

*Chapter 14*

## **CORPORATE VOLUNTEERING: DEVELOPING CSR IMAGE WITH INTERNAL AND EXTERNAL BENEFITS**

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### **ABSTRACT**

With rising pressure on firms to demonstrate social responsibility, and an increasing need to justify corporate expenditure, many firms engage corporate volunteering (CV) programs so as to acquire a market advantage with minimal costs. CV programs develop the human capital of the organisation, whilst also communicating a clear image as a socially responsible organisation to stakeholders. A conceptual framework is presented based on extant theoretical development in the literature and supported by qualitative findings, illustrating these benefits and demonstrating the influence of backstage corporate social responsibility efforts, such as CV, on consumer perceptions of front-stage performance. A preliminary quantitative analysis further supports the influence of CV on consumer perceptions, providing further support for future research examining CV as an internal and external CSR initiative.

**Keywords:** Corporate Volunteering, Corporate Social Responsibility Image, Employees, Consumers

### **INTRODUCTION**

Corporate volunteering (CV), a “*commitment by a commercial organisation to encourage staff to volunteer in the not-for-profit sector*” (Volunteering Australia, 2001), is reportedly one of the fastest growing corporate social responsibility (CSR) activities in the UK, Western Europe and North America (Pajo & Lee, 2011). However, it has been argued that many companies fail to fully exploit the potential strategic value from such activities (Porter & Kramer, 2002). With research on the topic remaining sparse, it is important for

academe to demonstrate the contributions these programs can make when implemented and leveraged with clear objectives and goals in sight.

Extant literature on CV has predominantly focused on describing benefits for employees and flow-on effects for organisational performance. For example, reported employee-related benefits of CV include increased productivity, job satisfaction, reduced absenteeism and turnover, team-building and other job-related skills (e.g., Gilder, Schuyt & Breedijk, 2005; Peterson, 2004). However, given the obvious societal impact, CV should be considered alongside other CSR initiatives, such as cause related-marketing and sponsorship, as one tool in a firm's arsenal to develop a reputation for being proactive in the community. This is because research has shown considerable benefits of the communication of various CSR initiatives (Riesch, 2006; Sen & Bhattacharya, 2001; Yoon, Gurhan-Canli & Schwarz, 2006) on consumer responses relating to purchase motivations, including willingness to pay higher prices for products and services (Creyer & Ross, 1997), switching to brands seen as supporting the community (Smith & Alcorn, 1991) and higher evaluations of, and attitudes towards, a firm (Barone, Miyazaki & Taylor, 2000; Sen & Bhattacharya, 2001).

Despite the potential benefits of communicating CV initiatives, most firms consider CV an employee engagement initiative, and few firms actively promote their CV activities externally beyond potential employee and recruitment markets. While there has been prolific academic efforts identifying the internal organisational benefits of CV, little consideration has been given to CV as an initiative building external CSR image and it remains largely unexplored in the marketing discipline, with the exception of minimal conceptual and empirical studies (e.g., Bhattacharya, Sen & Korschun, 2008; Kim, Lee, Lee & Kim, 2010). Hence, little research has been conducted to understand if CV has an impact on external stakeholder groups. In particular, the impact of a firm's CV program on consumer behaviour and consumer perceptions of CSR image has not yet been examined.

Recent academic interest in consumer perceptions of CSR remains predominantly conceptual (Bhattacharya, Korschun & Sen, 2009; Hoeffler, Bloom & Keller, 2010), without a focus on specific activities. Indeed, while Kim et al. (2010) empirically test for both CV and CSR perceptions, their work focused on internal employee perceptions and did not consider the external impact of these variables. Chaisuravirat (2009) considered consumer outcomes of various CSR initiatives, including CV, yet the research focused on attitudes towards the CSR initiatives rather than firm CSR image and broader consumer outcomes. Thus, the research did not contribute to our understanding of the impact of such initiatives on consumers' CSR perceptions. Current knowledge offers little to establish whether CV may influence consumer perceptions of CSR image and behaviour towards the firm.

