

# Employee Engagement and CSR:

## TRANSACTIONAL, RELATIONAL, AND DEVELOPMENTAL APPROACHES

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*This article looks at the relevance of corporate social responsibility (CSR) for engaging employees, including its impact on their motivation, identity, and sense of meaning and purpose. It explores three different ways that companies engage their employees through CSR: a transactional approach, where programs are undertaken to meet the needs of employees who want to take part in the CSR efforts of a company; a relational approach, based on a psychological contract that emphasizes social responsibility; and a developmental approach, which aims to activate social responsibility in a company and to develop its employees to be responsible corporate citizens. (Keywords: Employees, Human resources management, Corporate social responsibility)*

IBM has engaged its employees and retirees through its On Demand Community, which in over one hundred and twenty countries matches them to service opportunities of interest. CEO Sam Palmisano explains the company's skill-based volunteer program thusly: "No company can mandate volunteerism. The decision and self-sacrifice comes from within the individual. What we can do is encourage and support this distinctive aspect of our culture by providing education, technology, funding, and recognition to tens of thousands of IBM colleagues who enrich their communities with their expertise and caring."

To integrate CSR into Salesforce.com, the company developed a "1-1-1" model—1% of the founding stock went to the corporate foundation to help communities in need; employees are paid to donate 1% of their time to activities that fit with the philanthropic priorities of the company; and 1% of customer subscriptions are donated to nonprofits to increase their operating effectiveness and focus more resources on their core mission. According to Suzanne DiBianca, head of the Salesforce.com Foundation, "Volunteerism is a linchpin of the integrated philanthropy system—providing energy, expertise, and time to build the capabilities of nonprofits, and ensuring that each employee embodies the values and social mission of the organization."

In the past decade, Unilever employees have been engaged en masse to make over the business. On the food side, twenty thousand recipes have been reformulated to reduce trans fat, saturated fats, sugar, and salts. Base-of-the-pyramid investments in home

and personal care products have expanded dramatically and many of the company brands (e.g., Dove, Omo) have been linked to social causes. “This changes the paradigm of thinking that we are selling to consumers,” said one employee. “Instead we are serving our communities.” In late 2010, Unilever unveiled its Sustainable Living Plan whereby it intends to improve the health of 1 billion people, buy 100% of its agricultural raw materials from sustainable sources, and reduce the environmental impact of everything it sells by one-half, while doubling its revenues. To achieve these aims, the company will have to reach out to its consumers and activate them. For instance, to reduce energy use associated with its soaps by half, consumers would have to cut their shower time by one minute. Accordingly, Unilever announced a “Turn off the tap” campaign for the United States.<sup>1</sup>

**A**s these vignettes illustrate, CSR is being used today as a “tool” to recruit, retain, and engage employees. Why? Increasing numbers of young people in the U.S. (and worldwide) aspire for “something more” from a job. Surveys by Cone Inc. find that three out of four of the Millennial Generation (born 1978-1998) want to work for a company that “cares about how it impacts and contributes to society.” Cone also finds that among those already in the workforce, nearly seven in ten say that they are aware of their employer’s commitment to social/environmental causes and 65 percent say that their employer’s social/environmental activities make them feel loyal to their company.<sup>2</sup>

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Companies are doing many different things to engage their employees through CSR. There has, for example, been an increase in traditional forms of corporate volunteerism—supporting employees who mentor schoolchildren; care for the homeless, elderly, or disadvantaged; participate in disaster relief; build community playgrounds or habitat-for-humanity housing; and so on—along with more “skill-based” engagement efforts wherein employees use their technical and commercial know-how to address social concerns.<sup>3</sup> On the operational front, more employees today are engaged in sustainable supply chain management, cause-related marketing, and green business initiatives—in effect, doing social responsibility on-the-job. Meanwhile, leading firms have launched global service programs where employees travel to emerging markets and work hand-in-hand with local management in small businesses or social enterprises to transfer their business acumen and help to address economic, social, and environmental challenges.<sup>4</sup>

## CSR and Employee Engagement Models

There are good reasons for companies to more fully engage their employees, ranging from simple decency to competitive advantages in recruiting and retention to more effective human resource management. On the financial front, studies demonstrate a strong relationship between employee engagement and a company’s stock price, income growth, and overall financial performance.<sup>5</sup> On

the CSR side, too, there is compelling though not uncontested evidence that stronger performance in the social, environmental, and governance arenas yields reputation gains for firms and is associated with stronger financial results.<sup>6</sup> In addition, there are many companies, large and small, that are committed to good employee relations and social responsibility because of their heritage, national origins, corporate culture, and manager's moral sensibilities—factors that make engaging employees through CSR a more normative than material consideration.

