

Corporate Responsibility: Purpose, Culture, and the People Strategy

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Abstract

High-performing companies have a sense of purpose, engaged employees, and a strong culture, in part due to an integrated Corporate Responsibility (CR) strategy that guides pursuits, decision making, and actions. While many companies have CR elements in recruitment, hiring, and onboarding processes, for most companies, there is room for deeper integration in their professional development, evaluation and promotion, and retention practices. This article highlights examples of such integration from two leading companies, and provides questions and exercises to catalyze CR analysis and planning.

Keywords: corporate responsibility; employee engagement; purpose; sustainability

Introduction

Companies with engaged employees that are excelling in the marketplace have a strong sense of purpose and a culture that is underscored by Corporate Responsibility (CR). While some companies observe the myriad benefits of CR, such as engagement, branding, and financial performance, fringe approaches to CR will not yield rich dividends in the same way as a CR-embedded culture. This article highlights the people strategy for embedding CR into company culture via various stages of the workforce life cycle, based on the investigation of two companies.

Engaged employees are central to identifying and reaching Corporate Responsibility¹ goals and are also integral to high-performing companies, making the pursuit of engaged employees a business imperative. However, as noted in PwC's *The Keys*

to Corporate Responsibility Employee Engagement, "...the roadmap for success in this area—engagement that leads to real shared value—remains elusive."² This PwC report goes on to show a CR Employee Engagement Model that guides companies to enhance engagement while driving individual, business, and social value. The report highlights three critical components: connection, consistency, and continual improvement. The purpose here is to further flesh out how two companies consistently endeavor to engage their employees in CR through the lens of the workforce life cycle.

To garner insight into the two companies—Seventh Generation and Schneider Electric—CR leaders and engagement and professional development executives were interviewed and internally and externally generated reports were reviewed, for example, annual corporate sustain-

ability reports and NGO reports and rankings. The aim was to investigate and compare two companies that are excelling in CR, one a small "born green" company and the other a large, multinational company that "turned green."

Both companies have innovative strategies for embedding CR into various stages of the workforce life cycle as a means to engage employees. There were three commonalities in the companies. 1.) All company functions drive CR, including human capital, leadership and development/learning solutions, the C-Suite, operations, various lines of service or departments, finance, IT, government affairs, procurement, global supply chain, and so on. 2.) Both companies reported that CR branding attracts desired talent. 3.) (perhaps most important) CR is the heart of their mission/vision statements;³ without critical north stars, CR can

easily fall by the wayside in times of economic duress, or in a change of leadership. While both companies say that there is room for improvement, there is plenty to learn from their CR endeavors.

- Seventh Generation, a founding B Corporation and creator of household and natural care products, is a 150-employee, U.S.-based, organization that has been mission-driven since its start in 1988. In 2016, Seventh Generation ranked No. 7 on *Fortune's* 50 Best Workplaces for Giving Back.⁴
- Schneider Electric, an energy services company, has 140,000 employees in 100 countries and was ranked No. 27 in 2017 by Corporate Knights' Global 100 Most Sustainable Companies.⁵

The interviews were conducted by the author in 2014 and follow-up contact was made as recently as June 2017. Largely, the interviews revealed how e-companies uniquely engage their employees in CR; efforts cannot be considered a one-size-fits-all endeavor. What works for Seventh Generation will not necessarily work for Schneider Electric; cut-and-pasted efforts from one company to the other would likely read as disingenuous, for the missions of the companies are different, as are their sizes, locations, essence of employees, et al. As such, the aim of offering these examples is to provide perspective, generate questions, and catalyze provocative thinking for creating a strategy that heeds the importance of consistently engaging a company's employees in its own unique and evolving company culture and its sense of purpose. Additionally, the text boxes throughout this article are meant to serve as thought-provoking questions and exercises to determine

the degree/extent of CR embedded in a company.

What gives your company and its employees its/their sense of purpose?

Ask a handful of employees what they like best about their job and the company. Either way, you'll get some good insight—whether they cite money, serving on a board, helping halt habitat destruction, poverty reduction, reversing climate change, or something else.

Although companies and executives may know that engaging their employees in CR is beneficial for myriad reasons, aligning such opportunities and behaviors is not easy. One reason for this is likely that companies could do a better job of innovating CR opportunities that are meaningful to employees and would fulfill their personal sense of purpose. Another pitfall is expecting integrated CR engagement when efforts derive solely from one office or a handful of people. Lastly, CR is often a fringe endeavor that can easily be brushed aside in favor of short-term economic concerns in challenging times. If CR is embedded into the fabric of the company—into its sense of purpose, employees' daily endeavors, and strategic plans—then CR will not fall by the decision-making wayside, allowing a company to accomplish more, faster. Such an organization will not just be a company with a good CR strategy; it will be a good company that will be viable into the future—as are Seventh Generation and Schneider Electric.

While the featured companies shared innovative strategies for embedding CR into recruitment, hiring, and

onboarding, the marketplace seems to more-or-less have a handle on these types of endeavors. However, integrating CR components into professional development, evaluation and promotion, and retention are less common and as such are highlighted here.

