Ipsos MORI
Loyalty

Engaging Employees through Corporate Responsibility

Employee Relationship Management

Contents

This paper is one in a series of Ipsos MORI White Papers, which aim to shed new light on the business and research issues of the day.

Introduction

Understanding stakeholders' expectations is central to creating and maintaining a responsible business. Corporate Responsibility (CR) involves trying to reconcile and respond to these expectations on issues such as environmental management, sustainable development, social and ethical policy and community involvement. Previous research has documented the value of organisational CR initiatives on external perception and public image. Over and above this, companies must understand the impact it has on a most valuable asset - their employees (both existing and potential).

CR programmes touch employees in various ways. CR can take the form of:

- Encouraging everyone in the company to behave ethically in their day-to-day work and in accordance with company codes of conduct
- Using core products and services to make a positive impact on society and the environment
- Ensuring stakeholders, such as customers, local residents or suppliers are treated fairly
- Promoting a diverse workforce
- Encouraging employees to contribute to local community projects

CR looks different in every company, since it should address the major impacts of the organisation, further the business strategy and do so in a way that reflects the company culture and values. This research paper looks at the impact of these types of activities on employee engagement.

Ipsos MORI undertakes a vast amount of research on behalf of organisations, examining the impact CR has on different stakeholder groups, including employees. In this paper we share our experience and learnings, including evidence from Ipsos MORI normative data (Representative Employee Database, RED)*. We examine the relationship and measure the effect that CR policies have on employee behaviour. In particular, we highlight the influence these initiatives have on employee engagement and the ability of organisations to attract and retain the right people.

Companies must understand the impact corporate responsibility has on a most valuable asset — their employees (both existing and potential)

The key business challenge for companies is to create the necessary environment which promotes employee engagement. Many leading HR professionals preach the benefits of this, but what does it involve in reality? It is the means by which an organisation seeks to build a true partnership with its employees such that everyone fully understands the organisation's objectives and where everybody works together to achieve them. It is a combination of commitment, involvement, organisational citizenship and an outcome of a positive psychological contract between employees and their employer.

So why should organisations look to engage their workforce? What is the business case? A highly engaged employee is someone who will consistently deliver beyond expectation and who has a sense of belonging and a strong bond with the company and its brand. Typically, engaged employees are strong company advocates who provide value for the business by raising awareness and trust in other stakeholders, reinforcing satisfaction and encouraging commitment in colleagues.

Employee engagement requires a two-way relationship between employer and employee: organisations must work to engage employees, who in turn have a choice about the level of engagement to offer their employer[1]. Those employees who are most committed perform 20% better and are 87% less likely to leave the organisation - indicating the significance of engagement to organisational performance[2]. One of the world's most successful organisations, Microsoft, believes that it is engaged employees that create a great company:

"We believe that our employees are one of our strongest assets... our vision is to create an environment where great people can do their best work and realise their potential"[3].

Employee engagement requires a two-way relationship between employer and employee: organisations must work to engage employees, who in turn have a choice about the level of engagement to offer their employer

CR - The Employee Perception

Ipsos MORI survey data clearly demonstrate the importance of CR policies to employees. Almost nine in ten (86%) British workers believe it is important that their own employer is responsible to society and the environment, with over half (55%) feeling that it is "very important".

Given the value employees attach to responsibility, what influence does this actually have on the decision-making process for workers when applying to join, or choosing to stay with, an organisation?

Employer's Responsibility to Society

Q. Thinking about the organisation that you work for, how important is it to you that your own employer is responsible to society and the environment?

