

**Corporate Social Responsibility: Implications for Human Resources
and Talent Engagement**

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I. Introduction

Over the past few decades, Corporate Social Responsibility (CSR) has become increasingly more important as a strategic focus in today's workplaces (Lockwood, 2004). Organizations have been integrating socially and environmentally oriented objectives into their responsibility frameworks to reinforce business strategy as well as to address the concerns of stakeholder groups. There has been much research conducted on the topic broadly defined, but the role of human resources in the CSR arena is still a relatively new and unexplored area of study (Inyang, Awa, & Enuoh, 2011). This qualitative research project spearheaded by Cornell University's Center for Advanced Human Resource Studies (CAHRS) seeks to explore four main questions regarding the HR-CSR nexus: To what extent do early career employees consider CSR strategy in their evaluation of employers? How do organizations and HR leadership integrate CSR initiatives into their employee value proposition? What are some of the priorities/challenges in leveraging CSR as a way to recruit and retain talent? What type of role does HR currently play in this process and how could it be further developed?

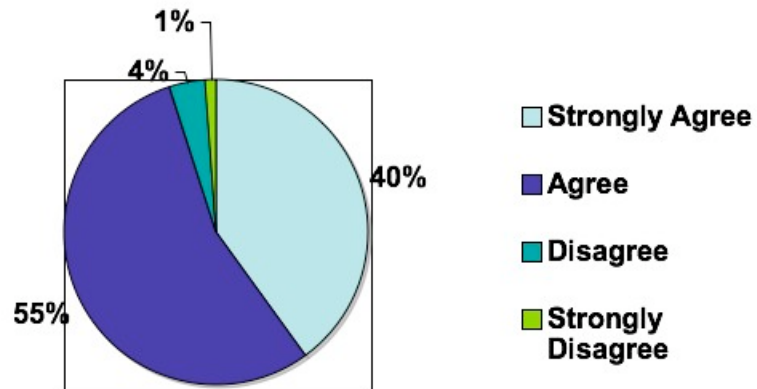
II. Talent Perspectives: Employee/Student Survey Data

To explore the extent to which early career employees value CSR and consider it in choosing where to work, CAHRS administered an online survey to 200 students and young professionals from around the United States under the age of 30. It was found that though there is a strong emphasis on CSR within Generation Y, its importance might be deceptively overstated. There is not necessarily a causal link between CSR and employee engagement. The survey data aligns with external research in that there are mixed results regarding the impact of CSR initiatives and CSR index rankings on employee recruitment and retention.

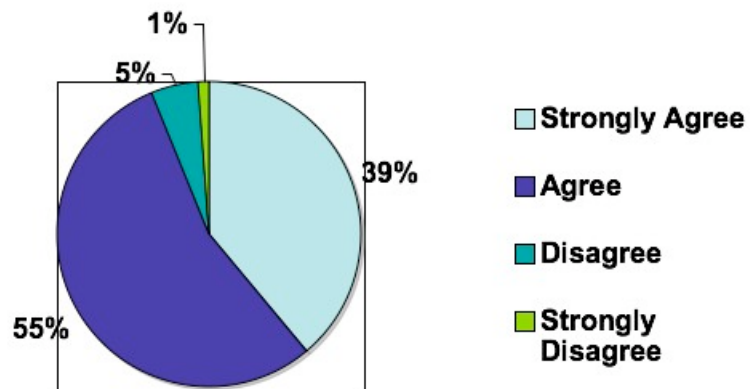
CSR is one important factor in an employee engagement strategy, but it should be paired with other factors to create a balanced, total rewards strategy. About 90% of respondents said they would be more likely to join or stay with a company with strong reputation for CSR that supports charitable initiatives and promotes sustainability efforts. However, only 65% of respondents said they would take a pay cut to work for such a company. Furthermore, when asked to select the top factors prioritized in evaluating a job opportunity, the three most popular choices were compensation, opportunities for promotion and advancement, and passion for profession. One participant commented, "I would prefer a higher income that allows me to support social issues I believe in than have my company make that decision for me."

