Corporate Social Responsibility: A Beacon for Top Talent

BY KRISTI LEBLANC, EXECUTIVE VICE PRESIDENT
In the never ending “war for talent,” human resources executives continue to sharpen their strategies for attracting and retaining top candidates at the vice president level and above. From corporate culture and workplace perks to new development and leadership opportunities, every human resources department now offers high potential candidates much more than a compensation package. Today, more than ever before, we see corporate social responsibility (CSR) as one of the most prominent areas where companies can stand out to high potential candidates.

Over the past 20 years, business leaders and scholars have demonstrated that CSR initiatives provide companies with distinct competitive advantages. Indeed, one recent study conducted at Harvard Business School examines the performance of 180 U.S. companies between 1993 and 2009. The scholars find that “high sustainability” companies—those that adopt a substantial number of environmental and social policies for a significant number of years—outperform “low sustainability” companies over the long-term in both stock market and accounting performance. Other studies have directly linked CSR to improved reputation, cost savings, revenue increases, risk reduction, tax advantages, financing advantages and more.¹

Researchers have also produced compelling evidence that socially responsible firms attract higher quality talent. One of the most interesting studies found that the more skills, education and job choices job candidates have, the more they find corporate social responsibility attractive in a potential employer. Put differently, the most desirable employees are those that care about an employer’s corporate social performance.²

Thus, corporate social responsibility initiatives can be a beacon to high potential job candidates who want their work to reflect their deepest held values. Potential executives will be offered superb compensation packages from multiple companies—but not every company will offer the chance to imbue daily work with meaning and inspiration of a greater mission. HR executives who want to turn corporate social responsibility into a lever of talent must take on three primary challenges:

1. Defining and structuring CSR for their organization
2. Developing CSR initiatives that engage employees
3. Communicating CSR to high potential candidates

This paper will discuss how HR executives can succeed in each step.

To potential job candidates, corporate social responsibility can be summed up in one word: “impact.”

According to Net Impact’s Talent Report: What Workers Want in 2012, 53 percent of workers and 73 percent of students say that having a job where they can “make an impact” is very important or essential to their happiness. More than half of all workers and roughly two-thirds of students also say that making a contribution to society or making a better world is very important or essential to their ideal job.

Talented candidates want to see their work and their company’s work generate more than just revenue. So for the purposes of building CSR initiatives into a lever of talent, I recommend that HR executives use a definition created by the CSR Initiative at Harvard’s Kennedy School of Government:

“We define corporate social responsibility strategically. Corporate social responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm.”

While workplace diversity programs, local volunteering opportunities and fundraisers can easily be administered by HR, this definition highlights how the scope of CSR demands that HR engage C-level executives, board members and senior management throughout an organization. CSR programs for product design, carbon emissions and procurement, for instance, cannot occur without buy in, leadership and initiative from relevant executives and departments.

However, CSR must also grow from the bottom up. HR should actively solicit ideas from all levels of an organization and play a central role in identifying CSR leaders, brainstorming initiatives, setting measurable CSR goals and establishing timelines for implementation. In an organization without a track record of CSR, HR will function like an internal consultant.

Given the scope of CSR activities, HR’s leadership may change over time. As researchers at Cornell University’s Center for Advanced Human Resources Studies point out, CSR can be housed in HR, led by HR and dispersed across teams, housed with a non-HR function (such as marketing or public relations), or established as an independent department. Ultimately, this structure will depend on the distribution of “CSR champions” throughout an organization and the budget available.
Engaging Employees in Corporate Social Responsibility

According to the Reputation Institute’s 2012 CSR REPTRAK™ 100 STUDY, which polled 47,000 consumers in the 15 largest economies, Microsoft, Google, Walt Disney, BMW, Apple, Daimler (Mercedes-Benz), Volkswagen, Sony, Colgate Palmolive and Lego are regarded as the best CSR companies globally. The study also found that 42 percent of a company’s reputation is driven by citizenship, governance and workplace considerations. Altogether, a mere 22 percent of the 100 most reputable companies in the world are regarded as “ethical, open and transparent.”

So what differentiates the top 10? What will make a CSR program stand out to a high potential job candidate?

1. Comprehensive and Authentic – CSR run programs should cover a wide range of issues: environmental sustainability, workplace diversity, human rights, education, economic development, responsible sourcing and community development are among the diverse set of issues that the top 10 corporations tackle. A CSR program should take into account that every employee in an organization will bring a unique background and set of experiences. For example, LGBQ candidates will likely choose an organization that offers health benefits to same-sex partners, hosts a support group and sponsors outside LGBQ advocacy groups. An executive recruit with a degree in environmental science could be passionate about reducing emissions or improving water quality in local watersheds. A comprehensive CSR program should call to diverse interests and priorities, but not at the expense of authenticity. CSR must be driven by actions and results, not catchall slogans.

