

## Workshop Presentation

Topic: Social Capital and Volunteering

# Study on the Value of Volunteering in Singapore

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According to the Social Capital theory, the social benefits of volunteerism are often significant in economic terms. While it is acknowledged that the true value of volunteer contributions cannot be absolutely quantified, estimating the monetary and non-monetary value of volunteerism provides a tangible means of measuring the impact of volunteer work on a nation's economic and social growth.

### 1. Background

Six years ago, the Singapore Government recognised the need to encourage the growth of the voluntary sector and achieve the vision of volunteerism as a way of life in Singapore. To do this effectively, there was a need to strengthen the infrastructure to support the growth of volunteerism in Singapore, and hence the establishment of the government sponsored National Volunteer & Philanthropy Centre (NVPC).

The voluntary sector here is lacking in measurement indicators, partly due to a resistance by many non-profit sector players here, as it is elsewhere, who feel that quantification runs against the grain of the spirit and philosophy of non-profit work. Yet, if we are to level up the value of the voluntary sector, it would help to quantify volunteer contributions in both monetized and non-monetized terms.

When the input of volunteerism can be couched in economic as well as non-economic terms, it allows people to have a fresh appreciation of the value of volunteerism, rather than falling back on the old adage that “the benefits of volunteerism are intangible”.

With this in mind, NVPC commenced this study on the value of volunteerism in Singapore in 2003.

## **2. Why Value Volunteerism?**

While volunteers are unpaid, there are benefits in measuring their value.

- Establishing quantitative and qualitative values are important to strengthen the case for investing in volunteerism development.
- To help top management of Volunteer Hosting Organisations (VHOs) recognise the need to invest in volunteer management systems so as to optimise the efforts of volunteers and provide volunteers with a positive volunteering experience.
- To help funders evaluate VHOs' volunteer programmes; and aid VHOs in demonstrating their effectiveness to potential funding agencies.

## **3. Objectives**

The objectives of the 2003 NVPC study were as follows:

1. Measure the economic and non-economic contributions of volunteerism;
2. Lay the basis for the measurement of NVPC efforts in developing and promoting volunteerism

The study examines the economic value generated by volunteering at the national level. It also evaluates the value of volunteering output in relation to the investment by specific VHOs. These case studies of various VHOs also examine non-monetized effects of volunteer activity, such as the impact on the attitudes and behaviours of individual volunteers and VHOs.

## **4. Research Approach**

### **A. Methodology**

The study was two-dimensional: Economic value generated by volunteering (at national and organisational levels); and non-economic value of volunteerism (at organisational and individual levels).

### • *Measuring Economic Value*

The methods applied in the study of the economic dimension were:

#### *Input related method*

Imputation of financial value to volunteer time (unpaid labour). The value was calculated by multiplying the number of volunteers with average hours volunteered and the national average hourly wage rate.

Various studies that have attempted to put an economic value to volunteering. Essentially, all of them took an input related approach.

- In the UK, one approach taken was to use the average wage per hour, multiplied by the hours spent in volunteering to give the economic value of volunteer contribution;
- In Australia, they ascribe a wage to volunteers (equivalent of paid staff), and then subtract the cost of operations of the programme. The difference is considered the monetary value of the volunteer contribution;
- USA takes the average hourly earnings of all production and nonsupervisory workers on private nonfarm payrolls (as released by the Bureau of Labour Statistics), and increase it by 12 percent to estimate fringe benefits. E.g. SOLV (US environmental non-profit organisation) has estimated the value of its volunteer effort for Oregon using input related method.
- In Canada, they calculated the number of full-time, year round positions (person-years) which the volunteer hours would equal. In order to translate volunteer hours into a dollar value, average wage rates in community, business and personal services were estimated.

#### *Output related method (replacement costs approach)*

Imputation of market value to goods and services produced through voluntary work, i.e.

Volunteer Investment and Value Audit (VIVA) model. It is created and developed by Katherine Gaskin. She has done two studies in the UK (1997)<sup>1</sup> and Europe (1999)<sup>2</sup>.

The VIVA model was used to analyse the VHOs and provide the per dollar return ratio of voluntary work by considering the volunteers' wage equivalent against the total cost of investing in volunteers. It gauged:

- Cost effectiveness of VHOs (magnitude of VIVA ratio).
- Impact of VHO's characteristics on VIVA ratio.
- Distribution of expenditure by VHOs.

The market value of volunteers' work was calculated by breaking down their workload into individual tasks (recorded in volunteers' diaries or by the VHOs) and then costing that against equivalent local wage rates. Additional 15% for tax, insurance contributions, holiday and sick pay was factored in for greater accuracy.

The expenditures considered were expenses incurred on paid support staff, rent, training, advertising and recruiting, supplies and equipment, travel, accommodation, food and insurance. These costs were estimated using the previous year's budget or expenditure.