Several studies aimed directly on the linkage between CSR and employee engagement have found a strong correlation between employee's commitment to their organization and how they rate its social responsibility.<sup>7</sup> For example, a survey by Sirota Survey Intelligence, of 1.6 million employees in seventy companies, found that employees who approved of their company's commitments to social responsibility, compared to those who did not approve, were far more engaged on their jobs and more apt to believe that their employers were interested in their well-being. They also had more favorable perceptions of their management's integrity and rated their companies as more competitive, too.<sup>8</sup>

### *Using CSR to Engage Employees*

There is today a daunting "employee engagement gap" in business. A 2007 Towers Perrin survey of 90,000 employees in 18 countries found that only 21 percent reported being fully engaged on the job. The rest were either simply enrolled (41%), disenchanted (30%), or disconnected (8%).<sup>9</sup> In turn, the Gallup Employee Engagement Index reported that, on average as of 2010, some 33 percent of employees were engaged by their companies, 49 percent were not engaged, and 18 percent were actively disengaged.<sup>10</sup> Can CSR help to redress this gap?

Firms link CSR to employee engagement in three ways. First, many strive to be a responsible employer. On this count, it is well documented that how employees are treated is the litmus test of CSR for a company. In GolinHarris surveys in each of the past six years, for example, the perception of whether or not a company "values and treats employees fairly and well" has been the number one factor in ratings of a company's citizenship, more so than its philanthropy, community involvement, environmental performance, and other CSR factors.<sup>11</sup> One report phrased the message succinctly: CSR *minus* HR = PR.<sup>12</sup>

Second, companies create a portfolio of programs and develop a reputation that, to varying degrees, demonstrate their commitment to CSR. Here the Reputation Institute finds that, on average, 75 to 80 percent of those polled in over twenty-five countries would "prefer to work for a company that is known for its social responsibility."<sup>13</sup>

Third, companies engage employees directly in voluntary and on-the-job CSR-related activities. The polling firm GlobeScan reports that nine out of ten employees worldwide are interested in participating in the CSR initiatives of their companies.<sup>14</sup> Increasing numbers of firms are using CSR to enable employees to actually do "something more" on their jobs and, in select cases, to produce value for both the business and society.

## *Models of Engagement*

As the vignettes beginning this article suggest, however, companies are taking different approaches to engaging their employees through CSR. This article explores three different ways that companies design and manage their efforts:

- a *transactional* approach, where programs are undertaken to meet the needs and interests of those employees who want to take part in the socially responsible efforts of a company;
- a *relational* approach, where an organization and its employees together make a commitment to social responsibility; and
- a *developmental* approach, where a company aims to more fully activate and develop its employees and the firm to produce greater value for business and society.

Each of these models is grounded in a “psychological contract” between a firm and its employees.<sup>15</sup> With reference to the first two contracts, Denise Rousseau draws a distinction between the *transactional* versus *relational* type.<sup>16</sup> The former emphasizes market forces impinging on employment and makes it a short-term arrangement wherein each party operates out of its own interests. The latter stresses the communal aspects of employment and makes engagement more a matter of mutual trust and shared interests. A third frame to the employment relationship emphasizes its *developmental* dimensions. Mirvis and Hall, for instance, describe a boundaryless career path that stresses people’s “employability” through continuous adaptation and learning over the life course. While this puts the onus on employees to continue to develop their knowledge and talents, it is incumbent on the boundaryless firm to promote employees’ development and to deploy their time and talents in response to changing business circumstances.<sup>17</sup> Increasingly this extends into CSR and sustainability where, as Peter Senge and colleagues stress, companies depend on individual and collective learning to adapt to new challenges.<sup>18</sup>

How do these frames apply to the ways that companies engage their employees through CSR? To preview, in the transactional model what is important to the company is to recruit and retain “talent” and CSR programs are akin to an employee benefit—a part of “what’s on offer” in the company’s incentive package. By contrast, the relational model treats CSR as central to the identity of both the company and its employees—yielding, say, a socially responsible company staffed by value-driven people. The developmental model considers CSR not only as a joint obligation, but as a joint opportunity—it helps to connect the dots between employee, employer, and society. On the company side, this shifts the conversation from “what can CSR do for our employees?” to “what can our employees do to make us (and themselves) better corporate citizens?” Exhibit 1 highlights how these three frames apply to the link between employee engagement and CSR.