2. Proactive Rather than Reactive – For the top companies, CSR is not about damage control—it’s about using a company’s strengths and talent to create positive impact at scale. Large charitable donations are admirable, but they do not carry the weight of accomplishments achieved through the creativity, passion and drive of individuals and teams. For instance, Colgate Palmolive’s Bright Smile, Bright Futures® program has provided free dental screenings and education for 700 million children in 80 countries. Microsoft YouthSpark, only a year old program, has helped over 100 million youth get access to technology education and skills training programs. The company is also building an online-based digital literacy curriculum as well as funding school-based computer science education programs throughout the world.

3. Documented Intelligently – Perhaps more than any other factor, the top 10 CSR companies have done an impeccable job recording and communicating their initiatives. Their corporate sustainability reports, web pages and social media sites reference very specific CSR metrics, achievements and even acknowledge setbacks or areas for improvement. High potential job candidates want to see how they can be part of the action and shape a corporation’s impact, so the extent of employee engagement at all levels must shine through CSR communications. Record how many volunteer hours employees spend and profile what teams and individuals are doing to make a difference.
Communicating CSR to Top Talent

As the strategic voice behind recruitment, compensation, training and development, HR executives have the opportunity to transform the culture of their entire organization through CSR. However, to attract and retain top talent with CSR, HR executives must develop strategies for communicating CSR to potential candidates and distinguishing candidates who can become CSR leaders. Just because potential executives are attracted to a company’s reputation, that does not mean they have the vision to lead, sustain and expand a CSR program.

To both attract talent and identify the best fit, HR leaders have numerous options, ranging from quite tame to quite aggressive.

Initially, many companies create a page on CSR for their recruitment website. While the company may have a distinct CSR website, placing CSR information, milestones and media coverage on the careers page communicates to all candidates that CSR is central to the organization and their role.

HR can also draft a CSR one-pager that is tailored to the position they seek to fill. For instance, if HR is looking for a CIO, the one-pager can highlight how the company IT department has contributed to CSR. A discussion of green datacenter practices or technology recycling and donation projects will cue candidates to the impact of their role and the expectation that they contribute to CSR.

In addition, HR can make CSR part of the interview process by asking related questions. What CSR initiatives have you been involved in? At our company, which initiatives would you get involved in? If you were tasked with designing a new CSR initiative, what would you launch? This will reveal how well candidates understand the company’s CSR culture and help gauge their interest and ability to contribute.

Assessing a candidate’s commitment to CSR is crucial because without VPs and executives who plan to carry the torch, CSR becomes impossible to sustain over the long run. While HR can also facilitate, encourage and lead CSR to some extent, departments throughout an organization must take ownership of individual projects.

Some corporations actually incentivize P&L leaders to achieve CSR goals by tying their compensation to sustainability targets. According to a report from the UN Global Compact, Dutch Royal Shell calculates the bonus remuneration of the company’s top five executives using a scorecard in which financial results weigh 30 percent, operational aspects weigh 50 percent and sustainable development weighs 20 percent. Likewise, executive remuneration at Aviva is influenced directly by company performance against publicly disclosed, long-term carbon emission targets. Both strategies send a very strong signal to potential (and current) executives.

While communicating CSR this way is too extreme for most American companies, modest bonus incentives or creative rewards may be a viable alternative.
Conclusions

As companies compete to attract and retain top talent at the VP level and above, human resources executives can use corporate social responsibility to gain an edge. As a practice that has shown measurable benefits for all wings of a business, from finance and operation to marketing and sales, CSR is not particularly difficult to sell to senior leadership and corporate boards. Indeed, as companies grow revenue beyond $100 million and extend their social impact beyond one town or state, CSR is likely to become a natural part of expansion.

To make CSR a beacon for top talent, HR must focus on defining CSR for their corporation, structuring the program and then engaging current employees. As the research in this paper indicates, most employees will appreciate the new opportunities to make an impact. The trick is to create CSR initiatives that welcome a diverse range of interests and causes, and promote projects that leverage the unique strengths and expertise of employees. All the CSR success must be celebrated, measured and carefully documented to show the company—and eventually job candidates—what the organization stands for and how its people make a difference.

Only after launching and developing a successful program can HR begin leverage CSR in recruitment and attract a new wave of highly talented leaders who can strengthen, expand and guide CSR into the future. HR departments will know they have succeeded once their organization has VPs and executives who spearhead CSR with HR’s blessing but without its badgering.
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