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1 Gaskin K., and Dobson B. 1997 "The economic equation of volunteering : a pilot study," Centre for research in Social Policy (CRSP)

2 Gaskin K. 1999 "Valuing volunteers in Europe: a comparative study of the Volunteer Investment and value Audit," The Journal of the Institute for Volunteering Research

### • *Measuring Non-economic Value*

In addition to the VIVA method, indicators were used to assess the non economic outputs of volunteering:

- Acquisition of skills by volunteers.
- Development of positive attitudes and behavioural traits towards volunteering and life.
- Attachment to surroundings.
- Sense of civic consciousness.
- Social interaction of volunteers.

— Transfer of expertise and knowledge from volunteers to VHOs.

## **B. Sample Size and Survey Period**

For the VIVA study, 24 Singapore VHOs were sampled. The selected VHOs represent a cross-section of organisations from different sectors and with varying levels of operations. Data was collected from VHOs and their volunteers via self administered approach. The data collection period spanned from June to early October 2003.

## **C. Limitations**

- VIVA is just one of the approaches to approximate the economic value of volunteers and their programmes. By itself, it is unable to capture the full extent of the work of volunteers and the services they provide. For instance, the value of informal volunteering is not included as data was collected only on registered volunteers of VHOs.
- In some cases, historical data of hours volunteered for the previous year (January to December 2002) was unavailable. These VHOs thus recorded volunteer time over a three-month period in 2003 and extrapolated it to represent 12 months. As organisations were requested to select a period that reflected “usual” activity, ad-hoc or other non-recurring activities may not have been captured.

Information was from a limited, albeit respectable number of organisations. Future studies could broaden the scope by covering more organisations and stakeholders (i.e. users and beneficiaries) of voluntary work.

## **5. Highlights of the Findings**

### **Economic Value of Volunteerism**

The findings from “Survey on Individual Giving in Singapore, 2004” and VIVA study of VHOs were collated and analysed to derive four economic dimensions:

- National level output

- Employee equivalents
- Expenditure incurred
- VIVA ratios.

### a) National Level Output

The estimated monetary value of work performed by volunteers in 2004 (updated) was \$746 million per annum of “unpaid labour” (Figure 5.1). This is equivalent to 0.46% of the national GDP. In comparison, USA’s volunteer contribution equivalent in its GDP was 2% and Australia’s was 7%.

Factor	2004
National Volunteerism Rate	15.2%
Number of Volunteers <sup>a</sup>	440,000
Average Annual Hours per Volunteer	79
Total Annual Hours <sup>b</sup> (Includes formal & informal volunteering)	35 million <sup>c</sup>
Estimate of the Value of Volunteer Activity – EVVA <sup>d</sup> (Includes informal volunteering)	\$648 million
True Value Added to Personnel – TVAP <sup>e</sup> (Includes informal volunteering)	\$746 million

a Based on 2000 census population figures

b No. of volunteers x Average annual hours per volunteer

c Total annual hours in 2002 was 74 million

d Volunteers x Average annual hours volunteered x Hourly wage rate<sup>12</sup> (excludes fringe benefits)

e Volunteers x Average annual hours volunteered x True hourly value<sup>13</sup> (wage rate + fringe benefits)

**Figure 5.1: National Level Statistics**

### b) Employee Equivalents

The 35 million volunteer man-hours were equivalent to:

- Collective work hours of 16,577 full time employees, and
- Approximately 0.82% of the total (national) workforce.

Comparatively, the estimated equivalent full time employees (of total volunteered hours) in USA formed 7% of its workforce and in Australia it constituted 3% of the total workforce.

### c) Volunteer Investment & Value Audit (VIVA) Ratios

Generally, volunteers generate more economic value compared to the cost incurred. The VIVA ratios of the 24 VHOs surveyed range from 1:0.77 to 1:139.82. In other words, for every \$1 invested in volunteers, VHOs have a return value between \$0.77 and \$139.82. Among this group, about 17% of the VHOs had ratios higher than 1:10 while 75% had ratios between 1:1.06 and 1:4.85. Only two VHOs generated a negative return (i.e. less than a dollar return).

Findings suggest a direct relationship between the number of volunteers and the level of expenses. The higher ratios all came from organisations (except one) with less than 500 volunteers, suggesting the application of the law of diminishing returns.

### (d) Spending

A misconception about volunteerism is that since volunteers are unpaid, their involvement has no cost implications for either the VHO or volunteers themselves. This study looks into the various costs involved, specifically the financial overheads required to support volunteers in their work and the costs incurred by volunteers when doing their work. The study shows that the largest portion of the volunteer budget is spent on “Management Staff Time” followed by expenses on “Volunteer Administration” and “Training and Orientation”.