Professional Development

Interviews with both employees and CR leaders revealed that CR is a key topic as part of milestone or on-the-job trainings. Schneider Electric has launched an initiative that provides one day of training per year per employee; it is part of their Planet and Society Barometer (PSB) and hence, includes evaluation. The PSB is comprised of 16 initiatives, each of which falls under the triple-bottom-line model of people, profit, planet. Whether through their internal university, an external university's executive education program, or some other provider, Schneider will pay for each of its 140,000 employees to receive training. Topics vary, but the goal of this program is to help

CR components in milestone and specialized trainings for various functional areas are one means of consistently engaging employees with CR content. Some organizations have benchmarks; other useful metrics include the UN Global Compact for procurement; natural capital; emissions metrics and carbon taxes; the Sustainability Accounting Statistics Board and Dow Jones Sustainability Index for tax and accounting; and diversity and social dexterity practices for all employees, particularly those with global reach.

employees better understand how to help their customers decrease energy consumption. The PSB is proving to be highly effective: Q4 2016 saw Schneider exceeding its 85 percent employee training goal by 7 percent. The PSB rose from 6.33 out of 10 at the end of 2015 to 8.48 out of 10 at the end of 2016.⁶

Seventh Generation's LEAD is a rigorous CR professional development program, led by employees, wherein employees are required to attend modules aligned with four Corporate Consciousness Aspirations: Enhancing Health, Nurturing Nature, Building Communities, and Transforming Commerce. Employees can choose from a variety of engagement opportunities that focus on a given aspiration to be used as a framework that ties to current happenings in the business and the industry. In one such module (Enhancing Health was the primary topic, but it overlapped with Nurturing Nature), one of the founders of green chemistry,⁷ John Warner, launched the LEAD process:

- **Learn:** Warner gave a lecture on the importance of green chemistry for people and for the environment.
- **Engage:** Employees engaged with the topic via case studies and Q&A during the workshop.
- **Act:** Employees were challenged to go through all of their cleaning and health/beauty supplies and cull products with harmful substances.
- **Demonstrate:** Seventh Generation provided a stipend to each employee who opted to replace the culled supplies with healthy options.

Employees must participate in the LEAD program to be eligible for the

Annual Incentive Plan, which also includes other sustainability goals. This model of employee-led professional development initiatives deepens employees' level of engagement while strengthening the role of Seventh Generation's aspirations and values within the company culture. Being a mission-driven company, this approach also continues to strengthen employees' and the company's sense of purpose.

What are the values of your company, its culture, and its employees?

- Identify where you have CR traction and aligned values.
- Identify unsuccessful CR initiatives and analyze why they failed, including how they did/did not align with the company's and/or employees' values. Let that knowledge provide insight into what other initiatives might be successful, as well as which should be dropped/never pursued. This analysis is critical to continual improvement.

No matter what approach is appropriate for your company's unique culture, there are some basics to consider. For example, you should have a dedicated CR team that serves as a hub for all internal and external CR initiatives. While all functions should be driving CR, think of the CR team as the brain of the CR body: command central. All of your employees need to be educated about the company's CR branding, values, and strategy (that, ideally, is integrated into the company's overall strategy), CR products and services the company offers, unique initia-

tives, and how employees can participate. Of course, these are just examples and what employees in various companies ought to know will depend on the product and/or service offerings, as well as the unique culture.

Evaluation/Promotion

Not surprisingly, CR professional development initiatives that are mandated and/or incentivized via evaluation and promotion will have a greater presence in the nurturing and maintenance of your culture than ones that are side-lined and/or come from one office. Companies are clearly lagging in the area of tying performance and remuneration to CR, as only 11 percent of the 1,712 international companies surveyed in 2013 UN Global Compact included sustainability criteria in employees' performance assessment, and only 8 percent of executives' remuneration was tied to sustainability.⁸ What is disheartening about these statistics is that respondents represent companies that have signed onto the UN Global Compact, wherein sustainability is central. Non-UN Global Compact companies' statistics might be even lower. Notably, the more current 2016 UN Global Compact Report is rife with positive sustainability findings, but there does not appear to be data that follows up on remuneration.

This lack of holding employees and leaders accountable to CR goals can send a message that CR is a fad, something for talk and not action, and/or is the responsibility of someone else, not all employees. That said, the UN Global Compact—Accenture Study 2016, *Agenda 2030: A Window of Opportunity*, states, "For the first time, we see business leaders accepting a mandate for radical change, harnessing the UN

Sustainable Development Goals (SDGs) as a universal roadmap for action.”⁹ This may catalyze a shift in the role sustainability plays in promotion and evaluation. Once CR is embedded into your evaluation and promotion processes, it will become part of your company’s culture. Fortunately, we can look to leaders in this area for examples of how to include CR in evaluation and promotion practices.

The evaluation and promotion processes used by Schneider Electric and Seventh Generation are closely tied to each company’s CR professional development. Schneider Electric’s Planet and Society Barometer is a critical component of evaluation and hence promotion. Seventh Generation ties 20 percent of its incentive pool to its corporate consciousness goals. There are certainly no mixed messages from Seventh Generation and Schneider Electric regarding CR.