Student/Employee Survey Data Snapshot Results:

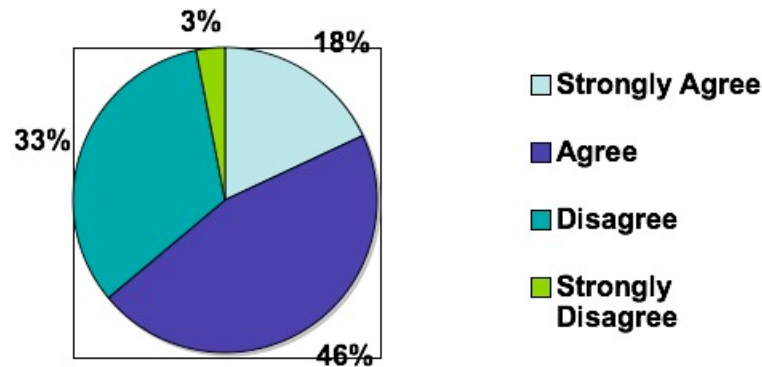
I would like my ideal employer to balance economic success with social and environmental objectives:



I am more likely to join and stay with a company that has a reputation of strong corporate social responsibility and supports charitable initiatives:



I am willing to take a pay cut to work for a company with a strong, mission-driven attitude regarding corporate social responsibility and sustainability issues:



Within CSR, data indicated that an important concern for students and early career employees is the scope and depth of CSR within organizations. Employees appreciated the availability of specific CSR practices such as volunteer opportunities, but they would prefer a stronger link between social responsibility and the organization’s overall culture, mission, and operations. Many open comment responses reflected a desire for CSR to be embedded in the organization more broadly:

“I wouldn’t be willing to take a pay cut to simply work for a company with green initiatives/charitable affiliations, etc., but I would take a pay cut if the company’s actual product/service/line of business itself were mission-driven.”



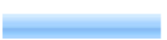





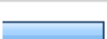

“What the organization is matters more to me than what it allows me to do. I am less concerned with being able to do volunteering and charitable giving through a business. I can do that on my own time. However, if I’m spending 40+ hours/week striving for excellence in a company, I only want to do so if the mission, vision, and values of said company represent what I believe in.”

Other participants voiced concern over pressure to participate in CSR-related initiatives and noted that these practices might be utilized as public relations and marketing campaigns.

“I view it mostly as a recruiting tool organizations use to show how 'green' they are. Corporations need to do more and take responsibility for society.”

“I don’t know if providing these types of services is really key. They are useful inasmuch as they signal something interesting about corporate culture, but in my experiences, they are often mere smokescreen, and are of little functional utility.”

Top 3 Factors Prioritized in Evaluating a Job Opportunity:

		Response Percent	Response Count
Compensation		50.2%	104
Identification with organizational mission		27.5%	57
Meaningful relationships with co-workers and external stakeholders		26.1%	54
Opportunities for promotion and professional achievement		48.3%	100
Opportunities to develop and mentor others		10.1%	21
Opportunities to give back to society		14.5%	30
Passion for profession		45.4%	94
Personal sense of control, independence and autonomy		23.2%	48
Sense of calling and duty		16.4%	34
Work-life balance		38.6%	80

It is clear that CSR is on the mind of Generation Y employees but not the only or most important factor in their choice of employer and engagement level. Organizations have choices about how fully integrated CSR is in the organization’s culture and job design. For example, CSR could be conveyed as an employee responsibility and an integral part of job design and one’s performance evaluation. Alternatively, organizations could allow time and funding for employees to make more choices about their personal and self-directed CSR-related pursuits. Beyond internal practices, some employees examine an organization’s external relations with supply chain partners and governments as indicators of CSR commitment. It is important that organizations become aware of the varying range of employee preferences and strategically align CSR initiatives with the employee population they are seeking to attract, motivate, and retain.

III. Company Perspectives: Interviews with CAHRS Partners

Methodology

To supplement the data obtained from the student and employee survey, CAHRS conducted nineteen phone interviews with CAHRS partner companies to explore the role of HR in shaping CSR's impact on talent engagement. The research participants consisted of senior leaders in the human resources or corporate social responsibility functions working in a range of industries. These sectors included consumer products, manufacturing, healthcare and pharmaceuticals, retail, technology, and financial services among others. Each 20-30 minute interview focused on the following issues: 1) the scope of the organization's CSR strategy, 2) the integration of the CSR function into the organizational structure, 3) HR's role in the CSR arena, 4) CSR's impact on the employee value proposition, and 5) upcoming challenges and priorities.

