

Corporate Social Responsibility and Corporate Volunteerism

By Richard E. Wokutch and Alex F. De Noble

A recent issue of the Journal of Voluntary Action Research (Spring, 1981) was devoted to the papers given at the 1980 Conference on Philosophical Issues in Volunteerism held at Virginia Polytechnic Institute and State University. One of the major questions addressed at that conference, was whether the support of voluntary organizations or efforts via funding, personal participation, encouragement through employee incentives, etc. was the most appropriate way for businesses and/or business leaders to discharge their social responsibilities (Allen, 1980). It seems to the authors of this paper that unwarranted optimism was expressed in this forum about the extent and effectiveness of corporate volunteerism. Developing this view, this paper attempts: 1) to clarify the notion of corporate social responsibility by considering some of the various definitions of and viewpoints on this concept; 2) to consider whether, given a corporate goal of being socially responsible, volunteer programs are the most appropriate mechanism to discharge this responsibility; and 3) to suggest some approaches for more effective implementation of volunteer programs, given a corporate commitment to such programs.

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Corporate Social Responsibility

Corporate social responsibility is perhaps one of the most overused and abused terms around today. In accordance with one's values and one's assumptions about the nature of the economic system, the "social responsibility of business" can be viewed as anything from business profit maximization within the "rules of the game" (Friedman, 1970) to a cynical attempt by the capitalist class to maintain a basically unjust economic and political system (Marxist view expressed in Perrow, 1972). A more typical definition of the term is the obligation of decision-makers "to take actions which protect and improve the welfare of society as a whole along with their own interests" (Davis and Blomstrom, p. 6). Most definitions of the term, however, stress two points: 1) the harmony of interests of the corporation and society and 2) the occasional disharmony of these interests.

The harmony of interests argument is advanced by all but the Marxists. Conservatives such as Friedman would say that the firm is acting in a socially responsible way when, motivated purely by the pursuit of profit, it efficiently produces those goods and services desired by people. Others who have a more traditional view of corporate social responsibility stress the notion of enlightened self-interest or long-run profit maximization to explain the harmony between society and business' interests (Davis, Frederick, and Blomstrom, 1980; Steiner and Steiner, 1980). They argue that in addition to the efficient production of goods and services, firms should undertake certain activities pertaining to product or workplace safety, pollution control, equal employment opportunity, and various volunteer activities because it is in the long run best interest of the firm to do so. It is asserted that such activities benefit the company by enhancing the corporate image (perhaps leading to increased sales), by improving employee morale and productivity through eliminating unnecessary costs (e.g. accident prevention), and by contributing to a

better economic and social environment for the firm to operate in. It is further argued that if business does not voluntarily undertake certain of these activities, they may be forced by the government to do so in a more restrictive and costly way.

Many, however, would argue that the interests of society and the interests of corporations will occasionally diverge. We've all heard the assertion that what is good for General Motors is good for America; but talk in recent years about "obscene profits of oil companies" suggest that many people do not think this applies to Exxon, Mobil, and Texaco. Even among those who feel that corporations should act in a socially responsible manner, few believe that firms will undertake significant and costly activities (e.g. limiting pollution) unless required to do so by law. This is partially explained by economists' notion of the free-rider problem. This essentially suggests that while it might be in the interests of society or the entire business community to provide some public benefit or to eliminate some social problem, it will usually be in the interest of any one individual or firm to have others bear the costs of accomplishing this. This of course explains why the Internal Revenue Service does more than request "voluntary contributions" so that the government can provide public goods like national defense, roads, and parks.

Another way of looking at the corporate social responsibility issue can be depicted through three concentric circles (see Figure 1).

