

# GLOBAL EMPLOYEE ENGAGEMENT REPORT

A Corporate Responsibility  
Practitioner's Guide



**BRAZIL  
CHINA  
INDIA  
SOUTH AFRICA  
UNITED KINGDOM**



**O**ur cultural differences do not restrict what is possible, but rather they provide us with opportunities.

**Country Selection:** We selected the five target countries based on two criteria: 1) locations where we've heard many companies are interested in expanding employee engagement, and 2) locations where cultural and legal landscapes prompt uncertainty, fear or confusion about the customization needed to ensure a program succeeds at the local level.



## INTRODUCTION

Globalizing a corporate employee engagement program can be a daunting task. As a corporate citizenship practitioner in the United States, you know the U.S. laws, how to find a solid nonprofit partner, and what types of programs your employees like best. Now it's time to go global. You have staff on the ground in international offices. Your executive team has given the green light and you read some industry reports on global giving and volunteering.<sup>1</sup> You have a long list of ideas, but a longer list of questions. Will your most successful U.S. program work in China? Do employees in South Africa know what "dollars-for-doers" is? Is there a GuideStar-type database for Brazil? What does it really mean to "localize" a program?

Silicon Valley Community Foundation (SVCF) embarked on this research to complement the existing literature by uncovering country-specific do's, don'ts, cultural norms and resources for employee engagement in each of five countries: Brazil, China, India, South Africa and the United Kingdom (with a focus on

England and Wales). What we found is that the rules of local implementation aren't as rigid as one might think. Of course there are the actual laws governing business and civil society, but for most everything else, the answer to those burning questions about localizing international employee engagement is: it depends.

Programs within the same country can vary widely from one company, or one city, to the next. While you might think the best course of action is to operate within rigid cultural rules, the truth is that you can globalize any employee engagement program. Companies are refusing to take "that doesn't work here" for an answer.

This research has demonstrated that our cultural differences do not restrict what is possible, but rather they provide us with opportunities. For example, a challenging nonprofit landscape in China has led companies to explore partnerships with social enterprises. The skills-based volunteering movement is just beginning in South Africa, so companies have a chance to shape its direction based on years of learning from the United States.

The countries examined in this guide all represent exciting environments for growing employee engagement programs — but each country has its own set of challenges and opportunities. SVCF works with more than 100 companies to make corporate grantmaking and employee engagement easy and more powerful. SVCF has been fielding an increasing number of inquiries about taking programs global, so we set out to create a guide that will help readers find success in the countries studied, and beyond. We are grateful to all who participated in our research and provided thoughtful and candid insights on navigating employee engagement in all five countries.

## DEFINING EMPLOYEE ENGAGEMENT

For the purposes of this research, we define employee engagement as employee volunteerism (traditional, skills-based or pro-bono), company-matched employee giving (matching gifts or dollars-for-doers<sup>2</sup>), employee-directed cash donations (annual giving campaign, payroll deduction) or employee-led fundraising or collection drives.

We recognize that there are other employee engagement programs, such as employee-driven grantmaking, cause cards and other types of employee-related grant programs. While we did not seek out information on these programs, we did not exclude them if interviewees suggested such programs were an important part of any country's employee engagement landscape.

1. For a list of recommended reading related to global employee engagement, visit this report's online resources page at <http://www.siliconvalleycf.org/globalcsr>.

2. Matching gifts is a program in which a company makes a charitable gift to a nonprofit to match an employee's gift to that organization. Dollars-for-doers is a program in which a company provides grants to nonprofits based on the time employees spend volunteering.



## ABOUT THIS GUIDE

This guide is the result of research collected by surveying existing literature and conducting in-depth interviews with 65 corporate practitioners and nonprofit organizations dedicated to promoting employee engagement in the five countries studied.

Our research focused on answering the following questions. These questions could also be used as you explore expanding programs into other countries:

- What should companies know about the non-governmental organization (NGO) landscape?
  - What should companies expect when looking for NGO partners?
  - What resources are available to help identify NGOs?
- What does the general employee engagement landscape look like?
  - What program types are common or uncommon?
  - What advice do companies or service providers have about executing a successful program
- Where should companies look to learn more?
  - What are the most useful reports or websites?
  - Which organizations are most active in encouraging employee engagement?
- What is the employee engagement “buzz”?
  - What are practitioners talking about regarding employee engagement?
  - Are there major events, trends or movements to be aware of?
  - Are there governance or reputational frameworks for which employee engagement could impact a company’s performance?
- What laws or policies affect employee engagement?
  - What governance requirements must companies follow?
  - Are there laws or policies specific to volunteering?

This document provides clear and concise guidance and answers where possible. In cases where there was no definite right answer, we share the advice of our interview subjects, and offer a list of resources for further exploration.

**Additional information and resources gathered from our research are provided online: [siliconvalleycf.org/globalcsr](https://siliconvalleycf.org/globalcsr).**

### Terminology:

Throughout this guide, we use “nonprofit” and “NGO” interchangeably, and mentions of “civil society” are meant to refer primarily to the NGO sector. Additionally, in each country’s section, we use local terminology where appropriate (e.g., NGOs are commonly referred to in the U.K. as “charities”).

## GLOBAL FINDINGS

Certain challenges and insights transcend country borders. We’ve gathered the top advice heard most frequently in our interviews across the five countries. You can use this information to build the foundation of your global strategy, and know the information can be applied to any of the countries in this guide (and likely beyond).

- **Corporate culture can trump local culture.** When it comes to what is normal or expected in employee engagement, corporate culture reigns. Employees look to management within their company to signal expectations and establish norms, and simply because a certain program type isn’t popular in a country doesn’t mean a company can’t make it a success. The values established within the corporate culture — regardless of location — have a tremendous impact on the extent to which employees engage.
- **Trends are often different for multinationals and local companies.** This guide is tailored toward multinational companies, which often have more extensive employee engagement strategies compared to local peers.

There are many exceptions to this rule, however, and we encourage companies to look to locally based companies for new ideas on making employee engagement a success on the ground.

- **There is no universal standard for vetting.** U.S. tax law requires grantmakers to utilize Equivalency Determination (ED) or Expenditure Responsibility to legally make a grant using charitable dollars to a foreign (non-U.S.) organization. However, in certain circumstances (e.g., when U.S. charitable dollars are not used to support a foreign NGO), ED may not be the most appropriate vetting option. Each company must identify the vetting requirements that address its risk tolerances and work best for the types of programs planned. Companies generally rely on vendors to help with vetting. A few key insights:
  - Requiring full 501(c)(3) equivalency determination can limit opportunities. For example, in China, some companies work with social enterprises, which may not pass traditional equivalency determination due to their status as for-profits.
  - Vetting by a vendor should not replace building personal relationships with NGOs. In-person communication and pre-partnership relationship-building are crucial to success — and often help to expedite the vetting process.
  - Vetting criteria for funding may not indicate whether a NGO has the capacity to manage or host volunteers. Include research on the NGO’s previous corporate volunteer experience and conversations with peers in the vetting process, and have candid conversations with NGOs about their capacity and desire to engage in a partnership.





## NGO SEARCH RESOURCES

Vetting is made easier when a country has laws requiring transparency and when a central authority is accountable for collecting and sharing data on NGOs. To help navigate the NGO landscape in these five countries, below is a list of useful resources. Additionally, a list of over 1,000 international organizations (including NGOs in these five countries) that have been vetted through equivalency determination to receive funds through SVCF is available online.<sup>3</sup>

Country	Government Database of Registered NGOs	Other Resources to Identify NGOs
<b>Brazil</b>	<b>None</b> (The Ministry of Justice has a database of NGOs with the OSCIP designation*)	<b>Centro de Voluntariado São Paulo (CVSP):</b> Lists approximately 1,300 NGOs that offer volunteer opportunities
<b>China</b>	<b>None</b>	<b>China Development Brief:</b> Small directory (~250 NGOs) of grassroots organizations (requires purchase) <b>China CSR Map:</b> List of NGOs and CSR practitioners; project is in a pilot phase covering limited geography
<b>India</b>	<b>India.gov NGO Partnership System</b> (Registration is voluntary; 67,000+ NGOs were registered as of March 2015)	<b>GuideStar India:</b> Searchable directory of 4,000+ NGOs <b>GiveIndia:</b> Vetted list of ~200 NGOs meeting GiveIndia criteria
<b>South Africa</b>	<b>Department of Social Development NPO Register</b>	<b>SangoNet:</b> Searchable “Prodder NGO Directory” of 4,000+ NGOs <b>Governance SA:</b> List of ~100 NGOs that have subscribed to a code of governance
<b>U.K.</b>	<b>U.K. Charity Commission Register</b>	The Charity Commission Register is by far the most popular NGO data resource

\* OSCIP refers to Public Interest Civil Society Organization (Organização da Sociedade Civil de Interesse Público) — see the Brazil country profile for more information.

