

# Measurement

This section provides an in-depth analysis of the latest trends in measurement of social outcomes of corporate social programs and measurement of business value of community investments.

## KEY FINDINGS IN THIS SECTION:

- ▶ Measurement of social outcomes and impacts is on the rise.
- ▶ Companies continue to be strategic in terms of measuring social outcomes.
- ▶ The percentage of companies measuring the business value of community investments through brand/customer metrics (33%) lags behind the measurement done through employee metrics (43%).
- ▶ Levering an existing employee survey was the most common employee metric for measuring the business value of community investments. Analyzing marketing data was the most common brand/customer metric for measuring the business value of community investments.

# MEASUREMENT TYPES AND BENEFITS

## GROWING SOCIAL IMPACT MEASUREMENT

Measurement of social impact is more than a best practice: it's used as a management tool by nearly all companies. In 2018, 89% (N=250) of surveyed companies measured the outcomes and/or impacts of at least one partnership. Examples of outcome metrics are: the percentage increase in high school graduation rate, reduced gap in income inequality in a certain city, or the number of domestic violence survivors remaining one year in permanent new housing. More companies are measuring social outcomes and/or impacts: of the companies that provided measurement information for each of the last three years, 91% of them measured outcomes and/or impacts in 2016, compared to 94% in 2018 (n=197). This steady growth shows that using data and measurement to assess and validate the change they are making in the world is top of mind for every company.

The Giving in Numbers Survey asked respondents to use the following logic model when categorizing evaluation efforts:



## SCOPE OF MEASUREMENT

Scope refers to how much of the partnership portfolio may be asked to share details on their social results. In 2018, the most common scope of measurement of social outcomes was of strategic programs: 37% of companies. Between 2014 and 2018, the percentage of companies measuring social outcomes of strategic programs went from 36% in 2014 to 41% in 2018 (+5 percentage points). The percentage of companies measuring social outcomes of all grants increased at a higher pace than strategic program measurement: from 14% in 2014 to 25% in 2018 (+11 percentage points).

The ability to expand the scope of measurement may also be connected to companies having deeper relationships with nonprofit grantees. In 2018, companies that measured social outcomes and/or impacts on all their grants also had fewer nonprofit partners and approved fewer grants in their portfolio (a median of 143 and 242, respectively), compared to companies that measured outcomes and/or impacts only on select grants that in 2018 had a median of nonprofit partners of 473 and approved a median of 566 grants.

## SOCIAL IMPACT METRICS

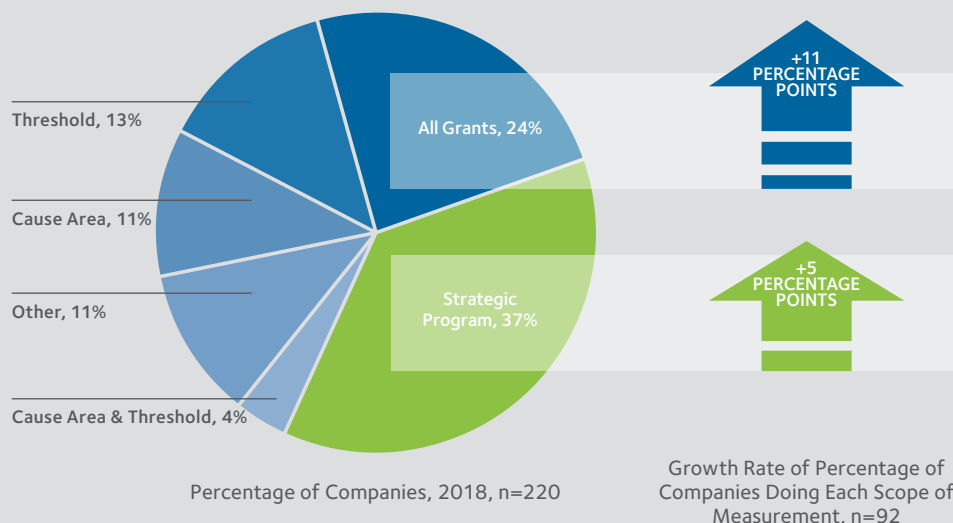
Companies use feedback from their partners to determine what metrics to capture; open dialogue between partners is a best practice on all fronts, including measurement. Even with that said, companies also have a need for consistency in data across partners.