This chapter provides insight into the extant theoretical development relating to CV as an internal and external tool to develop a company's CSR image and respective organisational benefit. It is complemented by a qualitative study investigating the organisational rationale and purpose for implementing CV programs and managers' perceptions of the potential impact of a CV program on customer behaviours. A preliminary investigation of this potential impact on customers is undertaken through an online survey examining the impact of a hypothetical CV scenario.

This chapter is organised as follows. First, an overview of the employee volunteering literature is provided, highlighting the potential of such social initiatives as strong internal and external communication tools. An argument is made for the application of CV as a mechanism through which firms can achieve a socially responsible image and leverage the

associated benefits, leading to the development of a conceptual framework. Following a discussion of the qualitative method and related findings, the quantitative research step and results are outlined. The conclusion outlines limitations and future research directions.

## **CORPORATE VOLUNTEERING**

Over the last decade, the extant literature on CV programs, hailing predominantly from the human resources management and organisational behaviour disciplines, has demonstrated the organisational benefits that may be gained from engaging employees in community initiatives (e.g., Peterson, 2004, Zappala, 2004). However, such studies have been largely descriptive and offer little by way of understanding the use of CV as a communication tool.

It has been widely reported in the literature that CV offers extensive organisational benefits regarding the development of the firm's human capital. For example, Gilder, Schuyt and Breedijk (2005) found that CV positively affects employee attitudes and behaviours towards the firm, specifically with regard to self-reported job performance and attendance as well as organisational commitment. This echoes findings of Peterson (2004) who suggested that involvement in CV programs develops valuable job skills, enhances commitment and, for women, improves job satisfaction. CV thus offers an opportunity to replace some training programs in organisations, particularly those that address 'personal interaction' activities such as teamwork and customer service. Several other studies from the human resources management literature have further supported these benefits (see for example, Tuffrey, 1997; Geroy, Wright and Jacoby, 2000; Zappala, 2004). However, the focus of these studies has not been to explain the process through which these benefits result, with most authors relying on social identification theory to explain the associations. It is unknown whether stakeholders' perceptions of CSR mediate the relationship between the aforementioned variables.

A revived academic interest in CV is evident, presumably due to the coverage of CSR in the media, and the increasing prevalence of such activities in firms around the globe. However, such initiatives have remained largely unexplored in the marketing discipline, with the exception of minimal conceptual and empirical studies (e.g., Kim, Lee, Lee and Kim, 2010; Bhattacharya, Sen and Korschun, 2008). These serve to emphasise the potential value in implementing CV programs as strong internal and external marketing communication tools to project the firm's CSR whilst supporting not-for-profits (NFP). Surprisingly, an examination of the effectiveness of various company initiatives in communicating CSR has seldom been undertaken, with few studies examining CSR perceptions as an outcome variable (Yoon, Gurhan-Canli and Schwarz, 2006). The proposed conceptual framework and subsequent research significantly advances our understanding of the effect of CV initiatives targeted at communicating social responsibility on consumers' and employees' actual perception of a company's CSR.

## **TOWARDS A CONCEPTUAL FRAMEWORK**

Recent academic interest in the topic of CSR perceptions remains conceptual to a large extent (e.g., Bhattacharya, Korschun and Sen, 2008; Hoeffler, Bloom and Keller, 2010), and

without a focus on any particular social marketing initiative. Indeed, only one study has empirically studied both CV and perceptions of CSR, although the relationship between these specific variables was not tested (Kim et al., 2010). While Peterson (2004) suggests that CV is likely to be effective in motivating internal stakeholders, in one study, CSR initiatives that involve employee participation appear not to influence the reputation of a firm in the external stakeholders' eyes (Brammer & Millington, 2005). Despite this finding, we know that consumers prefer the sponsorship of charitable institutions over more established categories such as sports and cultural institutions, as it seen as less commercialised, leading to a higher degree of acceptance (Christensen, 2006). Therefore, it is expected that CV can effectively communicate the sponsoring firm's CSR to both staff and consumers, leading to broader organisational benefits.