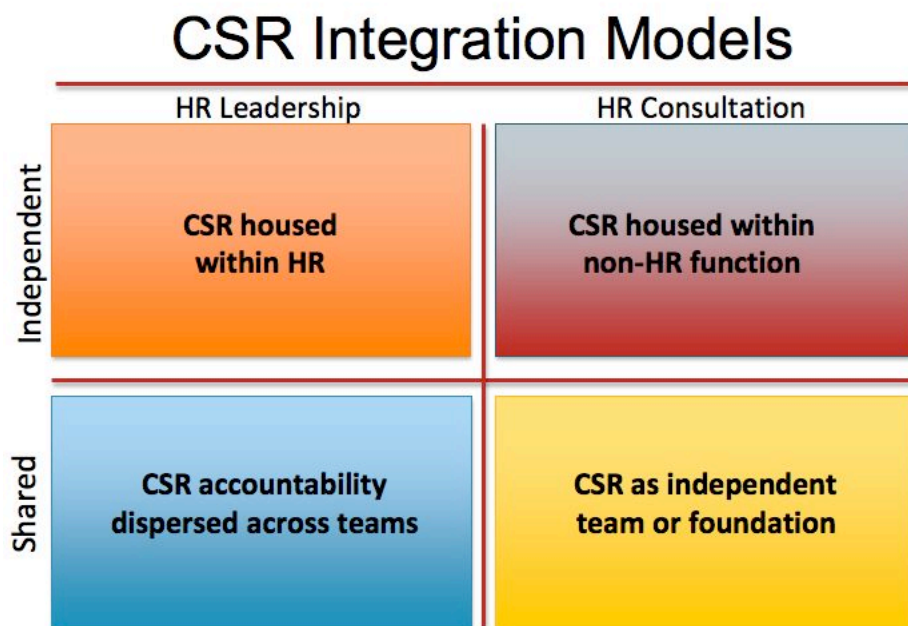
Scope of CSR Strategy

The organizational definition of CSR and scope of such strategy encompass a wide range of initiatives. On a broad level of commitment to corporate responsibility, organizations enact internal codes of conduct or participate in external frameworks such as the United Nations' Global Compact. Regardless of the specific platform, these guiding principles and criteria serve to reinforce responsible and ethical governance with prioritization on the triple bottom-line (profit, people, planet) and ESG goals (environment, social and corporate governance issues). Topics of focus fall under the following main categories: social and community development, environment and sustainability, labor standards and supply chain issues, and workplace programs (such as employee engagement and L&D opportunities). Most of the research participants adopt a balanced approach of developing programs within each umbrella and heightening emphasis on key areas that are most relevant to their business operations. For instance, a consumer goods company might direct more resources towards packaging and sustainability issues, whereas a financial services firm might take a closer examination of responsible investing decisions in developing communities.

Integration Models of the CSR Function

Given that CSR is intrinsically linked to various organizational functions, the research participants demonstrated the prevalence of four models of CSR integration into an organizational structure. For some organizations, the CSR function operates under another independent department. For example, CSR could reside within the human resources department and report directly to the Chief

HR Officer. Another common permutation of this framework consists of CSR being housed within a non-HR function, such as communications or public affairs. HR embraces a stronger leadership role in the former case while adopting consultation responsibilities in the latter set-up. Meanwhile, other organizations feature CSR as a shared function instead of a team within an independent department. One version of this approach entails dispersing CSR accountability across teams or functions with a multi-departmental, leadership panel. Alternatively, organizations could also establish a separate foundation or CSR team to oversee this strategic implementation across various departments. Again, HR tends to play a heavier leadership role in the first form of this shared accountability structure.



The Role of HR and CSR in Shaping Employee Value Proposition

In line with the broad scope of the organizations' CSR strategy, CAHRS partners indicated a wide variety of vehicles in which employees could participate in and drive CSR-related activity. The first area of engagement consists of advanced HR practices reported as CSR. As part of the companies' social responsibility commitment to their communities (specifically their workforce), these employee programs promote health and safety, learning and development, diversity and ethics training, and wellness. Secondly, many CSR initiatives in the community development and partnerships realm utilize employee participation. This involvement may manifest itself through volunteer efforts, fiscal or material donations, and capacity-building projects incorporating employee expertise and consulting skills. Lastly, organizations can integrate CSR into the job design for specific positions as appropriate,

based on business mission. Performance evaluation and compensation standards can similarly serve to reinforce achieving organizational CSR goals on an individual employee level.

The organizational structures outlined earlier can more effectively position HR to take on a stronger leadership-oriented or consultation-oriented type of role in designing and executing these CSR initiatives. But specific organizational cultures determine the level to which such structures become enablers or constraints on HR's deep involvement with CSR strategy. As a result of the interplay between organizational structure and culture, HR can adopt a functional or proactive role within this space, though both are not mutually exclusive. HR acting in a functional capacity emerges through the implementation and management of CSR programs within the talent population. Such a role also includes the assessment of employee feedback and offering consultation to strategy devisers based on such data. A proactive stance features HR in the role of co-developing the company's strategic direction for CSR matters. It also reflects a strong HR priority on building a culture of responsible leadership through fostering and coaching CSR champions among its client groups.

