

# Corporate Social Responsibility

## QUICK LOOK

- ➔ Less than one-third of employees are engaged, and two of five employees would not recommend their employer as a place to work.
- ➔ The correlation between employee engagement and organizational productivity is well-proven.
- ➔ Also documented is the connection between strategic corporate giving and corporate profits.

## Engagement, Profits and Why the Beatles Were Right

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There is little doubt that employee engagement is a key issue facing total rewards professionals today. An Aon Consulting survey indicates that less than one-third of employees are engaged, and that two of five employees would not recommend their employer as a place to work.

And the correlation between employee engagement and organizational productivity is well-proven. However, also well-documented is the



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strong relationship between employee engagement and a corporate social responsibility (CSR) program — a program allowing an organization to make donations to charitable and/or nonprofit causes. And yet further documented: the connection between strategic corporate giving and corporate profits.

So the CSR program is of great significance. Consider the following statistics:

- 95 percent of respondents to an Aon/Orenda Connections survey believe their employer should give back, and 84 percent of employers do give back.
- The survey also found that two of three employees feel more engaged at work because of their corporate giving program.
- The Cone Cause Evolution Study in 2007 indicated that 93 percent of employees say it is important for their companies to provide them with opportunities to become involved in social issues.
- An Aon/Orenda Connections survey also found that one in three organizations do not receive sufficient feedback about the impact of their contributions.

In addition to adding value to a business, a strategic corporate giving program can drive not only culture but

employee engagement as well. A program involving employees symbolically linking arms toward an end could have a great effect in the area of employee engagement. The program can affect efforts in the attraction, motivation and retention of employees. This is particularly true for the company that can take its business purpose and extend it beyond its financial bottom lines. For many businesses this is a “low hanging fruit” opportunity to boost engagement and profitability.

### Looking for Soul in All the Wrong Places

The typical CSR programs are executive-led and lack employee engagement. In the workplace, charitable contributions are often initiated by an employee or leader who has been personally touched by a cause or a

nonprofit. In many cases, it is suppliers and partners who lean on companies to support their worthy causes. Donation recipients are scattered. In other cases, a check is a nice “go away” gift to a particularly persistent nonprofit. But check writing is not a good use of an organization’s resources.

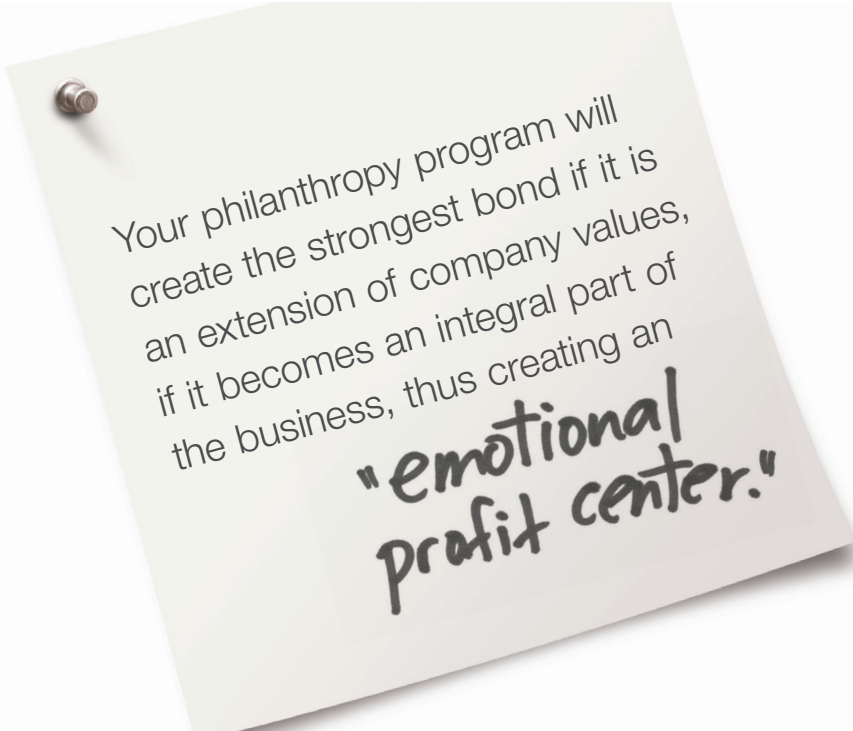
As Michael E. Porter and Mark R. Kramer pointed out in a *Harvard Business Review* article: “Most companies feel compelled to give to charity. Few have figured out how to do it well.” Thus the goal of a strategic CSR program is to provide money, capabilities and partnership to charitable causes in ways that also add value to your business.

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## A Strong Program: A Brief How-To

There are five key elements of an ideal corporate giving program:

- Authentic leadership
- Relevant and focused sustainable partnership
- Inspiring employee engagement
- Comprehensive communication
- Business and social impact measurement.



Your philanthropy program will create the strongest bond if it is an extension of company values, if it becomes an integral part of the business, thus creating an

**"emotional profit center."**

The value of corporate giving can be felt in many areas including:

- Trust and loyalty
- Attraction and retention of talent
- Teamwork
- Productivity
- Brand recognition and respect
- Business growth.

**Authentic Leadership.** Leadership begins by partnering the business with a relevant cause and then integrating the partnership into corporate culture. The CEO needs to be the leader of the effort; this is not strictly an assignment for human resources or a vice president who has been ordered to head the effort. Although it's up to leaders to champion the cause, they must also ensure that a cross-functional employee team is on board from the outset and leads the design and implementation of the program. This team should include human resources, legal, sales, customer service, IT and any other corporate areas that will need to support the effort. A most important early step for the team is to craft a statement creating the parameters of the giving program.