In 2018, a sample of 187 companies revealed that over half requested a mix of some of the same metrics and some metrics that are unique to each grantee partner. This was a common trend among all reporting industries. Almost one out of four companies stated that they request the same metrics from nearly all partners. Fourteen percent of companies stated that the metrics they request from grantees are actually different.

There are some resources available to help achieve consistency. Guidestar's (now Candid) *Common Results Catalog* offers hundreds of metrics developed and used by nonprofit leaders themselves. Also, Global Impact Investing Network (GIIN)'s IRIS Catalog is the generally accepted impact-accounting system, detailing the metrics that many impact investors use.

FIGURE 22

Measurement of Social Outcomes by Scope of Measurement, 2018, and Growth Rate of Scope of Measurement, Five-Year Matched Set, 2014–2018



# EMPLOYEE BUSINESS VALUE

## BUSINESS VALUE: EMPLOYEE METRICS

This year, *Giving in Numbers* has new data on business impact measurement. First, we address the effect of community investment programs on employee-driven metrics. Although approximately nine out of ten companies measured their social outcomes and/or impacts, there is still a gap when it comes to measuring the business value of community investments. Forty-three percent of companies measured the effect of community investments on employee metrics in some way in 2018.

The challenges to conducting business impact measurement are many. One of these is the operational challenge to access new types of data and analytics. When asked in 2018 what ways companies had to measure the business value of community investments in terms of metrics that assess employees, the most common way described by respondents was leveraging an existing employee survey (see Figure 25).

This shows that internal relationships are of primary importance. Corporate leaders are frequently partnering with the Human Resources or Talent Development department on employee surveys and analytics.

## MEASURE OF IMPACT ON EMPLOYEES ON THE RISE

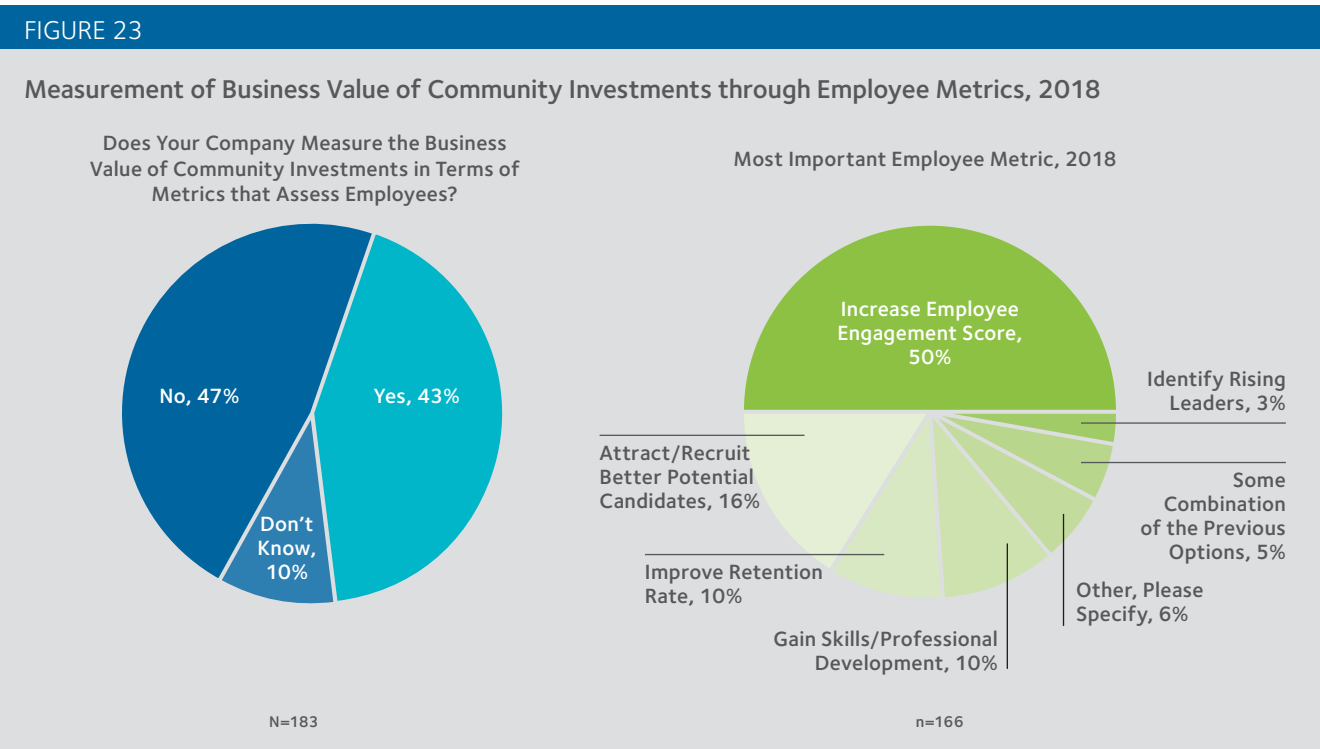
Before studying business impact measurement more comprehensively, in past years *Giving in Numbers* assessed the percentage of companies that measured the business value of corporate volunteering specifically. Among those that responded, 30% of companies expressed that they did measure the business value of volunteering in 2017. We see that the percentage of companies leveraging employee metrics now exceeds this value, an indicator of growth of the practice of measuring business value.

