

THE REAL WEALTH OF NATIONS: A CONTINUING CASE STUDY IN VALUING VOLUNTEER SERVICES AT A COMMUNITY RADIO STATION

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ABSTRACT

Riane Eisler, in "The Real Wealth of Nations," argues for an alternative economics that spotlights and values the most important work of all (Eisler, 2008). Current economic measures - the Gross National Product (GNP) and the Gross Domestic Product (GDP) - focus only on measures that can be monetized, and do not include the value of human work or the value of the environment.

This paper builds on a prior case study outlining models for determining the economic value of volunteers for a community radio station. In this paper, we consider the nature and importance of measuring volunteer costs and benefits. We also consider the value of the public affairs programming at a social organization.

INTRODUCTION

Financial accounting statements used for organizations with a social mission are identical to those used to report the results of businesses with a mission of generating profits for their owners. Nonprofit organizations, by definition, have a social mission and thus their social impact is a critical part of any performance evaluation. Traditional financial accounting reports, however, fail to acknowledge the important social contributions made by these nonprofits and fail to show the full value that they bring to the communities they serve.

Social organizations often rely to a large extent on the work of volunteers, yet this service's value is typically excluded from financial accounting statements. Since conventional accounting omits critical aspects of social organizations' mission, and thus social accounting reports have been created to provide this additional information.

Social accounting provides a framework for calculating and communicating both the social and economic value that nonprofit organizations create. It involves making appropriate market comparisons for items normally not involving a market exchange. It broadens the domain of accounting by considering and analyzing the impact of the organization on society and the environment, and thus tells a more complete story of the organization's performance.

Developing appropriate accounting systems for social organizations requires the development of useful

and reliable procedures for measuring direct and indirect effects on key stakeholders, including society. This process requires the creation of appropriate benchmarks that are useful for interpretations and also requires consensus among those professionals who account for a social organization's performance. Part of the solution to the development of these benchmarks is practical (i.e., establishing an effective measure) and part of the solution is political (establishing the accounting profession's agreement on standards to be applied to estimate the value of volunteer efforts).

VOLUNTEERING

In the current economic recession, the continuity of nonprofit and social organizations is not assured. Some social organizations rely to such an extent on volunteers that they simply would not be able to continue without volunteer assistance. Mook et al. (2007) demonstrate volunteer importance by providing an example in which the inclusion of volunteer contributions to a social organization doubled the value added.

Information about volunteering and charitable contributions has the potential to have a significant impact on social organizations. Recent studies on society and charitable giving provide insights into the value of information about volunteering. Croson et al. (2009) found that donors who believe that others are making a high dollar amount of contributions to a nonprofit organization will make high contributions themselves. Other research results suggest that this increase is likely to be in the amount of ten to thirty percent over prior contributed amounts (Shang and Croson, 2009).

There are many alternative social accounting models available, providing the comprehensive performance picture of a social organization's efforts. Several of these models have been described in a prior paper outlining the details of this case study (Atkinson and Sullivan, 2011).

The reliability of reports developed with social accounting frameworks depends on the use of reliably measured values. In the next two sections, we review some typical costs and benefits associated with volunteers, as they are incorporated into social accounting models. Following these sections is a description of the organization used as the focus of the case study, a summary of several public interest radio programs that are produced by the organization, and a description of relevance to the community.

VOLUNTEER COSTS

Volunteer costs for a social organization can be difficult to determine. In a survey of twenty-one high quality volunteer programs, only thirteen of those organizations, or 62%, had a budget in which they calculate the costs of their volunteer programs (Grantmaker Forum on Community & National Service, 2003). And for those organizations that provided cost information, most of the real costs were included in the general operating budget costs, with minimal information reported about the true costs of volunteers.

Typical volunteer cost information was reviewed (Gaskin (2011), (Goulbourne and Embuldeniya (2002), and Interlink (2011)) and summarized below:

- Volunteer service coordinator/administrator - this individual can make the best use of volunteer time and help retain existing volunteers
- Paid staff time associated with assisting/training/supporting the work of volunteers
- Training and orientation - these costs can range from minimal to extensive, depending on the nature of the volunteer services
- Reimbursement of volunteer expenses -
- Recruitment and advertising
- Recognition and support - social/appreciation events, certificates, meetings, office expenses
- Supplies and equipment - specifically to support volunteer efforts

- Accommodations and food - when needed
- Building costs for locations used by volunteers
- Volunteer insurance
- Childcare cost reimbursement
- Volunteer personal safety equipment - cell phones or personal digital assistants
- Special needs costs - transportation or support help
- Uniforms/badges/t-shirts and other forms of identification
- Additional volunteer training/certifications

VOLUNTEER BENEFITS

Social accounting models reflect comprehensive measures of a social organization's performance. Alternative approaches have been developed to provide snapshot measures of the value of volunteers. The Canadian Centre for Philanthropy developed several key measures for efficient volunteer program management, which are described below (Goulbourne and Embuldeniya (2002).

