

THE ECONOMIC VALUE OF VOLUNTEERING

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Voluntary work is a non-remunerated activity, which is usually performed to satisfy a moral need of the individual as well as to contribute to the collective goal of the society. It usually leads to the creation of goods or services that would in a normal situation require the use of workforce that needs to be paid, meaning it would mean an expense.

The goods and services produced through the voluntary work are usually not part of the official measures of production, but volunteers make significant contributions to the economy and society.

The voluntary sector, also called the third sector, in general has gained political weight in the provision of welfare services. Usually, the society perceives the voluntary work as an advantage both in your personal experience and in the professional one, but they fail to see it in correlation with its economic value.

Based on the definition of volunteering, we can clearly see that volunteerism can be easily considered as an economic activity, because it uses scarce resources in order to produce goods and services to satisfy human needs. Unfortunately, due to the lack of relevant and descriptive information, this activity by itself as well as its results still remain undervalued and in terms of political and economic influence even unnoticed.

It can demonstrate to the policy makers and the government that unpaid labour has a significant influence on the welfare of the community and display how their policies can negatively influence the supply of non-remunerated labour. Undoubtedly, it can motivate people to become volunteers through the display of the economic benefits for the society.

Nevertheless, several different methods were developed in attempts to provide the possibility of unpaid work contribution calculating:

1. Output related method – the way of economical contribution measurement by counting the outputs and pricing them using the market price of the substitutes, comparable goods or services produced and sold in the market. For example, the price of homemade pie can be counted as the difference between the price of this pie in the comparable restaurant or take-away bar and the costs of food, energy and other resources used to make this pie.

This method is the most satisfactory, but has two limitations: voluntary organizations mainly do not gather any information about the goods produced; sometimes it can be difficult to find the comparable good to produced one.

2. Input related method is based on the imputation of the “comparable” market wage value for a time spent in the voluntary activity. According to the wage chosen it can be:

a. The opportunity cost method, which is counting the amount of money person can get (wage it will receive) working the same amount of time, but on the paid job.

b. The specialist wage method that uses average wage that would be required in order to pay for a specialist from the market to perform the same type of job.

c. The global substitute method which is based on the cost of hiring of a usual paid worker to do the job – may give lower-end estimates.

For example, if the amount of volunteers in England who participated once in a month during 2011 – 2012 (15.2 million) replace with the paid staff we will need to hire 1.1 million of full-time workers at a cost of ?19.4 billion to the economy (based on the median hourly wage) (NCVO, 2014).

As well as the output related method, the input-related method has several limitations, such as: people can be less productive as volunteers in the market than those who perform paid job – companies do not select the most productive workers, workers do not have an incentives to perform unpaid job in which they are the most efficient; in some organizations unpaid workers receive the subsistence allowance in kind.

3. Volunteer Investment and Value Audit (VIVA) method, developed by Katherine Gaskin, is a combination of two previous methods and based on the issue that volunteers’ labour is not free of cost.

It relates the outputs of unpaid work (the value of volunteers’ time) with the inputs (organizational investments: management staff costs, training, recruitment, insurance and administration).

The value of volunteers’ time is usually being counted using the hourly wage from the equivalent paid job multiplied by the total hours worked per year. Gaskin (2011) figured out that money invested in unpaid workers is more than doubled in value and may increase up to the eight times. (Gaskin, 2011)

For example, a total value of the volunteers’ time of \$200,000 divided on the expenditure of \$100,000 gives us a ratio of 2. It means that for every dollar invested in volunteers, we receive \$2 back in the value of the tasks they perform.

1. NCVO (2014). NCVO UK Civil Society Almanac 2014. Retrieved May 23, 2014, from <http://data.ncvo.org.uk/category/almanac/voluntary-sector/volunteering/>

2. Gaskin, K. (2011). VIVA? The Volunteer Investment and Value Audit: A self-help guide (2). Retrieved from Institute for Volunteering Research website: [http://www.ivr.org.uk/images/stories/Institute-of-Volunteering-Research/Migrated-Resources/Documents/V/VIVA-bulletin-\(second-edition\).pdf](http://www.ivr.org.uk/images/stories/Institute-of-Volunteering-Research/Migrated-Resources/Documents/V/VIVA-bulletin-(second-edition).pdf).

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