Legend:
- Very important
- Fairly important
- Not very important
- Not at all important
- No opinion
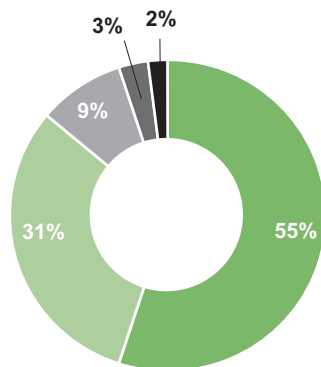
Important 86%
Not important 12%

Base: 856 working (16+) GB adults, March 2005[4]

Over half of British workers say it is "very important" that their employer is responsible to society and the environment

Attracting and Retaining Employees

"A new breed of job seeker is placing ethical issues above financial incentives when considering a job offer. Future job packages need to reflect this new-found ethical consciousness among job seekers if companies are to maintain their appeal"[5].

Operating in an intensely competitive labour market where maintaining competitive advantage is vital, businesses face a constant struggle in attracting and retaining the highest quality employees. It is crucial to understand what attracts, drives and motivates this "scarce" resource. Employers need to understand the factors that construct an attractive corporate image, which in turn actively encourages the most talented and productive workers to want to join.

Companies perceived to have strong CR policies often find it easier to recruit employees, particularly in tight labour markets[6]. Why? Governed by their social consciousness and core values, employees increasingly want to feel that they are doing the 'right' thing. This needs to be made easy for them and is accomplished by organisations undertaking CR initiatives that are aligned with the values and ethics of employees. Research shows that almost half (47%) of job seekers say they are more likely to join or stay with a company that addresses social issues[7].

Furthermore, responsible companies are perceived to be creative and innovative by over four in five employees - supplementing their appeal to prospective workers[8]. Increasingly, corporate mission statements are going beyond functional business goals and are trying to tap into people's feelings. Firms such as IBM, Microsoft and General Motors lay emphasis on their community programmes within recruitment literature[9]. By doing so, they clearly outline their values as employers to prospective workers.

Focusing on the influence CR has on staff retention, seven out of ten employees (in the US) with a favourable perception of their company's community commitments plan to stay at that company for the next two years, compared to half of those with a less favourable perception[10]. The impact on retention is particularly significant given the sizeable costs associated with recruiting and training new employees.

Employer Advocacy

"Our colleagues are advocates in the marketplace. Responsible business practice is a key driver of their advocacy"[11].

Three-quarters (74%) of the public agree that they would believe the word of an employee over that of a company brochure or advert regarding a company's contribution to society and the environment. Employees of a large company have a potentially wide reach and they are seen as particularly credible advocates on CR. If your people aren't preaching about you, you're missing out on attracting a large proportion of potential customers.

Employees are Influential Advocates

Q. To what extent do you agree or disagree with the following statement?

When hearing about a company's contribution to society and the environment, I would be more likely to believe the word of someone who worked for that company than a company brochure or advert.
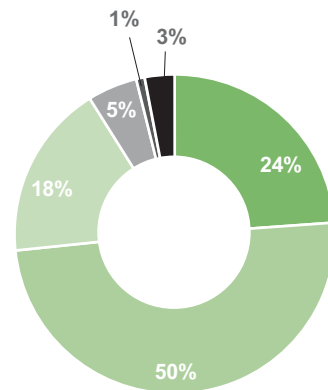
- Agree strongly — 24%
- Tend to agree — 50%
- Neither — 18%
- Tend to disagree — 5%
- Disagree strongly — 1%
- No opinion — 3%

Agree 74%
Disagree 5%

Base: 954 working (16+) GB adults, March 2005[12]

Employees of a large company have a potentially wide reach and they are seen as particularly credible advocates on CR

Ipsos MORI benchmark data prove that staff who feel their company is paying enough attention to environmental protection and sustainable development are more likely to be advocates. Three in four British employees (75%) would recommend their company if they feel it is environmentally responsible, compared to fewer than half (43%) if they feel it is not. This clearly highlights the impact CR has when aligned with employee ethics; employees are able to take their values to work (rather than feeling isolated from the outside environment in their workplace) and will often be so impressed with this situation that they will give glowing recommendations of the company to others.

