

The Volunteer Asset in an Uncertain Economy

Jill Friedman Fixler & Jennifer Rackow

Summary

The current economic reality demands more strategic stewardship of volunteer resources. Need for nonprofit services - and for the social and economic impact and safety net they create - is on the rise, even as donations decline. As volunteers and donors are forced to choose where they will spend time and money, nonprofit leaders must inspire ownership and loyalty, and deepen their current relationships. The good news is that volunteer rates continue to increase. With thoughtful investment, nonprofits can use trends identified through research and successful progressive programs to engage volunteers in meeting community needs and to get beyond what staff can do alone. We must examine where nonprofits fit into the economy and apply the most innovative volunteer engagement strategies we have. Volunteers are an untapped and vital resource to cultivate as they can be the resource for sustaining and expanding service delivery. Volunteer programs then become a solid nonprofit investment in this challenging economic climate.

We now know that concerns about the economy have affected perceptions of the charitable giving climate, and previous research shows that giving grows more slowly during these times. - Eugene R. Tempel, ED, Center on Philanthropy, 7/21/08

Nonprofits and Economic Impact

Actual giving from year to year nearly always increases in current dollars. However, looking over the last few decades, there were four years in which a recession lasted at least eight months of the year. For three of those four years, charitable giving fell when adjusted for inflation. A recent study from the Center on Philanthropy at Indiana University, *Giving during Recessions and Economic Slowdowns*, also revealed that:

- ❖ Individuals donated about 80% of all charitable contributions over the past four decades; during years with at least eight months of recession, individual giving dropped an average of 3.9 percent after inflation;
- ❖ Foundation donations, about 10% of overall giving, dropped an average of 0.1 percent in the same years; and
- ❖ Over those same years, corporate giving, about 5% of all giving, fell an average of 1.6 percent. (10)

Because volunteers are more likely to donate than non-volunteers (11), nonprofits' ability to maintain their current level of donations - especially the 80% from individuals - will be greatly improved when their volunteers' experience is excellent. And our communities have a vested economic and social interest in the sustained viability of the nonprofit sector.

"Nonprofit" organizations generate profits; all organizations must have income exceed expenses or they would shut down. Rather than distribute profits to shareholders, non-

profits bank them for future needs or invest excess revenue into the humanitarian and social causes they serve - in short, they distribute profits to the community by enhancing or expanding programs. Nonprofits are also employers and consumers, often to a greater degree than is widely known. A 2006 article published by the Federal Reserve of Minneapolis estimates US nonprofit gross receipts are approximately \$2.6 trillion annually. (5) In North Carolina, for example, the nonprofit sector accounts for over \$25 billion of the state's annual economy and provides more jobs than the state's banking, finance, insurance, and real estate industries - combined. That state's 1995-2003 nonprofit employment growth rate was six times the rate of the business sector, and accounted for 26% of the state's overall growth rate. (8)

These organizations are critical pieces of our national, state and local economic engines. And they are vulnerable when available cash from individuals and foundations, as well as from corporations and government grants - diminishes. In and around New York City, where more than 10,000 nonprofits employ over half a million people and add \$50 billion of annual expenditures to the region's economy, the recent crises and closures at Bear Stearns, Lehman Brothers, and Washington Mutual have meant decreased funding from both the companies *and* their employees. (7)

In 2008's first two quarters, surveyed US nonprofit fundraising professionals reported that contributions to nonprofits across every type of giving mechanism except direct mail was below what they had projected in December 2007. (6) Auctions are a typical example. Between January and April 2008, 22% of surveyed US charity auction managers reported a decline in funds raised compared to the same time in 2007. More than two thirds reported greater difficulty obtaining auction items from merchants. More than a third of the cohort reported greater marketing/promotional pressure from merchants and corporate sponsors; nearly a third also reported lower attendance and less activity among attending potential bidders. (9) That was before the third quarter market turmoil.

Nonprofits are typically oriented toward providing services rather than products; as such, they rely heavily on labor, paid and unpaid. For example, more than 90% of the American Red Cross's work is through volunteers. (3) Strategic, focused volunteer engagement is the way nonprofits will - even in an uncertain economy - continue to deliver health and social services, educate the public, advocate for the powerless, and develop solutions to community problems.

As the economy slows and nonprofit organizations struggle to provide services on smaller budgets, volunteers become even more vital to the health of our nation's communities.

