kingdom. It gets one fifth of the monies received by the Zurich Financial Services (UKISA) Community Trust. Employees raise funds to support the foundation, and a committee of volunteers makes decisions about the disposition of the funds. Applications for funding have to be made through one of the sales departments.

### (iii) General Business Staff Fund

This works on the same basis as the other funds in terms of fundraising and financing. The fund covers the staff of Zurich Financial Services General Business. It is part of a move to spread Allied Dunbar's practice through the whole of the Zurich Financial Services operations in the United Kingdom. The beneficiaries are local charities nominated by 46 volunteer coordinators across the United Kingdom.

### (iv) ZIFA Cares

This is a new foundation for the staff of Zurich IFA Limited. The staff is involved both in fundraising and selecting beneficiaries. National beneficiaries are selected by a national committee and local ones are nominated by individual staff members.

**Allied Dunbar's approach centers on engagement and involving employees in decision making. This has imparted energy, leveraged further financial contributions from staff and contributed towards staff development.**

In addition to these staff-controlled funds, employees working in teams are challenged to complete a specific task to assist a local voluntary organization.

The professional expertise of staff members is matched to community need through APLHA (Allied Professional Help and Advice). It provides help in such areas as accounting, marketing and training in computer systems. About 40 projects are undertaken each year delivering 600 hours of consultation.

There is an international aspect to the program. Since 1994, at the suggestion of staff, the India Program has been added to Allied Dunbar's portfolio. This focuses on capacity building with a number of partner voluntary organizations in South India. The staff development assignments to India are of four weeks duration, and are partly financed by the Human Resources office.

A recently executed survey of Allied Dunbar staff showed that two-thirds of those surveyed thought that community involvement should be used as a means of developing staff.

In addition to these activities, the Zurich Financial services (ISA) Community Trust executes its own program of community support.

## Conclusions

Allied Dunbar has centered its whole approach on engagement and involving employees in decision making. This has imparted energy, leveraged further financial contributions from staff and contributed towards staff development. The management of Zurich in the United Kingdom is now working to spread this culture through all the United Kingdom- based companies in the group. It remains to be seen whether or not the case for staff engagement is sufficiently compelling to be taken up by Zurich on a worldwide basis.

### Contact Details

**Community Affairs Department**
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**Swindon SN1 1FL**
**England**
**Phone: + 44 1793 511227**
**Website: www.allieddunbar.co.uk**

There is no coverage of the community affairs activities on the website but there is a good brochure about the program available from Zurich.

## Case Study 9: Rosbank

| | |
|---|---|
| Nature of business: | Commercial bank |
| Headquarters: | Moscow, Russian Federation |
| Assets: | 52,447 million rubles (December 2000) |
| Global reach: | Throughout the Russian Federation with an office in Beijing, China |

Rosbank, UNICEF and the Russian branch of the British Charities Aid Foundation (CAF) have joined their efforts to provide help to disabled and gifted children, including grants and employee volunteering. Rosbank created the Novy Den (New Day) program, selecting 36 children's projects and organizations, both governmental and public, to receive grants. Six organizations are in Moscow and the rest are in the provinces.

Each of the Moscow-based organizations received U.S. $5,000 and the regional ones U.S. $2,000. Program organizers stressed their goal to assist primarily the neediest children's groups.

"We sought to help children in those regions that normally do not receive any help," said Anna Parshchikova, the program's supervisor from Rosbank.

### Commitment to Engage Employees in the Community

Rosbank employees volunteered their time to attend meetings on grant screening and processing.

### Programs

The list of grant recipients includes children's organizations from Central Russia (Moscow, Lipetsk, Tula), the Far East (Khabarovsk, Yuzhno-

Sakhalinsk), Siberia (Omsk, Tomsk) and the far north (Norilsk and Dudinka). All six of Moscow's grant recipients are institutions and programs designed to help disabled and sick children.

On average, 10 to 15 grant applications were filed by each region, except for Khabarovsk, which submitted 30. Officials said Moscow charities filed far more applications than groups further away, most likely because the program was announced through the media.

According to Parshchikova, most grant applications requested help for disabled and sick children; many fewer sought sponsorship for gifted children.

"The ratio was approximately five to one; in Moscow even bigger—which leads us to believe that the problem of sponsoring gifted children is somehow resolved in the capital," Parshchikova said. "Moscow has a good number of musical and artistic schools, while in the provinces such schools are scarce."

A similar program was scheduled for June 2000 and aimed to focus on the cities of St. Petersburg and Ulan-Ude.

## Conclusions

The case described above illustrates positive interaction between business and non-governmental institutions, partnering their financial, expert and administrative resources.

CAF Russia was responsible for managing grants made within the program framework and for organizing the submission of progress reports and other necessary documents.

## Contact Details

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# Asia and Australasia Company Case Studies


## 10. Samsung: Establishing year round volunteering in a Korean company

## 11. Hitachi: Internationalizing employee involvement in a Japanese company

## 12. National Australia Bank: A national commitment to volunteering

## 13. Tata Enterprises: Engaging employees to revitalize philanthropy


## Case Study 10: Samsung

| | |
|---|---|
| Nature of business: | A conglomerate in the process of refocusing on electronics, banking and service industries |
| Headquarters: | Seoul |
| Worldwide employees: | 170,000 |
| Global reach: | Operational in 65 countries around the globe |

### Commitment to Engage Employees in the Community

Samsung's philosophy can be summed up in the phrase "devoting our human resource and technology to the development of a better global society." Founded in 1938, Samsung prides itself on being a consumer-focused organization. The company has a foundation. Since 1993, Samsung has been involved in a campaign to shift its management to a more quality-centered focus. At the same time it has been expanding its employee volunteering activities, especially in Korea.

### Programs

Samsung's community relations department has an organized policy framework for encouraging employee volunteering. Input on employee volunteering is integrated into orientation programs for new employees and into staff training. There is a matching grants program for employee volunteering. Samsung also pays for insurance for accidents that may occur while an employee is volunteering.

Acknowledgement is given to volunteers through the "Most Praiseworthy Samsung Employee of the Year" Award. Staff members are kept in contact

through the quarterly Making a Better World magazine, which is published in Korean.
The company has developed a calendar of events to encourage employee involvement.

There is a Samsung Global Volunteer Festival in October. Over a two-week period, 70,000 employees in offices all around the world take the opportunity to get involved in volunteering activities. The festival was first held in 1995.

Since 1996 Samsung has held a drive for blood donations. Part of the aim here is to encourage other corporations to follow suit.

At the end of each December, Samsung has another major initiative called "Loving Neighbors." This is aimed at providing social events for people living around Samsung offices who might otherwise feel lonely or left out during the holiday season at the end of the year.

Samsung's pioneering efforts have received public acknowledgement. In 1998 it received an award for excellence in corporate community services from the U.S.-based Points of Light Foundation. It was the first Korean company to be so honored.

Samsung was also the first private sector organization in Korea to be approached by the United Nations Development Program to assist in its UNISTAR program. This involved assisting four recently privatized companies in Uzbekistan to overcome problems they faced in finance, production and marketing.

## Conclusions

Samsung provides an interesting example of a global company recognizing the advantages that can accrue from employee engagement and introducing both global- and home country-specific employee programs.

## Contact Details

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**Seoul, Korea**
**100-102**
**Phone: + 82 2 3706 1114**
**Website: www.samsungcorp.com**

## Case Study 11: Hitachi

| | |
|---|---|
| Nature of business: | Electronics company |
| Headquarters: | Tokyo |
| Worldwide employees: | 328,351 |
| Global reach: | Worldwide but principally America, Europe, South East Asia and Japan |

### Commitment to Engage Employees in the Community

Hitachi's philanthropic mission is to "Contribute to people and society through technology." It is on the basis of this premise that it has structured its engagement with the community.

Hitachi has a considerable commitment to community engagement in its home market of Japan, which is largely but not exclusively executed through the seven foundations that Hitachi has established. Two of these reflect Hitachi's consciousness of itself as an international organization with an ability to transfer good practice and to increase mutual understanding. The Hitachi Scholarship Foundation enables faculty members from South East Asian nations to continue their education at a Japanese university. The Hitachi Foundation, set up in 1985, operates in the United States and has the mission of promoting mutual understanding between the United States and Japan. Hitachi also shows this international concern through some of its directly funded programs, such as the Hitachi International School Teacher Exchange.

Japan is not a country with a strong indigenous tradition of employee volunteering. However, employee volunteering has been a subject of increased interest to Japanese companies since the 1990s. According to a 1999 Keidanren survey, the level of spending on philanthropic activities fell throughout the period 1991-1998 but the level of commitment to employee volunteering grew. Employee volunteering manifested itself in a number of ways including:

- paid time off for volunteers;
- giving employees time off to participate in the Japanese Overseas Cooperation (the equivalent of the Peace Corps);
- running volunteer registration systems;
- matching gifts;
- contributing to groups that receive employees' volunteer time.

### Programs

Hitachi has a number of different mechanisms for employee engagement. Their commitment to using volunteering in a number of different locations and settings is striking. One of the most unusual programs is Hitachi's own symphony orchestra in Japan. Founded in 1952, the

symphony gives community performances of classical and popular music twice a year.

Hitachi has a system of Community Action Committees at its locations around the world. The purpose of these committees is to organize and promote better ways for employees to engage with their local communities. This engagement can come in the form of grants, in-kind contributions or volunteer efforts. In the United States, the Hitachi Foundation's Matching Funds Program doubles the contributions made by the committees.

Hitachi has contributed to developing the Community Action Committee model. For instance, since 1987 Hitachi has convened a biennial California Public Forum to discuss ways to solve the social and environmental issues confronting the state.

Hitachi actively promotes employee participation in fundraising events such as the Walk for Millions Charity Event in Hong Kong, March of the Dimes Walk America, and the AIDS Walk in San Francisco. Hitachi also encourages employee involvement in activities as varied as the Great Texas Trash-Off and the Hands On Atlanta Serve-a-thon.

Within Japan, Hitachi operates a volunteer register. In particular, employees visit homes for the elderly, entertaining the residents with music, magic and dance. Hitachi is a strong supporter of the Japanese Overseas Cooperation Volunteers program. The program provides assistance to engineering projects in developing countries. The result of these programs is that there is considerable potential for professional growth and development for participating employees.

Employee contributions to the health infrastructure include blood donations. There are also purely local contributions such as the "First Responders" team run through the local Red Cross in Munich.

## Conclusions

Hitachi has not been a major innovator in the field of employee community engagement, but it has consistently recognized and promoted employee involvement on a worldwide basis. It has learned from existing good practice in other companies, in spite of the fact that there is not a strong tradition of employee volunteering in the home country.

### Contact Details

**Hitachi Community Relations Committee**
**Hitachi Ltd**
**6 Kanda-Surugadai**
**4-chome, Chiyoda-ku**
**Tokyo 101 Japan**
**Phone: + 81 3 3258 1111**
**Website: www.hitachi.co.jp**

There is some information on the website in Japanese and English. Hitachi produces a clear and comprehensive brochure about its worldwide program in English.

## Case Study 12: National Australia Bank

| | |
|---|---|
| Nature of business: | Banking and financial services |
| Headquarters: | Melbourne |
| Worldwide employees: | 46,300 |
| Global reach: | Over half of revenues and employees are now outside Australia; the bank operates in four continents and fifteen countries |

### Commitment to Engage Employees in the Community

National Australia Bank (NAB) is Australia's fifth biggest company and its largest bank. The bank recognizes that its "leadership role brings with it responsibilities." NAB sets out a very clear case for the benefits that its operations bring to Australia and the socially responsible way in which it achieves its business goals. In its external communications it stresses that:

- the profits made from its overseas operations are roughly equivalent to the export income earned by the Australian sugar industry;
- that it is Australia's second biggest taxpayer;
- that its profits contributed significantly to the income of Australian superannuation funds and thus to the retirement incomes of Australians;
- that it is the largest lender to Australian farms and small businesses;
- that half its branches are in rural areas despite the fact that only one-third of Australians live in rural areas.

Given this very strong sense of national mission and commitment it is unsurprising that NAB engaged with the wider community to determine the structure of its community commitment, or that it engages its 23,000 staff in Australia with its mission in the community.

## Programs

National's main vehicle is Community Link, through which it has distributed thousands of dollars and established connections with a large number of local and national voluntary organizations.

The objectives of National Community Link came from research and discussion with the Australian public, community leaders, churches, ethnic groups, government, community service groups and NAB's staff and customers. Out of this came a program with the objectives of strengthening society, particularly through promoting the awareness of the value of volunteerism, and initiating programs designed to increase volunteer resources and activities.

National Community Link has three components: partnerships with major community service and voluntary organizations, employee outreach programs and community liaison.

Within the partnerships program, NAB joins in projects with community service and volunteer organizations. These projects use National's management resources where appropriate to achieve their goals. Within this program NAB also runs the National Community Link Awards. The awards, issued by panels composed of representatives of major volunteer organizations, recognize, reward and promote the efforts of volunteers. They are estimated to reach over 100,000 organizations and one million Australians each year (that is one Australian in twenty). A National Community Link magazine is distributed free on a nation-wide basis.

The National Community Link program aims to have active engagement in understanding, discussing and resolving issues relevant to communities, families and volunteering. For this to be effective there must be involvement by NAB's management and staff.

Staff members are encouraged to volunteer individually and are also given opportunities to get involved in major community projects that are sponsored as part of the National Community Link. For example, staff members are involved as judges in the Lions Australia Youth of the Year Quest.

Employees can take time off for specific volunteer activities. Staff members are also encouraged to use their professional skills on a project or organizational basis, for instance by advising on strategy development, financial management systems, marketing and promotion.

## Conclusions

National's employee volunteering program is an organic and logical outgrowth of its commitment to being a responsible corporate citizen. Engaging with local voluntary organizations and encouraging staff participation gives the program national scope and strengthens links in

the communities that are NAB's customer base. At the same time NAB has become a significant supporter of volunteering organizations at a national level.

Focusing the bank's efforts in employee volunteering has made good business sense in a market where it has a very significant presence. The case has been less compelling for National's foreign subsidiaries where the bank has a smaller market share and is less prominent. While there is some volunteering activity here, employee engagement and voluntarism is much less central to the subsidiaries' programs.

**Employee volunteering has made good business sense where National has a very significant presence; the case has been less compelling for foreign subsidiaries where the bank has a smaller market share and is less prominent.**

### Contact Details

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**500 Bourse Street**
**Melbourne Australia**
**Victoria 3000**
**Phone: + 61 3 9641 4200**
**Website: www.national.com.au**

There is comprehensive coverage of National Bank of Australia's program on the website.

## Case Study 13: Tata Enterprises

| | |
|---|---|
| Nature of business: | India's largest business house with more than 82 companies. A highly diversified group including steel, tea, information technology and hotels |
| Headquarters: | Mumbai (Bombay) |
| Worldwide employees: | 260,000 |
| Global reach: | The greater part of the business is in India but there are interests in other countries including the U.S., Singapore, Bangladesh and the United Kingdom |

### Commitment to Engage Employees in the Community

Tata has a thoroughgoing commitment to corporate philanthropy. Sixty-three percent of the capital in the parent firm Tata Sons is owned by the Tata (Philanthropic) Trusts. The trusts were set up by various members of the Tata family who founded and ran the firm. The Trusts have sponsored and promoted a number of public institutions of national importance. Tata is now in the process of change. It is mainstreaming and bedding down community involvement within its operating units. Increasing employee engagement is a key part of this process.

## Programs

A key mechanism for the shift in attitude that Tata is working to bring about is the Tata Council for Community Initiatives (TCCI). The council consists of senior managers drawn from among the major Tata subsidiaries in India. Part of its aim is to make "corporate citizenship a possibility for all our business units and extend it to encompass perhaps every Tata employee." The council is reviewing the traditional methods by which the company delivers its social program. It is looking to follow a twin track approach. The focus of the social programs must be on enhancing human development and delivering the program through volunteers.

