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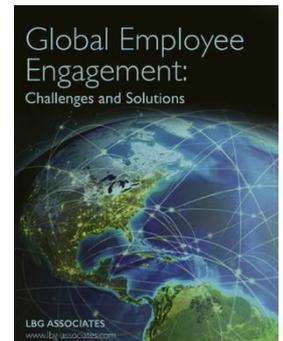
COMMUNIQUE

Trends, Best Practices, and Opinions on Community Involvement

Meeting the Challenges of Global Employee Engagement

Vetting International NGOs is the Top Challenge But There are Ways to Minimize The Problem

By Linda B. Gornitsky
President & Founder, LBG Associates



A lot has happened since LBG Associates first researched global community involvement in 2007. The original research recommended that multinational corporations take an “adopt and adapt” approach to expanding their community involvement programs outside the home country. That means combining the adoption of a global strategy with the flexibility to allow the individual business units to adapt that strategy based on the culture, norms and needs of that location.

LBG Associates’ latest research report, “Global Employee Engagement: Challenges and Solutions,” takes the research a step further and looks at how companies are using the “adopt and adapt” approach to meet the challenges of global employee engagement.

The Big Three

Through more than 50 interviews with employee engagement managers and service providers, LBG Associates determined that the three biggest challenges global companies face are:

- Managing a global employee engagement program
- Vetting non-governmental organizations (NGOs) outside the home country
- Paying small, employee-directed grants

Employee engagement is a triple win for employees, the company, and the community. At the highest level, these three challenges can hinder the effectiveness of the program. Global companies have to attack the ‘big three’ if they want to experience that triple-win.

Of these three challenges, the interviewees agreed that vetting is the most difficult challenge of all. While no one has “solved the problem” of vetting, global corporations have taken different approaches to minimize the pain of vetting NGOs around the world.

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The most common solution is to create vetting “levels,” i.e., different standards of vetting based on what kind of interaction the company will have with the NGO. For U.S.-based corporations, a large grant requires that the NGO be “equivalent” to a 501(c)(3) in order for that grant to be tax-deductible. Equivalency determination requires a lot of the NGO and needs a certified tax professional to determine that it is indeed equivalent. (There is another way—expenditure responsibility—but that is the topic for another newsletter.) Because equivalency determination is so expensive, companies create a different standard for NGOs that are receiving only small, employee-directed grants or hosting employees for a volunteer projects.

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A typical checklist for vetting these NGOs might include:

- Is there a clear description of the purposes of the organization and its programs?
- Is there an employee involved with the NGO who can vouch for its charitable mission?
- Can it pass through the terrorism and money-laundering watch list?
- Is there a physical address?
- Is there a website?
- Is there a paid Executive Director or other staff member?
- Is there a Board of Directors?
- Is there a mission statement?
- If required by law, are financial statements or annual reports available?
- Is it in line with corporate eligibility requirements, such as limitations on religious and sports organizations?

Ultimately, how deeply a company vets any NGO is dependent on how risk averse it is. A minority of companies, many of them in financial services, will not interact at all with an NGO unless it is vetted to the highest level. The majority, though, do have different standards as described above.

LBG Associates will be hosting a webinar on the highlights of the report on July 16, 2014 at 1 PM Eastern. The webinar fee is \$19.95 per connection and registration is online at www.lbg-associates.com. Speakers include Linda B. Gornitsky, author of the report, Atlanta Mcllwraith of Timberland and Kevin Espirito of Microsoft.

Additionally, the full report (PDF only) is available for free thanks to the generosity of Microsoft on the website at www.lbg-associates.com or by calling us at 203-325-3154.

About LBG Associates

LBG Associates is a woman-owned consulting firm focused on designing, implementing, and managing corporate citizenship and community outreach programs and initiatives. Founded in 1993 by Dr. Linda Gornitsky, LBG Associates drives social change through advice, implementation, research, and training. Find more information at: www.lbg-associates.com.

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