Corporation for National & Community Service, *Volunteering in America: 2008 State and City Trends and Rankings, July 2008*

Innovation in Volunteer Engagement

Accessing the abundant skills and talents of current volunteers is an antidote to declining revenues. Volunteers are an untapped and vital resource to cultivate during

these uncertain times as they can enable continuing service delivery. Meeting greater need with fewer resources, including less money to manage volunteers in the traditional sense, calls for innovation in volunteer engagement. Expanding programs and services without hiring new staff requires higher level work for and communication with volunteers. Volunteers must lead other volunteers; and organizations must use volunteers' time and skills wisely, and demonstrate transparency and collaboration when selecting which critical needs will be the focus of volunteer effort.

Brief Overview of Trends

Volunteer service rates are up and poised to continue climbing. Nearly 61 million Americans volunteered in local communities in 2007, one million more volunteers than in 2002. In addition, the number of volunteers donating more than 100 hours annually (34% of all volunteers) increased by over 373,000 people, the first increase since 2004. (2) Both 2008 Presidential candidates advocate expanding participation in - and broadening the scope of - national and community service programs like AmeriCorps. This year's bipartisan legislation co-sponsored by Sens. Edward Kennedy (D-MA) and Orrin Hatch (R-UT) targets increasing ways for Baby Boomers to serve. That fits with 2008 data from a survey AARP commissioned, in which Americans ages 44-79 express the desire to increase the time they spend volunteering upon retirement. (1) For-profit corporations are expanding social responsibility programs. Colleges and universities are incorporating service learning more deeply into their curricula and onto their campuses. (2) Five top-tier US universities were just awarded \$1 million to conduct studies on volunteerism and national service. (4) Boomers, though likely to retire later for economic reasons, are looking for social legacy and community impact.

Key Innovations

Wise use of time: Volunteers are seeking meaningful ways to invest their time. Trends indicate that volunteers avoid or walk away from volunteer opportunities that are not intellectually stimulating or that appear to have little impact. Having lost a job or working two jobs, watching pension fund values decline as food prices rise, volunteers are likely to consider whether the work is compelling and meaningful enough to them. Higher level work can engender the kind of inspired, productive energy that insulates an organization from excessive volunteer turnover. Start with inviting position descriptions that ask volunteers to do truly important work for your organization. Finding a creative way to say, "stuffing envelopes" isn't good enough.

Critical Intervention Points: Involving volunteers in evaluating where you will focus volunteer efforts is a great way to encourage and consider volunteers' ideas, demonstrate trust, and allow volunteers to own getting it done. Identifying critical intervention points means choosing the parts of your organization's policy or practice where volunteer engagement can make the most significant positive change. Viable critical intervention points support and align closely to the organization's mission; are specific, time-bound and achievable; and clearly need volunteer involvement to be accomplished. (A mail house could stuff envelopes - and perhaps a volunteer knows

someone who owns a mail house - but outsourcing your signature event could cost thousands of dollars, and would still require volunteers!) In addition, discussing critical intervention points means beginning the conversation with a clear agreement on your desired results, which allows the team to develop work plans while already in agreement about the targeted outcomes.

Circles of Influence: When the process of choosing where you invest volunteer effort is transparent and collaborative, you cultivate volunteer leaders who will stay and who will bring their friends and associates into the work because they trust that it will be a meaningful experience. Ask the people you know and the people they know to recruit others with the right skills and interests for each critical intervention point. Shift your focus from getting more volunteers in the door to strategically cultivating and deepening relationships with one-time event participants and existing volunteers. By accessing stakeholders (funders, clients, clients' families, direct mail donors, event participants, etc.) in new and innovative ways, you gain a reputation for being open to the skills and interests volunteers and potential volunteers want to share. Trustworthiness, accountability, and good resource management are nonprofit advantages. The more you involve volunteers, donors, beneficiaries, and other stakeholders in program planning, marketing, implementation and evaluation, the easier it is to be transparent - and to get the word out - about the value of volunteering with your organization.

Conclusion

When we ask the people who already support us what skills they would gladly share, we can build organizational capacity utilizing fewer dollars. Nonprofits, and the communities and economies with large stakes in their success, can position themselves to weather economic turmoil by strategically cultivating volunteer leadership. Those leaders will then carry out focused work that aligns with the organization's strategic plan. We will then inject our current organizations with the tools and knowledge volunteer engagement professionals need to meet their missions into the foreseeable future in partnership with those volunteer leaders.

References and Resources

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