**For a clear and comprehensive set of guidelines on motivating employees to become involved, see: www.tata.com/community/tcciguide.htm.**

## Among the key employee volunteering inputs are:

- advice to schools on purchase of equipment;
- training for schools on financial management;
- participation on state level committees to reform the vocational training system;
- extending practical health education to deprived communities;
- using managers to set up cooperative farming initiatives and improve water supply.

Based on these new work involvements, Tata has produced a clear and comprehensive set of guidelines that give particular attention to how to motivate employees to become involved. These can be found on the web at www.tata.com/community/tcciguide.htm. Tata's ultimate goal is to enable all its employees to benefit from being a Tata volunteer.

## Conclusions

Tata shows how a company with a longstanding and well-structured philanthropic program can adapt and enrich what it does through the time, skills and efforts of its volunteers. Foreign companies such as General Electric and EDS have successfully established volunteering activities in India. As a company with a strong local tradition of social action, Tata should be well placed to harness the enthusiasm and skill of its own employees to energize its social engagement.

## Contact Details

**Tata Council for Community Initiatives**
**1st Floor**
**Wellington Mews**
**33 Nathalal Parekh Marg**
**Colaba, Mumbai 400 001 India**
**Phone: + 91 22 282 6224**
**Website: www.tata.com**

There is detailed coverage of Tata's philosophy and commitment to the wider community on the Tata website.

# Section IV: The Employee in the Community in Different Regions of the World

## Introduction

This third section of the study focuses on what can be learned about employee community engagement in five main regions of the world outside of North America, where the issue is relatively well understood and to some extent researched. These regions are:

- Western Europe
- Eastern Europe and the Confederation of Independent States
- Asia and Australasia
- Sub-Saharan Africa
- Latin America

This portion of the study drew on the local experience of the network of the alumni of the Center for the Study of Philanthropy's International Fellows Program at The Graduate Center of the City University of New York. The Fellows were asked to undertake research in their own countries to determine general trends in corporate community involvement and the role of employees. The research was based on surveys of local and international companies. The survey instrument was common to each country and the full reports generated by this work are available from the Center for the Study of Philanthropy. This section uses highlights from the country reports to illustrate local trends; it is recommended that readers consult the country studies whose authors are acknowledged at the end of each chapter.

The country reports are designed to give depth to the regional inquiries. In this way, the authors have attempted to gain insight into general trends in corporate community involvement and the role that employees are playing around the world at both the macro and micro levels. It is possible to see that in the main regions of the world there are several countries where ECI is thriving in terms of volunteering and other forms. Furthermore, both international and local companies are encouraging these practices.

Efforts to assess the value of employee contributions vary widely. In some countries, like Australia, companies see that they gain greatly from having their employees involved. In others, like Russia and Georgia, employees can be vital to delivering help to the community, but the focus of interest is solely on how the community benefits. The diversity of approaches and practice is immense but the common theme is clear: ECI is a global phenomenon of growing

importance. This being the case, it is to be hoped that this study provides the basis for future inquiries at the global, regional and national levels.

## Western Europe

### Introduction

Rich in history, broad in cultural diversity, Western Europe is only gradually coming together as a distinct region with common attributes. Only Switzerland and Norway are not now members of the European Union (EU) and countries like Poland, Hungary and the Czech Republic are preparing for membership. Still, the cultural differences between nations and internal regions are greater than the similarities across the continent. However, the pace of change and integration has been growing, particularly in the economic sphere with the creation first of a single market, and now a common currency. This makes Europe's leading companies a powerful force in developing and spreading new ways of pan-European working.

Although ECI is still a relatively new phenomenon in Europe, the current economic and social trends make the time ripe for a major expansion of activity:

- Europe's economy is under pressure from global competition: individual companies must maximize their productivity through a skilled, motivated and flexible workforce;
- European unemployment averaged around 10 percent in the 1990s, and European societies have endured a breakdown in social cohesion. Governments are increasingly working in partnership with private companies and voluntary sectors to tackle these issues effectively. Governments are also trying to avoid a growing burden of taxation;
- Individual citizens across Europe want a better quality of life for themselves and their families: participation in the "third sector" of voluntary organizations and associations strengthens civil society and underpins democracy.

**Although ECI is still a relatively new phenomenon in Europe, current economic and social trends make the time ripe for a major expansion of activity, despite national differences.**

While economic and political convergence moves ahead, there remain wide social differences and thus widely differing experiences in corporate community involvement. The nation states have very separate traditions in the organization of their voluntary and charitable sectors. Overall it is possible to see that corporate community involvement is growing, with several apparent trends.

**First,** there is an expectation throughout the continent that business will act in a socially responsible way. Within Western Europe, community involvement needs to be seen as part of how companies act in a socially responsible way. As economies are liberalized and former state monopolies are privatized, expectations of companies increase, particularly former state-owned companies with an ethos of public service.

**Second,** the diminishing role of the state in social provision has led to an acceptance of a direct (but limited) role for companies. Limits on growth in state finances have led to a search for new sources of funding, and with it, new

ways of doing things. Learning from the private sector has become something of a vogue.

**Third,** multinational companies are increasingly in a position to transfer good practice from one country to another, as businesses integrate marketing, operations and management at a pan-European level. This trend can been seen in the growing number of pan-European brands, for example, and in internal restructuring along business division lines with a single tier of European management, rather than a nation-specific managerial structure.

Counter to these trends remains the fact that Europe still lacks a common language in which to talk both about corporate community involvement and about the wider issues of corporate social responsibility. The voluntary and charitable sectors remain predominantly national, as are educational institutions and the media. So the practice of and commitment to corporate community involvement will continue to vary significantly for some time to come, as can be seen from the country case studies below.

**Voluntary organizations play an increasingly important role in European society and economics, and are recognized as forming a distinct third sector alongside the private and public sectors.**

## Pan-European Trends

### (i) Voluntary sector trends

Voluntary organizations are playing an increasingly important role in European society and economics, and are being recognized as forming a distinct third sector alongside the private and public sectors. A 1994 study by The Johns Hopkins University in Baltimore, Maryland (U.S.) found that the sector accounts for between two and five percent of gross national product in some countries.

**Table 6**
**Impact of voluntary sector in four Western European countries**

| Voluntary Sector | UK | Italy | France | Germany |
|---|---|---|---|---|
| Percentage of GNP | 4.8% | 2.0% | 3.3% | 4.8% |
| Percentage of employment | 4.0% | 2.0% | 4.2% | 3.7% |
| Total expenditure (ECU) | 36.6 bn | 17 bn | 31.3 bn | 42.2 bn |

*Source: Lester M. Salamon,* The Emerging Nonprofit Sector: An Overview, *Manchester University Press, 1994.*

This third sector is increasingly engaging the personal and voluntary endeavors of individual citizens. A study of 2,300 voluntary organizations, undertaken by the European Commission and published in its communication *Promoting the Role of Voluntary Organizations and Foundations in Europe* (COM (97) 241: June 1997), shows that more than eight in ten voluntary and community groups engage volunteers. Just over a quarter of adults in Europe currently volunteer by offering unpaid help to organizations that aim to benefit people or a cause in the community. An eight county, 1997 survey by the UK-based National Centre for Volunteering found an average European

participation rate of 27 percent, with higher levels in the Netherlands (38%), Sweden (36%), Britain (34%) and Belgium (32%).
Traditionally, people have gotten involved in social issues through personal contact in their own communities or through organizations like the church. Nearly half (44 percent) of those surveyed learned about volunteering opportunities through families and friends, and around one in ten were connected through religious organizations (11 percent of men and 14 percent of women). But today across Europe, partly due to industrialization and urbanization, traditional links in society are changing and social cohesion is breaking down. The workplace offers a new route for people to get involved. The survey found that nearly one in ten people (9 percent) learned about opportunities through work. The scope for growth of employee volunteering and other forms of community involvement is extensive, both in voluntary organizations and in public sector organizations like schools and hospitals.

**Today across Europe, as traditional links in society are changing and social cohesion is breaking down, the workplace offers a new route for people to get involved.**

## (ii) Labor market trends

Today companies across Europe are facing many similar issues in human resource management, driven by the same economic and social changes. These include:

- the rapid pace of technological advances;
- globalization of economic activity, requiring European companies to be more flexible, to control costs and to increase productivity;
- the need to invest in workforce skills in the face of competition from other countries, especially in the Far East, which are increasingly up-skilling their own workforces;
- extensive "downsizing" and lay-offs, as some traditional industries, such as steel and coal, decline and automation increases in all industries;
- in some countries, early retirement and longer life expectancy have created a large group of active older people, while in other countries, youth unemployment is also growing.

Labor markets in Europe have changed dramatically over the last ten years. The proportion of the workforce in full-time permanent employment is falling and the number of temporary and part-time jobs is rising. Most new jobs created in the 1990s were part-time, mainly filled by women. In fact, women account for most of the growth in employment in the last 20 years: across the European Union, 70 percent of working age women are now economically active.

The decrease in birth rates since 1970 is also resulting in fewer people joining the labor market and the European Commission predicts that by 2010, the number of people entering the workforce will be less than the number leaving. Coupled with greater life expectancy, this is changing the balance between those active in the economy and those not.

In 1997, a study of 100 company members of the Conference Board of Europe found that in two-thirds of the cases surveyed, the nature of the employment "compact" had changed dramatically in the last decade. The traditional "compact" offering job security in exchange for employee loyalty held only in six percent of the surveyed companies. Yet commitment and trust among employees are more vital than ever, with workers needing to take more responsibility and to respond flexibly. The Conference Board survey found that staff members want

interesting and challenging work, open communication, opportunities for personal development and a better work/home life balance.
These trends, and others such as increased part-time and contract work, are causing companies to re-evaluate their relationship with society and the role that ECI can play in helping the company succeed as a business: how it can become part of a corporate culture that supports the development of employees, as well as the coherence and efficiency of the enterprise.

## (iii) The search for competitive skills

In Europe, economic competitiveness is a key issue, facing continuing challenges from the U.S. and now from the newly emerging economies of the Far East. To maintain high levels of education and training, companies are increasingly seeking to become "learning organizations" in which the work structure and business culture together promote the continuous development of the workforce. The "core competencies" needed by groups of employees are being identified, and training programs are being devised to develop them, with individual appraisal and evaluations of the results.

**Assisting employees to become involved in community and social activities is one way to address Europe's challenges of an aging workforce and growing unemployment.**

The workforce ten years from now will mainly consist of people who are working today, so companies must invest in the skills and capabilities of their existing employees. New products, technologies and organizational structures all require changes in staff qualifications. Successful companies are recognizing that despite pressures to cut costs, they need to invest in their employees to ensure that they meet current and future skill needs. Trade unions are also considering skill development as an integral part of collective bargaining. They recognize that their members will be better able to maintain good pay and conditions in the future if they have the required skills. Individual employees also value opportunities to increase their competency as it makes them more employable in a changing labor market.

ECI is increasingly seen as one way to develop employees' competence and increase their motivation. There is a wider dimension too. Just as companies ensure that today's employees receive continuous training, so they must be concerned about the training and education of the workforce of tomorrow. This workforce is likely to be smaller and older, while the rising number of unemployed people across Europe, many of them young, will put growing pressure on social cohesion. Assisting employees to become involved in community and social activities is one way to address these challenges.

## (iv) Public policy developments

At national and regional levels, employers, nonprofit organizations, government bodies and other agencies are increasingly thinking through the implications of these changes in the economy and in society. At a European-wide level too, public policy is developing. The following concepts and themes are emerging:

- education and training should be a life long process;
- individuals themselves must make a personal commitment to their own development, if they are to remain employable despite changes in the labor market and the wider economy;
- the potential of the third sector or "social economy" to be a source of non-

traditional employment is being explored to generate labor-intensive work and reach parts of society normally excluded;
- business is congregating around a number of large companies through take-overs, amalgamations and transnational alliances; these are increasingly organized on a pan-Europe basis;
- governments are seeking partnerships with the private sector to tackle "employment" issues, focusing on youth and long term unemployment and its underlying causes.

Concern at a pan-European level about these issues can be traced back to the former president of the European Commission, Jacques Delors. His seminal White Paper in December 1993, *Growth, Competitiveness, Employment: The Challenges and Ways Forward into the 21st Century*, was a call to action in tackling unemployment, achieving a synthesis of the needs of society and the requirements of a competitive economy. It stressed the need for greater involvement of the private sector and for continued training to be integrated in companies' strategic plans.

In response, a group of leading companies, including Accor, Bayer, BP, BT, Levi Strauss, Philips and Société Générale de Belgique, launched the European Declaration of Businesses against Exclusion in 1995. This proposed a range of practical measures for training, job creation and preservation, social integration and help for marginalized groups, including the placement of managerial staff at the disposal of voluntary organizations. This initiative led to the establishment of the European Business Network for Social Cohesion, one of the few pan-European agencies addressing corporate social responsibility.

Since then, European acceptance of the notion that companies have a role to play in social and community action has accelerated. The heads of government meeting in Lisbon in early 2000 culminated in a declaration stressing the importance of partnerships between the public, private, and community sectors. A campaign was launched to engage half a million business people over the next five years in new partnerships for social cohesion. The significance of getting unanimous agreement for this campaign should not be underestimated, given the continuing skepticism among some national governments (and some businesses too) about companies playing social or community roles.

### (v) The emergence of pan-European structures supporting corporate community involvement

There is no single Europe-wide organization that deals with corporate community involvement, and only a few national organizations are dedicated to this subject. The closest is the Cecile Network (www.cecile.net), a pan-European network of organizations and companies aimed at expanding ECI in Europe. Cecile includes voluntary organizations and specialist advisory agencies, and was initially convened by the London-based research consultants, The Corporate Citizenship Company. With funding from the European Commission and a group of companies, it produced practical materials to promote greater company involvement, including how-to guides, an Internet site, seminars and study exchange visits.

Another pan-European organization is the European Business Network for Social Cohesion (www.ebnsc.org). Its focus is tackling social exclusion: the process by which a significant section of the poorest and most marginalized in society are being left out of the increased wealth and new opportunities. The network includes European firms such as Bayer, Siemens, and Shell, as well as U.S. firms such as IBM, Nike, and Johnson & Johnson. These firms have come together to address a particular Europe-wide issue of social concern, rather than the straightforward promotion of corporate community involvement.

The voluntary sector has arguably made greater progress in establishing pan-European alliances and networks. For example, the European Foundation Centre brings together the major charitable trusts, including corporate foundations. Volonteurope, an international network promoting volunteer action across Europe, disseminates information on developments in volunteering, carries out research, produces publications and runs an annual international workshop.

**The voluntary sector has made progress in establishing pan-European alliances and networks.**

## Trends within Major Countries

Within Europe, one of the distinct differences in practice is between the United Kingdom and the Continent. UK practice is closer to that of North America both in scale and form. Levels of activity in mainland Europe tend to be lower and are often associated with company-endowed foundations operating at a distance from day-to-day business activities. However, the differences are diminishing as companies in countries such as France, Spain and Italy adapt approaches to suit their own circumstances. Germany and the Scandinavian countries generally lag behind practices in the rest of the continent.

Below is a summary of recent developments in the largest economies—France, Germany, Italy, Spain and the UK—and a short commentary about developments in the other countries.

### *France*

Corporate community involvement is well established in France. Estimates put annual corporate giving at FFr 1,000 million (U.S. $147 million). Sports, theater and the arts are the major beneficiaries, but social and humanitarian causes have become more important over the last decade. Corporate support is increasingly involving employees as secondments, or loaned executives. Corporate involvement includes volunteering for community organizations, providing technical know-how, and raising money through matched-giving schemes.

