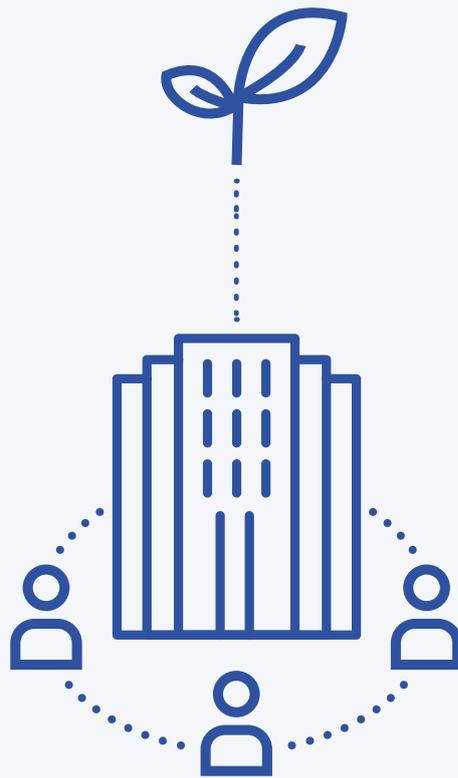


SOCIAL IMPACT THROUGH EMPLOYEE ENGAGEMENT

An introduction to the EVPA research series on how Corporate Social Investors can create social impact through employee engagement



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OCTOBER 2018



CORPORATE SOCIAL INVESTORS IN THE VP/SI SPACE

An increasing number of Corporate Social Investors (CSIs); e.g. corporate foundations, shareholder foundations, corporate social impact funds, corporate social businesses and corporate social accelerators¹ are looking for opportunities to scale their social impact by going beyond the provision of merely financial means to Social Purpose Organisations (SPOs). They are moving into the venture philanthropy/social investment (VP/SI) space through corporate social investment², a proactive investment approach with the ultimate goal to create social impact by providing tailored financing³, impact management⁴ and organisational support⁵ to SPOs.

In this regard, employees are increasingly recognised as a particularly valuable resource of both financial and non-financial support to SPOs, since they possess important human (i.e. skills, expertise or time), network and financial resources (i.e. donations or investments). Tapping into these additional resources, employee engagement programmes can be an excellent opportunity for CSIs to achieve their mission more effectively and ultimately scale their social impact by providing meaningful support to SPOs.

Employee engagement is any formally organised support or encouragement from companies, albeit in varying degrees of collaboration with CSIs, to leverage employee resources (time, knowledge, skills or other resources such as money or network) to support SPOs. Employee engagement can vary from corporate volunteering (hands-on or skill-based, virtual or on-site volunteering) and/or corporate giving (payroll giving, employee matching) to co-investment programmes.

Within the VP/SI space, CSIs are in a unique **intermediary position** to leverage corporate resources, such as corporate employees, to create social impact with business relevance (see figure 1). Through their ongoing relationship with an associated company, CSIs – unlike traditional VP/SI organisations – can potentially access various corporate resources that help to develop high-impact social investments. At the same time – like other VP/SI organisations – CSIs have a comprehensive understanding of and expertise in the issues and dynamics in society and the ways they can contribute to solving those. This combination offers them **enormous potential to unlock more resources to the VP/SI space.**

Although numerous studies, tools and guidelines around employee engagement exist, they generally address possibilities to scale the business value or effectively involve employees.⁶ The particular role of CSIs in employee engagement programmes has been overlooked. Likewise, while the business value of employee engagement has been vastly explored, the long-term impact on SPOs – and thus society – remains largely unexplored and taken for granted. With their inherent focus on social impact, CSIs have the potential to redirect the discussion to the design of impact-driven employee engagement. As such, this EVPA publication intends to support CSIs in leveraging corporate employees' resources for high-impact social investments, acknowledging their unique positioning, role and added value.