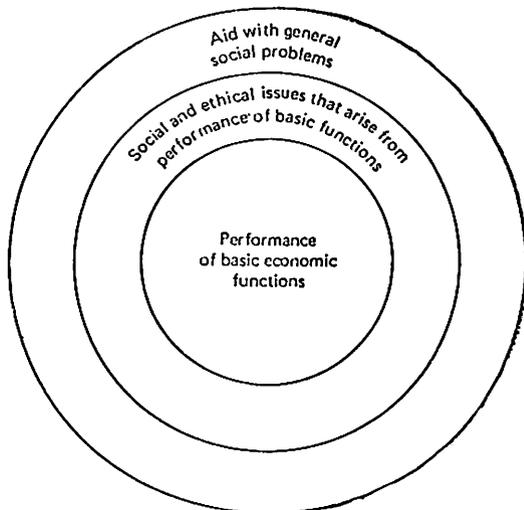


Figure 1
(Davis, Frederick, and Blomstrom, 1980, p.10)

The innermost circle refers to the efficient production of goods and services. Performance on this dimension would essentially correspond with Friedman's notion of corporate social responsibility. The second circle refers to social/ethical problems that arise from the basic production activities. This would include issues like product and worker safety, pollution, discrimination, truth in advertising, and so on. Friedman (1970) suggests that firms will and should be concerned with alleviating these problems only to the degree that it is profitable to the firm, otherwise the corporate managers are overstepping their authority and using stockholders' money to do something stockholders do not necessarily want. Even traditional social responsibility advocates would say that it is unlikely that firms will undertake significant activities in this dimension unless there is an economic or legal incentive to do so.

The third level of social responsibility activities is concerned with corporate assistance in the solution of general social problems. Most corporate volunteer programs would be grouped into this social responsibility category. Our expectation of a low level of corporate involvement in volunteer activities stems from a belief that there is less likelihood of activities in this dimension being profitable or being required by law. The free-rider problem is also particularly significant in this dimension. Without some mechanism for ensuring cooperation by other firms, the costs of a given firm's efforts to alleviate general social problems are likely to exceed the benefits they derive.

Even social activists appear to be less concerned with activities on this dimension than those on the second level. In a study of "ethical investment" activities of religious groups conducted by one of the authors, respondents were asked to rate the importance to them of corporate performance on a variety of social dimensions as well as economic dimension. Of the ten dimensions listed, philanthropic activities ranked last.¹ Volunteer programs were not listed separately but only 1 of the 143 respondents specified these in the space provided for "other dimensions."

The low priority given to corporate volunteer programs can be explained by a dichotomous view of corporate social responsibilities: 1) the responsibility to avoid harming society or individuals and 2) the responsibility to aid society or individuals. It appears that social activists are more concerned with ensuring that corporations fulfill (1). While most would agree that the efficient production of goods and services is indeed beneficial, there is little pressure for corporations to go beyond this in satisfying (2).

Because of the above arguments, it is the opinion of the authors that corporate support

of volunteer programs should only be a secondary social responsibility concern. However, as noted above, it is clear that there are some benefits which accrue to the company as well as the employees from participation in these programs. Because of that, volunteer programs will continue although they may never exceed their current modest level of activity. In recognition of these conditions we will address ourselves to the issues of: 1) how volunteer agencies might encourage further corporate participation in volunteer activities; and 2) how the effectiveness of these volunteer activities might be increased by the introduction of strategic and operational management techniques.

The Management of Corporate Volunteer Programs

The National Center for Voluntary Action noted the following:

- . Only six percent of the companies interviewed have full-time staff assigned to the volunteer programs.
- . Virtually no company keeps records on the number of employees who volunteer or the amount of time contributed.
- . Companies with released time programs (allowing employees time off from work to volunteer) generally have little idea about how much such time actually costs the company.
- . Few companies have well-articulated goals for their programs and even fewer can describe criteria through which they will be evaluated. (Allen, 1980, p. 8)

If a corporation conducted its other activities with similar disregard for standard management practices, it would not be in business very long. It only makes good business sense for a company to get something usable and of comparable value in return for the price they must pay. This is the essence of any economic transaction. A volunteer program may cost a given company a great deal in terms of time and resources devoted to the project. If management allows these resources to be used inefficiently, then it is not acting in the best interests of any of its stakeholders, i.e., the stockholders who are foregoing the profits that could have either been reinvested in the business or distributed to them as dividends; the employees who may be deprived of wage increases; and the customers who will eventually have to pay for this inefficiency through higher prices. A poorly managed program may also provide only marginal benefits to the general public and the participating employees.