Figure 1 provides a conceptual framework of the relationship between CV, CSR perceptions and internal and external organisational benefits. The framework shows staff and consumers' engagement with the firm's CV program will be positively related to their perceptions of the firm's CSR. Investigating engagement would entail measures of staff and consumer responses to the CV program, including awareness and inferences of the initiative, perceived importance of the initiative and perceived efficacy of the initiative (Hoeffler et al., 2010).

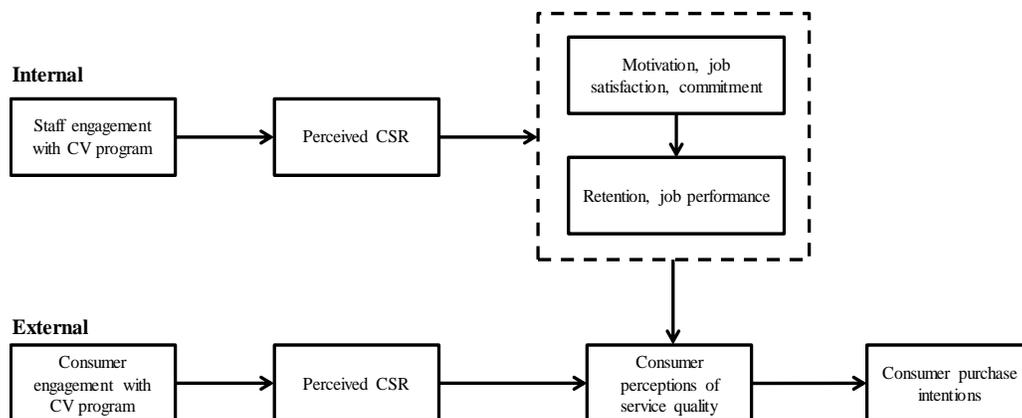


Figure 1. Conceptual Framework.

Staff engagement with the CV program would further involve a continuous measure of employee participation in the CVP. The framework also shows a relationship between stakeholder perceptions of a firm's CSR and various attitudinal and behavioural responses. In the case of employees, the framework suggests that CSR perceptions are related to outcomes of motivation, job satisfaction and organisational commitment, and further outcomes of retention and job performance (Peterson, 2004; Zappala, 2004). Moreover, consumer CSR perceptions are related to their purchase intentions (Riesch, 2006; Sen and Bhattacharya, 2001), mediated by consumer perceptions of service quality.

The framework also draws on the service-profit chain (SPC) to show the likely impact of internal CSR perceptions on customer-related benefits by means of job performance and service quality perceptions (Paulin, Ferguson and Bergeron, 2006; Ning-jun, Yong-zhong, and Qin, 2007). The SPC emphasises the link between front-line service staff and the

consumer, and the flow-on effects of strong human capital and organisational success. Specifically, the SPC demonstrates a chain between (1) employee satisfaction, retention & productivity; (2) happy employees deliver quality service to customers; (3) resulting in customer satisfaction and loyalty; and (4) revenue growth and profitability (Heskett, Jones, Loveman, Sasser and Schlesinger, 1994). This emphasises the influence of backstage CSR efforts by businesses on consumer perceptions of front-stage performance.

## QUALITATIVE STAGE 1

### Method

Given the scarcity of research investigating the use of CV programs for external communication of a socially responsible corporate image, it was deemed crucial to gain a better understanding of current industry use of CV initiatives and the communication of these initiatives. An exploratory qualitative study taking the form of a series of semi-structured in-depth interviews was conducted with managers and/or champions of CV initiatives from Australian service organisations until a consensus was reached, leading to a sample of nine interviews. Several industries were represented within the interview sample, including banking, finance, insurance, accounting, law, marketing and property. The sample had a range of firm sizes, ranging from small, one-office firms to large, national corporations, and also varying lengths of involvement with CV, from less than a year, to over a decade.