Recommending Company as an Employer

Q. Would you recommend your company as an employer to a friend or family member?

75

23

My company **is** paying enough attention to environmental protection/sustainable development

43

56

My company is **not** paying enough attention to environmental protection/sustainable development

— % Yes, definitely/ yes, somewhat

— % No, not really/ no, not at all
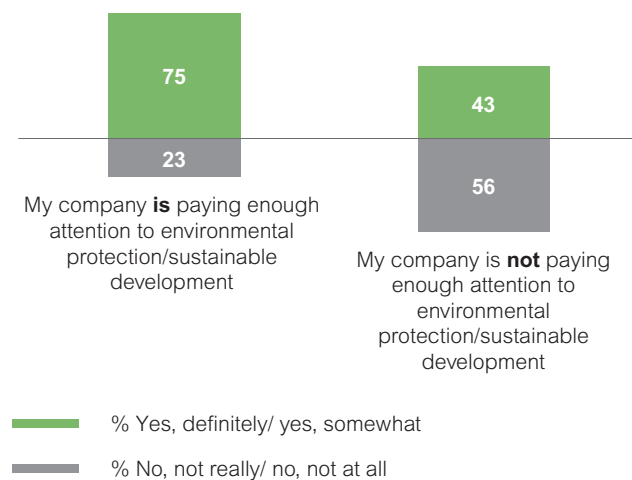
Base: 2,518 working GB adults, RED*

Three in four British employees (75%) would recommend their company if they feel it is environmentally responsible, compared to fewer than half (43%) if they feel it is not

* Percentage scores are an average of two questions (Q1: "At the present time, do you feel that too much attention, enough attention or not enough attention is being paid to Environmental protection within your company?" Q2: "At the present time, do you feel that too much attention, enough attention or not enough attention is being paid to Sustainable development within your company?")

Using Relationship Hierarchy to Deliver Business Excellence

Advocacy is an imperative element of employee engagement. Such workers typically give that extra effort which ultimately enhances corporate performance. This concept is evident in a relationship hierarchy model, where advocacy is the optimum goal. Key relationships of a business can be thought of in terms of a hierarchy.

The further people move up it in their relationship with a company, the more they are prepared to give: positive attitudes exhibited by advocates in the workplace have a significant motivating impact on their colleagues, enabling the creation of a virtuous cycle. This basic framework has been used by many companies using Ipsos MORI research to provide an understanding of how effectively they are 'creating value' by moving each stakeholder group up the hierarchy.

Relationship Hierarchy Model

Using relationship hierarchy to deliver business excellence
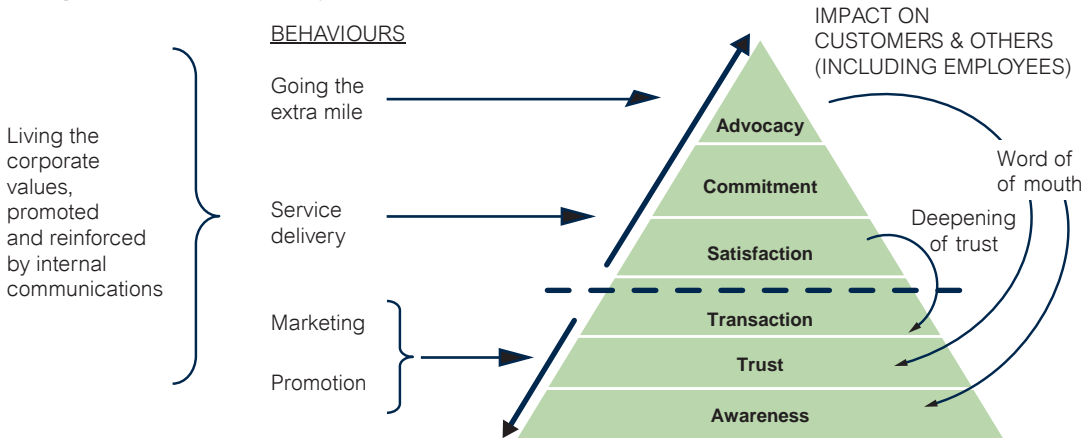
Source: Ipsos MORI Employee Relationship Management