At this point, we must note that it is entirely possible that the sole aim of some

of these programs may simply be to generate public relations benefits. In this light, then, an effective program is not essential, but only one that is highly visible and shows that the company is doing something. The authors uncovered some evidence of "P.R. hype" in an impromptu survey of some companies with volunteer programs that had received attention in the media. In one instance, we discovered that a company rescue squad program that had been cited in several publications involved only one individual who was permitted to answer rescue calls during some working hours one day a week. When the company agreed to let him have this time off from work, this was publicized as the company's volunteer program.

While the above is perhaps an extreme situation, it is reasonable to assume that other companies also look for ways to maximize their return while minimizing their investment. It may be that corporate executives reason that volunteer activities above a certain de facto industry norm will not produce any additional benefits. Allen (1980) cites the figure of 20% of the tax deductible limit for all philanthropic contributions as the point beyond which corporations appear to resist moving. (Corporations may deduct up to 5% of their before-tax profits as philanthropic contributions.)

Still even the current level of corporate support is crucial to the volunteer agencies/programs which receive this assistance. Thus it seems incumbent upon such parties to ensure that whatever current incentives there are for corporate participation in volunteer activities continue, and that incentives for participation over and above industry norms be developed. Efforts such as Phillips' awards for outstanding corporate social performance (Phillips, 1980) and the publication of the book, Volunteers From The Workplace (Allen, et. al., 1980), can provide national recognition to firms which are truly deserving. Community Voluntary Action Centers can likewise provide such recognition on a local level.

By the same token, corporate involvement below this norm could also be identified. Certainly this would need to be done with great care to avoid any legal entanglements. The safest approach undoubtedly would be to simply not include such corporations in lists of "award nominees" or "corporate benefactors."

Let us assume that sufficient incentives exist such that it would be in the interest of the corporation to develop an effective volunteer program. In such a situation the success of this effort will be dependent on management's evident commitment to the program and its utilization of those strategic and operational management techniques which have

proven so successful in their traditional business activities (Blake, 1974; Wortman, 1980). Figure 2 is a simplistic model of corporate strategy formulation and implementation consisting of goals, structure, performance, and information feedback.

Schematic Representation of Strategic Planning and Management of Corporate Volunteer Programs

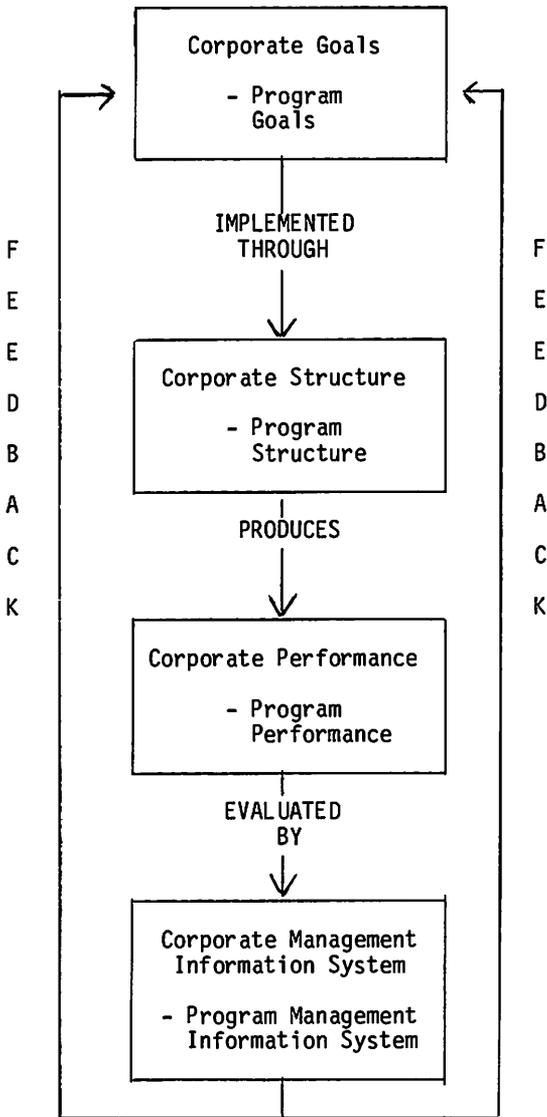


Figure 2

Following are the steps necessary for adapting it to a corporate volunteer program:

1) Specify the Company's Goal for the Program

The importance of goal setting in business is exemplified by the business axiom that "if you don't know where you're going any road will get you there." This appears to be par-

ticularly applicable to corporate volunteer programs.