### Results

The interviews confirmed the sentiments of the existing literature that companies predominantly adopt CV as an employee engagement tool or as an act of philanthropy. Several of the companies perceived this as the only strategic use of CV, and had never considered communicating CV to their customers with one interviewee stating *“I’m just not sure what value customers would see in knowing that our people volunteer in the community.”* Other companies held a strong altruistic position, with interviewees stating that their firm *“stress[es] the fact that it’s not to be a marketing exercise”* and

“We don’t actually, we’re quite humble about it... We’re not doing it so that all our other clients can say ‘Gee aren’t we wonderful.’ In fact most, if any, would not even know that we were doing it... They would think that we were trying to impress and they’d probably be a bit cynical about it because it’s not our personality.”

However, at the other end of the spectrum, one company revealed that they focus their overall branding and promotion efforts around their CSR activities, particularly their CV involvement, with the CV manager revealing that *“You’ll see some new advertising coming out, particularly in cinemas.”* Beyond these disparate stances on the external leveraging of CV, the interviews reflected a shift in thinking about the promotion of CSR activities. Take for example, the following interview excerpt:

“So we do all this stuff, millions of dollars of time and cost, and his view [the former manager] was “I don’t want to advertise it. I don’t want to talk about it. We’re just doing it because that’s the right thing to do.” And that’s fine. And I think the current leadership is more of a view of “Well we’re doing all this stuff, tell people about it.” So that’s the way it’s heading.”

In line with this comment, many of the interviewees contended that communicating CV activities would create broad goodwill with the community but they did not believe it would directly impact consumer behaviour. In addition, some interviewees expressed concerns regarding the leveraging of CV; they believed that it might lead to consumers viewing the CV program with scepticism. Hence, several interviewees commented that they only talked to their customers about their CV initiatives on an informal “incidental” basis.

The results thus provided a broad range of views on the relevance of CV for consumers and the level of communication undertaken by organisations, indicating value in improving our understanding of consumer-related outcomes of CV. In particular, given the concern that utilising and communicating CV externally to the organisation may be met with a sceptical and negative view by consumers warrants further investigation. In line with attribution theory, some organisations perceive active leveraging of CV as indicating self-serving motives, thus leading to negative consumer attitudes and behaviours.

## QUANTITATIVE STAGE 2

### Method

Following the qualitative phase, an online survey was undertaken to gain quantified data to investigate consumer perceptions of a company communicating their CV activities. Following a pre-test of the questionnaire, an experiment was conducted using a sample of 357 useable responses from an online panel managed by Qualtrics™. Respondents were representative of the Australian general population, with an even gender split (180 male, 177 female responses), and ages ranging between 17 and 87 years.

A scenario was provided to respondents, using the CV activities of the telecommunications provider Vodafone to examine the impact of communicating CV to consumers. Vodafone was selected as it had a high level of awareness among the general public, and its company image was deemed neither too negative nor too positive. For example, while many banks offer (and leverage) CV programs, the current economic climate combined with the banks’ recent actions had created a general sentiment towards these banks that might have skewed findings. The telecommunication industry within Australia was not met with the same negative sentiment. The sample entails a cross-section of individuals, with 46.5% of respondents having never been a customer of Vodafone, while 26.1% had previously been a customer, and 27.5% were current customers.

All variables were adopted from the existing literature and measured using a seven-point Likert scale. At the beginning of the survey, respondents were asked to indicate their perceptions regarding Vodafone, specifically its CSR image (Dean, 2003) and firm image (Pope, Voges & Brown, 2004). Single items were also added to measure word of mouth and purchase intentions, using a scale developed by Zeithmal, Berry & Parasuraman (1996). Next,

respondents had to indicate their level of familiarity with Vodafone's CV program with a single item ("How familiar are you with Vodafone's corporate volunteering?") before they were presented with the following statement.

"Vodafone employees have the opportunity to be involved in a range of corporate volunteering activities. Vodafone employees are each given a "Passion Day", which allows them to take a day off work each year to volunteer for a charity of their choice. Often teams or departments will take their Passion Day as a group. Vodafone also has a "Hands Up" program, which gives employees the opportunity to go and work for a charity of their choice for 3 months to deliver a particular project as needed by the charity."

Following questions to occupy the respondents, measures relating to Vodafone were repeated.