In October 1995, the Conseil National du Patronat Français (CNPF), which represents French employers, issued a document on corporate citizenship, *Citoyenneté de l'entreprise: pour jouer pleinement notre rôle dans la cité* (Corporate citizenship: how to play our role fully in society). Its aim was to promote corporate community involvement so as to improve economic development. Conferences on the subject were held throughout the country. This was followed in October 1996 by the publication *Revolution chez les patrons? L'entreprise citoyenne.*

L'Institut du Mécénat Humanitaire (IMH), the main intermediary organization in France promoting employee involvement, has identified five current trends:

- employees want volunteering opportunities where they are able to help unemployed and disadvantaged people;
- projects are being selected in the local areas where companies are located;
- employees are forming steering groups to define, structure, develop and co-ordinate their own programs with participation from management;
- interest is growing in secondments: for example, Marks & Spencer has started its first French program and EDF-GDF has expressed an interest in the same program as part of its plan to reduce working hours;
- skill pools, Réseau de Compétences, within companies are being identified by IMH, so that every employee's skills can be matched with a need in a charity.

In addition to AXA and Danone (see **Section II**), other companies active in France on ECI include:

Promodes (www.promodes.fr), where one hundred employees have created a charity, Promodes Agit Contre Toute Exclusion (PACTE), in order to run a "social supermarket" selling goods at 20 percent of their normal price to deprived families. The employees recruit young people to manage the store, help their customers find jobs and assist customers' children with their schoolwork.

Générale Sucrière, where 30 employees in Roye, Normandy, have chosen to work on an AIDS prevention project for young people in conjunction with a local cultural and social center. They have devised a human-sized "snakes and ladders" game with one hundred questions about AIDS; the children actually stand and move on the board.

Marks & Spencer (www.marksandspencer.com), where employees in Lille are participating in an urban environmental and educational project, Verdissons nos Murs, run by the environmental agency, Chantier Nature. Employees work with school children and residents in deprived areas of the city to increase green spaces and environmental awareness. In Paris, two stores have also conducted 100 hour secondments with charities working with unemployed people and there is a full time secondment to assist a food bank scheme. These development assignments aim to train staff members as an integral part of human resource management.

## *Germany*

Corporate community involvement does not have a long tradition in Germany. Many of the country's leading companies, such as car manufacturers Volkswagen, BMW and Daimler Benz, do have corporate foundations that support social, cultural and environmental programs. However, the independence of such foundations has prevented the link being made between the company, its employees and social causes. Since German reunification in 1990, company foundations have been encouraged to target financial support to communities in the former East Germany.

Some leading companies are concentrating on tackling rising unemployment and social exclusion. Volkswagen, for example, has reduced the working week and improved training in a bid to guarantee job security. On the basis of

collective labor agreements, workers are also given the possibility of volunteering during working hours. Youth work and participation in trade union activities and in certain political organizations have been encouraged. However, beyond this, recent research has shown that few companies provide practical support for employees to become active in social projects.

Nearly one in five Germans volunteer (18 percent), according to the 1996 survey by the UK-based National Centre for Volunteering, rising to nearly one in four (23 percent) among those under 24. Although the concept of employee volunteering is still in its infancy, there are signs of its development; one in ten volunteers said in the survey that they found out about opportunities through their place of work or occupation.

On the initiative of the Robert Bosch Foundation, preliminary research has been conducted on business and volunteering. Although the report has not yet been published (as of spring 2001), some key findings have emerged. The research examined the historic traditions in Germany of corporate social action, together with recent examples from the Anglo-American tradition of corporate community involvement. Employee involvement was specifically included. Traditionally, the collective labor agreements provide individual workers with opportunities to serve, as volunteer youth workers or in services such as the fire brigade, for example. Debates are currently underway in political circles, notably in the Social Democratic Party, about extending these initiatives, but the employers' associations are strongly opposed, particularly against any legislative compulsion.

A new intermediary agency, Fundus – Netz für Bürgerengagement, based in Cologne (www.community-partnership.net), has begun to work in Germany promoting ECI and acting as a broker between companies and community.

## *Italy*

Italy has a long tradition of involvement by commercial interests dating back to the Renaissance. More recently companies like Olivetti and Fiat have been great patrons of the arts and culture; other companies and banks have played an important part in supporting this aspect of Italian life as well. Smaller Italian companies often actively contribute to the local community in which they are located, providing charitable donations to local causes, sometimes at the behest of their senior executives.

There are no structured programs to encourage large corporate givers to provide more than financial support to arts organizations or voluntary groups. Neither the government nor the trade unions have made any public statements about employee involvement yet, but developments are beginning to emerge.

More and more influential business leaders, for example, are taking positions on the board or management committees of prestigious not-for-profit arts bodies. Carlo Camerana, a member of the wealthy Agnelli family and chief executive of various corporations, was elected chairman of Milan's Piccol Teatro and Teatro d'Europa. Nicola Costa, of the ship-owning dynasty, holds the same position at the Genoa opera house, while Umberto DiCapua, chairman of ABB Italia, sits on the board of Milan's main art academy.

Factorit, a financial services company, reached an agreement with trade unions to enable its employees to set aside a number of working hours for employee volunteering in jointly selected projects, with the assistance of the intermediary organization, Sodalitas (www.sodalitas.it). In the year before retirement, volunteering can be extended to one day a week.

Examples of ongoing employee involvement in Italy include executives from Hewlett Packard Italiana (www.hp.com) advising a social cooperative on organizational and personnel issues, while the Milan employer's federation, Assolombarda, runs a twinning program with schools to involve seconded staff.

## *Spain*

During the 1980s, corporate support in Spain was mainly focused on arts and culture. Then the 1992 Barcelona Olympic Games provided opportunities for sports sponsorship. During this period, support for charitable causes was largely restricted to sporadic philanthropic donations, as few had a strategic approach to corporate community involvement. Now the idea of corporate citizenship as a strategic business tool is being pioneered by multinational companies, together with Fundación Empresa y Sociedad (Foundation for Business and Society), the Madrid-based, nonprofit intermediary (www.empresaysociedad.org).

**Despite public support for volunteering, trade unions in Spain are still cautious because they view volunteering as one more threat in an already difficult labor market.**

Today ECI is generating considerable interest. Several companies are supporting their employees' fundraising efforts. In Barcelona, Marks & Spencer is pioneering development assignments and Levi Strauss has Community Involvement Teams, while in Madrid a Professional Firms Group offers *pro bono* advice to voluntary organizations. Others involving their employees include Banco Bilbao Vizcaya, El Corte Inglés, Iberdrola and Unión Fenosa-ACEX.

The conservative government, which took power in 1996, also encouraged the concept. Prime Minister José María Aznar publicly said that he will encourage donations from companies to social projects. The Ministry of Employment and Social Affairs issued a *Plan nacional de voluntariado* in February 1997 designed to promote volunteering. It made specific references to the private and public sectors' involvement in volunteering and promised "to create mechanisms to coordinate the cooperation between private and public sectors that participate in volunteering activities." Fundación Empresa y Sociedad is now promoting employee volunteering and leading in the corporate elements of the Plan.

The general public has expressed support for volunteering. A small percentage of people think that volunteering takes away jobs and generates unemployment. However, some trade unions are still cautious about endorsing volunteering because they view it as one more threat in an already difficult labor market.

In 1997 a survey by Fundación Empresa y Sociedad, *La estrategia social de la empresa: un enfoque de valor* (The social strategy of business: a value-added activity), examined the extent and potential for developing all forms of corporate community involvement in Spain, including employee involvement. One hundred large companies and the public were surveyed about their attitudes; seventy-two responded. The main results show that:

- of those companies surveyed, the majority said they were willing to promote projects of general interest that involved some form of active employee involvement;
- the most popular motive for promoting such projects is to give a human dimension to work (44 percent), closely followed by developing employees' skills (39 percent), promoting team work (39 percent) and creating a better external image of the company (31 percent);
- a third of the companies do not actively promote involvement of employees;
- three out of four companies said they did not know if any of their employees volunteer in their spare time;
- 64 percent of interviewed employees were willing to give a day's wages each year to an organization helping those in most need. Of those, four in ten preferred to donate a proportion each month or week from their wages, while almost a third wanted to make a yearly donation.

One of the survey's conclusions is that "the potential for companies to develop formulae for helping social causes in collaboration with their employees is evident."

Among leading companies supporting ECI is Marks & Spencer, the fourth major retailer in Spain, with stores in Barcelona, Madrid and Valencia employing over 440 people. For example, their employees have previously been involved in organizing raffles to raise money for children's charities. In 1997, the Barcelona store piloted two employee secondments to local charities.

Other multinationals' community involvement programs operating in Spain include Avon Cosmetics, with the "Avon fighting breast cancer" fundraising and awareness campaign (www.avoncompany.com/women/avoncrusade), Sony's "one plus one" matched giving scheme, and Levi Strauss' Community Involvement Teams (CITs) in Barcelona and in its factory in Bonmati (www.levistrauss.com). Levi's CITs around the world are made up of local employees who select humanitarian projects and fundraising initiatives for all employees to support. Once funds are collected, they are matched by the company.

The television channel Canal Plus promotes a staff-matched giving scheme, "Proyecto 0,25," with over 30 percent participation rate, while Banco Bilbao Vizcaya (www.bbv.es) raised 20 million pesetas and Unión Fenosa-ACEX (www.ufacex.com) 2.5 million pesetas in 1997 from their employees. These sums were matched by the company and donated to charities chosen by the staff. A similar scheme is also run by KUTXA (www.kutxa.es), a bank based in the Basque Country.

## *United Kingdom*

Employee community involvement is well established in the United Kingdom, as it builds on a long tradition of personal support for charities, but it is not yet widely seen among companies as an effective tool for human resource management. The first dedicated agency promoting employee engagement, Action Resource Centre (ARC), was founded in 1972, largely at the instigation of senior executives in IBM UK (www.arcweb.org). They identified the need for a broker between companies with staff available for secondment and the community organizations where they could be effectively engaged. Today,

ARC has merged with Business in the Community (BITC), which maintains a network of regional offices across the UK, helping its 400 member companies with all aspects of their community involvement programs.

In 1994, a Charities Aid Foundation survey of large companies with a record of making community contributions found that nearly four in ten (39 percent) provided support of some sort to employee engagement. Of these, six in ten offered financial support, seven in ten matched employee fundraising and four in ten circulated information about volunteering opportunities. (These results were based on 163 respondents from 650 companies surveyed.)

Since then, more companies have developed programs to support their employees and the range of practical help being offered has widened. A 1997 survey of BITC member companies found that more than eight in ten provided some sort of help, with six in ten running comprehensive programs, defined as offering four or more types of support such as time off, targeted donations, team challenge events and information about opportunities.

While these results confirm that ECI is well established in the UK, the notion that company operations should contribute to the achievement of mainstream human resource management (HRM) objectives is less prevalent. For example, the BITC survey found that three in ten of those with comprehensive programs linked employee community involvement to HRM objectives. While this is high by European standards, there is clearly progress to be made.

Several leading edge companies are now addressing this challenge. In 1995, seven firms—British Airways, BT, Diageo (formerly Grand Metropolitan), IBM, Kingfisher, NatWest Group and Whitbread—supported a study of techniques to evaluate the business benefit from employee community involvement. This was published as *Employees and the Community: How Successful Companies Meet Human Resource Needs through Community Involvement.* As a result, 18 companies came together to share the results of their own evaluations using the new techniques, and this was published in 1998 as *Valuing Employee Community Involvement: Practical Guidance on Measuring the Business Benefits from Employee Involvement in Community Activity.* Now a third study is underway, involving nine companies, to look at the impact of ECI on morale, motivation, performance and commitment, with results due for publication during 2001.

BT (www.bt.com), a leading telecommunications firm encourages its staff to become mentors, providing role models for young people in need. Carried out on personal as well as company time, evaluations of the impact of the program have shown a marked improvement in staff skills and motivation.

The financial services company, Halifax (www.halifax.co.uk), runs a skills development program based on teams, involving 500 staff, called Community Development Circles. Cross-departmental teams choose and then implement community projects, usually to raise funds and largely on their own time. Their performance is evaluated and the best team receives an award from the chief executive.

The accountancy firm, KPMG (www.kpmg.co.uk), operates a community brokerage service for its staff: this identifies suitable opportunities, especially in education, and allows employees to take time off work, which is charged to

a "time bank" equivalent to a percentage of hours charged to commercial clients.

Since 1990, the retailer Marks & Spencer has run a program of development assignments, now numbering over 200 a year, as part of its staff training and development programs. The assignee, often a young manager, performs a specific task in a community project, lasting around 100 hours spread over three months of paid time, structured to yield a training benefit.

Over 3,000 NatWest staff members volunteer in local schools each year, delivering the bank's financial literacy program, NatWest Face2Face with Finance, normally on company time (www.natwest.co.uk). This is both a community involvement program and a tool for staff personal development.

**The first pan-European conference on ECI was held in 2000. Today a company anywhere on the continent has access to help and advice to support its employees in community activity.**

## *Other Countries*

Outside of the larger economies, ECI is most prevalent in the Netherlands, where various new agencies have started work to promote both corporate social responsibility and ECI in particular. This mirrors a growing debate in Dutch society about the role of companies and the limits of the old tax-funded welfare state. In Belgium, Portugal and Switzerland, new organizations are starting to promote ECI, although awareness remains low. The least activity is currently taking place in the Scandinavian countries (Denmark, Norway, Sweden and Finland), Greece, Ireland and Austria.

Whatever these differences in the scale of activity, the pace of change is speeding up. The first pan-European conference on ECI was held in Rotterdam in the spring of 2000, attracting more than 100 delegates. Experience is spreading rapidly, so that today a company anywhere on the continent has access to the necessary help and advice to support its employees in community activity.

## *Acknowledgements*

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# Eastern Europe and the Confederation of Independent States (CIS)

## Introduction

The collapse of the command economies of Eastern Europe and the rapid decline of the Communist parties have presented the countries of Eastern Europe with many challenges. Among them is the task of having to simultaneously rebuild a base of private sector companies as well as the voluntary, nonprofit sector institutions that are at the heart of civil society. Under communism both were forbidden. Few if any private organizations were allowed to flourish, particularly in Russia and the former Soviet Union, which developed a particular zeal for orthodoxy and central control.

**There are interesting developments in corporate community involvement throughout Eastern Europe.**

This study is focused on the interface between the employees of private firms, the community and voluntary organizations that make up the fabric of civil society. Although available information is limited, examples of ECI in the New Independent States might be indicative of trends in other parts of the former Soviet Union. Consequently it was important to undertake some basic research in Russia itself and in the newly independent country of Georgia, as examples of the many different nations under the influence of the Soviet system.

This chapter of the study is largely based on what was learned from research in Russia and Georgia. But it should be noted that there are interesting developments in corporate community involvement in other parts of Eastern Europe. Poland, Hungary and the Czech Republic, under communist rule only for the post-war years, are drawing on their private and philanthropic traditions and are making progress in developing their for-profit and nonprofit sectors.

Even in the Balkans, where large-scale disruptions and violence have followed the break- up of Yugoslavia, there is an emerging voluntary sector with links to local and international companies. A major new report by Britain's Charities Aid Foundation (CAF) has mapped this sector, as does an earlier report focusing on Russia; however, the CAF reports do not provide any information on the role of the business community. The Russian and Georgian studies in this volume have begun the exploration of corporate-community involvement and their findings indicate that additional work in this field (both further research and promotion) would be timely and worthwhile. As the introduction to this study suggests, private firms have a vital role to play in helping these societies accelerate their social as well as economic reconstruction.

## Pan-regional trends among International Companies

The trends among international companies in Eastern Europe and the former Soviet Union are less apparent than elsewhere in the world. However, there is evidence that multinationals are acting as effective conduits of good practice in community involvement generally and employee involvement in particular.

In some cases employee involvement is promoted through international volunteering days. For example, SmithKline Beecham Community Involvement

Day saw activity both in Budapest, where SB employees organized a trip to the Budapest Zoo for Kosovan refugees, and Warsaw, where employees assisted an orphanage.