Commitment

As well as the influence on advocacy, there is an evident outcome of CR initiatives on employee commitment. The very presence of community support initiatives at work has an impact on job commitment[13]. Such schemes, which actively involve employees, can increase employee skill levels in areas such as collaboration, project management and influencing, thereby facilitating personal development[14]. This in turn boosts commitment to the company[15]. Among employees (in the US) who are simply aware of their employers' support for the community activities, over a third (35%) say that this feature has made them more committed in their jobs[16]. Among employees who are involved in volunteering through work, nearly three quarters (73%) say their employers' support has made them more committed to their jobs[17].

Complementary evidence of this outcome is brought to light in Ipsos MORI normative data; three-quarters (75%) of employees who consider their organisation to be paying enough attention to environmental protection and sustainable development exhibit high levels of commitment. In contrast, over half (52%) of those working for organisations they believe possess inadequate CR policies demonstrate low levels of commitment.

Commitment to Present Job

Q. What would you say your degree of commitment to your present job is...
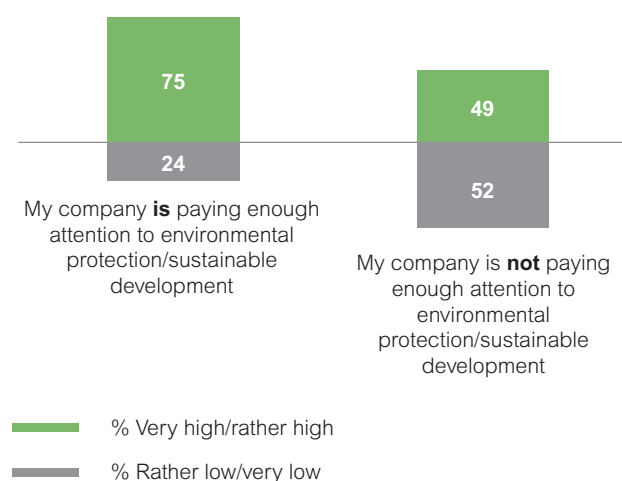
My company **is** paying enough attention to environmental protection/sustainable development — 75 / 24

My company is **not** paying enough attention to environmental protection/sustainable development — 49 / 52

— % Very high/rather high
— % Rather low/very low

Base: 2,518 working GB adults, RED*

The very presence of community support initiatives at work has an impact on job commitment

* Percentage scores are an average of two questions (Q1: "At the present time, do you feel that too much attention, enough attention or not enough attention is being paid to Environmental protection within your company?" Q2: "At the present time, do you feel that too much attention, enough attention or not enough attention is being paid to Sustainable development within your company?")

Motivation

It is sometimes assumed that employees concentrate on the primary reasons why they work such as pay, benefits, getting that nice corner office for themselves. Nevertheless, experience in analysing what drives employee motivation in the workplace seldom highlights these as key motivating factors. Influential drivers typically include alignment between an individual's work and company strategy or business goals, feeling valued and recognised and having a supportive and effective manager. Some employees appreciate the fact that their employer appears to share their values, expressed in the use of CR initiatives[18]. Such employees are able to exhibit a greater willingness to succeed in the workplace.