Included in any goal statement should be a rationale explaining how and why this program fits in with the overall mission of the company. A statement of what management feels is the social responsibility of the firm would also be useful in the planning and implementation of volunteer programs as well as other social programs.

In addition to setting overall program goals, specific measurable objectives should be set. Depending on the nature of the program, these could be specified in terms of number of projects undertaken, levels of satisfaction of affected parties, or other suitable measures on both input and output dimensions.

The setting of goals and objectives for the voluntary program should be part of an overall strategic planning process which is supported by steps number 2 and 3.

2) Develop an Organizational Structure Responsible for Carrying Out the Above- Stated Goals

It is important that individual responsibility be designated and that an incentive system be developed to encourage effective participation. With volunteer programs which are typically small, decisions must be made on whether to utilize a full-time or part-time coordinator. With the latter option, the individual should be clear about how important this assignment is in his/her overall evaluation so that he/she can devote an appropriate amount of time and effort. For example, in another type of corporate social program, an accident prevention program, plant managers were informed that they could receive a 20% bonus over their base salaries by keeping employee accidents below a certain pre-designated level (Blake, et. al., 1976).

3) Development of a Management Information System

This would provide information in the following categories which would be used as feedback for the management of the program:

Program Operating Data

This would consist of company inputs and program outputs. All direct and indirect (e.g., overhead) expenses should be accounted for in a budget. Employees who are only participating on a part-time basis should have appropriate percentages of their salaries budgeted in. Outputs should be measured on the goal dimensions previously set. This operating data together with a goal analysis would essentially constitute a social process audit (Bauer and Feen, 1973; Blake, et. al., 1976). This information is necessary to com-

pare performance with goals and to utilize the incentive system suggested above.

Environmental Information

To determine the most appropriate use of corporate volunteer resources, an environmental information system should be maintained consisting of scanning, forecasting, interpreting, and integrating external environmental information for use in the strategic planning process (Verdu and Wokutch, 1979). This function could, for example, identify and predict the most important and cost-effective needs to which corporate volunteer resources should be devoted, as well as the particular program(s) to which they should be directed.

Program Image Information

If indeed the primary goal of volunteer programs is an enhanced corporate image, the corporations should measure the public's perception of the program. It is possible that a poorly run program might actually do more harm than good for a corporate image. In such a case a decision would need to be made whether to modify or to disband the program.

Information on the same or similar dimensions will be needed by management to fulfill its traditional strategic planning/management function (Fahey and King, 1977), so collecting this information would not likely require a significant resource expenditure. Ideally, however, for this information to be integrated into the strategic management/planning process of the volunteer program, personnel from that program should participate in the implementation of the environmental information system (King and Cleland, 1978).

Conclusion

In this paper, we have argued that corporate support of volunteer programs and agencies is not the most important social responsibility of the firm. However, recognizing that these activities are extremely important to the programs and agencies receiving this assistance and that benefits accrue to other involved parties as well, we have suggested several approaches to enhance the effectiveness of such programs. These basically consist of: 1) volunteer agencies which receive such support taking a more active role in rationing and indeed enhancing the public relations benefits to the truly deserving corporations; and 2) the involved corporations utilizing their traditional operational and strategic management techniques which have proven successful in the past.

Notes

1. In order, these dimensions were ranked: 1) economic return, 2) equal employment opportunity, 3) operations in countries with repressive governments, 4) fair labor relations and bargaining, 5) non-involvement in munitions manufacturing, 6) the value of the product or service to society, 7) pollution control, 8) consumer issues, 9) employee safety, and 10) philanthropic activities.

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