**Relevant and Focused Sustainable Partnerships.** Your philanthropy program will create the strongest bond

if it is an extension of company values, if it becomes an integral part of the business, thus creating an "emotional profit center" — a copyrighted term that some program champions have found helpful in advancing a proposed program. Extend the mission beyond the financial statements and identify a connection to a social need or cause that could benefit from the organization's involvement. The closer a company's mission, calling and purpose are to that of its charity partner, the more smoothly the project will be integrated into the corporate culture.

**Inspire Employee Engagement.**

People are hardwired to make a difference. Everyone wants to give, but often life gets in the way. By providing employees with the opportunity to roll up their sleeves and give together in the workplace, they become engaged in the giving and connect it to the "warm glow" that results in their workplace. Through financial contributions, volunteer opportunities and skill exchange, employees can become engaged in the program in a way that works for them. Financial contributions may come through payroll deductions, fundraisers and corporate fund matching, among other means of support.

The expertise of the HR professional will be invaluable in supporting and facilitating volunteer efforts.

**Comprehensive Communications.**

Create a brand for your giving program. This will help develop an identity for it within the corporate brand. Create a launch event. This is a chance to send the message of how important the program is and how important employee involvement is. Updates, visuals, stories and speakers keep the cause in front as a corporate initiative. Success stories are important. Human resources should ensure that the giving program is well-communicated within the employee recruiting process, as research shows that a large majority of employees are not only looking to work with socially responsible companies but also want to contribute to social causes in the workplace. The program and opportunities to participate should also be part of new-employee orientation.

**Business and Social Impact**

**Measurements.** It is essential to identify the business objectives underlying a strategic corporate philanthropy program. From this, focus groups and surveys provide a means of measurement. The HR professional can ensure

that meaningful questions around corporate giving be asked in employee engagement surveys in order to establish the baseline and monitor the impact over time. Monitoring employee contributions over time and employee participation as volunteers, in events and in in-kind contributions are other means of measurement. So too are stakeholder feedback and media hits.

### And in the End, the Love You Take ...

The Stanford Graduate School of Business and the University of California at Santa Barbara report that a survey revealed that MBAs at 11 of the top business schools are willing to sacrifice an average 14.4 percent of their expected salaries to work at socially responsible companies. So corporate giving is a definite issue in the attraction and retention of top talent.

The measurement of an individual's perception of his/her employer's giving program was recently researched by Walker Information and the Council on Foundations and reported as the Corporate Philanthropy Index (CPI). The higher a company scores on the


CPI, the more valuable the perception of the company's giving program.

While 78 percent of employees who work for high CPI organizations said it was very likely they would be with their company two years from now, only 69 percent of employees surveyed on a national level said the same thing. So there are retention benefits.

Performance benefits are also prevalent. Figure 1 reports on the increases in employee retention, attraction and productivity based on items surveyed in Walker Information's National Employee Benchmark Study. These items are also addressed in Aon's Employee Engagement Index, which employers use to understand and influence their employees' impact on organizational performance.

To state what for many organizations is obvious: Customer loyalty and satisfaction are strong issues for every business organization, particularly in tough economic times. The relationship between customer loyalty and satisfaction and companies with high CPI should make any CEO take note. The Walker Information CPI Study reports that 88 percent of customers are extremely or very likely to

recommend a company with a high CPI to others. That number drops to 51 percent recommending a company with a low CPI.

So when (now 40 years ago), John Lennon and Paul McCartney wrote "And in the end, the love you take is equal to the love you make," they were correct from at least one sense, although we doubt they were doing any corporate consulting with the phrase. Employee engagement and profitability are clearly connected to a strong CSR program. 

#### ABOUT THE AUTHORS

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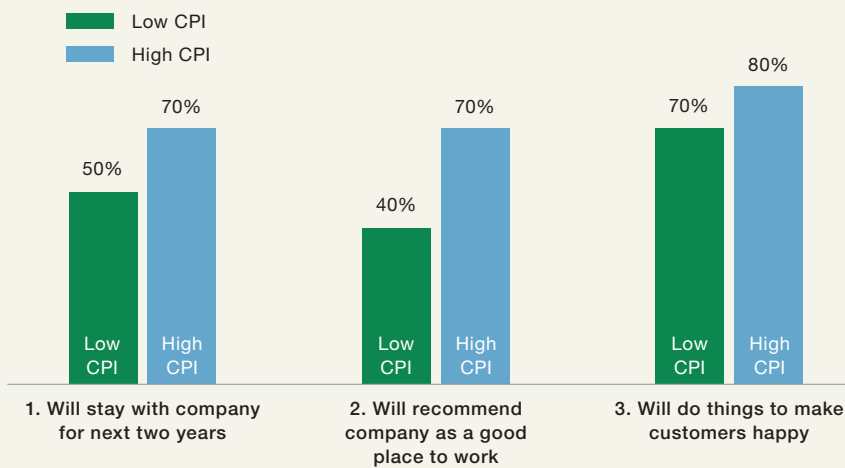
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FIGURE 1: INCREASING EMPLOYEE RETENTION, ATTRACTION AND PRODUCTIVITY



All three are key items within Aon's Employee Engagement Index.

Source: Walker Information's National Employee Benchmark Study. Total sample of respondents = 2,690.