As can be seen from the profile on GE elsewhere in this study, other formal global employee volunteering systems assist with the spread of employee volunteering. In another form of employee engagement, the manager of Marriott Hotels in Poland carries forward Marriott's commitment to fight AIDS through advocacy work at business events to encourage other business leaders' involvement in AIDS work (www.marriotthotels.com). The German company Siemens (www.siemens.com) provides an example of cross-border work with teams drawn from its corporate consulting arm, which has committed employee time and resources to build an international summer camp for children living in foster homes some 50 kilometers outside Prague in the Czech Republic.

As a major oil company, Chevron relocates employees from the U.S. to many places around the world and the company has major new investments in the former Soviet Republic of Kazakhstan. Its employees take with them the community involvement values they take for granted at home and, as the case below shows, they find ways to express them in their new communities abroad. As a company, Chevron is pleased to support its employees in community action overseas just as it would in the U.S. and believes that this is an important part of sharing cultures and being good local citizens around the world (www.chevron.com/community).

In Kazakhstan, Chevron volunteers work with the Peace Corps to teach English in schools and employees organized gifts for schoolchildren to celebrate the Moslem New Year. Most effective of all, Chevron has encouraged the sharing of its employee expertise as part of the overall community program. They have assisted with school refurbishment, the digging of new wells, the excavation of new landfill sites and cleaning up garbage.

### A Chevron Employee Initiative in Kazakhstan

Chevron's description of its global corporate community program contains an interesting story of an individual employee's initiative in Kazakhstan.

"It was spring, so Bruce Kosoki's thoughts turned to baseball. The only trouble was that he was 13 time zones and a culture away from the umpire's call to 'play ball.' But Kososki was undaunted. He and his two sons had been active in the little league back home in San Ramon, California, and he saw no reason why the youth of Almaty wouldn't take to the game. Indeed, he had already succeeded in introducing baseball to Zairian youth while on a former assignment there.

"Fortunately, Kosoki had a baseball soul mate back home in Dave Wetmore, a Chevron employee and a board member of the San Ramon Little League, who was quick to catch the spirit of the Kazakstan project. Wetmore had seen baseball played by youngsters in many countries, sometimes using broom handles as bats and garden gloves as mitts. So he organized a drive to gather bats, balls, gloves, jerseys, pants, sliding pads and socks to outfit between four and ten teams of children 5 to 18 years of age. Tony Lomando, a Chevron geologist and Little League coach himself, handled the advertising for the donation drive, and Chevron paid for the equipment.

"So, on a crisp, clear day under a brilliant sun, the first game of baseball ever played in Kazakstan took place. And Kosoki's dream of introducing baseball to Kazakstan came true."

The story illustrates the fact that where volunteering is embedded as part of the home culture, when employees are expatriated there is an inherent tendency to transfer volunteering.

*Source: Chevron "Partnership in Action"*

## *The Russian Research**

The current situation in Russia can only be understood in its historical context. Before 1917 and the Revolution, there was a well-established tradition of philanthropy among rich individuals, including industrialists whose philanthropic impulse was deeply influenced by the Orthodox Church. However, under the Soviet system, wealth was expropriated by the state, which became the focus of all economic, cultural and social activities. State-owned enterprises were often the center of a community and its social life, but private initiative was either strongly discouraged or strictly forbidden. These

* This profile is based on a survey of employee community engagement programs in Russia carried out for the Center for the Study of Philanthropy in 1999 by the Institute of Urban Economics of the Russian Federation. Yelena Yelagina and Marina Liborakina were the principal researchers. It provides a context for employee community engagement within an overall survey of Russian corporate philanthropy.

state enterprises made extensive provision for employees, their families and the wider community, but they did so in a controlling and paternalistic manner.

Since 1985, both a private sector and an independent nonprofit sector have been emerging in Russia and there has been an attempt to revive Russia's philanthropic traditions, or at least to provide a more positive environment for such activities. Not surprisingly, progress is slow; there is distrust of the aims and values of philanthropic foundations and charitable activity, and fear of corruption.

**Current Russian legislation does little to stimulate the growth of corporate contributions.**

But even under such unfavorable circumstances a few indigenous companies have managed to develop a socially responsible approach while foreign-owned companies have imported their models to Russia. Russkoe Zoloto, Lukoil, Ingosstrakh, DHL International and Philip Morris represent some examples of companies with well-developed corporate community involvement programs.

Compared to the initial phase of Russian reforms of the early 1990s, substantial progress has been achieved since about 1996 toward the development of the non-governmental sector and corporate philanthropy. A legislative framework for charity work and volunteer activities was developed during these years. It should be noted, however, that there is no common state policy of supporting and promoting corporate community involvement in Russia.

## *Legislative Framework*

Current Russian legislation on corporate contributions does not serve to stimulate their growth. Under Russian law, companies can deduct 3 percent (and 5 percent for specific kinds of donations) of their pre-tax net income as contributions. The major problem for Russian companies is that gifts-in-kind (donations of office equipment, for instance) are subject to a value added tax (VAT). As a result, it is much easier for companies to throw away equipment than to donate it to nonprofit organizations.

It is also important to bear in mind that most companies prefer *not* to resort to tax benefits granted for donations to charity, since they save little through them and are likely to flag the interest of tax authorities and risk a tax increase.

Currently Russia has nearly 286,000 registered nonprofit organizations. Noncommercial organizations, which are also called "the third sector," are gaining more and more professional knowledge, self-assurance and recognition among executive authorities and business communities. However, organized fundraising is still relatively undeveloped in Russia, and as a consequence Russian nonprofits continuously lack funds. But as the third sector in Russia grows, local companies will be increasingly called upon to develop special programs with NGOs, including sponsorships.

## *Corporate Sector*

As of January 1, 1999, Russia had 2.9 million registered enterprises of any type of ownership structure, with 74 percent of them belonging to private owners. The August 1998 financial crisis in Russia changed its corporate structure. Major Russian commercial banks with large sponsorship programs, such as

Inkombank, Menatep and SBS-AGRO bank, went bankrupt and will not recover in the near future.

In the current transitional Russian economy, social unrest and economic instability do not provide a stable environment for the development of corporate philanthropy. Yet at the same time, these factors could lead to the integration of the business community in Russia. They might also result in the formation of partnerships among the business sector, governmental structures, and nonprofit organizations working collaboratively to respond to social needs (including, possibly, the development of a framework for volunteer programs).

A peculiar feature of Russian corporate philanthropy is the direct linkage of corporate community involvement programs with the Soviet era. Former Soviet enterprises that were reorganized as corporations had to move their extensive social infrastructure (schools, hospitals, etc.) to municipalities during privatization. However, the companies still support them through their community involvement programs. This means that present-day businessmen have to fulfill responsibilities previously carried out by "red directors."

Philanthropic initiatives by West European and U.S. companies in Russia reflect their own corporate traditions, including a desire to foster good will in the communities in which they operate; there is little involvement of East European and Asian companies in Russian-based corporate philanthropy.

Forty companies were approached to participate in the survey of Russian corporations undertaken for this volume; twenty agreed to fully participate. It is interesting to note that in refusing participation some companies argued that their community programs were a "commercial secret," while others expressed concern over the potential of increased taxation. Even some subsidiaries of well-known western companies refused to allow their activities to be included.

Of the twenty companies included in the survey fifteen were public, five were private and one was state run. There was an equal split between service providers and manufacturing; some very large and some smaller companies were included, and all except one were headquartered in Moscow.

Only one-quarter of the surveyed companies claimed to have their own community investment program, though it is clear that a larger proportion than this actually performed some kind of philanthropic activity. As the table below shows, there was a range of community involvement activity across the companies including employee volunteering. However, as is the case with the Georgian study (see below), the large in-kind component can often include instances of employees giving services to the community, particularly in the case of professional firms. The term "employee volunteering" is very new to Russia and it is seen as a distinct type of community activity—distinct from employees' involvement in helping the community through the business.

## Table 7
## Forms of involvement

| Employee involvement | Percentage* |
|---|---|
| In-kind contributions | 60 |
| Direct corporate giving | 60 |
| Events sponsorship | 45 |
| Employee volunteer programs | 35 |
| Corporate foundations | 20 |
| Matching gifts | 5 |
| Cause related marketing | 5 |

**Because respondents were able to check more than one option, total percentages exceed 100%.*

**Companies with senior managers who view philanthropy as voluntary and private, not to be publicly promoted for commercial advantage, are unlikely to promote high-profile employee volunteering.**

It is difficult to judge the amount spent by companies on their community programs because most companies decline to disclose the amount. Three of the companies had a special employee volunteering day or other special event to promote ECI, and two had links with local volunteer centers. Two companies had representatives on the board of the United Way of Moscow.

Just under half of the companies, while willing to participate in the survey, did not want to publicize their community involvement. Some senior managers believed that "true" philanthropy was purely voluntary and private, not something to be publicly promoted for commercial advantage. Companies taking this view of philanthropy are unlikely to promote high-profile employee volunteering to their staff but might support personal philanthropy and community involvement.

The reasons companies gave for their community involvement are set out in the table below.

## Table 8
## Reasons for involvement

| | Very important | Moderately important | Not important |
|---|---|---|---|
| Enhance corporate image | 30% | 50% | 20% |
| Improve employee loyalty | 0% | 40% | 60% |
| Build customer awareness | 10% | 35% | 55% |
| Improve sales | 20% | 15% | 65% |
| Address key community needs | 55% | 30% | 15% |
| Build community trust | 40% | 50% | 10% |

The responses show the companies to be first and foremost focused on community need and to be relatively unconcerned about the effect of the programs on employees and on customers. It is unsurprising, therefore, to find

that action to help the needy is the heart of virtually all of the corporate social responsibility programs of the companies surveyed, not least because the restructuring and down-sizing of state enterprises and social services has caused considerable hardship to the poor and pensioners who previously relied on public provision.

**Table 9**
**Areas of involvement**

| Area of involvement | Percentage* |
|---|---|
| To aid socially vulnerable segments of society | 95 |
| Arts and culture | 40 |
| Education | 30 |
| Other | 25 |
| Health | 20 |
| Environmental protection | 10 |

**Because respondents were able to check more than one option, total percentages exceed 100%.*

The National Volunteer Center (originally called the Moscow Charity House) was established in Moscow in 1991. It sees its role as strengthening democracy and civil society through the development of a modern volunteer movement. It is a member of the International Association of Volunteer Effort and it organizes a volunteer week every December. In 1998, over 30,000 individuals and 185 companies were involved, and the week was sponsored by Philips. Participating companies were a mixture of Russian companies and foreign multinationals including Art-Hotel, Club 31, Coca-Cola, Ford, GUM-Sport, Mir, Pepsi-Cola, P&G, Shell, Svoboda and VideoArt. The Center has also organized a Spring Volunteer Initiative to focus human and material resources on children's fight against leukemia. Products were donated by Coca-Cola, Gorlitsa, P&G, Philips and Kodak, while Kodak, Nike and Philips were among those supplying volunteers.

At this time, the National Volunteer Center in Russia estimates that only 1 percent of Russians give time to voluntary community initiatives. There is no established culture of volunteerism, and there is considerable room for growth. The National Volunteer Center estimates that were 10 percent of all Russians to volunteer four to five hours a week, this contribution would be worth 18 billion rubles ($720 million) per annum; but this seems a distant prospect at this time. The researchers suggest that the trend could be considerably facilitated by intermediary organizations such as volunteer bureaus or brokers. For this to happen, more information on volunteerism will need to be disseminated and greater understanding on its importance to society developed.

Volunteer programs do not require financial resources yet provide benefits for the company and nonprofit sector, so it would be in the Russian corporate interest to draw on volunteers as a ready resource. Although 80 percent of companies have partnerships with nonprofits and 20 percent have strategic alliances with other companies, they are still suspicious about the Russian

NGO sector. Partnerships among businesses, NGOs and the state authorities should be forged with an emphasis on trust, transparency, and accountability.

Overall employee volunteering in Russia is still at an embryonic stage of development. Further growth is limited by the corporate view that voluntarism is a personal matter distinct from overall business interest. Greater understanding and publicity, as well as the giving practices by foreign multinationals, may prove to be keys to progress.

**Further growth of employee volunteering in Russia is limited by the corporate view that voluntarism is a personal matter distinct from overall business interest.**

## The Georgia Research

After seventy years of communism, the voluntary sector is not well developed in Georgia; only a third of the surveyed companies had specific partnerships with nonprofit organizations. However social needs are pressing and, as is the case in many newly emerging countries where civil society is in an early stage of development, companies work directly with the needy. There is evidence that companies in Georgia are aware of the need to help develop the nonprofit sector.

The first analysis of employee community engagement in Georgia was conducted in 1999 by the Horizonti Foundation in Tbilsi, Georgia, at the request of the Center for the Study of Philanthropy. Since the reinstitution of democracy and the liberalization of the economy in the mid-1980s, there has been an upsurge in the formation of private firms and an increased investment in Georgia. Most of this investment is in small and medium-sized companies. Importantly, this research shows that these companies are developing a commitment to the community and recognizing the contribution that their programs can make to their acceptance in society.

The growth of these companies has been complimented by the emergence of an independent, voluntary nonprofit sector, providing partners that enable businesses to get directly involved in helping to solve pressing community problems caused by the civil war and the restructured economy.

Twenty-three companies took part in the overall survey of corporate community involvement in Georgia. Eight of these were publicly held (joint stock) and fifteen were private. The number of Georgian-owned companies was fourteen (however, over the course of their development, the great majority of these companies have received financial aid from foreign investors) and the number of multinationals was nine. The number of manufacturing companies was six and there were sixteen service providers, in addition to one company that turned out to be engaged both in service and manufacturing. Nineteen out of twenty-three companies engaged in some sort of corporate community involvement, four of which had their own community involvement program or office. Twenty-two of twenty-three regional headquarters were based in Tbilisi and one in Batumi (a port town on the Black Sea coast).

Of all types of corporate giving, in-kind contributions were used most widely; 78 percent of companies made in-kind contributions. Direct corporate giving in cash was in second place with 48 percent, followed by events sponsorship (39 percent) and employee volunteer programs (26 percent).* None of the companies

* Respondents could circle more than one option.

had a matching grants program or program-related investments, which shows the newness and unfamiliarity of these initiatives for Georgia's companies.

**Table 10**
**Forms of involvement**

| Employee involvement | Percentage* |
|---|---|
| In-kind contributions | 78 |
| Direct corporate giving | 48 |
| Events sponsorship | 39 |
| Employee volunteering | 26 |
| Giving through a corporate foundation | 13 |
| Cause related marketing | 13 |

**Because respondents were able to check more than one option, total percentages exceed 100%.*

**As in Russia, companies in Georgia see the giving of services to nonprofits as an in-kind gift distinct from employee volunteerism.**

However, it is clear from the report that the figure for in-kind giving cited by some companies refers to equipment *and* services. This is particularly true of small professional firms such as law firms. As in Russia, they see the giving of services to nonprofits as an in-kind gift and employee volunteerism as a distinctly separate activity, largely undertaken by employees on their own account.

Twelve of the companies promoted their community involvement through the media in some way. All the companies saw addressing community needs as an important reason for engaging in community involvement programs. Other reasons cited were building corporate image, building customer awareness and building community trust. Improving sales and improving employee loyalty were not cited as factors of major importance as the table below shows.