In each of these three models, firms can aim to “do good” for society and to “do well” in terms of employee commitment, reputational benefits, and long-term financial returns. A closer look at the strategic intent and positioning of each these three engagement models, and at the assumptions about employee motivation behind and potential benefits afforded by them, highlight their strengths and

**EXHIBIT I.** Three Models of Employee Engagement through CSR

	<b>Engagement Model</b>		
	<b>Transactional</b>	<b>Relational</b>	<b>Developmental</b>
<b>Company Perspective</b>			
Strategic Intent	HR Management	Socially Responsible Culture	Socio-Commercial Innovation
Intended Impact	Improved Recruiting/Retention	+Improved Organizational Identity/Image	+Enhanced Impact on Business & Society
Positioning Participants	Employee Benefit Employee Segments	Joint Obligation All Company	Joint Opportunity Full Corporate Ecosystem
<b>Employee Perspective</b>			
Personal Motivation to Engage	Need—What I want from my job	Identity—Who I am “Whole Person”	Purpose—Who I wish to be
Benefits of Engagement	Self-Satisfaction	+Self-Expression	+Self-Development
Personal Involvement	Individual Service	Collective Service	Service+Learning
<b>Key Considerations</b>			
Downside Risks	“Substitutable”	“Total Community”	“Challenging” Employees
Strategic Space	Modest Market for Virtue; Good Enough Value Proposition	Strong Market for Virtue; Compete via Cohesion and Differentiation	Strong Market for Virtue; Compete with CSR Innovation
Stage of CSR	Engaged	Integrated	Transformative
Serving Society	Reactive	Proactive	Leading
View on People	homo economicus	homo reciprocans	homo communicans

limitations in delivering on these aims. Consider, first, how companies in each model conceive of the connection between CSR and employee engagement.

***The Company Perspective***

It is indisputable that companies are facing more demands from the public and other stakeholders to be socially responsible.<sup>19</sup> In turn, surveys show that CEOs understand the import of these expectations and recognize a need for their business to play a more engaged and responsible role in society.<sup>20</sup> Countless books, reports, and conferences testify to progress: companies moving beyond traditional definitions of a good company to seriously tackle social-and-environmental issues and to address them through their products, services, and CSR-related investments.<sup>21</sup> How then are they approaching employee engagement?

***Transactional Model = HR Management***

A recent article by C. B. Bhattacharya and colleagues on “Using Corporate Social Responsibility to Win the War for Talent” sets out the main parameters of the transactional model for engaging employees via CSR:

We consider “internal marketing” to be the most apt rubric under which CSR can be used to acquire and retain employees. Such a perspective holds that just as companies succeed by fulfilling the needs of their customers, they can manage their employees

best by viewing them as internal customers, fulfilling their needs through a compelling menu of “job-products” whose features include salary, benefits packages and job responsibilities. Designed properly, the job-products can contribute dramatically to job satisfaction, employee retention and productivity. A key task for managers, then, is to incorporate CSR into job products that are tailored to the often diverse needs of employees.<sup>22</sup>

This packaging seems to work: results from their longitudinal study of a consumer-goods company found that “employee engagement in CSR led to pride in the company, which in turn was positively related to employee performance and negatively to intention to quit . . . (and) positively related to customer focus and pro-company citizenship behaviors. . . .” The researchers went on to remark that CSR “humanizes the company in ways that other facets of the job cannot,” adding, “a paycheck may keep a person on the job physically, but it alone will not keep a person on the job emotionally.”