3. To search SVCF's list of international NGOs, visit <http://www.siliconvalleycf.org/ngo-search>.

- **Local senior leadership buy-in is crucial.** Not surprisingly, gaining buy-in from local corporate leaders is a universally recommended first step to launching a new employee engagement program. In locations where the emphasis on productivity is exceptionally high (i.e., India and China), buy-in can also mean permission — specifically permission to engage in activities not necessarily perceived as part of the core activities of the business.
- **Expect a steeper learning curve.** Avoid making assumptions about employees' experience with or perception of employee engagement. Always take a temperature check, and if the concept is new, don't be afraid to start at the beginning. Define employee engagement, its value and link to the business. Start small, and when designing a program for first-time volunteers, follow this simple recipe: Make it fun and rewarding, make it social and make it easy for employees to participate.
- **An on-the-ground resource with formal employee engagement responsibility is key to success.** While a full-time, dedicated resource is considered ideal, companies frequently make programs work with part-time or volunteer resources. Local employee ambassadors can be invaluable to help gain local buy-in, ramp up employee participation and gauge and report back on employee reactions and concerns.
- **Customize programs to job types.** Just like in the U.S., employees in call centers or plant environments around the world tend to have less flexibility to volunteer off-site during work hours. In every country studied, it is acceptable — and in some cases quite popular — to hold on-site collection drives or volunteer activities in these types of locations.
- **Consider context when communicating employee giving policy parameters.** Most companies interviewed have global policies that apply to matching gifts, paid time off and dollars-for-doers programs. However, policies and thresholds should be communicated using local currency and ensure amounts (e.g., matching gift minimums) are locally appropriate.
- **Use what you know to create a budget.** Determining a budget for a new global employee engagement program can be daunting. Add the prospect of matching gifts and it can feel downright impossible. Interviewees agreed that budgeting is one of the most challenging aspects of a global program, but offered this advice:
  - Iterate! Remember that not everyone will jump on board right away. Look at participation rates from the U.S. as a possible high-end budget threshold.
  - Consider using Charities Aid Foundation's (CAF) World Giving Index as a benchmark to estimate participation levels in each country. The index reports national participation rates for cash giving and volunteering.
- If the potential for high participation is cause for budgetary concern, consider raising the barrier to entry. Only match gifts from company-sanctioned group fundraising efforts, for example. Or implement team-based dollars-for-doers contests in which only select teams receive grants for their nonprofits.
- **Be aware of generational differences.** Interviewees frequently brought up Millennials, and we heard that, as in the U.S., this generation tends to engage more frequently<sup>4</sup>. Especially in countries where employee engagement is relatively new, the difference between an older worker who spent most of a career without any employee engagement, and one who expects it as a norm at any employer, may be extreme.
- **Keep an open mind.** Interviewees in every country emphasized keeping an open mind, getting to know local office environments and avoiding stereotypes that could limit the potential of a program.



4. Deloitte. (2015). Minding the Gap: 2015 Deloitte Millennial Survey.



## Promoting CSR in the Business Landscape: Social Responsibility Indices

All five countries researched have (or are developing) social responsibility indices, frameworks similar to the Dow Jones Sustainability Index in the U.S. With these frameworks encouraging integration and transparency of CSR, employee engagement also has a platform to grow and demonstrate its value to the business. These lists are also a good source of local best-in-class CSR program examples.

**Brazil:** Corporate Sustainability Index (ISE) includes companies listed on the Bolsa de Valores, Mercadorias & Futuros de São Paulo (BM&F BOVESPA).<sup>5</sup>

**China:** SSE Social Responsibility Index includes companies on the Shanghai Stock Exchange and the SZSE Corporate Social Responsibility Index includes companies on the Shenzhen Stock Exchange.<sup>6</sup>

**India:** The Bombay Stock Exchange (BSE) and the Indian Institute of Corporate Affairs (IICA) are in the process of developing a Corporate Social Responsibility Index.<sup>7</sup>

**South Africa:** Johannesburg Stock Exchange Socially Responsible Index (SRI) includes companies listed on the FTSE\*/JSE All Share Index.<sup>8</sup>

**U.K.:** FTSE4Good Index Series covers 23 markets and includes benchmarks for global, Europe, U.K., Japan, Australia and U.S.<sup>9</sup>

\* Financial Times Stock Exchange (FTSE) is a company that specializes in index calculation, similar to Standard & Poor's (S&P) in the U.S.

5. Corporate Sustainability Index (ISE). Retrieved from [http://www.bmfbovespa.com.br/indices/download/ise\\_ing.pdf](http://www.bmfbovespa.com.br/indices/download/ise_ing.pdf)


6. Hong Kong Exchanges and Clearing Limited. (2011). Retrieved from <https://www.hkex.com.hk/eng/newsconsul/newsltr/2011/Documents/2011-10-13-E.pdf>

7. Bombay Stock Exchange. Retrieved from <http://www.bseindia.com/static/about/sustainability.aspx?expandable=4>

8. Johannesburg Stock Exchange. Retrieved from <https://www.jse.co.za/services/market-data/indices/socially-responsible-investment-index>

9. FTSE. (n.d.). Retrieved from <http://www.ftse.com/Analytics/FactSheets/temp/517f97e3-7339-43ec-b99d-feb2ac416bdf.pdf>





The traditional charitable approach is being replaced with more strategic social change efforts in Brazil.

BRAZIL

Corporate employee engagement in Brazil has gone from non-existent to an established and respected part of the business environment over the past two decades.

Two reports that surveyed corporate community investment found between 70 and 75 percent of responding companies have established some sort of employee volunteer program.<sup>10, 11</sup>

Since the country's democratization in the 1990s, Brazil's citizens, businesses and civil society have embraced a commitment to transformation. The traditional charitable approach is being replaced with more strategic social change efforts — a shift evidenced in part by recent efforts toward increased income equality<sup>12</sup> to address Brazil's income gap, which is one of the world's largest.<sup>13</sup>

This shift is also affecting how companies approach employee engagement. Corporate leaders want to see programs that drive change. Companies are committed to addressing local challenges, and the sense of national solidarity that pervades the Brazilian culture means that helping friends, family and neighbors is a way of life for employees.



10. Comunitas. (2013). Benchmarking o Investimento Social Corporativo (BISC). Pg. 109.

11. Alves, A. & Araújo, A. U.S. Agency for International Development. (2012). Mais Unidos Group Social Investment Report. Pg. 33.

12. Center for Economic and Policy Research. (2014). The Brazilian Economy in Transition: Macroeconomic Policy, Labor and Inequality. Retrieved from <http://www.cepr.net/documents/brazil-2014-09.pdf>

13. Based on the World Bank's Gini Index estimate, 2013. Retrieved from <http://data.worldbank.org/indicator/SI.POV.GINI>



## Key Insights into the Brazilian NGO Sector:

- Opinions vary widely on the extent to which corruption impacts NGOs. There is consensus, however, that through vetting and word-of-mouth recommendations, practitioners can effectively mitigate risk.
- Organizations with a government designation are held to stricter accountability standards than those without a designation. Example designations at the federal level include Public Utility Entity, Social Organization and Public Interest Civil Society Organization (OSCIP). Many companies specifically target (and sometimes work exclusively with) NGOs with the OSCIP designation because OSCIPs are held to particularly high standards of accountability and must undergo significant vetting to obtain the designation.<sup>19, 20</sup>
- Culturally, NGOs in Brazil may have a hard time saying no or negotiating the content of a program with a company. An NGO may agree to an ineffective or unnecessary program to be polite. To avoid this possibility, companies should opt for open, face-to-face discussions with NGOs about their needs and how the company can help.

## NGO Landscape

The NGO landscape in Brazil is strong, but relatively young, having mostly emerged post-military rule since the early 1990s.

**Number of NGOs:** ~300,000.<sup>14</sup>

**Governing Bodies:** Various. Organizations can voluntarily obtain government designations from specific ministries at the local, state and federal levels that make them eligible for certain tax benefits and public funding.

**Relevant Legislation:** Watch for implementation of Brazilian Law 13.019 (passed November 2014) and the National Policy of Social Participation (PNPS). Both include provisions to increase the autonomy and strength of civil society, and PNPS specifically encourages the right of social participation of citizens.<sup>15, 16, 17</sup>

**Tax Benefits for Philanthropy:** Tax benefits for donors vary depending on the nature/cause area of the NGO's work. Tax laws are different for corporations and individuals.<sup>18</sup>

14. ABONG. (2012). Numbers and Data of Foundations and Associations Private Non-profit in Brazil. Retrieved from <http://www.abong.org.br/ongs.php?id=18>

15. Council on Foundations. (2014). Country Notes: Brazil. Retrieved from <http://www.cof.org/content/brazil>

16. International Center for Nonprofit Law. (2014). Brazil Forges New Partnerships with Civil Society Organizations. Retrieved from <http://www.icnl.org/news/2014/3-Sept.html>

17. Participação Social. (n.d.). National Policy on Social Participation. Retrieved from <https://participacaosocialbr.wordpress.com/in-english/>

18. For example, corporations may deduct gifts to NGOs designated as OSCIPs or Public Utilities while individuals may not. Source: Council on Foundations. (2014). Country Notes: Brazil. Retrieved from <http://www.cof.org/content/brazil>

19. Council on Foundations. (2014). Country Notes: Brazil. Retrieved from <http://www.cof.org/content/brazil>

20. Quick, E., Kruse, T.A., & Pickering, A. NEXUS, McDermott, Will & Emery and Charities Aid Foundation. (2014). Rules to Give By: A Global Philanthropy Legal Environment Index. Pg. 90.