**Table 11**

| Reasons for involvement | Very important | Moderately important | Not important |
|---|---|---|---|
| Enhance corporate image | 47% | 41% | 11% |
| Improve employee loyalty | 0% | 35% | 64% |
| Build customer awareness | 41% | 29% | 29% |
| Improve sales | 12% | 29% | 58% |
| Address key community needs | 65% | 35% | 0% |
| Build community trust | 41% | 35% | 23% |

It is important to bear in mind that the definition of employee involvement in the Georgian context is not the same as that found in most European and U.S. programs. Most commonly, Georgian corporations contribute to nonprofits through the service of senior-level executives on their governing boards; this form of volunteering often provides nonprofits with opportunities for fundraising, free consulting services, and pro-bono work. In addition—

although this is still rare in Georgia—some businesses offer employees opportunities to get involved in community initiatives on the company's behalf. One company (which requested anonymity) has had a volunteer day tradition for several years. Moreover, the system that the bank uses to organize the event is sophisticated, including publishing a calendar on which employees can sign up for a specific day they would like to volunteer (mostly on weekends). The company has already invested considerable capital and volunteer hours in this program because the bank's management believes that this initiative will enhance the team spirit of the employees and help the bank establish itself as an honest and reliable corporate citizen.

In addition, the Caucasus Advisory Group, Georgian Consulting Group, Curatio Medical Group, and Kordzadze & Svanidze Attorneys have also been involved in voluntary community initiatives, although, again, the model is different from that seen in Western companies. Their work offers an interesting example of the mix of private and corporate philanthropy. While Kordzadze & Svanidze Attorneys as a company does not undertake community involvement initiatives at this point, several of their employees have demonstrated a genuine interest in community philanthropy. One of the firm's attorneys has donated money to the Young Lawyers Association to run a free telephone consultation program; he also announced plans to create a scholarship program for the top Law Department students at Tbilisi State University followed by a six-month internship. One of the students would then receive a permanent job within Kordzadze & Svanidze Attorneys after completing the internship. While these actions are carried out through individual employee efforts, the firm hopes that it will be able to convert these initiatives into a more formal volunteer program.

A medical services provider, which is one of the largest emergency health care providers in Georgia, has set up a corporate foundation and is involved with a number of other activities including promoting employee volunteering among its 85 staff members. A publisher has also supported the community through volunteer time while a small travel company offers placements to University students and offers advice to community groups. There is plenty of evidence of employee engagement in the community in Georgia but the true scale and value of that contribution remains hard to gauge because it is local and pragmatic in nature.

Nonetheless, there is a potential for developing corporate voluntarism efforts. This process needs both to be stimulated by corporate management and promoted widely among nonprofits. The creation of nonprofit volunteering centers to coordinate ECI is one of the ways of promoting more active community involvement and volunteering.

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The study of Georgia was undertaken by Alexander Chakhunashvili of the Horizonti Foundation in Tiblisi.

A complete copy of both studies can be obtained from the Center for the Study of Philanthropy, The Graduate Center, CUNY.

# Asia and Australasia

## Introduction

Asia and Australasia are economically and culturally diverse. Levels of economic development range from Japan to Borneo, religious traditions include Islam, Buddhism, Hinduism, Confucianism and Christianity, among others; political systems vary from free market democracies to communist, one-party states with every thing in between. This chapter seeks to identify some basic indicators that the practice of corporate community involvement is well established in certain societies in the region, including an element of ECI worthy of note.

The experiences of the Philippines and Australia are a large part of this chapter. To some extent these countries can be thought atypical for the region because of their historical links to the U.S. and the UK. They have access to a tradition of corporate community involvement and employee community engagement. However, there is evidence from Japan, Korea, India and beyond to indicate that companies do take their role in the community very seriously and that they see employees as an important part of their strategy for expressing effective corporate social responsibility.

There is also some limited evidence that the people of the region think so too. When in the early 1990's, IBM was reviewing how to expand and develop its very well-established global community programs, it did what very few international companies have ever done before: it conducted some opinion research among the general public to see what they thought of the idea. The research included questions about the growth of the voluntary sector and the role of business in supporting it. The results all showed that in many countries ordinary people felt that the voluntary sector would grow and that business should support that trend. On the issue of ECI in Asian countries, IBM asked the question set out below and, as the table shows, the results were stunningly positive.

**Table 12**
**Question asked of a sample of the general public:**
*Often people who do voluntary work also have full-time jobs. If the company or organization you worked for supported your voluntary work by giving money or equipment, would it be a good idea or not?*

| | Not good idea | Don't know | Good idea |
|---|---|---|---|
| China | 8 | 8 | 84 |
| Japan | 8 | 37 | 55 |
| Korea | 6 | 12 | 82 |
| Singapore | 10 | 20 | 70 |
| Taiwan | 10 | 15 | 75 |
| Thailand | 5 | 5 | 95 |

*Source: Private research for IBM*

If this type of response from such a diverse group of countries and cultures does not get the attention of corporate leaders it is hard to know what will. IBM's own remarkable commitment to international social responsibility and community involvement over the years is part of the company's reputation as an ethical and trustworthy business around the world. A major part of the company's strategy for community involvement is employee engagement in the community and that has many expressions across Asia. Other international companies from Asian and other backgrounds are coming to conclusions similar to IBM's: that employee community involvement in all its forms is of value to and welcomed by most societies in Asia and Australasia.

**International companies are coming to conclusions similar to IBM's: that employee community involvement is of value to and welcomed by most societies in Asia and Australasia.**

## Pan-Asian Trends among International Companies

Asia and Australasia are both the home of a significant number of international companies and also receive considerable inward investments from U.S. and European multinational companies. There is significant variation in the level and type of employee volunteering activities within the different countries reflecting the different social structures, economic experiences and religious and cultural traditions. This section gives some examples of how U.S., European and Asian companies are engaging employees in diverse communities of the region.

Australia now has a well-developed tradition of employee volunteering, which has been considerably encouraged by U.S. international companies. A number of companies of different national origins involve employees in setting the direction and the administration of their community programs. In the case of Ford-Australia, this has come about as part of an effort to bring about a worldwide shift in company culture "from a leading global manufacturer to being a leading consumer company." In practical terms it has led to the setting up of a Community Affairs Committee consisting of employees and retired Ford employees. Staff are further engaged in the program by sharing business expertise with nonprofits, by mentoring young people included in Ford's "Youth at Risk" project and through a payroll deduction scheme to support five Ford charities.

The program of the National Australia Bank is profiled separately in this report, but its experience is not exceptional. The Australian bank, Westpac, also sees employee engagement in the community as an important part of its company culture. It has decentralized its community program and its charitable donations strongly reflect employee preferences and concerns. Westpac has engaged over one-third of its staff in volunteering in their communities through the "Community 2000" initiative. Paid time off from work is available for volunteers, as is the ability to work flexible hours to accommodate volunteer commitments. The Managing Director's Awards for Community Service Excellence acknowledge outstanding Westpac volunteers. Another Australian Bank that encourages staff participation is ANZ. It does this through the ANZ Staff Foundation. The Foundation is financed jointly by staff and the company. It makes grants to assist the disadvantaged and community groups, and it promotes staff involvement with the nonprofits it supports.

Lend Lease Corporation (www.lendlease.com.au), the Australian-based international Financial Services and Real Estate Corporation, organizes a global

Community Day. This program commenced in 1996 and involved Singaporean employees working in an orphanage, New Zealand employees volunteering in a children's hospital and employees in Madrid working in a school. Lend Lease received the Prime Minister's National Award for Excellence in Business and Community Partnerships for the efforts of 100 employee volunteers at the Sydney City Mission during the 1998 Community Day. As part of the Prime Minister's Community Business Partnership initiative in Australia, the Centre for Corporate Public Affairs and the Business Council of Australia did a major survey of corporate community involvement. The table below shows the high importance of employees as a factor influencing the development of such programs and the report gives many instances of employee engagement strategies.

## Australian Business Attitudes Concerning Community Involvement

**Table 13**
**Proportion of industry responses rating various motives as important or very important (in percentages)**

| | Industry sector | | | |
|---|---|---|---|---|
| **Motive/ perceived benefit** | **Resource** | **Manufacturing** | **Retail** | **Service** |
| Improve community relations | 94 | 86 | 92 | 85 |
| Improve employee morale, team work, retention | 94 | 76 | 59 | 85 |
| Broaden management perspective | 63 | 58 | 33 | 63 |
| Change culture to indicate long-term corporate direction | 100 | 60 | 70 | 70 |
| Improve customer goodwill | 44 | 57 | 75 | 85 |
| Improve business performance: short-medium term | 44 | 29 | 42 | 26 |
| Ensure license to operate | 75 | 14 | 25 | 15 |
| Access market | 25 | 24 | 50 | 33 |
| Attract investors | 31 | 19 | 25 | 7 |

*Source: Centre for Corporate Public Affairs and the Business Council of Australia, Survey 2000*

The commitment to employee involvement on the part of the Japanese multinational company Hitachi is profiled in Section II in the report but it is typical of other international Japanese companies that draw on local traditions, learn from overseas examples and export good practice in this area. Volunteer

clubs, payroll contribution deduction schemes, matching contributions, leaves for volunteering, and volunteer days are all featured within Japanese practice. Yasuda Fire and Marine Insurance Company (www.yasuda.co.jp/english) has a Chikyu (Earth) Club. The club was formed by employees in 1993 and undertakes volunteer activities near major locations including environmental clean ups, tree planting and charitable fundraising. Employees may make a contribution through payroll deductions. The company has also facilitated the exchange of volunteering information through a special internet site.

**Strong moral and religious qualities are important in the Philippine experience of social community involvement.**

Component manufacturer Omron Corporation (www.omron.com) has instituted a global volunteer day to celebrate the anniversary of its foundation. Some of the volunteering efforts involved are very significant in size. For instance, 1,500 employees from the Kusatsu factory clean the shore of Lake Biwa and plant flower seeds each year. At Toshiba, employees run a recycling scheme, the proceeds of which are donated to homes for the elderly. Sony has spread volunteering activities to its South Korean affiliate and employees have created a Sony Garden at Muhak Mountain. This is just one of the initiatives that are part of Sony's participation in South Korea's tree planting day. The worldwide volunteering program of the South Korean firm Samsung is profiled separately.

The Philippine experience is covered below. However, for this section, what is particularly striking about the literature produced by Philippine Business for Social Progress is the heavy emphasis on senior management involvement and commitment to social responsibility and volunteering; the number of employee clubs involved in delivering volunteering; and the strong moral and religious qualities. For instance, one employee of the Banco Davao commenting on the bank's employee projects said: "We are very active in projects such as fundraising or community projects because among others, ours is a community bank, and also because of Mr. Carvajal's [Bank President] leadership." Negros Navigation delivers its most significant program, SCORE (Social Concerns Outreach Endeavors), entirely through the voluntary efforts of management and staff. The UnionBank of the Philippines (www.unionbankph.com) established the UnionBank Club "to foster teamwork and camaraderie; to develop economic, social and spiritual awareness, and social responsibility and to promote the Bank's corporate and human values among employees." The club now handles all of the bank's social development projects.

Given the strong and successful element of personal commitment in volunteering, it is not surprising that Levi Strauss has a very strong Community Involvement Team in the Philippines, or that the key to this was "tapping into the personal sentiments of their employees." There is considerable anecdotal evidence that employees in the Philippines warmly embrace the opportunity to help address social problems and "build the nation." The example below from Citibank in the Philippines also confirms that view.

**In India there is a real passion for corporate social responsibility, and the emphasis is on community engagement.**

### Citibank N.A. in the Philippines

Citibank was established in the Philippines in 1902, and implements the worldwide Citibank commitment to *"demonstrating its usefulness to the host country not only in the business of banking but in the communities where it operates."* Citibank has a strong program of cash donations covering the environment, education, enterprise, poverty alleviation and the arts. Through the program the bank works with partners such as the Red Cross, the World Wildlife Fund and the Boy Scouts of the Philippines. The bank also works in partnership with its employees believing *"It is important for every Citibanker to understand that good business and good citizenship are intertwined – each supports the other."* Both management and staff have been involved in the partnership with the Red Cross. Employee volunteers have been particularly engaged with the bank's project with street children in Manila. The main partner in the project was the Don Bosco Street Children Project, which provides rehabilitation, education and care for street children to enable them *"to become productive citizens as well as good Christians."* Citibank staff volunteer time to be with the children to teach them catechism, tutor them, go on field trips with them and run sports clubs.

*Source: Philippine Business for Social Progress*, Compact 2, *No. 3 (December 1997).*

There are many examples of corporate employee volunteering taking root elsewhere in the region. In Singapore, the Citibank Foundations in Finance initiative allows staff volunteers to share their practical experience with undergraduates at Singapore Management University (www.citibank.com/singapore). In Hong Kong, China Light and Power (www.powertechnology.com), partly owned by ExxonMobil, organizes staff volunteers to offer free electrical installation for the elderly and to remove hazards from their homes. P&G has been active in promoting employee volunteering by engaging Indonesian employees in the Posyandu program, an integrated health and nutrition scheme for poor and ill-fed children. Employees assist with running the clinics and have enlisted other family members to help to deliver this program. P&G employees also have supported the P&G/UNICEF Open Minds program through voluntary salary deductions to the fund (www.pg.com).

There are many countries in the region, including Malaysia, where British companies like BP and Diageo have community programs with employee involvement components to them. A profile of the activities of Tata, an international Indian company in the three large countries in the region, other than Japan, is given elsewhere in the study. Hindustan Lever (www.hll.com), part of Anglo-Dutch Unilever, has engaged managers and their spouses in its school contacts program; and company managers, doctors and employees were engaged to deliver relief to the Orissa cyclone victims. There is a real passion for corporate social responsibility in India to which local and international companies respond, and where the emphasis is on community engagement.

China is one of the most significant countries in the region. It is of course just beginning to receive significant levels of foreign investment. It remains to be seen how firmly employee involvement becomes established in China and what forms of volunteering will flourish there. Lastly, there is Indonesia,

another giant of a country, immensely diverse in its own culture. But despite a strong and growing corporate sector, little is known of its community involvement.

## The Philippines Research

This profile contains a digest of the first study of employee volunteering in the Philippines. It was conducted by the AmCham Foundation and Philippine Business for Social Progress (PBSP) for the Center for the Study of Philanthropy between December 1999 and February 2000. A strong link to the U.S. has probably contributed to the high level of ECI in the Philippines, but not exclusively so.

A preliminary survey was sent out to 528 member companies of AmCham and PBSP. Sixty-two responses were received, two thirds of which came from the manufacturing and finance sectors. Half the respondents were family, private or closed corporations and this fact is an indication of how thoroughly the Filipino business community has absorbed the concept of corporate social responsibility. Thirty-nine percent of the respondents were Filipino-owned. A more rigorous follow up survey was conducted to ascertain the employee community activities actually undertaken between 1996 and 1999. The survey revealed the following types of activity among companies that had some form of employee involvement.

### Table 14
### Forms of employee involvement

| Employee involvement | Percentage |
|---|---|
| Employee giving | 74 |
| Outreach programs | 48 |
| Employee-led fundraising | 31 |
| Sharing of expertise | 23 |
| Other (project management) | 3 |

In connection with the above table, one quarter of those running employee giving programs offered employees the facility to contribute via payroll deductions. However, companies were largely unable to report how much money was raised by employees.

Outreach programs were very popular among staff and were largely dedicated to dental and medical missions, visits to orphanages and homes for the elderly. The most significant form of sharing expertise was pro-bono work, and instances of loaned executives were not common.

The responses of the companies when asked about the motivation for employee involvement are revealing.

## Table 15
## Motivation for employee involvement activities

| Motivation | Percentage |
|---|---|
| Help demonstrate company's social responsibility | 76 |
| Enhance quality of workforce | 34 |
| Fulfil company tradition | 23 |
| Enhance public relations image | 29 |
| Meet business goals | 13 |
| Other motivations | 19 |

**In the Philippines, corporate community involvement and employee engagement are considered social obligations, rather than tools to improve staff performance or achieve business advantages.**

Corporate community involvement and employee engagement are primarily seen as fulfilling social obligations, rather than as a tool to improve staff performance or achieve business advantages. This is not to say that the employers are unaware of the benefits that can stem from employee involvement, as can be seen from the table below, but it is not the primary motivation for employee community engagement—it is a by-product.