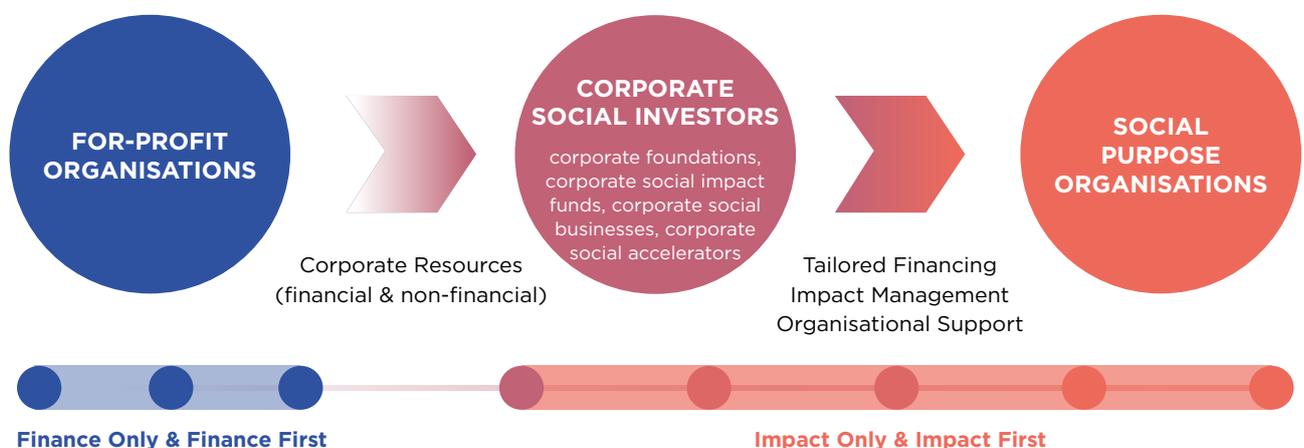


Figure 1 - Intermediary Positioning of CSIs in the VP/SI Space

SCALING SOCIAL IMPACT THROUGH EMPLOYEE ENGAGEMENT – EVPA’S RESEARCH AGENDA

EVPA’s mission is to enable venture philanthropists and social investors to maximise social impact through increased resources, collaboration and expertise. In line with our mission and the interest of our members, we see a need to develop practical guidance and tools for CSIs around employee engagement given the unique positioning of CSIs in this respect. Hence, our objectives are to:

1. Provide EVPA members and the VP/SI sector as a whole with an in-depth understanding of:
 - a. The potential role of CSIs in developing and implementing employee engagement programmes, and
 - b. The potential of employee engagement for CSIs in helping SPOs scale their social impact.
2. Inspire CSIs by sharing best practice examples from EVPA members and ultimately
3. Empower CSIs to develop impact-driven employee engagement activities.

With the help of our members and extensive network, we have developed two practical toolkits for CSI boards, directors and/or managers that contribute to the knowledge and expertise around the potential role of CSIs in leveraging employee engagement for the social good (see figure 2).

The first toolkit focuses on the potential roles and benefits of CSIs in developing and implementing employee engagement programmes. In particular, we provide insights into four different roles the CSI can take on: *Observer*, *Advisor*, *Co-creator* and *Driver*. We include the conditions under which these roles could potentially add value to employee engagement programmes. It is important to understand when a particular role can add value to the SPO by leveraging employees’ resources more effectively. At the same time, we also support CSIs in being the best version of themselves in employee engagement, either by helping them strengthen their role or inspiring them to transition from one role to another.

In the second toolkit, we discuss how to upscale the impact of employee engagement activities by redirecting the attention in current discussions from the business or the employee value towards the actual social impact. In particular, we developed a four-step process to help CSI boards, directors and employee engagement managers create impact-driven engagement activities. Within the toolkit, we walk the reader through each step, explain what it entails, and propose tools that help SPOs, CSIs and their companies to collaborate better and achieve greater social impact through employee engagement.