# Advice from the Experts

## What does it mean to be locally relevant in Brazil?

### Program Design

- Traditional, one-day volunteer activities are the most common form of employee volunteering in Brazil. Brazilians report that their primary barrier to volunteering is lack of time, which likely leads to the popularity of collection drives (e.g., for coats, toys, food) that can be easily done on campus during the workday.<sup>21</sup>
- A participation rate of 11 percent in volunteer programs was the average reported by companies in 2012 (an increase from 6 percent in 2009).<sup>22</sup>

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### Cash giving (e.g., matching gifts) is not common in Brazil; Dollars-for-doers is increasingly popular

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- Skills-based volunteerism is gaining traction in Brazil. Our interviewees offered some advice:
  - Companies should expect to spend time educating employees on the purpose and value of skills-based volunteering. There can be a perception that this type of engagement is aimed at only the most highly educated employees with certain skills. Reminders that opportunities exist for all education and skill levels can go a long way toward increasing participation.
  - Consider inviting NGOs into the office to explain to employees how their skills could help the organization's work and mission.

- Employee fundraising and donation programs such as matching gifts and payroll giving are not currently very popular in Brazil. Only 27 percent of companies had matching gift policies in 2012.<sup>23</sup> Interviewees said that culturally, cash giving is not particularly common, an observation supported by CAF's World Giving Index, which ranked Brazil 71st out of 135 countries for cash giving.<sup>24</sup> However, companies where strong corporate culture supports these programs can find success despite local norms.
- Dollars-for-doers programs are becoming increasingly popular, with 53 percent of companies reporting programs in 2012.<sup>25</sup> We learned that many companies introduce a competitive element to these programs, with grant awards determined by the most innovative or impactful program ideas, rather than number of hours donated.
- Digital volunteering is a hot topic in the Brazilian employee engagement field. Digital volunteering refers to using technology — social platforms, online petitions, web-based mentoring and more — to strengthen the impact of volunteering.

### Program Timing

- There has been a significant increase in the number of companies that allow volunteering on work time — from 35 percent in 2010 to 60 percent in 2012.<sup>26</sup> Interviewees reported that programs run during work hours get the highest turnout, and that companies offering activities outside of work should pay special attention to labor laws (addressed in this profile).

### Popular Cause Areas

- The focus on addressing local social needs is very strong. The more a program can feel indigenous to Brazil, created by local residents and in response to local needs, the better it is likely to be received.
- Education tends to be the favorite cause area for both volunteering and giving in Brazil.<sup>27</sup>

### Communications

- Interviewees recommended that reinforcing a mutual understanding up front — between program organizers and employees — that everyone has a responsibility to support the common good is key to successful engagement. The rights and duties of citizens regarding social participation are currently receiving attention in Brazilian national dialogue (i.e., PNPS referenced above).
- Company leaders in Brazil expect their employee engagement programs to add real community value, and may react negatively if they perceive that a program is being rolled out strictly for PR purposes.
- The use of social networks to communicate about employee engagement, present opportunities and share volunteer stories is common and well accepted. Volunteer-to-Volunteer (V2V.net) is a prevailing employee engagement social platform in Brazil.
- Be prepared to translate all materials and note that many NGO staff may not speak English. Translation is necessary to communicate effectively and to maximize the indigenous feel of the program.

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## Number of companies that allow volunteering on work time

35% 2010

60% 2012

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- 21. Comunitas. (2013). Benchmarking o Investimento Social Corporativo (BISC). Pg. 106.
- 22. Comunitas. (2013). Benchmarking o Investimento Social Corporativo (BISC). Pg. 109.
- 23. Comunitas. (2013). Benchmarking o Investimento Social Corporativo (BISC). Pg. 109.
- 24. Charities Aid Foundation. (2014). World Giving Index 2014. Pg. 34.
- 25. Comunitas. (2013). Benchmarking o Investimento Social Corporativo (BISC). Pg. 103.
- 26. Comunitas. (2013). Benchmarking o Investimento Social Corporativo (BISC). Pg. 105.
- 27. Comunitas. (2013). Benchmarking o Investimento Social Corporativo (BISC). Pg. 107.

## Brazil: Local Resources

Peer Groups for Practitioners	Other Local Resources	Recommended Reading	National Events
Conselho Brasileiro de Voluntariado Empresarial (CBVE)	Brazilian Association of NGOs (Associação Brasileira de Organizações Não Governamentais — ABONG)	Benchmarking of Corporate Social Investment (BISC) Report (Comunitas)	Donate Day (#Diadedoar, Brazil's #GivingTuesday)
Centro de Voluntariado São Paulo (CVSP)	Comunitas	Profile of Volunteering in Brazil III (CBVE)	National Volunteer Day in August
Mais Unidos Group	Group of Institutes, Foundations and Companies (Grupo de Institutos Fundações e Empresas — GIFE)	Corporate Volunteering: From Concept to Practice (CBVE)	
	Social Good Brasil	The Opinion of Brazilians about Volunteering (Fundação Itaú Social)	
	Volunteer-to-Volunteer (V2V.net)		
	Volunteers in Action Institute (Instituto Voluntários em Ação)		

## Employee Engagement Legal and Policy Framework

In a report on global institutional philanthropy, Worldwide Initiatives for Grantmaker Support (WINGS) rated the legal environment in Brazil as “extremely challenging.”<sup>28</sup> Labor laws are an especially complex area of Brazilian law and have implications for employee engagement. Key points to note:

- Be mindful of the way volunteer opportunities are presented and participation is requested. An emphasis on the voluntary aspect of the activity is important, especially if it is being offered after work hours or on a weekend.
- Some companies cited labor laws as the reason they don't offer matching gifts or paid time off for volunteering in Brazil. Companies should check with local legal experts before undertaking employee engagement programs.

Brazil has a Law on Voluntary Service that defines volunteering as an unpaid activity and requires a written agreement between the volunteer and the NGO.<sup>29</sup> The law protects NGOs from volunteers claiming they are owed compensation for their service — an issue that became problematic among long-term volunteers who cited labor laws to support their claims. In practice, compliance with the law means NGOs often ask volunteers to sign simple agreements if they will be providing service over a period of time. NGOs may request signatures less frequently for one-time activities.<sup>30</sup>

### Employee Engagement Buzz

Practitioners in Brazil are talking about...

- Digital volunteering
- 2016 Summer Olympics in Rio de Janeiro as a national platform to celebrate volunteering

28. Johnson, P.D. WINGS. (2010). Global Institutional Philanthropy: A Preliminary Status Report (Part 2). Pg. 87.

29. Refers to Law 9608 from 1998.

30. Kopcheva, M. International Center for Nonprofit Law. (2001). Comparative Study of the Laws Affecting Volunteering and Voluntarism. Pg. 32.



Employee engagement plays an increasingly important role as CSR is integrated into Chinese business practices.

# CHINA



Citizen engagement and volunteerism are becoming increasingly prominent parts of the Chinese business environment.

While the concept of citizen participation — also called social mobilization — is relatively new in China\*, the country's involvement in the International Year of Volunteering in 2001 signaled an important shift toward increased community service. The Sichuan earthquake and Beijing Olympics in 2008 further launched volunteering into popular culture, demonstrating the value of individual engagement and spreading a national spirit of giving back.

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### **Less than 20% of Chinese NGOs are registered**

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Companies are integrating CSR into business practices, and employee engagement is playing an increasingly important role. From 2012–2013, the percentage of China's CSR reports that included employee volunteerism increased from 46 percent to 70 percent.<sup>31</sup>

There is also important movement at the policy level to help strengthen a rapidly growing NGO sector, providing companies with increased options for strong partnerships and impact.

\*Note: Our research focused on mainland China. Hong Kong has a more developed NGO sector and volunteerism trends and norms will vary from those found in China.