## Table 16
## Outcome/benefits of employee involvement activities

| Outcome/benefits | Percentage |
|---|---|
| Build teamwork skills | 68 |
| Improves relationships with community and government | 60 |
| Helps create healthier communities | 55 |
| Improves morale | 60 |
| Improves public image | 60 |

However, some employers indicated that they did not believe that employee activities could improve morale and public image. Three companies refused to attach any business benefit to employee volunteering activity, fearing that to do so would take away its "voluntary" character. This is an indication of the depth of company commitment to a philanthropic model of company social responsibility. It is unsurprising therefore to find that only one-third of the companies surveyed had a formal written policy on volunteering activities. Nor is it surprising that hardly any company attempted to evaluate employee volunteering. On the other hand, three-quarters of the companies allow employees to volunteer.

Overall the study shows that the Philippines does in fact have a vigorous employee volunteering tradition, matching and reflecting the robust commitment of Filipino companies to social responsibility and action. That tradition itself is deeply undergirded by a strong tradition of personally helping neighbors, friends and family in times of need, positive responses to disasters, and the social teachings of the Catholic Church.

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# Sub-Saharan Africa

## Introduction

**African societies have extensive practices of mutual support, although not a culture of formal volunteering as a Westerner would understand it.**

In terms of the big picture, the recent rush to create a new global economy has left sub-Saharan Africa behind. The World Bank's "World Development Indicators 2000" shows that in 1998 there was a world total of over $619 billion Foreign Direct Investment (FDI), of which sub-Saharan Africa received only $4.39 billion or 0.7 percent. Of this figure many countries like Burkina Faso received none at all and Malawi received only $1 million. However, countries like Zambia received $78 million and Uganda $200 million. The largest beneficiary of this investment was in fact Nigeria with $1.05 billion, but a substantial majority of that was in the very capital-intensive oil industry. South Africa received $550 million, but has by far the most diversified economy of any country on the continent. For this and other reasons it is something of a special case when considering corporate social responsibility in the African context.

Companies practice corporate community involvement, but in sub-Saharan Africa the private for-profit sector is still very small. In countries like Zimbabwe for example, employment in the formal sector of the economy, which includes the public, nonprofit and for-profit sectors combined, adds up to only around 10 percent of all employment in the country. The vast majority of the population is self-employed in agriculture or informal sector economic activity such as market trading and transportation. The informal sector still dominates much of the economic and wider community life in Africa.

Within the informal sector there is immense social strength and solidarity. The family, village, clan and tribe all have mutual self-help aspects to their social organization. This is not a culture of formal volunteering as a Westerner would understand it, but traditional African societies have extensive practices of mutual support. In one study, David Barnard points out that approximately 10 million black South Africans belong to traditional savings clubs, or "stokvels," in which all members contribute an amount each week and one member is able to withdraw all the funds.* Across Africa, burial societies and mutual aid societies with rotating credit facilities flourish.

Like Europe, Africa is a continent with many countries, cultures and wide cultural differences. Its indigenous business culture is very real; both East and West Africa have had long traditions of regional and international trade. However, little is known of the traditions of community engagement of these businesses and this review has of necessity focused on the activities of international companies. They are often the largest businesses that dominate the local economy, at least in terms of revenues. However, between the multinationals and a huge range of small businesses, there are a growing number of medium-sized African owned companies. They may be influenced by the practices of their international counterparts, but again there is no evidence of that; we just do not know how these companies conceptualize or play a role as a good corporate citizen in society.

* Employee Community Involvement Report on South Africa. Compiled for the Center for the Study of Philanthropy by David Barnard, Executive Director of Southern African Non-Governmental Organization Network (SANGONet).

The need for corporate giving is real. Underdevelopment, poverty and ill health are found across the continent. Private sector growth is increasingly seen as the solution to Africa's problems. However, the wider role of the private sector in society remains unclear and the role of employees particularly so, especially outside of South Africa where some studies have at least been done. Across the continent governments are struggling to maintain the framework of a stable democracy, and the rule of law. The formal nonprofit sector is tiny and of limited impact. In this context, anything private firms can do directly themselves or in partnership with others to help development is welcomed.

## Pan-African Trends among International Companies

Three types of international companies are prevalent in community involvement programs in Africa: those in oil and mining, food and raw materials production, and pharmaceutical companies. The latter have very few employees on the ground in Africa. Consequently their community programs while extensive, tend to be delivered by international nonprofit and other local partners in-country. These companies, like Merck, with its massive donation of drugs to fight river blindness and GlaxoSmithkline's drug programs focussing on the de-worming of children and eliminating elephantiasis are major contributors to healthcare across many countries on the continent. However, the opportunities presented for direct employee involvement are minimal.

**Private sector growth is increasingly seen as the solution to Africa's problems.**

The oil and mining companies, on the other hand, do have significant investments in many localities and countries, and an international and local work force that might become engaged in the local community. Shell, for example, has community investment programs across several African countries such as Gabon, Ghana, Botswana, Togo and Namibia. In Nigeria, where it has major investments in the Niger Delta and has had serious problems of relations with the local community, the company has over 40 full-time staff members working on community relations issues and projects. There are few effective nonprofits in the area and the company has had to develop the capacity internally; to work with local people to deliver programs, for example, it employs 24 agricultural officers. The total spending on such programs was over $30 million in 1997.

In addition to having professional community affairs staff, other international oil companies encourage more traditional volunteering as part of their community programs. For example, Chevron employees in Angola volunteer to work on a number of local construction projects using the company's equipment. They have paved roads, drilled wells and expanded electrical and water supply systems, as well as having day care centers painted and leading clothing drives and fund raising activities for local causes. In Nigeria a group of ExxonMobil employees and their spouses help fund, and regularly volunteer for infant and orphan care near the company's terminal in Eket.

Rio Tinto (www.riotinto.com) is an Anglo-Australian mining group with interests in several African countries. It has a major community program in Namibia where the company's Rossing Foundation funds a range of activities such as adult education, rural and community development, and marine training. It has also formed the Environmental Education Network, an

umbrella body for environmental education groups. Company employees are regularly involved in conferences, training workshops and outreach projects. In neighboring South Africa the company is working with local groups to provide new classrooms, stock libraries and train teachers; company employees also volunteer to teach in schools and help support their administration.

Africa is a source of agricultural produce and raw materials for many markets, particularly for Europe. Little is known about the community involvement of companies in Francophone or Portuguese speaking sub-Saharan Africa, although the French oil company TotalFinaElf is known to have a major philanthropy program. More material is available in the corporate reports of international companies active in English speaking countries such as the UK-based company Cadbury Schweppes, which sources its cocoa from West Africa, and the Anglo-Dutch company Unilever (www.unilever.com), which produces palm oil from plantations in West Africa and tea in East Africa. Both companies also sell their products across the continent and have community programs in many countries.

The winner of the Cadbury Schweppes worldwide Chairman's Award for Employee Community Involvement in 1999 was in fact an employee from South Africa. Stanley Fortuin gained the award because he "demonstrated outstanding leadership and personal commitment in establishing the Lotus River Community Forum which has set out to combat crime and gangsterism through a neighborhood watch scheme and an on-going youth program in his local neighborhood, a suburb of Cape Town."

In addition to having a major Foundation for Education and Development in Ghana and giving 2.5 percent of its profits in 1999, Unilever has many examples of employees volunteering to promote the country's development. At the most senior level, the Chairman and managers serve on public bodies and, as in other parts of the company around the world, employees volunteer to work in local schools and colleges.

Around Unilever's plantations there are many examples of employee community activity from volunteer work using company equipment to level roads and help build schools, to a major company-supported program of outreach to small local growers of palm oil. The company seeks to help them improve their crops as a source of income and employees give advice and support to such growers, not only in the production of palm oil, but also in agriculture and business management. A similar program is run by the British American Tobacco Company in Zimbabwe for small tobacco farmers. This program includes education on vegetable growing and domestic economy for the wives of the farmers.

Many other companies are active across Africa. The consumer goods companies like Coca-Cola, and the travel and tourism industry provide examples of good corporate citizenship, but outside of South Africa it is difficult to find information on community involvement generally and employee activity in particular. However the example below from British Airways shows how the spirit of pure volunteerism finds expression in Kenya. When the initiative is considered alongside the work of community professionals like Shell's and agricultural production managers, it is clear that

there is much more ECI going on in international companies than we currently know about.

## British Airways employee initiatives in Kenya

Some remarkable employees have set up independently registered charities to bring much needed services and relief to deprived and distressed communities. Their personal compassion and leadership has been an inspiration to their colleagues within the airline (and to many people outside). We list here some examples of our employee initiatives.

**Nymbani**, which means "home" in Swahili, provides care for up to 70 abandoned and orphaned HIV positive children outside **Nairobi**. By far the largest single group of supporters of the facility are staff and crew of British Airways, who have been involved for nine years through fundraising in the UK and **Kenya**. They also visit regularly with useful items, as well as playing with the children. The model has been so successful that it is being replicated in other parts of Africa such as Dar Es Salaam.

**Children of Mukuru** was established by British Airways worldwide stewardess, Theresa Strain, after a chance meeting in 1995 with Sister Barbara Dooley of the Sisters of Mercy in **Nairobi**. After seeing young children living in slums or on the streets, exposed to crime, violence, drugs and prostitution, Theresa promised to help Kenya's forgotten children. The charity's purpose is to raise awareness of the plight of the children and to provide them with food, clothing, education and basic healthcare.

*Source: British Airways Social and Environmental Report, 2000*

**The AIDS crisis continues to devastate Africa and it has galvanized many businesses to become involved in the community.**

The AIDS crisis continues to devastate Africa and it has galvanized many businesses to become involved in the community to help try to stem the spread of the disease. Companies have their own education programs to inform their employees of the threat, but these employees live in the community and the disease needs to be tackled there; it cannot be dealt with in isolation. One of the best ways to communicate with ordinary people about the disease is through "peer educators." Within the company these are ordinary workers trained in the causes of the disease and how to deal with it, who talk to their work mates as peers on the farm, in the factory or the mines.

Having trained such workers in their mines, Rio Tinto in Zimbabwe and the South African mining company Anglo American have supported these peer educators as volunteers to go to the beer halls and markets where people gather to take the message directly to them. The African-owned Accra Breweries in Ghana does the same. This volunteer person-to-person communication about the disease is thought to be very effective.

## The South African Research

In support of this study, David Barnard undertook research to discover, as far as possible, how ECI was developing in South Africa. As with the other specially commissioned studies, Barnard surveyed local companies to try to identify trends in the local culture. His full report is available from the Center for the Study of Philanthropy; the highlights of his work are presented here.

The distinctive cultural context of corporate community involvement in South Africa, initially shaped by the apartheid years and the impact of the Sullivan Principles, which pushed U.S. companies, in particular, to be very active in the community. With the coming of democracy and the need to build a more equitable society, pressure remains on South Africa's corporations to deepen their corporate community involvement. Local surveys show corporate giving to be at levels similar to those in the United States and Canada: about 0.7 to 0.9 percent of pre-tax profits. Around 50 percent of these cash contributions are focused on education, and about 12 percent are focused on job creation and economic development.

The primary tradition of corporate philanthropy was one of cash giving, and the involvement of employees in the community was very much the exception. For example, Barnard writes:

> The practice of employee community involvement was either unknown to most companies or the composition of their employee profile did not encourage constructive engagement between different racial groups within companies and/or with the disadvantaged communities.

To discover more about the role of employees as it is developing in South Africa, Barnard undertook a survey of 55 leading companies, both local and international, split roughly equally between manufacturing and service providing companies. Of the 55, thirty replied and of these companies, 19 (or 63 percent) had some form of employee community involvement policy.

Based on these 19 companies and other published data, Barnard found that:

- in the Western Cape, the Community Chest receives donations from payroll giving from approximately 800,000 employees working in over 7,000 companies;
- one of the 19 companies had a voluntary employee charity fund which collected employee contributions and made donations to the community;
- six of the 19 had employee fundraising committees;
- six of the 19 had a matching gifts program;
- five of the companies donate financial or other contributions to projects or organizations where their employees are involved;
- 18 of the 19 companies had programs where employees directly contributed their time, skills and expertise to the community. These programs were not extensive, and the time given was not quantified but they are by far the most usual form of employee community involvement.

Another local study of 100 companies shows the different sorts of activities involved in South African ECI. Employees acting as consultants or resources for community projects figure significantly as the chart below shows.

**Table 17**
**Types of employee involvement in CSI and community projects on behalf of the company**

| Types of employee involvement | % respondents |
|---|---|
| Advisors/consultants to projects | 55 |
| Recommend projects for support based on company criteria | 52 |
| Serve on company committees | 51 |
| Resource for projects | 46 |
| Act as board members of projects | 38 |
| Recommend projects for support—outside of company criteria | 38 |
| Assist in evaluation of projects | 35 |

In South Africa, ECI "forms part of companies' broader corporate community activities. The promotion and coordination of ECI is therefore one of the responsibilities of specific structures dealing with corporate community involvement initiatives." Of the 30 companies replying, in total twenty-one had a Corporate Social Investment Department or community affairs function. This type of professional support is very helpful in mobilizing employee community engagement, as are the sophisticated strategies that many companies in the study use to encourage and recognize employee effort.

**Employee community involvement could make an invaluable contribution to the development of South Africa.**

Barnard concludes his study with the following statement:

> ...employee community involvement represents a small percentage of corporate community involvement initiatives in South Africa. A number of reasons for this situation have been highlighted and discussed.
>
> At the same time, however, the potential of employee community involvement to add an additional dimension to existing corporate community involvement initiatives, or to replace financial contributions where necessary, is gaining recognition and support. Most corporate representatives interviewed have indicated that employee community involvement will either receive additional attention in future, where it already exists, or as part of the restructuring of existing corporate community involvement initiatives ...
>
> ...employee community involvement ultimately presents corporate South Africa with a dynamic and innovative new dimension to their existing corporate community involvement initiatives. If nurtured and encouraged, it could make an invaluable contribution to the development of South Africa, the building of trust and respect between corporate South Africa, the people of the country and a workforce dedicated to make a difference in the workplace and the wider community.

Barnard references many companies by name in the report, all of which cannot be mentioned here. However, one example covered by the study is that of McCarthy Retail Ltd. which was described above. It provides an excellent example of how a local company has set its community goals in line with pressing social priorities and is using employees in various ways to fulfill its commitments.

## Acknowledgements

This chapter is based on research and writing by Myra Alperson, a Senior Fellow at the Center for the Study of Philanthropy, and a study of South Africa undertaken for the Center for the Study of Philanthropy by David Barnard, Executive Director of the South African Non-Governmental Organization Network. A copy of David Barnard's report can be obtained from the Center for the Study of Philanthropy, The Graduate Center, CUNY.

# Latin America

## Introduction

Companies in Latin America are aware of "employee volunteerism." It is a North American concept that has found expression across the continent, but companies see involvement as a distinct activity, unconnected with all the other things that managers and employees do in society. For example, employees serve on boards, take young people into the firm and train them, or host them at the company sports club and give them health and dental care. It is possible that this type of activity is thought of and described as "in-kind" giving; it proved impossible to be sure. Latin America has its own traditions of social engagement that often involve direct activity in the community, and include a mixture of time, money and equipment.

**Latin American companies are seeking a new relationship with society that increasingly draws not just on the generosity of the "patron," but on the talent and concern of employees.**

The social teachings of the Catholic Church are an important background to this discussion; they tend to stress direct action to help one's neighbor. The philanthropy and community involvement for business leaders and for employees is often very personal. Writing checks to well-established nonprofits and choosing from a wide array of well-structured volunteering activities is not at all usual in Latin America. The prevailing ethos is much closer to the interactive informal sector than the highly organized approach of North America, and this carries through to corporate community involvement.