There could be many drivers for the rise in measurement of business impact on the employee side. One could be that, even though only 15% of teams report into Human Resources (see page 28), the relationships built delivering employee engagement programs for the benefit of employees have created pathways that encourage inter-departmental collaboration. Another reason is that community investment teams have a rising number of anecdotal and case examples of business impact coming from employees that are involved in service and social good programs. These are indicators of the value that help them identify which business impacts are ripe for more scientific measurement.

## BEYOND VOLUME TO VALUE

As corporate community investment measurement has evolved, companies are well equipped with key employee engagement metrics, such as volunteer hours and participation rate. There is growing momentum among companies to consider these operational metrics, but these may not be the best metrics to represent the results of the work. Instead companies seek to exhibit the value they produce, hence the move to measure and report business impacts.

The figure below shows the most common metrics around employee engagement score, retention, and more. These are drawn from company examples and a growing evidence base, well chronicled in research such as in the report *Project ROI*, published by IO Sustainability. Even as we see some consistency across companies, we also know that companies are tailoring their individual business impact measurement to exhibit how community investments and programs that activate employees solve business issues for Human Resources, Talent Development, and far beyond. These companies are also the forerunners of the movement towards more purpose-driven employees. More on this topic is available in CECP and PwC's report, *Making Work More Meaningful: Building a Fulfilling Employee Experience*.



# BRAND/CUSTOMER BUSINESS VALUE

## BUSINESS VALUE: BRAND/CUSTOMER

*Giving in Numbers's* new business impact research area also included an inquiry into community investments' effects on brand and customer metrics. This refers to companies assessing the measurable impact of community investments and social good programs on brand sentiment or customer relationships. Only 31% of companies measure this business value. In comparison to employee metrics, the measurement of community investments on brand value lags behind. This is likely due to the measurement challenges companies already face around measuring brand sentiment.

Companies also reported on their method of measuring. When asked in 2018 what ways companies had to measure the business value of community investments in terms of metrics that assess the brand or customers (e.g., increased customer loyalty), the most common way described by respondents was by analyzing marketing data (see Figure 25).

The collaboration with marketing or communications departments showed that leveraging existing data was the most common approach. An example of this could be assessing the main corporate homepage web traffic on the days when press releases related to community investments are issued, compared to other press releases.

## BRAND/CUSTOMER IMPACT

Among corporate community investment professionals, the business benefits for the brand and towards customers are widely known. The challenge is identifying both external studies and internal analytics to inform internal colleagues about the value produced specifically at their individual company. Often, companies lever a wide range of available research, such as that from Cone/Porter Novelli and the Reputation Institute, summarized below.