Aligning with the feedback from the employee and student survey, all the companies cited CSR as a strong driver of engagement, though not the sole factor of retention. A few organizations noted slight differences, such as more vocal interest among Generation Y or early career employees as well as varying CSR topical focuses by region. However, the consensus among the interviewed participants seemed to be that a strong CSR culture would attract and further foster talent interest in this arena regardless of employee demographics.

IV. Challenges and Recommendations

Designing and Implementing CSR Strategy

The primary concerns and priorities expressed among participants about their organizations' CSR initiatives in relation to employee engagement emerged from four key stages: designing, implementing, communicating and assessing CSR strategy. In terms of devising CSR goals and programs, an inherent challenge exists in avoiding impressions of green-washing or adopting CSR for the sake of enhancing public relations. As reinforced in the survey feedback from employees and students, CSR efforts that are too focused in one, high-profile arena (as opposed to an approach that more fully embeds CSR in all areas of operations) might be vulnerable to employee interpretations of such acts as marketing efforts. To maximize employee engagement in their CSR strategies, organizations should implement a co-creation model in developing CSR programs. Instead of a top-down approach, organizations could foster employee engagement by using a mechanism or forum for

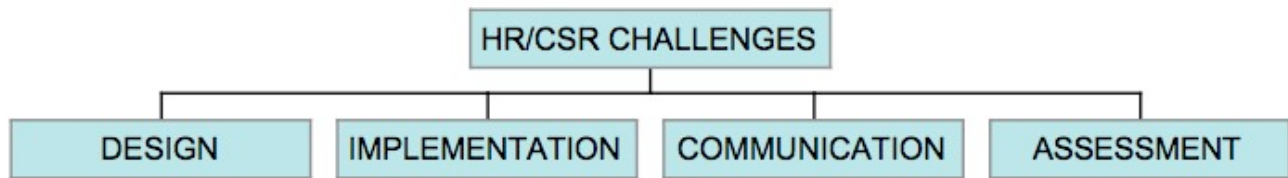
employee consultation and feedback. Organizations should further enable employee-driven CSR goals to enhance employee engagement in this space.

In implementing such CSR programs, companies also struggle with balance between standardization and customization. To some degree, both are necessary to appropriately address the needs of stakeholder communities. A more nuanced effort to move away from uniform implementation to tailored initiatives for employee segments and local communities may be necessary and more feasible as a company's CSR organizational capacity further develops. This shift to a more localized approach, where appropriate, would also help alleviate concerns of false employee perceptions of CSR as only a publicity management tool.

Communicating and Assessing CSR Strategy

A majority of cited challenges rests in the post-execution stages of communicating CSR initiatives to employees and assessing their impact on the talent population. Regarding communication, organizations would like to strengthen their outreach to employees in terms of promoting awareness of the companies' CSR values and programs. Beyond the basic level of informing employees about such initiatives and opportunities to participate, HR should align job design, staffing, performance management and compensation with the organization's CSR values. HR could also develop avenues for proactive CSR mentoring, in which managers could reinforce a culture of responsible leadership and CSR-related expectations among new or early career employees. This close integration of CSR values into HR functions will help build and promote a workforce culture strongly aligned with the organization's CSR strategy.

The assessment of CSR efforts' impact on the talent population, among other business performance metrics, proves to be an ongoing area of opportunity for most organizations. As a foundation, organizations need to develop and strengthen CSR reporting and auditing systems that reinforce transparency and consistency. With such mechanisms in place, HR can start to design more effective metrics around the impact of CSR strategy on employee outcomes. Such criteria to evaluate include internally focused measurements of employee engagement, attitude, satisfaction, embeddedness and commitment. External factors include retention, productivity and absenteeism. CSR is undoubtedly a driver of employee engagement, but organizations continue to experience difficulty in accurately capturing this link to specific talent outcomes.



V. Conclusion

This research study has shed light on Generation Y talent's concerns surrounding CSR in the context of a company's employee value proposition. It has also given insight into what current practices look like in today's organizations as well as upcoming areas of opportunity. Moving forward, it is important to maintain a sharp focus on the broader picture of how CSR impacts society and markets. Organizations need to enable HR to serve as a steward of human assets within their operational frameworks. To enact real change within global communities, organizations will need to strengthen HR's capacity to help employees become more proactive and integrated into their cultures of responsible leadership.

References

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- Lockwood, N. (2004). Corporate social responsibility: HR's leadership role. *HR Magazine*. 49(2).