Almost one in four (23%) of those who think their organisation is environmentally aware have an increasing sense of motivation to make the company succeed, compared to only 8% for those who think their company is not paying sufficient attention to these issues. Of equal significance is minimising the onset of declining levels of motivation amongst the workforce (16% vs. 42% respectively). Once an employee's motivation starts to decline, levels of cynicism rise and it is difficult to turn these workers around.
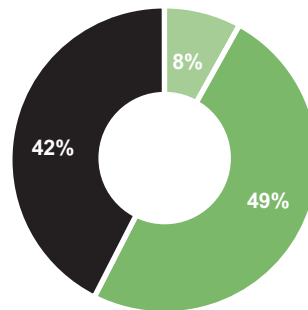
Motivation to make Company Succeed

Q. At present, is your sense of motivation to really make the company succeed...

● % Decreasing   ● % Remaining stable   ● % Increasing
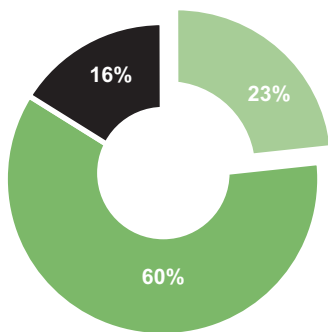
My company **is** paying enough attention to environmental protection/sustainable development

My company is **not** paying enough attention to environmental protection/sustainable development

Base: 2,518 working GB adults, RED*

* Percentage scores are an average of two questions (Q1: "At the present time, do you feel that too much attention, enough attention or not enough attention is being paid to Environmental protection within your company?" Q2: "At the present time, do you feel that too much attention, enough attention or not enough attention is being paid to Sustainable development within your company?")

Considerations for Linking CR with Employee Engagement

Clearly then there are great benefits from integrating CR with employee engagement strategies. For managers, trying to bring the two together, there are some initial points to consider:

- Bear in mind the corporate culture when setting CR initiatives; the approach should intuitively fit with the organisation and ideally employees should be consulted during the development phase.
- Provide rationale and reasons for undertaking these initiatives, linked to the business strategy.
- Provide clarity over the role employees are expected to have, highlight and reward good practice.
- Engage line managers (given their pivotal role in influencing employees) when promoting and communicating CR.

- Enhance your reputation with prospective employees by emphasising CR policies in recruitment literature.
- Make CR policies and initiatives a high priority in internal communications; the best responsibility programme cannot influence employees unless they know about it.
- Be creative in the communications messages; bring CR to life for employees; memorable case studies featuring ordinary employees can be effective.
- Measure employee awareness and expectations of CR initiatives to inform future strategy and demonstrate their impact. Include relevant CR related questions in regular employee surveys and evaluate the success of specific projects in the eyes of employee participants.

There are many benefits from integrating CR with employee engagement strategies

Conclusions

Employee engagement is an endless corporate mission which needs to be pursued in order to achieve and maintain a competitive advantage. CR is a multi-faceted subject with different expressions in different companies. As a key stakeholder group, CR initiatives are just as important (if not more so) for employees as for external audiences. Aligning corporate values with employees' ethics has a significant impact on employee engagement. This research gives evidence that a successful CR campaign could improve aspects of:

- Employer advocacy
- Commitment
- Motivation

In addition, it could also help to attract and retain employees. Corporate policy-making should take into account the use of CR as a leverage to achieve the desired outcomes on the existing and potential workforce. Integral to this is a consistent internal communications campaign, promoting company CR initiatives.

A well known modern day axiom is that good ethics means good business. Customers vote with their wallets; employees do it with the discretionary effort they are prepared to give - organisations must give them reasons to go the extra mile, over and above practical benefits which are offered. Tapping into workers' social consciousness will help achieve this, ultimately enriching the vital two-way relationship that exists between employers and employees.

Employee engagement is an endless corporate mission which needs to be pursued in order to achieve and maintain a competitive advantage

Corporate policy-making should take into account the use of CR as a lever to achieve the desired outcomes on the existing and potential workforce

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Further information

Employee Relationship Management
Ipsos MORI
77-81 Borough Road
London SE1 1FY

t: +44 (0)20 7347 3000
f: +44 (0)20 7347 3800
e: employee@ipsos.com
www.ipsos-mori.com/employee

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