The advantage of this internal marketing approach to employee engagement is that it enables a company to tailor and pitch its CSR initiatives to the most receptive employee segments. This, in theory, yields a good “fit” between an employee’s interests and his or her organization that researchers know translates into job satisfaction, higher levels of commitment, and less inclination to turnover.<sup>23</sup> Already cafeteria-style benefit programs feature family-friendly programs that appeal to one segment of employees, so why not volunteer options that might match the interests of another? This allows companies to customize CSR options for different segments of employees, including giving them the option of not being involved at all.

### *On-Demand CSR*

Deloitte’s annual Volunteer Impact Survey found in 2010 that nearly two-thirds of corporate managers polled say their companies offer traditional, “hands on” volunteer opportunities where employees self-select the issue, and nearly three-fourths say that they offer volunteerism where projects address their companies’ philanthropic focus areas.<sup>24</sup> IBM was one of the first companies to take this model of “individualized CSR” to scale through its computerized On Demand Community and adoption of skill-based volunteering—a growing trend documented in Deloitte’s studies of corporate volunteering. The message to employees is straightforward: Contribute not only with your hands and heart, but also with your business know-how and the tools and resources of the company. As Stanley Litow, head of Corporate Affairs and Corporate Citizenship at IBM, describes it: “Now when people volunteer for a soup kitchen, they’re not just ladling soup, they’re developing a strategic plan for the kitchen. When they work for a Lighthouse for the Blind, they are bringing them a software tool that can convert their Web site from text to voice.”

### *Limitations of the Individualized Model*

Moving beyond volunteerism, there are limitations to the individualized approach to engaging employees through CSR. First, it can turn a company’s relationship with society into a fragmented series of initiatives and programs—each a potential “job product” for employees but without a sense of how they hang together and what a firm is trying to accomplish overall. This can detract from

a company's social and environmental performance; and a potpourri of social actions cannot yield as much benefit to retention, reputation, and the like as a more focused, aligned, and strategic agenda.

Second, absent a broader strategic intent, choices about where and how to invest employees in society can center on image-burnishing and turn volunteerism into a public relations campaign. This is why Bhattacharya and colleagues recommend that employees help to shape their firm's CSR engagement program and that it is undertaken in the spirit of service rather than PR.

### ***Relational Model = A Socially Responsible Culture***

To the extent that the transactional model targets CSR at "me"—the individual employee—the relational models shifts the focus to "we"—the collective employee community. In its simplest form, this is manifest by engaging employees in "all staff" volunteer days, in company-wide recycling programs, or in on-boarding processes at companies like salesforce.com where new hires are thrust into community services activities as part of their orientation program. At deeper levels, it has a company articulate, and employees embrace, a shared vision, mission, and values that stress CSR.<sup>25</sup>

#### *The LS&Co. Way*

Levi Strauss & Co. has exemplified a values-led business since its founder first set up his dry goods firm in San Francisco in 1853. A business downturn in the late 1990s, however, called its commitments to "profits through principles" into question. Having noted that the company's brands used value propositions to define their qualities and character for consumers, Theresa Fay-Bustillos, then vice president of worldwide community affairs, worked with the company's worldwide leadership team to develop a value proposition for corporate citizenship (their term of reference for CSR). She convened a cross-functional, multilevel working group around corporate citizenship, which included some top execs, to take account of the company's 150-year legacy of corporate citizenship; to listen to employees, executives, and stakeholders; and to identify current and potential future societal issues facing the apparel and textile industry and its workforce.

Out of their work, a corporate citizenship value proposition (CVP) emerged. Key elements address were: Business Practices That Reflect the Diversity of the World We Serve; Supply Chain Practices That Respect the Workers Who Make Our Products; Environmental Initiatives That Support Sustainability; Societal Engagement That Contributes to Positive Social Change; and HIV/AIDS Initiatives That Protect Employees, Workers, and Consumers. Under each of these elements, the company included detailed outcomes that, over time, it aspires to achieve. The worldwide leadership team pledged to educate employees on the new value proposition, incorporate it into the strategic business planning process, and hold themselves accountable for making progress going forward.

As of this writing, the Levi Strauss & Co. is back on its feet commercially and has rolled out the CVP to employees worldwide as part of an organizational development program entitled "The LS&CO. Way and You." On overall progress, Robert Hanson, president of company's North America region, says, "We're getting

there. . . . Just as in the marketplace, we also need to innovate with citizenship if we want to remain relevant with our stakeholders. This is why we're working to deeply integrate citizenship into our business at every level in our organization."