No. of Volunteers in a VHO	Spending (S\$ per vol per annually)
< 50	600
51 – 100	316
101 - 300	121
301 - 500	226
501 - 1000	112

## Non-Economic Value of Volunteerism

Volunteer work has strong positive impact on the volunteers, on the community, and the VHOs. Generally, volunteerism empowers the individuals, the VHOs and strengthens networks within the larger community.

### (a) Personal Development

- **Teamwork, Communication & Social Skills**  
Volunteers have gained specific skills experience such as teamwork, communications and social skills from their volunteering. About two thirds of all volunteers (65 - 67%) considered themselves to have been enriched in these skills considerably.
- **Sense of Achievement & Satisfaction**  
83% of volunteers agreed/strongly agreed that volunteering gave them a strong sense of achievement in life, while 88% of them agreed/strongly agreed that volunteering has increased their sense of satisfaction in life.
- **Proactivity & Response to Help**  
Through volunteering, about 29% have become more vocal, 38% have become more proactive, and 37% respond more readily to calls for help.
- **Facing Challenges & Open to Trying New Things**  
63% of volunteers expressed that volunteering has helped them significantly in facing new challenges, while 69% said that volunteering has made them more open to try new things.

### (b) Community Development

- **Social Interaction**  
Volunteering has broadened the interactions across various strata of society. For example, the

friends that volunteers have made through their voluntary work differ from their other friends in areas like education (26%) occupation (32%) and race (15%)

- Cultural Appreciation

Volunteering has helped volunteers better appreciate various issues considerably/ by a lot - the local heritage (32%), racial tolerance (45%), other cultures (36%), one's mother tongue (28%) and dialects (22%).

- Attachment to Singapore

49% of volunteers felt that volunteering has made them more attached to Singapore.

- Civic Consciousness

Volunteers agreed that volunteering had made them more aware of the needs of others (79%), more aware of the impact of their actions on others (75%) and more aware of their duties and responsibilities as citizens (55%).

### (c) VHO Development

- Morale and Enthusiasm of Staff

As a result of engaging volunteers, 83% of organisations have experienced a lift in morale and enthusiasm of their staff while 86% claimed that volunteers helped to broaden the mindset of the staff in the organisations.

- Skills & Experience

All the organisations surveyed have indicated that they had gained expertise and experience from volunteers.

- Importance of Volunteers

Every organisation studied has indicated that volunteers are very crucial to the success of at least 50% of their volunteer programmes.

### Conclusion

- The monetary value of volunteering serves as a marketing tool which NVPC can use to help paint a picture of sorts to the general public i.e. **volunteering does generate a significant value** when one tries to look at it through the dollars and cents approach. This can help people have a fuller appreciation of the work of the voluntary sector, which is often described as intangible, and hence immeasurable.

- Likewise, it is hoped that along with a better appreciation of the contributions of volunteerism, the sector will be able to **attract more support from funders to develop it.**
- Volunteering is also valuable from the non-economic perspective. Our results show that **volunteers benefit from gaining skills and a better understanding of their community.** The community benefits from the social relationships formed during volunteer activity. The organisations themselves are also enriched from its interactions with volunteers.
- Finally, the derivation of a VIVA ratio for a VHO can serve as one of many other indicators of one's **cost effectiveness of its volunteer programmes.** One can consider if its every dollar spent should/could yield a higher notional dollar value in return. Their VIVA ratios can help VHOs track if any change in approach towards structuring their volunteer programmes.

### Value of Volunteerism: Summary

Returns	
<b>1. Economic Returns</b>	
<ul style="list-style-type: none"> <li>• <b>\$746 million</b> (estimated financial value of total volunteer time) = <b>0.46%</b> of GDP (2003)</li> <li>• <b>35 million</b> total hours volunteered = <b>16,577</b> full-time employees</li> <li>• Average VIVA Ratio (approximate return on every dollar invested in volunteers): <b>1:1.06 to 1:4.85</b> (75% of VHOs fall in this range)</li> </ul>	
<b>2. Non-economic Returns</b>	
Individual:	<ol style="list-style-type: none"> <li>1. Increased sense of satisfaction &amp; achievement</li> <li>2. Enhanced communication &amp; social skills</li> </ol>
VHOs:	<ol style="list-style-type: none"> <li>1. Gained new skills &amp; experience from volunteers</li> <li>2. Positive change in staff's mindset</li> </ol>
Community:	<ol style="list-style-type: none"> <li>1. Increased social interactions</li> </ol>

## 2. Enhanced appreciation of other cultures

### Expenditure

Average Annual Expense ranges from **\$112 to \$600** per volunteer (depending on number of volunteers)

Top Three Expenditure Items:

- Management Staff Time
- Volunteer Administration
- Training & Orientation