31. Horizon Corporate Volunteering Consultancy. (2013). Development Evaluation Index on Chinese Corporate Volunteering.

32. Number of NGOs in China grows to nearly 500,000. (2012). Retrieved from [http://www.chinadaily.com.cn/china/2012-03/20/content\\_14875389.htm](http://www.chinadaily.com.cn/china/2012-03/20/content_14875389.htm)

33. Refers to reforms to "Interim Regulations on the Registration and Administration of Civil Non-Enterprise Institutions" (originally promulgated in 1998). Source: International Center for Nonprofit Law. (2015). NGO Law Monitor: China. Retrieved from <http://www.icnl.org/research/monitor/china.html>

34. Refers to "Guangzhou Measures for Administering Social Organizations." Source: International Center for Nonprofit Law. (2015). NGO Law Monitor: China. Retrieved from <http://www.icnl.org/research/monitor/china.html>

35. International Center for Nonprofit Law. (2015). NGO Law Monitor: China. Retrieved from <http://www.icnl.org/research/monitor/china.html>



## NGO Landscape

The NGO landscape in China is complex. Interviewees used terms like “murky” and “the wild west” when describing their experiences finding and working with NGOs — often called social organizations (SOs).

**Number of NGOs:** ~2.5 million (some sources say 3 million), yet only about 500,000 are registered due to extremely high barriers to entry regarding registration.<sup>32</sup>

**Governing Body:** Ministry of Civil Affairs (national) and various local authorities.

**Relevant Legislation:** Reforms aimed at relaxing extremely challenging registration standards have been introduced nationally<sup>33</sup> and passed locally in Guangdong province.<sup>34</sup> Additionally, there is speculation in the news that the Charity Promotion Law, which has been in limbo for 10 years and would set standards for NGO management, supervision, fundraising, fund use and information disclosure, will be reviewed and possibly passed in 2015.<sup>35, 36</sup> Finally, a Law on the Management of Overseas NGOs, which would more clearly define how these NGOs should register and operate in China, has been submitted for review.<sup>37, 38</sup>

**Tax Benefits for Philanthropy:** While tax laws do exist to encourage philanthropy, they are not widely understood. Government-organized NGOs, (GONGOs, see below) are essentially the only organizations that can issue *fapiao*, or receipts making donor gifts tax-deductible.

### Key Insights into the Chinese NGO Sector:

- Information on the NGO sector and on individual organizations can be difficult to find. According to some interviewees, this lack of transparency, coupled with the government ties of many NGOs, contributes to a widespread lack of trust in the NGO sector.
- The Chinese NGO landscape is dominated by GONGOs and international NGOs. “GONGO” is not a legal structure, but rather a way to describe a legally registered NGO that has been created by the government or has particularly close government ties (e.g., government officials in leadership positions).
  - If an organization has “China” in its name, it is likely a GONGO (e.g., Red Cross Society of China, China Youth Development Foundation).
  - GONGOs are the only NGOs that can operate on a national scale in China. Most NGOs are sanctioned to operate only in the province where they are located. As such, if a company wants to partner with a registered NGO across multiple locations, working with a GONGO is the only option.
  - Working with GONGOs can raise red flags with company legal departments because of the ties with government. In addition, supporting international NGOs in China can be sensitive, as the policies surrounding their legal status and operations have long been unclear. Practitioners should consult local legal departments.
- NGOs that operate autonomously from the government are often called “grassroots organizations.” Only a small number are legally registered as NGOs because of the extremely challenging registration process. Many operate as NGOs but are registered as for-profit businesses (referred to as social enterprises). Still others are not registered at all.
- While unregistered entities do not necessarily lack capacity, interviewees said from their experience, these organizations are less likely to be able to manage volunteers or collaborate on strategic, measurable programs.
- While GONGOs historically represented the preferred NGO partner for many companies, interviewees indicated this preference is starting to shift for a few reasons:
  - The Red Cross Society of China’s funds mismanagement scandal in 2011 damaged public trust in both that organization and GONGOs in general.<sup>39, 40</sup>
  - Without a requirement for registered NGOs to publicly report organizational and program information, many GONGOs fall short of corporate funders’ reporting expectations.
  - The relaxation of NGO registration standards allows more grassroots organizations to receive legal status, thus providing new partner options.

36. China charity law set to boost public trust in charities. (2015). Retrieved from <http://www.reuters.com/article/2015/04/03/us-china-law-charity-idUSKBN0MU0X420150403>

37. International Center for Nonprofit Law. (2015). NGO Law Monitor: China. Retrieved from <http://www.icnl.org/research/monitor/china.html>

38. CDB English Translation of the Overseas NGO Management Law (Second Draft). (2015). Retrieved from <http://chinadevelopmentbrief.cn/articles/cdb-english-translation-of-the-overseas-ngo-management-law-second-draft/>

39. Beech, H. (2014). China’s Red Cross is Still Dealing with a Three Year Old Scandal Involving Sex and Fast Cars. Retrieved from <http://time.com/3078429/yunnan-earthquake-red-cross-society-of-china-guo-meimei-sex-scandal/>

40. Tiezzi, S. (2014). Charities and Corruption in China. Retrieved from <http://thediplomat.com/2014/08/charities-and-corruption-in-china/40>.

## Advice from the Experts

### What does it mean to be locally relevant in China?



#### Program Design

Volunteering in China largely consists of “hands on” group projects.

- Skills-based and pro bono are relatively new and growing trends, as more companies acknowledge the need to build the capacity of NGOs to address national challenges. As such, there will be few “plug-and-play” opportunities; programs may need to be designed from scratch.
- It is common for NGOs to request that a company pay its overhead fees when managing an employee volunteer event. Practitioners should speak with potential partners about any expectations of cash donations up front.
- Interviewees reported that many companies conduct volunteer projects with social enterprises (those registered as businesses). Reasons include:
  - These organizations tend to have higher professional capacity than many NGOs.
  - They are less bureaucratic than GONGOs and often will be

more transparent and willing to measure impact.

- From a tax perspective, there are no disincentives for working with a social enterprise, since most NGOs cannot offer tax benefits (fapiao, referenced above).

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### Successful programs connect employees with peers and leadership

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- Employee giving tends to happen most frequently after natural disasters in China. Year-long matching gifts or dollars-for-doors programs are rare.
- The concept of engagement is important to Chinese culture; individuals strive to build strong connections with people and ideas that share or reflect their values. For this reason the social aspect of volunteering is key. Successful programs will connect employees to peers and to leadership:

- In a 2011 survey, employees reported that “having fun” was their favorite thing about volunteering; “meeting new people” also ranked among the most highly favored aspects.<sup>41</sup>
- Employees place a high value on face time with company leaders; any activity where employees can engage directly with executives will likely be very popular.

#### Program Timing

- Volunteer programs can be held both during and outside of working hours. Employee productivity is a major focus in the corporate world. Making the business case for employee engagement is typically crucial to getting a program off the ground, and will be especially important when seeking approval to hold volunteer activities during business hours.

#### Popular Cause Areas

- Migrant workers — and their families and children — are a population with unique challenges and needs in China.<sup>42</sup> Increasing numbers of NGOs are focused on this population, and many companies are creating employee engagement programs to provide critical support.
- Support for advocacy on locally controversial subjects such as labor or human rights can bring political risk in China. Companies should take special care to be aware if prospective partners are involved in these potentially risky areas.

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### Many companies conduct volunteer projects with social enterprises

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41. VSO China and Beijing Normal University. (2012). Inspiring Employee Volunteering: China Research Study. Pg. 21.

42. China Labour Bulletin. (2013). Retrieved from <http://www.clb.org.hk/en/content/migrant-workers-and-their-children>; CNN. (2015). Retrieved from <http://www.cnn.com/2015/02/23/asia/china-migrant-worker-photographer/>

## Communications

- Employees in China have great respect for hierarchy. While directives from executives may help ensure strong participation rates, creating meaningful engagement that goes beyond following orders requires that employees understand why employee engagement matters. In corporate cultures where employee engagement is a new concept, consider hosting a training session with the following in mind:
  - Top reasons employees in China cite for wanting to volunteer are to help make a difference and because they feel a personal connection to the cause or partner.<sup>43</sup>
  - Many employees may be first-time volunteers, so it's important to explain how the event will go, clearly state their roles and responsibilities and describe the intended results.
  - Interviewees told us employees appreciate hearing about the potential (and realized) social impact and legacy their support will provide, and about the business benefits and contribution to their personal skills development.
- Employees in China highly value recognition and follow-up from the company after employee engagement activities take place — so much so that employees surveyed in 2011 cited a lack of post-activity feedback as their greatest dislike about their volunteer experience.<sup>44</sup> Follow up can report on impact, recognize outstanding work, share photos or prizes or simply say thank you.
- In-person meetings with NGOs are important in China. Interviewees told us that building a personal relationship before a business one is key to success.
- The language barrier in China can be a challenge; materials should be translated and practitioners should expect many NGOs to only speak and provide materials in Chinese.<sup>45</sup>



## Regional Differences

The legal and cultural environment can vary widely from province to province and city to city in China. The way in which a company works with NGOs in “tier one” cities (larger by population, e.g., Beijing, Shanghai, Shenzhen) may be different than in “tier two” or “tier three” cities.<sup>46</sup> There are no concrete rules for working in certain places; just as there is no one-size-fits-all approach globally, practitioners should take care to learn about the political, legal and cultural norms of each area in which they work.