Retention

Both companies have stated that CR initiatives aligned with their company’s mission help retain employees. Being a CR leader means changing the marketplace, not just through a company’s initiatives, but also through setting standards and influence. Seventh Generation took the bold step of launching an ingredient disclosure program; manufacturers are not required by law to list ingredients in cleaning products. The company also created the *Label Reading Guide*, designed to aid customers in understanding ingredients in all cleaning products. The next step was to influence the American Cleaning Institute, which launched a voluntary communication program to encourage participants to be much more transparent about the ingredients in their products by listing them on the container or online. Compa-

nies such as P&G, SC Johnson, and Clorox, representing 90 percent of products on the market, heeded the challenge. We have all seen major corporations make positive changes in an industry, such as Walmart with its Global Responsible Sourcing Initiative, but the ability of Seventh Generation—a tiny company in Burlington, Vermont—to change a multibillion dollar industry speaks to providers’ understanding of the importance of “doing the right thing” and customers’ expectation of the same.

Seventh Generation’s retention efforts also promote the well-being aspect of CR, for example free gym membership (just across the street from the company’s headquarters), paid days off to volunteer in the community, and a \$1,600 flex spending pool to allow employees to cite their best opportunity for improving their own sustainability. Reimbursements for well-being items like a bike or ski pass are matched at 50 percent, while efforts to decrease carbon emissions are reimbursed at 100 percent. Eligible purchases include solar panels and energy-efficient appliances, among other items. Employees want to work at Seventh Generation because it is a mission-driven company, and these perks emphasize the mission and sweeten the package.

What retains your employees?

What could your company do to raise the retention rate, and might it be tied to CR and employees’ sense of purpose?

In interviews, Schneider Electric gave its top five reasons for pursuing sustainability; retention was listed as No. 4, which was explained this way: “Especially with the new generation,

where it’s very sensitive to what the company can bring in terms of career, et cetera, but also in terms of what kind of responsible company I want to work for.” More and more, we will be seeing companies not only measure employees’ engagement, but also the reasons for that engagement. Is this something that your company is doing?

If CR is not embedded throughout your workforce life cycle, why not?

- Identify all roadblocks, be they intellectual, philosophical, physical, or other.
 - Example: My company does not practice integrated reporting and there is no associated integrated strategic plan.
- Identify means of remedying each roadblock.
 - Example: Convene all internal and external stakeholders to conduct and compile the necessary research to justify pursuing these initiatives.
- Identify all existing and potential inroads, be they intellectual, philosophical, physical, or other.
 - Example: Senior leadership is supportive of CR.
- Determine how each inroad can be further leveraged.
 - Example: Write a white paper, or create a presentation, based on the work outlined above and lobby senior leadership for permission to pursue these two important initiatives, wherein embedding CR into the workforce life cycle is integral to the strategy.

Next Steps

In all phases of the workforce life cycle, both with the cases studied here and other documented efforts in the marketplace, it seems employee separation (whether catalyzed by the employee or company) and company-employee relations provide a great untapped area for CR engagement. Though some companies do provide support for alumni who want to teach CR in their communities or contribute CR articles in their company alumni newsletters, there is certainly room for additional engagement. In some cases, CR engagement during separation might result in an employee returning to the company after exploring other workplaces.

The people strategy for driving CR is a new frontier for the majority of companies, so there is room for innovation as well as sharing best practices and lessons learned. The two companies highlighted the importance of being courageous and taking calculated risks. None of the people interviewed for this article were satisfied with their companies' CR efforts; while most were proud of the accomplishments, they all noted that there is always room for improvement. CR is a process, not an end goal, and the pursuit of it necessitates a long-term strategy, which tells us that being financially viable in the future means heeding CR concerns now. So, give yourself and your team permission to be innovative, celebrate triumphs, and learn from less-than-perfect initiatives. Look for CR pioneers from throughout the company, provide opportunities for those interested but unsure how to participate, and win over skeptics through strong leadership, trust, clear expectations, and sharing both failures and successes.

Author Disclosure Statement

Through work with Action Learning, I have facilitated leadership development workshops for executives at Schneider Electric. I have not worked with either company on their CR, with the exception of conducting this research. No competing financial interests exist.

References

1. Some companies refer to this concept as CSR (Corporate Social Responsibility), ESG (Environmental, Social and Governance), or some other term. Schneider Electric uses *sustainability*, while Seventh Generation uses *corporate consciousness* because each aligns with the respective company's values and mission. The common thread is that these companies take a triple-bottom-line approach that attends to social, environmental, and economic CR goals.
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3. Schneider Electric's vision and mission statements, respectively are: "We see a world where we can achieve more, while using less of our common planet" and "Our mission is to help businesses meet their energy challenge—keep global warming below the 2°C limit—while achieving better operational efficiency" (<http://www.SchneiderElectric.com>). Seventh Generation's mission statement is: "To inspire a consumer revolution that nurtures the health of the next seven generations" (<https://www.seventhgeneration.com/mission>).
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