## Results

The quantitative step aimed to examine whether CV impacts consumer perceptions of firm image, CSR image and consumer behaviour intentions. This was achieved by comparing outcome measures before and after respondents were provided with the excerpt of Vodafone's involvement in CV. Only the 82% of respondents who indicated at the beginning of the survey that they were unfamiliar with Vodafone's CV (score of 4 or below) were included in the final sample. Familiarity with Vodafone's CV program was measured again following the excerpt, showing a spread of responses, ranging from 1 (15.4%) to 7 (7%), with 4 (22.7%) and 5 (21.6%) commonly used. Hence, an analysis of the impact of familiarity was considered feasible.

Results of a paired T-test (refer to Table 1) show significantly higher CSR image, word-of-mouth intentions and purchase intentions following the communication of Vodafone's CV involvement. Firm image did not differ significantly.

**Table 1. Paired Samples Test**

	Mean before	Mean after	t	df	Sig. (2-tailed)	Std. Dev.
CSR image	4.10	4.58	.898	356	.000	Before 1.15 After 1.23
Firm image	4.23	4.22	-.119	356	.797	Before 1.50 After 1.53
Word of Mouth	3.50	3.67	.266	356	.000	Before 1.67 After 1.68
Purchase Intent	3.47	3.64	.265	356	.001	Before 1.70 After 1.71

These results partially support the premise that consumer awareness of the CV program impacts how consumers perceive the organisation. When aware of a firm's CV activities, consumers have a greater perception of the corporate social performance of the firm, and

report an increased intention to purchase and recommend. This is consistent with research on other CSR initiatives (Chaisuravirat, 2009). However, these findings also acknowledge that the overall image of the firm is greater than just its CSR activities. It should be noted that no negative impact on the overall firm image was identified. Hence, interviewees' fears that the communication of CV would create scepticism and negative attitudes towards the company were not substantiated here.

## CONCLUSION

CV programs are becoming increasingly prevalent in the business landscape, and should be strategically implemented as marketing tools with an internal and external target. By doing so, firms can emphasise their concern for society and harness the significant benefits that can be found through this positive image. There is much to be said for the establishment and maintenance of a firm's reputation as concerned, proactive and engaged members of society to protect companies, particularly in times of crisis.

CV is an initiative that has seen extensive industry uptake ahead of empirical evidence supporting its potential benefits. The findings of our study advance knowledge of CV as acting beyond an employee engagement tool, and building on foundational research that has identified the relevance of CV in a consumer context (Chaisuravirat, 2009). We provide evidence for the positive impact a CV program can have on customer perceptions of CSR image and behavioural intentions, demonstrating that a firm's CV can influence their perceived CSR image of the firm, intentions to recommend and purchase intent.

As corporations tighten their belts, and increasingly need to justify expenditure on social marketing, CV programs offer a valuable, cost-effective tool to communicate a CSR image which resonates with stakeholders and provides more bang for the corporation's buck. Implications of this study, however, arise on a broader level than for those firms implementing CV programs. Managers of NFP organisations are finding themselves needing to create value propositions to entice corporations to select their institution over other worthy causes, with CV programs offering an attractive, and younger, volunteer force for NFPs. Being able to demonstrate the effectiveness of CV over other forms of social marketing initiatives will aid in establishing sustainable relationships between corporations and NFPs. In particular, future research should investigate consumer perceptions resulting from different forms of CV programs and identify their benefit within a broader portfolio of CSR initiatives.

This study aimed at establishing an integrated framework of internal and external benefits of CV, with exploratory qualitative and quantitative research contributing to our understanding of consumer perceptions of CV and its impact on the firm's CSR image. Further research is now required to empirically test the conceptual framework in a comprehensive study of internal and external benefits. Preferably, dyadic data should be sought to examine the service-profit chain in this context, and thus to confirm the proposed impact of employee responses to CV on service quality. Furthermore, a better understanding should be developed of the effectiveness of various modes and channels of communication that may be adopted to share information relating to CV programs to employees, customers and other stakeholders.

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