43. VSO China and Beijing Normal University. (2012). Inspiring Employee Volunteering: China Research Study. Pg. 21

44. VSO China and Beijing Normal University. (2012). Inspiring Employee Volunteering: China Research Study. Pg. 22.

45. There are at least seven Chinese languages (and hundreds of dialects) that share a common written form.

46. While there is no formal definition of China's city tiers, the article “All You Need to Know about China City Tiers” provides guidance. Source: Sinostep. (2014). Retrieved from <http://www.sinostep.com/all-you-need-to-know-about-china-city-tiers/>

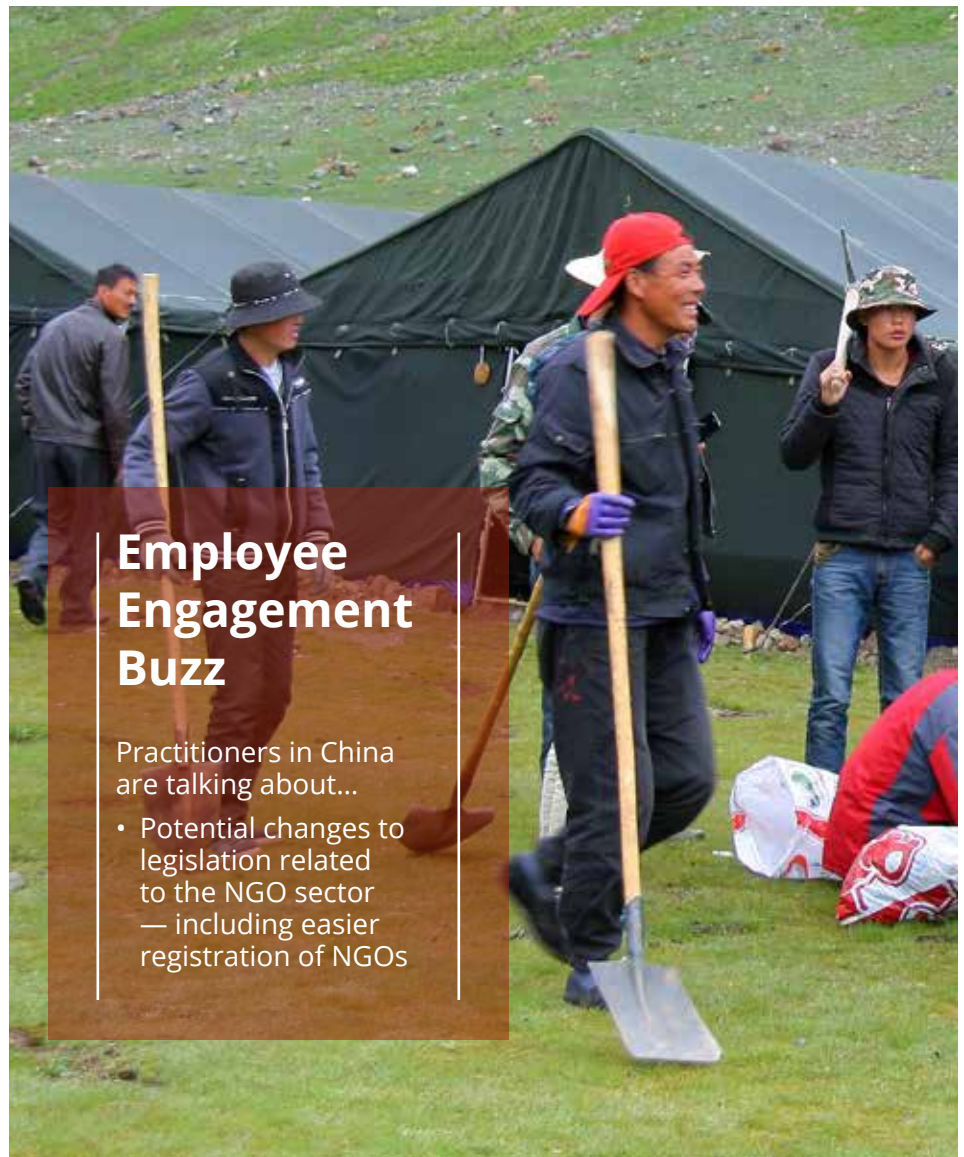
## China: Local Resources

Peer Groups for Practitioners	Other Local Resources	Recommended Reading	National Events
AmCham Shanghai's Make a Difference Corporate Volunteer Alliance	HandsOn Shanghai Horizon Volunteer Consultancy	Inspiring Corporate Volunteering in China (VSO China and Beijing Normal University)	China Charity Fair (Ministry of Social Affairs)
Community Roots China's Social Club	Huizeren Volunteering Center	The State of Volunteerism in China (UNDP and UNVolunteers)	

## Employee Engagement Legal and Policy Framework

The first official regulations<sup>47</sup> on volunteering in China were created in 1999 in Guangdong province; since then, 85 percent of the country's provinces have adopted specific regulations on volunteering. Regulations mostly focus on NGO responsibilities related to volunteers, such as proper health and safety precautions, and individual volunteer rights.<sup>48</sup>

At the national level, the government drafted a Volunteer Service Law in 2009 to foster increased volunteerism and standardize its implementation. However, the law has not yet been finalized or passed.<sup>49</sup> It is also worth noting that in the 12th Five-Year Plan released in 2011, the Chinese government set a goal for 10 percent of China's citizens to be engaged in volunteering by the end of 2015 — representing a nearly three-fold increase over 2011 levels.<sup>50</sup>



### Employee Engagement Buzz

Practitioners in China are talking about...


- Potential changes to legislation related to the NGO sector — including easier registration of NGOs

47. Law Library. (1999). Guangdong Youth Voluntary Service Regulations. Retrieved from [http://www.law-lib.com/law/law\\_view.asp?id=34688](http://www.law-lib.com/law/law_view.asp?id=34688)

48. United Nations Volunteers. (2011). State of Volunteerism in China. Pg. 6-7.

49. United Nations Volunteers. (2011). State of Volunteerism in China. Pg. 6-7.

50. VSO China and Beijing Normal University. (2012). Inspiring Employee Volunteering: China Research Study. Pg. 13.

A young woman with dark hair, wearing a green sari with a gold border, is smiling broadly while serving food. She is holding a silver plate of yellow rice and vegetables. In the background, other people are visible, including one person in a white sari and another in a yellow shirt. The setting appears to be an outdoor community event or a food distribution point.

Sharing wealth and selfless service are core tenets in India's major religions, and core to the country's value system and social framework.

INDIA

## Employee engagement in India sits at the intersection of traditional values and modern business imperatives.

The concepts of voluntary social action and charity can be traced back to the Rig Veda, a sacred Hindu text from around 1500 BCE.<sup>51</sup> Sharing wealth and selfless service are core tenets in India's major religions, and core to the country's value system and social framework.

In the modern Indian business world, CSR is gaining momentum, and the giving mandate in the 2013 Companies Act raised the bar on expectations for business' impact on society.

At the same time, India's youngest generation of workers is proving especially motivated to serve, often choosing jobs based on values over pay, joining volunteer corps and bringing new energy to workplace engagement programs.<sup>52</sup>

The pressure for business to help solve social challenges and to recruit and retain top talent creates a powerful opportunity for the growth of employee engagement in India.



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**The CSR giving mandate in the 2013 Companies Act raised expectations for business' social impact**

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51. Bruno, R. (2012). Voluntarism in India. Retrieved from <http://literature.foundationcenter.org/2012/03/voluntarism-in-india.html>

52. India@75 and Taproot Foundation. (n.d.). Pro Bono in India. Pg.4.



## Using employee volunteers to help vet potential NGO partners is a new trend in India

**Relevant Legislation:** NGOs must be registered under the Foreign Contribution Regulation Act (FCRA) to receive contributions from a source outside India.<sup>56</sup>

**Tax Benefits for Philanthropy:** Only NGOs registered under section 80G of the Income Tax Act of 1961 can offer donors a tax deduction.<sup>57</sup>

### Key Insights into the Indian NGO Sector:

- Registration status: NGOs must carry one of three registrations (a trust, society or Section 8 company) for donations to count toward a company's CSR spend under the Companies Act of 2013.<sup>58</sup>
- Helping to build the capacity of the NGO sector is a clear need in India. Many NGOs are run largely by volunteers, some face Internet connectivity issues and many lack experience with corporate partners. Challenges with NGO capacity present a huge opportunity for corporate impact on the sector through skills-based or pro bono projects.
- Using employee volunteers to help vet potential NGO partners is a new trend in India. Organizing a volunteer project prior to establishing a deeper relationship helps both the company and NGO get a feel for working together, and helps the company assess the NGO's capacity in a comprehensive way.

