CSR Role in Employee Engagement

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Abstract

Corporate social responsibility has an increasing amount of attention from practitioners and scholars alike in recent years. However, very little is known about whether or how corporate social responsibility affects employees. Because employees are primary stakeholders who directly contribute to the success of the company, understanding employeereactions to corporate social responsibility may help answer lingering questions about the potential effects of corporate social responsibility on firms as well as illuminate some of the processes responsible for them. This paper analyzes Corporate Social Responsibility's (CSR) influence on employees. This framework explains how employees 'perceptions of CSR trigger attitudes and behavior in the workplace which affect organizational, social and environmental performance. This model bridges micro and macro researches on socially responsiblebehavior; articulates social identification and social exchange processes, and explains how CSR contributes to corporate performance by influencing employees 'behavior.

KEYWORDS: CorporateSocial Responsibility – Employees – Perception – Involvement – Performance

INTRODUCTION

 This whitepaper explores the connection between corporate social responsibility (CSR) and employee engagement. Key findings from researched surveys that support a business case for organizations to consider implementing a CSR program are presented. Any effective strategy to attract and retain employees must be based on an understanding of engagement. The paper therefore examines the meaning of employee engagement and its correlation to attraction and retention. The business case for employee engagement is then presented, highlighting the importance of employee engagement, its impact on business outcomes and the costs associated with a disengaged workforce.

  The concept of CSR is introduced to give a reader a brief background into this broad topic. The connection between CSR and employee engagement is then presented. Evidence from surveys, management consulting, journalistic and corporate sources show that CSR is an emerging and increasingly important driver of employee engagement. The academic literature consistently identified an attitudinal as well as a performance dimension to CSR's influence on employee attraction, retention and engagement. The evidence presented in the discussion supports a business case for organizations considering implementing a CSR program. Thepaper concludes by providing some preliminary direction for CSR program implementation.

Corporate social responsibility (CSR) and employee engagement are two of the most discussed issues in the business world today. Meanwhile, research is being conducted that focuses on developing a better understanding of how engaged employees impact work and business outcomes, including productivity and profitability. But what is the connection between these two very important aspects of doing business in the 21st century? This paper examines the connection between a companies CSR practices and its ability to attract, retain and engage employees, and, ultimately, to influence work and business outcomes.

Defining Employee Engagement

While there is no single, agreed-upon definition ofemployee engagement, there is agreement that engagement entails more than just motivation or performance. Common themes found in most definitions include a commitment to and belief the organization and its values and a willingness and ability to contribute 'discretionary effort' to help the organization succeed. Many definitions also emphasize an emotional connection to the organization, a passion for work and feelings of hope about the future within the organization. Engaged employees also derive satisfaction from the success of the organization.

For example, a recent article in the Harvard Business Review asserted that employees are motivated by jobs that challenge them and enable them to grow and learn, and that they are demoralized by jobs that are monotonous or provide little opportunity for growth and learning. In 1990, William Kahn of the Boston University School of Management defined the concept of work engagement as "the harnessing of organizational members' selves to their work roles." Professor Riccardo Peccei has developed an engagement matrix, which includes two core elements of employee engagement: work engagement and organizational engagement. According to Professor Peccei, in the absence of either of these elements an employee cannot be fully engaged.

The State of Employee Engagement

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.

A 2005 Conference Board survey of employees found that two-thirds of workers do not identify with or feel motivated to drive their employer's business goals, 40% feel disconnected from their employers and another 25% are just "showing up to collect a pay cheque." These were the lowest levels of engagement ever recorded by the Conference Board in more than 22 years of studying the issue.

In 2008, Blessing White reported that although North America has one of the highest proportions oof engaged employees worldwide, only 29% are fully engaged and 19% are actually disengaged. Towers Perriin's 2007-2008 Global Workforce study found that disengagement encompassed over 70% oof the workforce and over 50% of management.

CSR's Influence on Employee Engagement

The proposition that an engaged workforce leads to a number of positive business outcomes has been well established. There is also a well-established list of some of the key drivers behind an engaged workforce. This section of the report examines a cross section of surveys, academic studies and other commentary that endeavors to analyze and asses the importance of CSR as an emerging driver of employee engagement.

The global survey of 1.6 million employees found that employees who have a favorable view of their organization's CSR commitment are also positive about other factors important to its success, including:

- Senior management's integrity,
- Senior management's sense of direction,
- The company's competitiveness in the marketplace,
- The company's interest in employees' well-being, and
- Their engagement or pride in their organization
- Right Management
- A 2009 study of engagement involving nearly 30,000 employees in 15 countries.
- Survey results suggest that an organization's culture plays a special role in driving engagement.
- Among the survey's more than 90 statements, the one that showed the highest correlation with engagement was, "I am committed to my organization's core values." By comparison, "There is sufficient incentive to perform well at my organization" ranked only 19th.

Suggestions relations to Importance of Employee engagement towards CSR implementation

- CSR is linked to employee engagement through reduced costs due to increased employee retention as well as improved reputation in the eyes of employees.
- "There was full agreement that CSR programmes favorably enhance corporate reputation and to some extent could influence employeeBehavior."
- Individual employees, as members of the organization, are concerned about, contribute to, and react to an organization's evolving social consciousness.
- Employees make distinct judgements about their employing organization's CSR efforts, these perceptions provide evidence regarding the fulfillment of psychological needs, and acts of social responsibility or irresponsibility on the part of the organization can trickle down to affect employees' subsequent attitudes and behavior's.
- Increasingly, employees seek out socially responsible companies.
- Practitioners and theorists are increasingly turning to internal marketing as the rubric under which CSR can be used to acquire and retain employees.

CONCLUSION

Setting out to design and implement a CSR program can be a daunting undertaking. It may involve a significant commitment of resources both human and financial and can present challenges from a project management perspective. Despite these potential challenges, this report demonstrates that, if properly implemented, a CSR program can bring a variety of

work and business benefits. For companies embarking on a process of designing and implementing a CSR program, keeping the following principles in mind will help to make the journey less complicated and deliver results that will meet expectations:

i.   **Set overall goals.**

CSR programs, especially in the early stages, cannot be all things to all people. Therefore, focusing on between one and three key issues and setting generalizations related to those issues will serve as an overall guide for the process.

ii.   **Keep the process targeted.**

For example, if the goals of the CSR program are to improve employee engagement and reduce environmental impact, focus on policies and programs that will help to achieve these goals.

iii.   **Start small and build upon past efforts.**

You have to crawl before you can walk and walk before you can run.

iv.   **Focus on issues that matter to key stakeholders.**

In the case of employees, this often means issues that they feel personally connected to, such as helping the community or protecting the environment.

v.   **Include employees in the process.**

A recurring theme in the surveys and studies described above is the fact that involving employee's serves to enhance the effect that CSR has on employee engagement.

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