However, out of a formally paternalistic society a vibrant civil society is slowly emerging across the region. It is more obvious in some countries than others, but political and economic stability is becoming rooted in public life; private firms are beginning to compete in the global economy and a vibrant civil society is emerging out of many years of political repression and ideological battles. Companies, which have mostly been family-based and very hierarchical, are becoming more open and looking for a new relationship with society; one which increasingly draws not just on the generosity of the "patron," but on the talent and concern of employees. The young, particularly those who sense that their personal future and that of their country has a lot to do with a communal effort to help, include the poor in a new effort to build a better society.

In Brazil, Argentina, Chile, Peru, Mexico and Colombia, new organizations that link business to society in creative ways have been formed in the past few years, and are beginning to map and understand the range of corporate community activity. These organizations are able to draw on the experience of U.S. multinational companies like H.B. Fuller and others. They also benefit from links with U.S.-based nonprofits. Some promote business/ society links, like the San Francisco-based Business for Social Responsibility; others promote volunteer links between North and South America, such as Partners of the Americas. However, these links only make an impact if the local society is willing to take them on board.

The examples below indicate that employee involvement in the community is a fact of life in Latin America, but its full significance is not understood. However, that will change as companies develop their community policies and

intermediary organizations begin to monitor and measure much more accurately what the corporate contribution really is and how it can impact society. *

## Regional Trends among International Companies

Across Latin America there are some excellent examples of ECI initiated both by international and locally-based companies. The whole idea of engaging employees in community activity is rapidly becoming a vital part of a burgeoning commitment by Latin American business to the concept of corporate social responsibility.

A good example of this development is the work of The Banco do Brasil, a Brazilian multinational ranking 133rd for revenues in the 1999 Global Fortune 500. It delivers its corporate community involvement through its foundation and it supports the Integration Program of the Athletic Association of the Bank of Brazil and the Community (Programa Integracão AABB-Comunidade). The Athletic Association is a social club for bank staff. In 1997 a program was created to bring the club and the community together. It now operates in 184 communities around Brazil and benefits over 28 million young people aged seven to sixteen. By the end of 2000, over 400 communities were targeted for involvement, benefiting 50 million children. Through the program the facilities of staff clubs scattered all across Brazil are made available to the community, which enables children, often from deprived backgrounds, to participate in educational and sporting activities. In some cases, this is accompanied by the delivery of basic health and dental care services for the children.

As the case studies in the previous section show, a leader in corporate community involvement among U.S. companies in Latin America has been the Minnesota-based H.B. Fuller Company. H.B. Fuller has attempted to recreate the level and standards of philanthropy and community engagement typical of Minnesota, which has one of the most active traditions of corporate citizenship in the world, across Central and Latin America. European companies are also active; Nestlé in Brazil funds a program called "Nutrir," a nutrition education program that engages employees in many ways, including implementing the program in the communities and developing curriculum materials. The program was entirely devised by the company's Brazilian subsidiary. Credicard, a Brazilian company, encourages employee involvement through the "Programa Voluntario." Their employee volunteer committees help organize fundraising projects and screen nonprofits that may be eligible for support. In addition, finance managers, computer specialists and other professionals contribute their time and skills to nonprofits. The program quickly elicited the active support of 5 percent of the workforce of 4,000.

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* This review of company community involvement in Latin America is limited in several ways. First, Mexico, Central America and the Caribbean are not included in this preliminary round of research; second, within the region there is very little published material about corporate community involvement generally, and about employee community involvement in particular. Consequently, the scope of the research possibilities for individual countries was limited, and hampered particularly concerning definitions by the cross- cultural use of language about the issue. This is important precisely because there is a rapidly growing interest in Latin America in the concept of corporate social responsibility and how it is expressed in society.

Siemens, the German industrial conglomerate, has engaged employees in an environmental project reforesting an area of 100 hectares around the Siemens plant at the town of Curtiba. Over 2,000 trees have been planted. The project has been used to build the ecological awareness of the employees and local school children. It won the Siemens Environment Prize for 2000. Rio Tinto, the UK-based mining company, has engaged staff at their Morro do Ouru goldmine in Brazil to serve as visiting teachers in local schools. Rio Tinto has also produced a book on the history of the area to foster civic pride.

Xerox (www.xerox.com) provides a good example of engaging corporate volunteers in a Brazilian context. Employees are solicited to help in the running of the "favela da Magueira" in Rio de Janeiro. This offers the opportunity for over 1,200 children and young people to play different sports in an Olympic village. Employees offer their business expertise, and such is the project's success that former President Clinton visited the project when in Brazil.

Shell Chile organized a project called Manos Unidas de Shell (United Hands of Shell). The project was to deliver ecology education and outdoor activities in Villa los Industriales, a low-income suburb of Santiago. As part of the project, a multi-purpose sports field was built by Shell employees and community members. So was a children's park which had been designed to take into account the preferences the children themselves had expressed. Over 750 Shell employees and their families were involved in the project.

In Chile, Chase Manhattan (www.chase.com) engages employees and retirees in voluntary activities with nonprofits. They are particularly encouraged to use their technical and professional skills in their volunteering activity. Employees also participate in Chase's Global Volunteering Day. Also in Chile, Empresas Interamericana, part of the U.S. company AIG, has chosen to direct assistance to the Fundación Las Rosas, a charity caring for 1,800 elders in 25 shelters. The company engages employees and their spouses in fundraising to improve the facilities of these shelters and over 22 percent of employees also participate in the "Double Contribution" campaign through which the company matches employee payroll giving.

## The Latin American Research

In this study, 21 companies were surveyed, four-fifths of which were the Argentine subsidiaries of foreign multinationals and the overwhelming majority of these were American companies. These companies represented a variety of industrial sectors. The size of the enterprises varied significantly:

## Table 18
## Number of employees in enterprises surveyed

| Size of company | Percentage |
|---|---|
| 1-400 employees | 24 |
| 401-800 employees | 14 |
| 801-1200 employees | 10 |
| 1201-2200 employees | 19 |
| 2201+ employees | 14 |
| No response | 19 |

The companies also identified the types of corporate community involvement in which they were engaged and the main themes of corporate community involvement activity. The results are set out in the two tables below:

## Table 19
## Types of corporate community involvement

| Types of engagement | Percentage |
|---|---|
| Donations in kind | 28 |
| Cash donations | 19 |
| Sponsorship of events | 19 |
| Volunteering | 13 |
| Foundation giving | 9 |
| Other | 9 |
| Cause related marketing | 5 |
| Matching gifts | 4 |

## Table 20
## Themes of corporate community involvement employees in enterprises surveyed

| Themes of engagement | Percentage |
|---|---|
| Education | 52 |
| Health | 39 |
| Environment | 39 |
| Culture and Arts | 28 |
| Other | 19 |
| No response | 19 |

It is interesting to note that the most common form of corporate community involvement is "gifts in kind," but how this is defined is another matter. It may well be that this category includes employee community engagement other than employee volunteering, which tends to be seen as a distinct activity. This suggests a relatively undifferentiated approach to community involvement that is viewed broadly as an extension of personal, charitable activity. Given that only a third of the companies surveyed have foundations or make cash donations, it is somewhat surprising to find that 13 percent of companies surveyed had some form of traditional employee volunteering.

It may be that the explanation for this is the high percentage of subsidiaries of U.S. corporations included in the survey. It tends to be the case that the U.S. corporations are more vigorous in their promotion of employee volunteering than their European or Japanese counterparts. Further evidence for this premise may be found in the fact that 57 percent of the companies interviewed said that their corporate community involvement program had had its theme set by corporate headquarters.

**Argentinian companies surveyed tended not to view corporate community involvement as important for increasing employee loyalty, strengthening relationships with clients or increasing sales.**

As the table below shows, corporate community involvement in Argentina is seen as a fundamentally philanthropic activity with relatively little emphasis on commercial or employee-related goals. All the companies responded that addressing key community issues was important or very important, whereas half did not see corporate community involvement as being important in achieving corporate goals. Fewer than half the companies surveyed see corporate community involvement as having value for increasing employee loyalty, strengthening relationships with clients or increasing sales.

### Table 21
### Importance of different motivations for corporate community involvement

| | Very important | Important | Not important | No reply |
|---|---|---|---|---|
| Address key community issues | 76% | 10% | | 14% |
| Build reputation in the community | 62% | 5% | | 33% |
| Achieve corporate goals | 43% | 10% | | 47% |
| Increase employee loyalty | 24% | 24% | | 52% |
| Strengthen relationships with clients | 19% | 24% | 5% | 52% |
| Increase sales | 10% | 14% | 19% | 57% |

Corporate community involvement is not a professionalized function in Argentina; Human Resources, Corporate Communications, or general management departments usually monitor company community programs. The concept of long-term partnerships with voluntary organizations for business benefit is not highly developed, although two-thirds of the companies had some kind of partnership with the voluntary sector.

However, there are clear signs in Argentina, as in the rest of Latin America, of the development of corporate community involvement. In some areas private sector organizations are joining together to support organizations like "Junior Achievement," an international NPO dedicated to educating youth about business and education. Corporate community involvement programs are also being changed to suit local needs and respond to local issues. There was also evidence of an increase in activities. Some 42 percent of the companies said the level of activity had increased over the last three years.

**In Chile, the majority of executives and employees surveyed believed community involvement activities increased the company's bottom line by raising corporate image and morale.**

A significant contribution to understanding developments in Chile was made by Daniel Gertsacov, who currently works for Businesses for Social Responsibility, in his work on the "Chilean Benchmarking Study" published by the Points of Light Foundation in November 1998. This was an in-depth study of the activities of six companies in Chile. The participants included Chilean enterprises and subsidiaries of foreign multinationals.

Participants in the Chilean Benchmarking study:

Chase Manhattan Bank Chile
Shell Chile
Asociación Chilena de Seguridad
Empresas Interamericana
3M Chile
Gener

The study included not only a profile of what the companies did but also a survey of the attitudes of executives and employees of the participating companies. The majority of executives and employees surveyed believed that community involvement activities increased the company's bottom line by raising corporate image and morale. In addition, many of those surveyed were involved in some form of volunteering. However, companies were not integrating their employee volunteering activity into their business strategies, or evaluating the effects of their programs. As in the Argentine survey, the companies did not have a separate community affairs function; the Human Resources, Marketing or Communications departments looked after community programs.

Corporate community involvement is probably most fully developed in Brazil, the largest Latin American nation. This has been reinforced by the national anti-poverty campaign instituted by Herbert de Souza, a leading sociologist. The year 1996 saw the creation of two bodies to promote social responsibility: GIFE (www.gife.org.br) and Instituto Ethos (www.ethos.org.br). GIFE (Grupo de Institutos, Fundacãoes e Empressas) is a nonprofit association of foundations and institutes of major companies. It has a membership of over 40 organizations that are together responsible for allocating more than $400 million to the community. However, it should be noted that a survey conducted in spring 1998 showed that only five GIFE members had formalized corporate volunteering programs.

The membership of the Instituto Ethos is not limited to companies with foundations. The Instituto Ethos has as members almost 300 large and small companies that are committed to improving their social responsibility performance. It actively promotes corporate community involvement in Brazil, but at this time does not have distinct data available about the role of employees in the broader strategy for community involvement. Both organizations play an important role in communicating their activities to civil society, government and the public at large. Brazil has developed a tradition of companies issuing *Balanco Social* (Social Balance) reports to give a complete picture of the enterprise's impact upon society. Despite this heightened interest in corporate community involvement there seem to have been only one or two studies of the role of employees in implementing corporate social responsibility programs.

**In Brazil, most of the driving force for community activity seems to come from business owners' commitment to social causes, based on a strong charity ethic.**

One study, entitled *Acão social das empresas* (The social activities of companies), was carried out by the Institute of Economics Research (IPEA). It was based on the four states of Southeast Brazil, which is the home to over half the companies of Brazil. The study estimates that there are 445,000 companies in the region with two-thirds involved in some form of community activity. Sixty-three percent of those that are active had some form of employee volunteering. Small companies focused generally on providing relief, including food, to poor children and families. Four-fifths of the companies that were active in the community gave humanitarian reasons as the key motivation for their involvement.

Some 91 percent of the companies surveyed did not disclose the amount of their donations and, conversely, only 8 percent said that they expected some return on their investment for their donations. Most of the driving force for the activity seemed to come from the personal commitment of business owners to social causes based on a strong charity ethic. Overall the picture shown by the survey of Brazil is one of widespread engagement at a grass roots level with the community. Employee engagement is not seen as a key mechanism for delivery, although as noted above there are some examples of significant engagement through employee volunteering.

SmithKline Beecham's Community Involvement Day on July 26, 1999 showed that it was possible to encourage employee involvement throughout Latin America. Staff volunteers helped in Panama, de-worming children in a local school, working at a homeless children's shelter, fundraising and organizing in-kind donations. In Trinidad, employees painted and installed plumbing facilities in a local school. In Uruguay the company staff hired two dental hygienists to teach oral care techniques to 800 pupils from a school for the needy, and there are many other examples of such action in the region.

## Acknowledgements

The Argentine study was undertaken by Mario Roitter and Marcelo Camerlo with assistance from Cecilia Juárez of Centro de Estudios de Estado y Sociedad (CEDES). Valuable information on Brazil was obtained from the research of Sonia Loureiro and Luiz Carlos Merege, Director of the Center for Third Sector Studies, the Getulio Vargas Foundation, and a study by Eduardo Marino entitled, "How Can Evaluation and Corporate Volunteerism Add Value to Corporate Citizenship in Brazil?"

Copies of both reports can be obtained from the Center for the Study of Philanthropy, The Graduate Center, CUNY. The Argentine report is only available in Spanish.*

* A small body of research is becoming available on corporate community involvement and employee community action in Latin America. Some of the research was commissioned for this study by the Center for the Study of Philanthropy. Mario Roitter, Marcelo Camerlo and Cecilia Juárez conducted one such piece of research in Argentina in November and December 2000.

# Section V: Measuring the Value and Impact of Employee Contributions

## Introduction

As this report has shown, corporations around the world are increasingly getting involved in tackling social issues. Many in government and voluntary organizations think that because companies first and foremost make profits, they are a good source of money. Of course, many companies do have charitable giving programs, but the sums involved are comparatively small compared with community needs. In the developing world in particular, local budgets rarely allow anything beyond very small-scale contributions, despite substantial needs. In addition to being the primary focus of those seeking help from companies, cash giving is relatively easy to value and report. This is not the case for employee contributions.

Around the world employees of both large and small, local and international companies are increasingly getting involved. But the breadth of current practice and the potential of these activities remain relatively unexplored: both companies and communities need to increase their understanding of the significant resource that employees represent.

As a first step, they need to accurately record the time and effort involved and begin to give it a simple value. Then they need to monitor and assess the impact of employee contribution on the community, which both motivates employee involvement and benefits the business. This latter consideration will help more business managers appreciate the returns that ECI might bring to the business and therefore promote it more widely.

During the course of this study, very little evidence was found of a systematic approach for companies to monitor, value, and measure the impact of employee community involvement. There is therefore a lack of statistical data, which limits a true evaluation of the importance of ECI in all its various forms around the world. It was consequently thought important to include this section in the study to briefly outline how leading-edge practice in measuring ECI is beginning to develop. The material is drawn exclusively from the U.S. and the UK because the existence of large programs in these countries, among other considerations, is increasingly bringing attention to the measurement of employee community involvement. However, it is to be hoped that this material—and particularly the company examples—will be of help to companies large and small around the world.

## Monitoring Employee Activities

This chapter is about measurement, but for many companies, especially small ones, this is not (yet) the immediate priority. Instead, they should start with a review of what is currently going on: roughly how many employees are known to be involved, whether this is in their own time, what company support is being given (formally or informally), and where this fits with the current business strategy, the company's mission and its key values. Once the results of this stock-taking are available, attention can move on to a more structured evaluation of the costs and benefits to the company, community and individual employee.

Simple record keeping is the first step toward a better understanding of the value and impact of employee community involvement. Knowing the amount of time given is as important as knowing the amount of cash given: it forms a basis for valuing the company's contribution to the community in terms of the "input cost" of its employee contribution. When measurable objectives are established, it is possible to see what outputs and impacts this contribution achieves.