## NGO Landscape

India has a vibrant NGO sector and may have the most NGOs of any country in the world, with an estimated one NGO for every 400 people.<sup>53</sup>

**Number of NGOs:** ~3.1 million; however, fewer than 30 percent of these can be verified.<sup>54</sup>

**Governing Bodies:** Various Organizations can register under a variety of acts and are required to file annual tax returns and audited financial statements with a variety of agencies at the state and local levels.<sup>55</sup>

53. Shukla, A. (2010). First Official Estimate: An NGO for every 400 people in India. Retrieved from <http://archive.indianexpress.com/news/first-official-estimate-an-ngo-for-every-400-people-in-india/643302/>

54. Central Statistics Organisation, Government of India. (2009). Compilation of Accounts for Non Profit Institutions in India in the framework of System of National Accounts.

55. Council on Foundations. (2014). Country Notes: India. Retrieved from <http://www.cof.org/content/india>

56. International Center for Nonprofit Law. (2010). An Analysis of India's FCRA Bill, 2010. Retrieved from <http://www.icnl.org/news/2010/09-13.html>

57. Quick, E., Kruse, T.A., & Pickering, A. NEXUS, McDermott, Will & Emery and Charities Aid Foundation. (2014). Rules to Give By: A Global Philanthropy Legal Environment Index. Pg. 119.

58. Ministry of Corporate Affairs, Government of India. (2013).The Companies Act, 2013.

# Advice from the Experts

## What does it mean to be locally relevant in India?

### Program Design

- Employee giving — specifically payroll giving — is common in India. Interviewees reported that employee engagement has its roots in giving campaigns, and donating time through volunteering has only more recently emerged. Specific tips on employee giving from interviewees include:
  - If a company's giving is limited by FCRA requirements, restrict eligible NGOs for matching gift programs to organizations with proper certification.
  - Personal philanthropy in India often directly supports individuals or families in need known to the donor (e.g., providing financial support for the child of your house cleaner to attend school).
  - Company matching funds can be counted toward the 2 percent CSR spend obligation in the Companies Act as long as recipient NGOs meet all stated requirements (see section below for more on this legislation). Some interviewees hypothesized that this allowance will prompt a growth in matching programs over the coming years.
- Interviewees reported that traditional volunteering is more prevalent in India than skills-based volunteerism. However there is some interest in skills-based, especially amongst multinational companies.
  - "Traditional" volunteering in India refers largely to company-planned and -organized group service outings. It is less common for employees to choose their own activities or self-organize.

- The pro bono movement is emerging. The sheer number of skilled workers, estimated at 110 million, means there are widespread opportunities to support India's more than 3 million NGOs, many of which have expressed interest in, and need for, pro bono volunteers.<sup>59</sup> India@75, a grassroots initiative, is helping to lead the pro bono movement.
- Employees and NGOs may both have steep learning curves for skills-based and pro bono projects, so companies should expect more legwork to get these projects up and running.

### Program Timing

- In India, the focus on work productivity is high, and the idea of taking time during the workday to volunteer can seem odd. According to a 2013 survey of the top 200 companies in India, 66 percent allowed volunteering during the workday; however, in practice most volunteer projects happen on the weekends.<sup>60</sup> Interviewees reported that even if a company has a workday volunteer policy or a paid time off policy for volunteering, employees rarely take advantage of them.
- Some companies run on-campus projects, such as in-kind collection drives, to engage employees during work hours.
- Festivals are an important part of Indian culture and often provide key points for companies to celebrate and encourage employee engagement. Diwali, Holi, Christmas and the New Year are examples of popular Indian celebrations.

### Popular Cause Areas

- Nearly 90 percent of companies in India align their overall CSR spending to national development goals (e.g., creating a globally employable, skilled workforce by 2022; the Clean India campaign) or international targets such as the Millennium Development Goals.<sup>61</sup>

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## Even if a company has a workday volunteer policy or a paid time off policy for volunteering, employees rarely take advantage of them

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### Communications

- While leadership buy-in is important everywhere, interviewees in India noted that the visibility of leaders in employee engagement programs is absolutely vital to success. An email, social media post or appearance from a senior leader will signal approval for lower level employees to engage in the program.
- In-person communication with NGOs is greatly preferred in India, especially to begin a relationship.
- Results and rewards are both important to Indian employees. Communications that focus on impact will be most compelling, and using employee engagement programs to recognize and reward employees can be a very successful strategy.





## Regional Differences

Companies may find that trends in employee engagement vary by region in India. Where there are high concentrations of information technology companies — including the western region and in “IT cities” such as Bangalore — companies tend to have younger, highly skilled workforces. Companies may find these locations leading the charge toward more skills-based volunteerism.

59. India@75 and Taproot Foundation. (n.d.). Pro Bono in India. Pg. 7.

60. The Confederation of Indian Industry, with CII-ITC, GIZ, Infinite Opportunities, and IICA. (2013). Business Responsibility: India Survey. Pg. 34.

61. The Confederation of Indian Industry, with CII-ITC, GIZ, Infinite Opportunities, and IICA. (2013). Business Responsibility: India Survey. Pg. 31.

## India: Local Resources

Peer Groups for Practitioners	Other Local Resources	Recommended Reading	National Events
India@75 SVCF's India CSR Affinity Group (U.S.-based)	Confederation of Indian Industry (CII) iVolunteer CAF India Dasra	2013 Companies Act & Circulars (Ministry of Corporate Affairs)  Handbook on Social Responsibility in India (PwC & CII)  Pro Bono in India (India@75 & Taproot)	National Volunteer Week in January  Daan Utsav (formerly Joy of Giving Week) in October

## Employee Engagement Legal and Policy Framework

While there is no legislation governing employee engagement or volunteerism specifically in India, it's important for employee engagement practitioners to understand and monitor Section 135 of the 2013 Companies Act. The Act has many components, but most notably it requires companies registered in India that fit specific financial criteria to spend 2 percent of their net profits generated in India on CSR activities within the country.<sup>62</sup> Current language indicates that volunteer hours can count toward a company's CSR investment;<sup>63</sup> however, official guidelines on how hours should be valued, tracked or reported have not yet been provided (though a number of proposals have been submitted to the government). The Act will continue to change as the Ministry of Corporate Affairs publishes notices to clarify and edit the legislation.

To support U.S.-based companies in ongoing monitoring and information-sharing about the Companies Act and CSR in India, SVCF launched an India CSR Affinity Group in 2014. More information can be found at [www.siliconvalleycf.org/indiacsr](http://www.siliconvalleycf.org/indiacsr)




### Employee Engagement Buzz

Practitioners in India are talking about...

- The 2013 Companies Act
- Pro bono service
- Using employees to help vet NGO partners

62. Ministry of Corporate Affairs, Government of India. (2013). The Companies Act, 2013.

63. Ministry of Corporate Affairs, Government of India. (2014). General Circular No. 21/2014. Item iv. Pg. 2.



Companies in South Africa are leveraging employee engagement to deliver shared value.

# SOUTH AFRICA



Corporate social responsibility is deeply embedded in the South African policy framework, and employee engagement is playing an increasingly strategic role in how companies work to improve their communities.

Approximately 73 percent of companies have a volunteer program and 53 percent have a formal volunteer policy.<sup>64</sup>

There is a strong and growing culture of personal giving and service in South Africa, with 33 percent of people reporting that they volunteered in

2013, up from 19 percent in 2012.<sup>65</sup> The role of companies as facilitators of individual giving and volunteering is relatively new, but has accelerated since the country's democratization in 1994, and even more since the Broad-Based Black Economic Empowerment Act (B-BBEE) was made law about 10 years later.

The dialogue dominating the employee engagement space in South Africa will feel familiar to U.S. practitioners: Companies are discussing how to use employee engagement to deliver shared value, the best ways to measure their volunteer programs and how to address the most relevant national and local needs. Skills-based volunteering is emerging as a major trend, and many nonprofits are eager for skilled and pro bono volunteers.

64. Trialogue. (2014). The CSI Handbook 2014: 17th Edition. Pg. 49.

65. Charities Aid Foundation. (2014). World Giving Index 2014. Pg. 41.

## Key Corporate Governance Frameworks in South Africa

**B-BBEE:** The Broad-Based Black Economic Empowerment Act (2003) and subsequent B-BBEE Codes of Good Practice (2007) establish expectations for all entities operating in South Africa to contribute to economic transformation and participation of black people in the economy. Companies earn B-BBEE scores based on set criteria such as diversity of their ownership/management and investment in “socio-economic development” (SED). Employee engagement and grantmaking impact a company’s SED score, and the Codes<sup>66</sup> set a target of donating 1 percent of net profit after tax.<sup>67</sup>

**King III:** The King Report on Corporate Governance (2009) asks all entities (companies and NPOs) to report annually on the positive and negative economic impacts they had on the community, and how they plan to enhance the positive contributions and eliminate the negative ones. The King III takes a “comply or explain” approach, requiring companies to apply the principles or justify their reasons for not doing so.<sup>68</sup>

## NGO Landscape

South Africa has a sophisticated civil society, with widespread emphasis on proper registration and transparency.