Human Resource Productivity Measures:

- Estimate of the Value of Volunteer Activity (EVVA) - sum of the volunteer activity value calculated as the hours provided by volunteers multiplied by an appropriate hourly rate.
- True Value Added to Personnel (TVAP) - multiply EVVA by a benefits percentage to add the value of benefits.
- Full-time Year-Round Job Equivalent - divide the total number of volunteer hours in a year by the number of hours in a typical workweek, and then divide this result by the number of annual workweeks.
- Percent Personnel Value Extended - add the value of volunteer activity (EVVA or TVAP) to the total cost of staff salaries, and divide the result into the value of volunteer activity, and multiply by 100 to determine the ratio

Volunteer Program Efficiency Measures:

- Organization Volunteer Investment Ratio - divide the value of volunteer activity (EVVA or TVAP) by the cost of the volunteer program.
- Volunteers to Paid Staff Ratio - divide the total number of volunteers by the total number of staff in the program.

Community Support Measures:

- Volunteer Capital Contributions - difference between the total amount of volunteers' out-of-pocket costs incurred and the amount for which they were reimbursed.
- Community Investment Ratio - divide the value of volunteer activity (EVVA or TVAP) by the total funded amount for a program or event.

THE VALUE OF PUBLIC AFFAIRS PROGRAMS

KSER 90.7fm is a community radio station located in Everett, Washington. Volunteers run its airwaves, and the station could not exist without the volunteer program producers. But, what if this nonprofit organization didn't exist in its community? How would the impact of the loss of informative public affairs programming be measured?

In this case study, we continue to evaluate the impact of volunteers on the organization and the community it serves. We describe several of the public affairs programs that are produced at this radio station, along with their potential impact on the community.

League of Women Voters Magazine of the Air

Members of the League of Women Voters of Snohomish County produce a program about issues of importance to the voters of Snohomish County. The League keeps voters in the community informed about legislation and candidates in coming elections. In local elections, voters hear all of the candidates for public office discuss their position on critical issues.

Benefits:

- More community involvement
- Better local government - improved voter decision-making

Community Life

This program features interviews with local people who are working as individuals or within groups to make the community a better place to live. Local news programming typically focuses on problems, threats and risks, and positive news is often relegated to the final few minutes of the program, if it appears at all. News of a positive nature - reflecting compassion, altruism and empathy - deserves to be more widely known, and the Community Life program provides that positive information.

Listeners also understand that since others in their community can contribute to the common good, they will be able to do something of value, too. Their neighbors have demonstrated that an individual can make a difference - and they can make a difference, too. As we lose touch with news of goodness in the world, we're losing touch with a sense of the good in our fellows and us.

Benefits:

- Enhanced personal well-being
- More financial and volunteer giving to the community

Focus on Aging

The program's hosts look at the issues and needs of the community's aging population and hear from local experts covering topics of importance to seniors, noting that the program is intended for everyone who's aging. Recent program topics considered health care, Medicare, safety, and the impact of the economy. We are all aging, and this program promotes a positive picture of how to age well and happily. The specific guidance offered by the hosts and their guests has economic as well as social benefits. The economic impact of the program's suggested ways to save money can be a significant help in easing financial burdens in listeners' households. And, since local professionals are included in discussions, listeners remember that it's important to support local organizations.

Benefits:

- Cost savings to individuals through better financial choices
- Reinforcing the importance of long-term planning
- Enhanced sense of connection to the community - we're all aging and we all know someone older than us
- Support for community businesses and services

Getting Your Dough to Rise

This program's host is a financial Services Representative, and its focus is on how to get the most out of the money you have and how to make your money work its hardest. The program features interviews with local professionals and entrepreneurs, and recent topics include mortgage refinancing, year-end tax strategies, and financial markets. The value of good financial advice can be considerable, not only in a total dollar amount, but also relative to the financial position of the listener.

Benefits:

- Cost savings to individuals through better financial management

- Enhanced personal well-being
- Support for local business professionals

Seein' Green

Seein' Green connects listeners with environmental issues and gives them information on how to make a difference on a local level. The focus of the show is on sustainable living and it offers specific information on ways to change actions and behaviors in small ways that will have a long-term environmental benefit as well as a short-term financial benefit. The program's issues consider measures that can cut a household's costs and help support the work of local business and nonprofit communities.

Benefits:

- Individual household savings related to choices.
- Long-term vision related to choices and the environment
- Support of local organizations
- Recognition of the value of the environment, an unmeasured but vital concern in Eisler's proposed alternative economic system (Eisler, 2008).

SUMMARY

At this time when the economy seems to be making the rich richer and the poor poorer, when we're mining our environmental resources and when we're realizing that economic democracy is necessarily tied to political democracy, we need tools that help us understand and measure the impacts of social organizations' activities. Social accounting models help measure what organizations with a social mission contribute to society.

All of us have benefitted, either directly or indirectly, from the services of a nonprofit or volunteer-based organization. We understand intuitively how important these organizations are in our lives, but their actual value is underrated in a society that focuses on what can be monetized. Social accounting models tell a different - and more comprehensive - story than is told by traditional financial statements alone, since most of the value added by volunteers is not monetized and therefore is not reported. Social accounting helps provide the picture of the value volunteers added to the organizations that they serve.

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