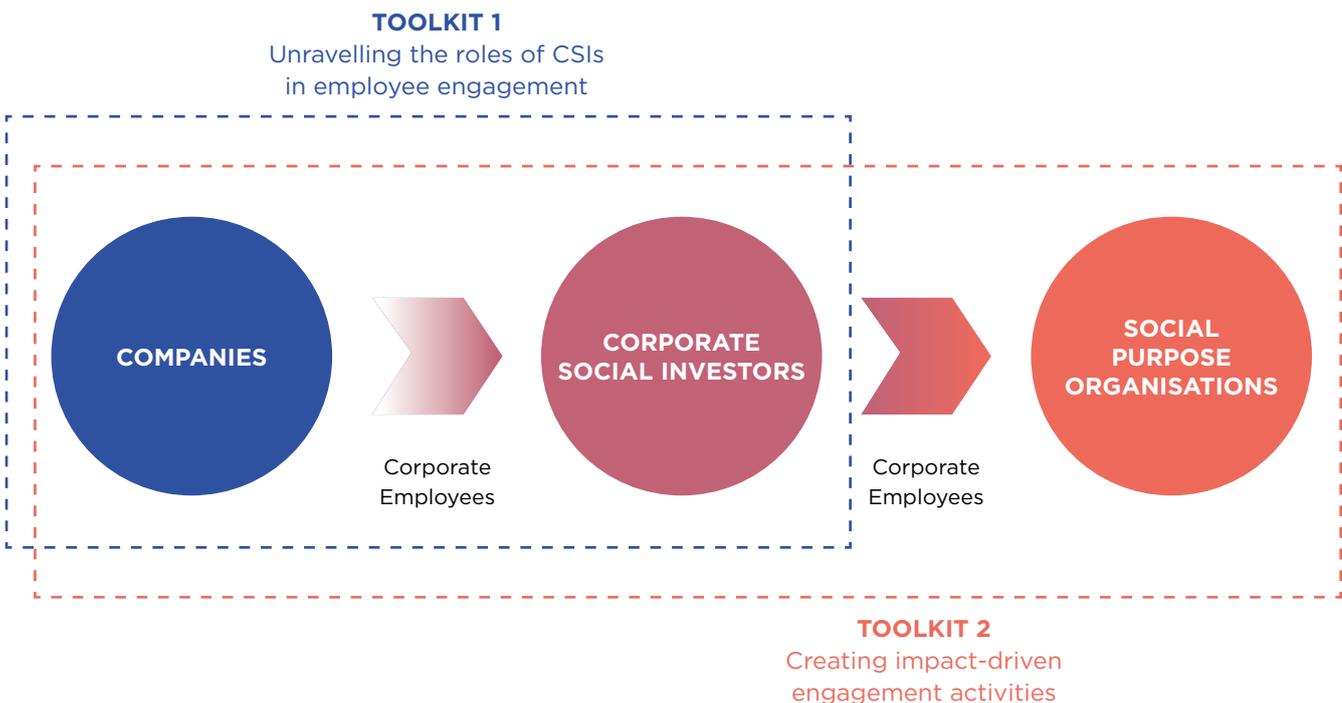


Figure 2 - Conceptual Overview of the Employee Engagement Toolkits

GLOSSARY

Corporate Social Investor (CSI)

A Corporate Social Investor (CSI) is any vehicle formally related to a company that aims to create social impact – i.e. impact-first or impact-only organisations linked to companies. Examples are corporate foundations, shareholder foundations, corporate social businesses, corporate social impact funds, and accelerators.

- A **corporate foundation** is a social purpose-driven non-profit organisation that has been set up by a company. Corporate foundations have an ongoing relationship with the company, which allows them – albeit to various degrees – to access financial and non-financial corporate resources which they leverage to create social impact.
- A **corporate social accelerator** is a structure through which an organisation supports investment-ready social enterprises by providing them with business development support, mentoring, infrastructure, and access to relevant networks in order to help them grow.
- A **corporate social business** is a structure created and designed by a company with a clear social purpose. The products and services provided remain close to the core business and activities of the company, but are developed to generate social impact rather than commercial benefits. Corporate social businesses seek to be financially self-sustainable while generating social impact.
- A **corporate social impact fund** is a specific legal entity which was set up by a company to pool resources from one or more investor(s) for investing activities in companies with outstanding social innovations.

Employee Engagement

Any formally organised support or encouragement from companies, albeit in close collaboration with Corporate Social Investors, to leverage employee resources (time, knowledge, skills or other resources such as money or network) to support SPOs. It can vary from corporate volunteering (hands-on or skill-based, virtual or on-site volunteering) and/or corporate giving (payroll giving, employee matching) to co-investment programmes.

- **Corporate volunteering** refers to any formally organised support or encouragement that a company provides to employees wishing to volunteer their time, skills and/or network to serve SPOs without any compensation or remuneration.
- **Employee giving** is defined as any formally organised support or encouragement that a company provides to employees to make regular donations from their pay to SPOs.
- **Co-investment** programmes enable employees to be the partner in investing in SPOs, with the aim to revolve the funding or have a (modest) financial return.

Social Purpose Organisation (SPO)

An organisation that operates with the primary aim of achieving measurable social and environmental impact. Social purpose organisations include charities, non-profit organisations and social enterprise.

Venture Philanthropy (VP)

Venture philanthropy is a high-engagement and long-term approach to generating social impact through three practices:

- **Tailored financing:** using a range of financial instruments (including grants, debt, equity and hybrid financial instruments) tailored to the needs of organisation supported.
- **Organisational support:** added-value support services that VP/SI organisations offer to investees (SPOs) to strengthen the SPO's organisational resilience and financial sustainability by developing skills or improving structures and processes.
- **Impact measurement and management:** measuring and managing the process of creating social impact in order to maximise and optimise it.

Venture Philanthropy Organisation/Social Investor (VPO/SI or VP/SI Organisation)

An organisation pursuing a venture philanthropy/social investment approach.

For an overview of EVPA publications, please visit our knowledge centre via evpa.eu.com/knowledge-centre

ENDNOTES

¹For more information:

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