**Number of NGOs:** ~130,000 (most commonly called nonprofit organizations or NPOs).<sup>69</sup>

**Governing Body:** Department of Social Development.<sup>70</sup>

**Relevant Legislation:** The Nonprofit Organisations Act (NPO Act) and associated Codes of Good Practice for South African Nonprofit Organisations establish requirements and guidelines for NPO governance, management, reporting and relationships with donors and the government. Changes to the NPO Act relative to how NPOs are registered and regulated have recently been discussed, so practitioners should watch for updates.<sup>71</sup>

### Tax Benefits for Philanthropy:

Only NPOs that are registered as Public Benefit Organisations and have obtained Section 18A approval are permitted to provide tax deductibility to donors.<sup>72</sup>

### Key Insights into the South African NGO Sector:

- Formal registration under the NPO Act is optional, but it is common for companies to work only with registered organizations, as those organizations are subject to annual reporting requirements and are listed in a public database managed by the Department of Social Development.<sup>73</sup>
- The B-BBEE Act and Codes<sup>74</sup> dictate that beneficiaries of NPOs must be 75 percent black in order for support to count

toward the donor company’s B-BBEE score.<sup>75</sup> Many NPOs are automatically assigned a B-BBEE status level of four, but some larger organizations (and any that elect to be more formally measured) may achieve higher scores.<sup>76</sup>

- The Independent Code of Governance for Nonprofit Organisations in South Africa is a set of principles to which NPOs can subscribe, signaling their commitment to good governance, high standards and best practices. Subscribers often post the Code’s logo on their website for easy identification.<sup>77</sup>

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**Between 2012–2013, 14% more South Africans reported that they volunteer**

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66. Amendments to the Codes of Good Practice due in 2015 may change the targets.

67. Republic of South Africa. (2013). Government Gazette, Vol.580. Pp. 63 and 85.

68. Institute of Directors South Africa. (2009). King Code of Governance for South Africa. Pg. 5.

69. Department of Social Development, Republic of South Africa. (2015). Retrieved from <http://www.npo.gov.za>

70. Department of Social Development, Republic of South Africa. (2011). All About Nonprofit Organisations. Retrieved from <http://www.dsd.gov.za/npo/>

71. International Center for Nonprofit Law. (2014). NGO Law Monitor: South Africa. Retrieved from <http://www.icnl.org/research/monitor/southafrica.html>

72. South African Revenue Service (SARS). (n.d.). Tax Exempt Organisations. Retrieved from <http://www.sars.gov.za/ClientSegments/Businesses/TEO/Pages/default.aspx>

73. Council on Foundations. (2014). Country Notes: South Africa. Retrieved from <http://www.cof.org/content/south-africa>

74. Amendments to the Codes of Good Practice due in 2015 may change the scoring process. Practitioners should work with local legal departments to stay apprised of changes.

75. Republic of South Africa. (2013). Government Gazette, Vol.580. Pg. 85.

76. Wyngaard, R. (2009). The Companies Act of 2008. NPO Legal Issues, Vol 3.

77. Governance South Africa. (2012). The Independent Code of Governance for Non-Profit Organisations in South Africa. Retrieved from <http://www.governance.org.za/the-independent-code.html>

## Advice from the Experts

### What does it mean to be locally relevant in South Africa?



#### Program Design

- Employee-matched funding or “rand-for-rand” programs (matching gifts), volunteering matched funding (dollars-for-doers), “give as you earn” schemes (payroll giving) and paid volunteer time off are all common in South Africa. In 2014, nearly 70 percent of corporations provided time off for volunteering, over 30 percent offered matching gifts and over 20 percent provided payroll giving, pro bono or dollars-for-doers.<sup>78</sup>
- NPOs increasingly prefer pro bono/skills-based volunteering over done-in-a-day, company-sponsored projects.<sup>79</sup> Several interviewees cited the need for capacity-building in the NPO sector as a key area of opportunity for skills-based volunteering.

- While most companies conduct employee engagement programs with NPOs, working with government — including schools, universities and hospitals — or social enterprises is also relatively common.<sup>80</sup>
- Company-supported volunteering has the highest participation rate in South Africa (18 percent), followed by fundraising and collection drives (15 percent) and time off for volunteering (12 percent).<sup>81</sup>
- Practitioners should learn how their company reports on the various governance codes. For example, companies report corporate social investment (CSI) spend in order to obtain a Socio-Economic Development B-BBEE score, and about 27 percent include a monetary value for

volunteering in this figure.<sup>82</sup> While there is no national standard for valuing or reporting volunteer hours for B-BBEE, companies often value volunteer hours by using salary information (e.g., salary bands or brackets) to get a close approximation of the true cost of employees’ time.

- Interviewees in South Africa recommended that practitioners be cognizant of employee safety for off-site volunteer projects. Companies should consider the program location, have safety policies in place and may choose to organize group transportation to and from project sites and travel with representatives of the beneficiary NPO.

#### Program Timing

- Employee volunteerism happens both during work hours and after work. In 2014, 68 percent of South African companies provided employees time off during work hours to volunteer.<sup>83</sup>
- It is common for companies to align employee engagement events to national holidays or celebrations in South Africa — such as Human Rights Day, Women’s Day or Nelson Mandela Day.

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**“Rand for rand” and “give as you earn” programs are common**

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78. Trialogue. (2014). The CSI Handbook 2014: 17th Edition. Pg. 50.

79. Trialogue. (2014). The CSI Handbook 2014: 17th Edition. Pg. 51.

80. Trialogue. (2014). The CSI Handbook 2014: 17th Edition. Pg. 44.

81. Trialogue. (2014). The CSI Handbook 2014: 17th Edition. Pg. 50.

82. Trialogue. (2014). The CSI Handbook 2014: 17th Edition. Pg. 51.

83. Trialogue. (2014). The CSI Handbook 2014: 17th Edition. Pg. 50.

84. South Africa’s Development Plan, which aims to eliminate poverty and reduce inequality by 2030, can be found on [www.gov.za](http://www.gov.za).

85. Trialogue. (2014). The CSI Handbook 2014: 17th Edition. Pg. 196.

86. Shared value is a management strategy that helps to create economic value for the business while simultaneously creating value for society. Source: Porter, M.E. & Kramer, M.R. Harvard Business Review. (2011). Creating Shared Value. Retrieved from <https://hbr.org/2011/01/the-big-idea-creating-shared-value>

### Popular Cause Areas

- Being strategic in South Africa means a focus on “transformation” and aligning your program with three things: your company’s core business, the national development plan<sup>84</sup> and the social issues on the ground. While there is momentum behind making employee engagement more strategic, many companies remain flexible with their focus areas in order to be responsive to employee interests.
- In 2014, 94 percent of corporations directed cash grants toward education, and this area received nearly half (49 percent) of all social expenditure. Social and community development received the second-highest percentage of corporate expenditure (77 percent), followed by health (nearly 60 percent).<sup>85</sup>

### Communications

- Linking volunteerism to the concept of shared value<sup>86</sup> and ensuring an ability to measure impact will be helpful in gaining buy-in for programs. Establishing trust through face-to-face meetings is the most effective way for a company to understand the true challenges faced by an NGO. Interviewees informed us that communicating bad news up the chain of command can be sensitive in South Africa, and a perception that superiors may be monitoring email means employees tend to avoid discussing challenges over email.
- Interviewees recommended that companies listen to NPO needs before suggesting a specific program or project. NPOs tend to be reluctant to turn down a company’s suggested volunteer event or approach to a challenge, even if the event or approach is not suited to best meet their needs. Take the time to jointly strategize on how a program will benefit both sides.



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**Being strategic in South Africa means a focus on “transformation” and aligning your program with three things: your company’s core business, the national development plan and the social issues on the ground**

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## South Africa: Local Resources

Peer Groups for Practitioners	Other Local Resources	Recommended Reading	National Events
Beyond Painting Classrooms	<p>Triologue</p> <p>Tshikululu</p> <p>Inyathelo</p>	Triologue CSI Handbook 2014 (for purchase)	<p>Mandela Day on July 18</p> <p>Other global days (e.g., Human Rights Day, Women's Day)</p>

## Employee Engagement Legal and Policy Framework

Other than the previously mentioned B-BBEE Act and other laws affecting reporting and NPOs, we did not note any specific laws that directly affect corporate employee engagement.




### Employee Engagement Buzz

Practitioners in South Africa are talking about...

- Skills-based volunteering
- Measuring impact
- The Beyond Painting Classrooms initiative, which uses employee volunteering to create shared value





The U.K. has a history of personal giving and social engagement, and companies help employees give back to their communities.

UNITED  
KINGDOM



In the United Kingdom (U.K.)\*, employee engagement is an established part of the business landscape.

Not only does the U.K. have a rich history of personal giving and social engagement — with 74 percent of people volunteering at least once in the past year<sup>87</sup> — but companies are developing increasingly sophisticated programs to help employees give back to their communities.

There is a strong institutional framework that supports employee giving and volunteering in the U.K. Thought-leadership charities, brokers and other service providers are in the business of helping companies design and execute successful engagement programs.