## Setting Objectives

Success in any activity requires being clear about what is to be achieved (setting objectives), deliberately working towards that goal (strategic planning), and checking progress (measuring performance). This simple truth is at the heart of the measurement agenda for employee community involvement.

Marks & Spencer provides an example of an effective employee involvement project. This leading UK-based retailer, with stores in Europe, North America and the Far East, allowed a middle manager to take some time off during the working week over several months to help a new local education partnership get established. The partnership wanted to apply to a central government funding scheme and needed a "business plan" put together. Over 100 hours, she did this. The application was successful, resulting in an extra $1.1 million to spend on improving the quality of education for local children. Through the project, the M&S manager was able to develop her skills, which she used back at work.

This simple, local example clearly identifies the main elements of much employee community involvement activity:

1. Some cost to the company, usually modest: M&S estimates the time away from work cost the company a notional $3,000.

2. "Leverage" in the form of extra resources attracted from outside to help: in this case it was central government funding; in others, it might be additional time from employees and their families, as weekend volunteers, for example.

3. Real benefits for the community: in this case, the benefits to local school children could have a long-term impact on their performance at school and their life chances.

4. Some benefit for the company: at M&S, the manager acquired additional skills and perhaps enhanced the company's reputation in the local community for caring about issues of concern and getting involved with help.

This four-part evaluation tool can be applied to a single local project in the case of M&S, or used to assess an entire global program, as the case study below from American Express shows. It sets out the process with the matrix developed by the London Benchmarking Group, an internationally recognized model applied by many international businesses to measure the impact of their community involvement programs.*

* M&S, Levi Strauss & Co, and IBM UK are also members of the London Benchmarking Group.

## Case study
## American Express: Global Volunteer Action Fund

In 1996, American Express launched its Global Volunteer Action Fund to take an established U.S. program that supports employee volunteers in their local community overseas. Employees are encouraged to work in their own time for local charities of their own choice. The company believes it is right to support employees in their personal commitment to good citizenship and provides them with advice from a coordinator and small grants to the organizations they work with. The company program now runs in 28 countries and has grown at an average of about 50 percent a year since its inception.

| Inputs | Outputs | | |
|---|---|---|---|
| | **Leverage** | **Community benefits** | **Business benefits** |
| **Cash** From 1996-2000, a total of $482,500 has been made in grants to the organizations employees work with. In addition, the UK Charities Aid Foundation's charges for administering the program have been met by the company.<br>**Time and in-kind support:** Time and in-kind support such as telephones, copying and publicity materials for twenty volunteer program coordinators around the world.<br>Coordinators spend about two hours a month in work time to administer grant proposals, offer advice to participants, communicate the program and organize recognition for the volunteers.<br>No monetary value is placed on this contribution. | Employees have thus been encouraged to volunteer.<br>Several U.S. companies have been encouraged by the example to expand their volunteering programs overseas, particularly as the U.S. tax and legal constraints on giving small grants overseas have been solved; this information is freely shared with other U.S. companies.<br>Foreign, local firms are similarly encouraged to develop their own programs by the example American Express has provided. | Over the four year period:<br>In excess of 700 employees have spent an average of 8 hours a month volunteering with charities of their choice in their local community (more than 60,000 hours in total).<br>More than 400 community-based organizations in 28 countries have received grants averaging over $1,000, as well as the volunteer time to help older people, the sick, and at-risk youth, among others.<br>Over half the $428,500 given in grants went to projects in 18 developing countries where need is pronounced and the purchasing value of the U.S. dollar is greatly increased.<br>Many small organizations in these countries were able to use the endorsement by the employees and the company to gain access to other resources but no record is available of the value of this leverage.<br>By meeting the requirements for an American Express grant, community organizations have learned about grant application procedures for future use as well as being able to leverage other resources. There has been some "technology transfer" in the field of grant seeking generally and meeting UK grant requirements in particular.<br>In a small but positive way, the program is helping to build a culture of volunteering and corporate community involvement in countries where it has never before existed. This is a contribution to the development of civil society around the world. | **Internal benefits**<br>Employees have welcomed the initiative. It continues to grow and most employees stay active once they have participated. They can practice their business and personal skills in new surroundings, and the program supports their morale and pride in the company. They are also given recognition within the business and the community as leaders.<br>The program brings employees together from across the business within the country, and to the extent that they work in teams, allows employees of all grades to mix. It is featured regularly in company publications and the high level of awareness shows the effectiveness of the communications strategy. The program also helps to create a common sense of company identity around the world.<br>**External benefits**<br>Especially in countries where corporate community involvement and volunteering are new, the program has been recognized as a valuable contribution to the society by local and national leaders in the public and nonprofit sectors.<br>The philanthropic values of the Global Volunteering Action Fund are particularly well received because the company is also very active in strategic commercial sponsorships. The employee program helps balance its profile as an all-round good corporate citizen—active in philanthropy and community investment through programs to protect monuments as well as cause-related marketing and commercial sponsorships. |

*Source:* Companies in Communities: Assessing the Impact. *David Logan and Michael Tuffrey, 2000.*

## Measuring the Employee Support Costs of Employee Community Involvement

Beyond the substantial costs of formal loaned executive schemes, which can be very expensive, there is a tendency to see the work of employees in the community as a "no-cost" option for business: that is not the case. Employers support their employees in community activity both by allowing some time away from the workplace and through a very diverse range of practical initiatives. The former has a nominal cost to the business, but it should be noted that the employee often makes up the time or gets the job done in other ways. Examples of the "marginal" costs of engaging employees in the community are:

- publicizing opportunities and helping to match willing volunteers with needs in the community, which is sometimes done by a dedicated employee volunteer coordinator;
- matching employee fundraising and efforts, either to equal the amount raised or by offering a small grant to organizations that employees support with their own time;
- offering "in-kind" support to volunteers through donations of unneeded office equipment or use of company facilities such as meeting rooms or l loaned equipment;
- giving employees the time to manage a local grant making program for the company.

Many of these require only limited direct financial cost to the company. But where the cost is significant, such as a volunteer coordinator or matched giving program, the amounts involved are usually clear and readily available. Where very extensive staff time away is allowed, an estimate of the cost to the company should be attempted, but trying to count every hour away by every employee is impractical and unnecessary. However, companies like IBM, which make extensive use of employees in the community, are beginning to measure the time spent in the community by employees (3.8 million hours worldwide in 1997).

Having established the cost to the company, the process of evaluation then moves on to consider what ECI achieves, first by taking into account additional resources leveraged into the process.

## Leveraging Additional Resources

The overriding issue of leveraged resources is to distinguish clearly between the contributions of the company and the employee. When staff are putting in real effort, personal time and a major commitment, it is both wrong and counter-productive for the company to claim the credit. The same applies to matched fundraising. It is important to be clear what the company has contributed in support of employees' own voluntary efforts. In this case employees have actually "leveraged" resources from the company.

That said, leveraged resources are an important part of the evaluation framework of a community program. Companies' own resources of money and time are limited, certainly compared to the resources available to the public sector. But those limited resources can usually be applied creatively, to act as a

catalyst for wider impact. By taking the initiative, companies can attract in employees' own time, other companies and their employees, public sector organizations and international agencies; this greater resource can then be applied to the chosen community objective, as the previous example of the M&S community placement shows.

## Assessing Community Benefits

At the heart of why companies support employee community involvement is the desire to assist the local communities of which they are part. So it is particularly ironic that at present so few actually attempt to evaluate whether the community is indeed benefiting. To be fair, that is partly because comprehensive measurement is hard to do properly, not least because the range of ECI activities is so diverse as to make a single measure impossible, and the long-tern benefit is complex to define. Usually, the community partner is responsible for managing the project and monitoring progress; lacking special knowledge, the company is reluctant to intervene. Indeed, in many cases the company is not seeking long-term community benefits; it is simply responding to a call for help.

For these and other reasons, companies will rarely put in place elaborate measurement systems for all employee community involvement projects. But three key factors are driving change:

- the greater the level of resources the company invests, the greater is its duty to evaluate their efficient and effective use;
- even for small projects where performance measurement is not appropriate, it is still sensible to set clear objectives at the outset and to discuss how participants will know whether success is being achieved; if they are clear where they want to end up, there is more chance that they will actually arrive;
- employees work in a performance-driven culture; their time is precious and they are more motivated to be involved in the community when they can see that their contribution has an impact.

The issues to bear in mind when evaluating community benefits are that companies should:

1. Agree with the community partner in advance about the measurable objectives of the project and the units of its measurement (e.g., the number of school children assisted; the number of villagers to gain clean water from new wells; the number of unemployed people to get jobs after training).

2. Prepare a strategy for how the performance data will be used; avoid collecting information that will never be acted upon.

3. Ask the community partner to collect the data and to report them regularly. Include baseline data in order to track the "before and after" effect. Companies should be prepared to add additional resources to provide this activity.

4. Be realistic. A community project should not be expected to achieve long-term impact if the company is only contributing enough in employee time and other resources to achieve limited, short-term goals.

## Measuring Business Benefits

If few currently measure community benefits, even fewer companies measure the business benefits of ECI programs. When minimal corporate resources are being put in, perhaps this does not matter. But the central proposition of this report is that employee community involvement has the potential to contribute to the company and the community alike. Only by managing it in a business-like manner can we hope to realize that potential.

When it comes to measuring business benefits, many of the same warnings about community benefit assessment also apply. Above all, companies should not spend more time and effort on evaluation than the resulting information is worth. The whole point of measurement is to achieve more efficient use of limited resources, not wasteful diversion of effort. Often the main benefits of thinking about measurement are not the actual results, but the changes that can be made to the project at the outset by setting a clear purpose and focusing on how to achieve it.

There are many potential business benefits of employee community involvement. The companies profiled in this report and others are beginning to find the following from their ECI activities:

- external relations with local communities are enhanced;
- the skills of staff are developed in real life situations;
- employees are better able to take initiative and cope with change;
- a culture of caring and service is fostered, important in customer-focused organizations;
- team working is inspired, often crossing departmental boundaries;
- morale and motivation can show marked improvement;
- good quality employees are attracted and retained, with absenteeism reduced.

**Case study**
**The Conference Board**

In 1993, the New York-based Conference Board carried out extensive research among more than 454 U.S. executives that summarized the specific skills that can be significantly enhanced by employee community involvement. They are:

- communication skills: written and verbal;
- organizational and time management skills;
- "people" skills: caring, listening, negotiating;
- accountability and assessment reporting;
- planning skills, short and long-term objectives;
- budgeting and allocation skills;
- survival skills: stress management, personal priorities.

It also observed changed attitudes about work and society among volunteer participants. These included:

- increased understanding of co-workers and respect for diversity;
- more innovative approaches to responding to difficulties;
- enhancement of calculated risk-taking;
- heightened appreciation for benefits provided by employers;
- enlarged sense of community and social obligation;
- greater appreciation for contributions from all levels of the organization;
- affirmation of personal capability and worth;
- positive resistance to feelings of isolation and alienation.

*Source: The Conference Board*

Individual employees benefit too, by achieving:

- a real sense of satisfaction from making a practical and useful contribution;
- the chance to develop new and under-used skills;
- the opportunity to broaden horizons and have new experiences;
- a higher standing in the community.

The vast majority of companies in North America and Europe, let alone newly industrialized and former socialist countries, are only starting out. The priority for them is not detailed evaluation but:

- to think about using employee community involvement as a vehicle for employee training and development;
- to consider whether time away during the working week is at all possible;
- to strike a balance between supporting what the employee wants to do and clearly encouraging them to address issues identified by the company as important in the local community;
- to define the company's needs, for example a better local reputation or more highly skilled and motivated employees.

For companies approaching the task of measurement for the first time, the issues to bear in mind when assessing business benefits include:

1. not intruding into personal volunteering activity;

2. encouraging employees to take personal ownership: if the company is investing in time away from work and other resources, they might ask the employee to set some personal goals and assess whether they are being achieved;

3. trying to make ECI part of mainstream human resource management practices, linking it with existing appraisal processes, options for training and evaluation of progress;

4. keeping it simple: performing just enough evaluation to be sure of continuing success and to justify the level of company resources being contributed.

Employee time is clearly as important to a business as cash. Just as companies monitor the amount and impact of their cash giving, they will increasingly need to monitor the value and impact of their employees' time. Once this begins to happen more widely around the world, we will be able to better measure and understand the value of ECI as part of the all round contribution which companies make to the community.

Companies with major programs that then want to move on and evaluate the business benefits from ECI tend to start by adapting existing measures. For example, if they conduct an annual survey of opinions among key external audiences, they will add a question about how employee involvement is viewed and valued. If they regularly appraise staff, they will give the employee the opportunity to cite their community experience as evidence of their skills, ability, and readiness for promotion. If they assess the effectiveness of training courses, they will ask employees on development assignments (planned release during company time on community projects as a skills training tool) to do a "before and after" self-assessment of competencies. The case study from the Halifax Building Society below illustrates how one company is tackling these more advanced measurement issues.

## Case study
## Halifax Building Society (UK): Community Development Circles

Community Development Circles consist of staff teams, drawn from different businesses within the group. They usually meet on their own time, but office hours are provided by the business if necessary. Community Development Circles organize an event or service for a charity, often but not only related to fundraising. Now involving around 500 people, the annual program grew out of an existing business-only training tool, Development Circles.

The aim of the exercise is:

- to develop individuals in: task planning, team orientation, communication and persuading, presentation, decision-making, self-confidence, innovation and monitoring and evaluation;
- to increase staff involvement in the community affairs program through projects which make a positive contribution to the local community;
- to increase the Society's profile in the community;
- to develop further integration between businesses. Each individual has to complete a personal skills development form, setting objectives before and assessing afterwards.

Each event is assessed against twenty criteria, using a score between one and five (maximum marks 100) at a regional and then national level to find the best projects. The national finals are attended by the Chief Executive and other senior directors.

**Evaluation method:** In 1998, a sample of 114 participants, comprising 34 team leaders and 80 individual team members, were asked to complete a detailed questionnaire. This was completed at the end of the program, with collaboration sought from line managers. Questions covered the practical management of the program as well as the benefits to individual staff members and the company.

**Summary of benefits to the individuals and the company:** Overall staff reported that Community Development Circles provided a good opportunity to develop their competencies: they rated it between "good" and "very good" as a development opportunity, scoring it 7.5 out of a maximum possible score of 10. Among specific competencies assessed, the best development gains were found in teamwork, communication and listening skills, and managing change.

This gain in competence was confirmed by line managers (or work colleagues or team leaders where necessary): they assessed the overall competency gain as 18 percent, with the 80 individual team members particularly benefiting (assessed at a 21 percent gain), while the 34 team leaders showed a lower level of gain (at 14 percent).

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Founded in September 1986 at The Graduate School of the City University of New York, the Center for the Study of Philanthropy focuses attention on giving, voluntarism, and nonprofit entrepreneurship by individual donors, foundations, and corporations in the United States and around the world.

The focus of the Center's work is to broaden the pool of scholars engaged in the study of giving and voluntarism, to increase the opportunities for collaboration with practitioners in the field, and to enhance public awareness of philanthropic trends through a varied format of seminars, symposia, conferences, courses, research projects, awards, and publications.

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The Corporate Citizenship Company is a consulting firm that formed in February 1997. Its mission is to help companies succeed by being active corporate citizens, so meeting the aspirations of their diverse stakeholders and the wider society of which they are part. Working with a wide range of "Blue Chip" international companies, The Corporate Citizenship Company provides world-class knowledge in the management of corporate citizenship across the business at the local, national and international levels. Its capabilities include issues research, measurement and benchmarking strategies, and social reporting.

In addition it has worked with large groups of companies such as the London Benchmarking Group (LBG) and others, to better define and measure community involvement generally and employee community engagement in particular.

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