The 2018 Cone/Porter Novelli *Purpose Study: How to Build Deeper Bonds, Amplify Your Message and Expand Your Consumer Base* describes how having an impact in a community affects employees and brand image. Eighty-five percent of Americans say they would be likely to support a purpose-driven company in their community, while more than two-thirds (68%) say they would want to work for that company. The study also shows that eight in ten (80%) consumers prefer to buy products or services from purposeful brands. The Reputation Institute uses corporate social responsibility in its analysis of reputation and notes that such responsibility is a top driver of stakeholder support.

## MULTIPLE MEASUREMENT APPROACHES

This analysis looks at whether or not those using measurement tools (e.g., a scorecard; see details on the next page) are also measuring business impact. Overall, measurement tools are a strong indicator of business impact measurement. When it comes to brand/customer metrics, the gap between companies using dashboard/scorecards and those who do not is much wider in comparison to companies using employee metrics. This is because companies that invest in business impact measurement are also more likely to have established a cadence of reviewing a measurement tool.

Measurement of business value of community investments through brand/customer metrics:

- 47% of companies use a dashboard/scorecard, compared to 21% that do not
- 42% of companies use a key performance indicator tracker, compared to 19% that do not

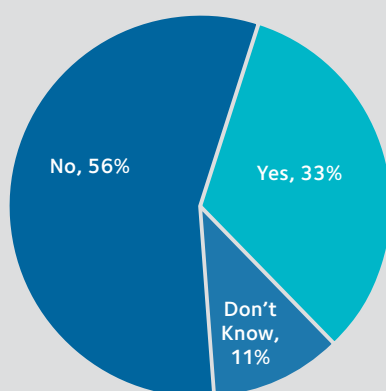
Measurement of business value of community investments through employee metrics:

- 51% of companies use a dashboard/scorecard, compared to 39% that do not
- 54% of companies use a key performance indicator tracker, compared to 21% that do not

FIGURE 24

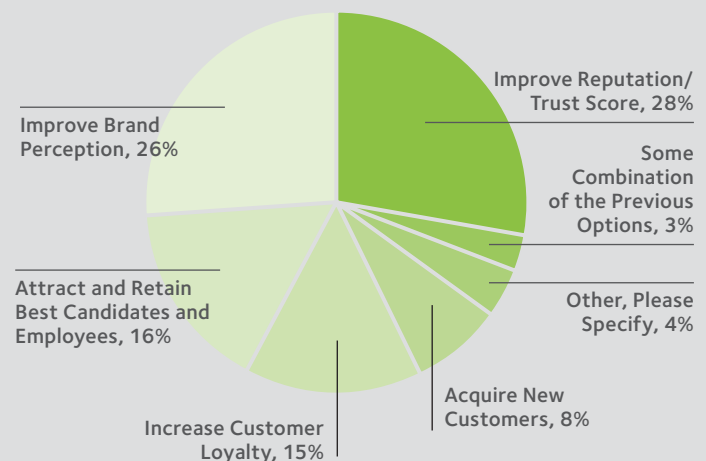
### Measurement of Business Value of Community Investments through Brand/Customer Metrics, 2018

Does Your Company Measure the Business Value of Community Investments in Terms of Metrics that Assess the Brand or Customers?



N=178

Most Important Brand/Customer Metric, 2018



n=152

# GRANTEES AND MANAGEMENT TOOLS

## BENEFITS OF MEASURING

Companies undertake measurement for many reasons. Measurement of social outcomes of grants and measurement of business value of employee and brand/customer metrics allowed companies to make a stronger business case. This could have led those measuring to increase their budgets, social contributions, and volunteer participation rates.

Companies that were able to measure social outcomes attained a larger median total giving in 2018 (\$23.3 million) than did a smaller group of companies that did not measure their social outcomes/impacts (median total giving of \$6.4 million). Without implying causation, the analysis showed a higher median total giving among those companies that in 2018 measured the business value of community investments in terms of metrics that assess the brand or customers (\$22.6 million) versus those who did not (\$20.4 million). Similarly, companies that measured the business value of community investments through employee metrics (e.g., improved retention) attained higher average employee volunteer participation rates in 2018 (36%) compared to those that did not (28%).