With a strong platform on which to build, U.K. companies are focusing on boosting employee awareness and participation in engagement programs, maximizing program impact by aligning to core business competencies, offering varied employee giving options and developing skills-based and pro-bono-style programs.

\*Note: In this section, the U.K. refers only to England and Wales.

87. Cabinet Office. (2014). Community Life Survey: 2013-2014 Statistical Bulletin. p.5.



## NGO Landscape

The U.K. NGO landscape is sophisticated and strong, with a high level of trust in the sector from individuals and companies.

**Number of NGOs:** 180,000 (more commonly referred to as charities in the U.K.).

**Governing Body:** U.K. Charity Commission.

**Relevant Legislation:** The Charities Act (2011) establishes rules and governance for charities operating in the U.K.

**Tax Benefits of Philanthropy:** Current laws allow companies to receive tax benefits for charitable giving by deducting donations from their taxable income. Donations from individuals are tax-deductible when made through payroll giving, and this is generally done automatically in companies' payroll systems. Individual donations made outside of payroll giving can qualify for Gift Aid,<sup>88</sup> which benefits the charity but does not necessarily provide additional tax benefits to donors.<sup>89</sup>

### Key Insights into the British NGO Sector:

- Charities are required to annually submit financial accounts, an updated list of trustees and an annual report to the Charity Commission.<sup>90</sup> Additionally, by law, charities must provide financial accounts and annual reports to the public on request.<sup>91</sup>
- Practitioners will likely find that the availability of information on charities in the U.K. is on par with what is available in the U.S.
- Investing in Volunteers (IIV) is the U.K. quality accreditation standard for good practice in volunteer management, managed in England by the National Council for Voluntary Organisations (NCVO). Charities voluntarily apply for the standard, and over 750 have received accreditation to date. A complete list (the Achiever's Club) is available on the IIV website.



88. Gift Aid is a tax incentive in the U.K. that enables individuals to make their effective gift to charities larger by allowing the charity to reclaim the basic rate income tax paid on the gift from the government. Source: Retrieved from <https://www.gov.uk/gift-aid-what-donations-charities-and-cascs-can-claim-on>

89. Gov.uk. (n.d.). Tax Relief When You Donate to Charity. Retrieved from <https://www.gov.uk/donating-to-charity/gift-aid>

90. Boddington, E., Bater, P. and Khan, S. European Foundation Centre. (2011) EFC Country Profile January 2011: United Kingdom. Pg. 2.

91. Boddington, E., Bater, P. and Khan, S. European Foundation Centre. (2011) EFC Country Profile January 2011: United Kingdom. Pg. 7.

## Advice from the Experts

# What does it mean to be locally relevant in the United Kingdom

### Program Design

- Employee volunteerism, often referred to as employer-supported volunteerism (ESV), is becoming an increasingly sophisticated and robust part of companies' CSR commitments. Companies are frequently aligning their programs to their core business values and competencies, developing skills-based and pro bono projects, and placing executives as trustees of charities (i.e., on the board of directors).
- Employee giving is relatively common; 20 percent of FTSE 100<sup>92</sup> companies offer payroll giving, or "give as you earn" programs; and 15 percent provide matching gifts.<sup>93</sup> Additionally, employee fundraisers and collection drives are very common and popular among employees.
- Some companies in the U.K. support "charity of the year" programs in which a charity is selected — often with employee input — and the company rallies support through fundraising and volunteering throughout the year.
- Companies across Europe are utilizing the Global Reporting Initiative (GRI) as a standard reporting method, with European companies representing over 40 percent of GRI-reporting companies as of September 2014.<sup>94</sup> CSR practitioners should be aware

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**Employer-supported volunteerism is an increasingly sophisticated and robust part of CSR commitments**

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of their company's involvement in the GRI to effectively align measurement and reporting of employee engagement programs.

### Program Timing

- Volunteer projects take place largely during the workday in the U.K., and 18 percent of FTSE 100 companies provide paid time off for volunteering.<sup>95</sup>

### Popular Cause Areas

- Education and health were cited as favored cause areas by several interviewees. Practitioners should note that any employee interacting with children or vulnerable adults for a volunteer activity will be legally required to complete a Disclosure and Barring Service (DBS) Check — essentially a criminal record check — prior to the activity.<sup>96</sup>
- Interviewees also reported a growing interest in workforce development programs focused on skill building, and employability training for low-skilled or unemployed individuals.

### Communications

- Giving and volunteering are often considered private matters in the U.K. As opposed to the U.S., where employees may be eager to share their experiences on social media, for example, practitioners may find that communicating widely about community activities is less common among U.K. employees.
- Even though business is conducted in English, translation is still important in the U.K. Practitioners should use locally relevant terms and British spellings.
- While a majority of the largest companies in the U.K. support charitable efforts, public perception is that only a small percentage of businesses give back.<sup>97</sup> Employee engagement offers an opportunity for companies to support local communities in a more visible and meaningful way.

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**Giving and volunteering are often considered private matters in the U.K.**

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**While a majority of the largest companies in the U.K. support charitable efforts, public perception is that only a small percentage of businesses give back**

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92. The Financial Times Stock Exchange (FTSE) 100 is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. Retrieved from [http://en.wikipedia.org/wiki/FTSE\\_100\\_Index](http://en.wikipedia.org/wiki/FTSE_100_Index) and <http://www.ftse.com/products/home>

93. Charities Aid Foundation. (2014). Corporate Giving by the FTSE 100. Pg. 37.

94. Committee Encouraging Corporate Philanthropy. (2014). Giving Around the Globe. Pg. 7.

95. Charities Aid Foundation. (2014). Corporate Giving by the FTSE 100. Pg. 17.

96. Gov.uk. (n.d.). Disclosure and Barring Service (DBS) checks. Retrieved from <https://www.gov.uk/disclosure-barring-service-check/overview>

97. Despite 98% of the FTSE 100 donating to charity, the public believes only 36% are active in charitable work. Source: Charities Aid Foundation. (2014). Corporate Giving by the FTSE 100. Pg. 8.

## United Kingdom: Local Resources

Peer Groups for Practitioners	Other Local Resources	Recommended Reading	National Events
Unable to identify formal peer groups; interviewees mentioned using LinkedIn groups or informal networks	NCVO/ Volunteering England Business in the Community HandsOn London	Corporate Giving by FTSE 100 (CAF U.K.) U.K. Giving Survey 2012 (NCVO and CAF U.K.) Helping Out: National Survey of Charitable Giving and Volunteering (Cabinet Office)	Give and Gain Day in May #GivingTuesday Volunteers Week in June

## Employee Engagement Legal and Policy Framework

- There are no specific laws on employee engagement in the U.K. However, there is a national code, first published in 1998, called Volunteering: Compact Code of Good Practice. This code is essentially an agreement on the definition and purpose of volunteering between the government and the voluntary sector. Several local codes and volunteering strategies have been created based on the Compact Code.<sup>98</sup>
- Companies in the European Union are required by law to disclose non-financial information on an annual basis. Non-financial information includes activities in social and employee-related areas — which could include employee engagement — as well as those related to the environment and diversity.<sup>99</sup>
- The recent passage of the Social Value Act (enacted January 2013) requires public authorities to take social impact into account when procuring services. In practice, this means that social investment programs, including employee engagement and volunteering, can contribute to a company's ability to win government contracts.<sup>100</sup>



### Employee Engagement Buzz

Practitioners in the U.K. are talking about...

- Hyper-local networks connecting companies and local charities (e.g., Involve Swindon, Cheshire Connect, Action Hampshire)
- Incorporating ESG into human resources' employee development programs

98. Commission for the Compact. (2008). The Volunteering Compact Code of Good Practice.

99. The European Commission. (2014). Directive 2014/95/EU.

100. Gov.uk. (n.d.). Social Value Act: information and resources. Retrieved from <https://www.gov.uk/government/publications/social-value-act-information-and-resources>

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Ammado	IBM
Barclays	iVolunteer
BMW Foundation	Jeff Hoffman Associates
BSR China	Junior Achievement Worldwide
Business in the Community	Lear Corporation
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Charities Aid Foundation (CAF U.K., CAF South Africa and IDIS Brazil)	Microsoft
Cisco Systems, Inc.	Monsanto
Columbia University	Points of Light
Community Roots China	PPG Industries
Dell Inc.	Pyxera Global
eBay Inc.	Realized Worth
FedEx	Taproot Foundation
First Rand Foundation	Unilever
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Google	Volunteer-to-Volunteer (V2V)

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Silicon Valley Community Foundation makes all forms of philanthropy more powerful. We serve as a catalyst and leader for innovative solutions to our region's most challenging problems, and through our donors we award more money to charities than any other community foundation in the United States. As the center of philanthropy, we provide thousands of individuals, families and corporations with simple and effective ways to give locally and around the world. Find out more at [siliconvalleycf.org](http://siliconvalleycf.org).

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