## TRACKING TOOLS

Different tools allow companies to evaluate the efficacy and impact of their social initiatives. Examples of tools are a scorecard (achievement of strategy), a dashboard (real-time progress shared across teams), and a key performance indicator (KPI) tracker (data collected and shared within the team). Companies use these in various ways to report internally to other departments or senior leaders. Scorecards and dashboards are often more deeply integrated into internal systems and operations and viewed more frequently beyond the community investment team. They are thus less common than KPI trackers: in 2018, 57% of companies mentioned they have used dashboards/scorecards either as a new tool or for a long time.

A more common approach is for a team to select some measures and track them in a less formal way, likely within the team itself. In 2018, 80% of respondents reported that they review results on a list of KPIs. The frequency of review varied, with most companies reviewing quarterly. Leveraging an existing employee survey was the most common employee metric for measuring the business value of community investments. Analyzing marketing data was the most common brand/customer metric for measuring the business value of community investments (see Figure 25).

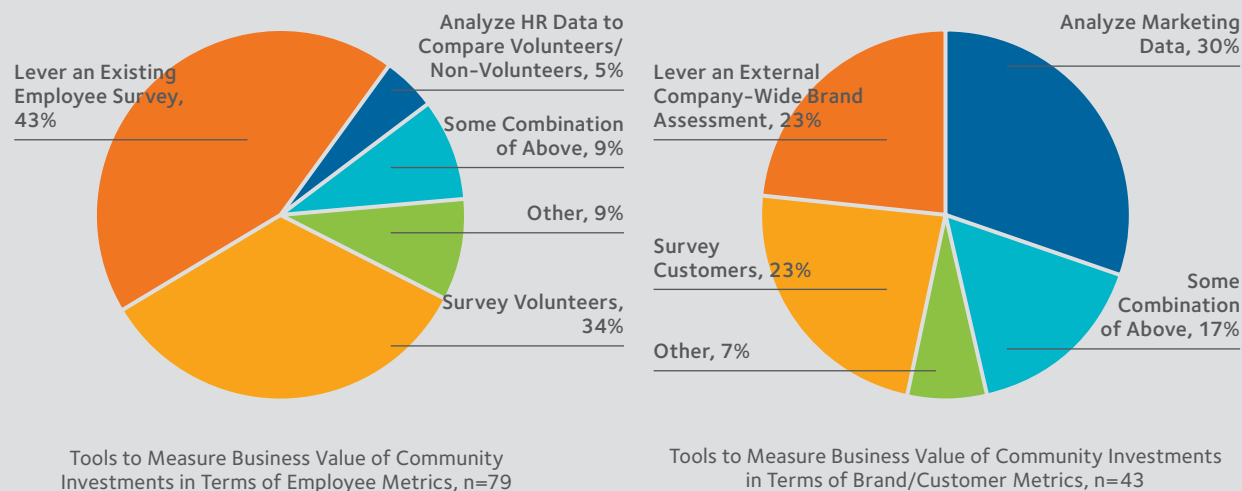
## SOFTWARE TOOLS

Eighty-three percent of companies in 2018 reported using specialized software for grants management (N=199). A similar percentage reported using specialized software for employee engagement (81%) (N=197). Seventy-eight percent of respondents reported using specialized employee engagement software for giving and volunteering activities, 12% only to track volunteering, 7% only to track giving, and 3% were unsure. Eight out of ten respondents reported that specialized employee engagement software brought more efficiency to their team's work.

Software's data collection also lends itself to analysis of behavior and related outcomes. In 2018, Benevity, a software company that offers tracking of employee engagement initiatives, released the *Benevity Engagement Study*. This study analyzed data from its platform and found that turnover dropped by an average of 57% in the employee group most deeply connected to their companies' giving and volunteering efforts. Another example is VeraWorks, whose research in partnership with Voluntare, *Increasing Employee Engagement Through Corporate Volunteering*, similarly reveals how corporate volunteering can increase an employee's sense of purpose at work, personal growth, pride in an employer's products and services, and job satisfaction.

FIGURE 25

Types of Measurement of Business Value of Community Investments in Terms of Employee and Brand/Customer Metrics, 2018



Note: Sample size “n” varies due to different response rates to each measurement of business value survey question.