### *When Relationships Go Bad*

Rosabeth Moss Kanter, in her studies of CSR leaders finds, "Vanguard companies go beyond the lists of values posted on walls and websites by using their codified set of values and principles as a strategic guidance system."<sup>26</sup> The strength of the relational model to employee engagement is that it provides an integrated platform of CSR initiatives and programs through which to engage employees and embed social responsibility into the company culture or DNA. However, one fatal flaw in this model is that not all companies practice what they preach. On this count, it is notable that Enron was named a top employer and "corporate citizen of the year" in 2000, before its ethical and financial collapse. Moreover, the financial houses whose finagling precipitated the economic crisis in 2008 all had an impressive battery of CSR programs aimed at their employees (and the community). It is as if in pitching CSR to employees, these companies seemed to think that they could divorce their "good works" from the "bad deeds" of their mainline business.

Other problems can arise when managers and employees in relational cultures become so complacent with the CSR ethic in their company that they fail to anticipate or come to grips with new or changing circumstances. For example, companies as disparate as Nike, Shell, and Home Depot all had agreeable CSR cultures—built on traditions of compliance, philanthropy, and volunteerism—which were then undermined by social/environmental problems erupting in their supply chains and raw material sourcing. In each case, the firms undertook a complete makeover of their CSR strategy and internal culture by engaging employees with the issues at hand.<sup>27</sup>

### ***Developmental Model = Socio-Commercial Innovation***

The developmental model enlarges the scope of engagement through CSR further—from me to we to "all of us"—engaging a company, its employees, and often stakeholders in the corporate ecosystem. Unilever's sustainable living plan, Nestlé's moves toward shared value in its supply chain and product offerings, and Wal-Mart's Sustainability 360 strategy—Doing Good, Better, Together (which has launched eco-innovations from fourteen sustainability networks of employees and engaged store managers and consumer groups on ethical consumerism, fair trade, and cause marketing)—all exemplify a transformative form of engagement hinging on employee development. This moves the CSR thrust of a company firmly into the commercial space and gets employees interacting with stakeholders to enhance its impact on the business and society.

Meanwhile, grassroots employee "green teams" at Lockheed Martin have improved energy efficiency at company sites; at Citigroup, they've reduced paper waste; and at Kimberly Clark, they've partnered with local hardware stores to increase employee's use of compact fluorescent bulbs in their homes.<sup>28</sup> Wal-Mart has motivated 600,000 of its employees to develop Personal Sustainability Projects (PSPs) that has them eating healthier foods, exercising more, and recycling. In

some cases employee's family members develop their own PSPs. To date, fifteen thousand associates have stopped smoking and Wal-Mart has implemented many eco-friendly innovations prototyped by employees in their homes to cut waste in its stores.

### *Getting Everybody into CSR*

To illustrate this transformation across the corporate ecosystem, take the case of Jeffrey Swartz, CEO of Timberland, who got his feet wet in CSR in the early 1990s when he linked his company's brand with City Year by donating fifty pairs of work boots for its young adults working with youth in after-school programs, summer camps, and service projects. City Year, a community-based nonprofit, recruits young adults (aged seventeen to twenty-four) who pledge themselves to a year-long commitment of community service in a selected city or community. Its aims are not only to provide service to communities, but also to develop young people's leadership skills and civic activism. Swartz saw these same benefits accrue to his company and to his employees when he formed the Timberland-City Year partnership some years later.

As employees followed their personal "path to service," 40 hours paid time given to community service with City Year, Swartz decided to reach farther—with the brand, employees, and CSR. Timberland took its "boots, brand, and beliefs" directly into the market and called its consumers to social action. Timberland, together with City Year, today activates ten thousand consumers and retail partners in over twenty-five countries in annual service days—one each spring on Earth Day and one each fall entitled "Serv-a-palooza." Its CSR scorecard details annual increases in employee volunteerism and consumers' involvement in service.

This engagement strategy serves the community, employees, and Timberland's aims. A company executive explained, "Many companies pay thousands of dollars for the type of team-building skills we learn through giving ourselves, together. So not only is Timberland furthering positive change and community betterment, we are making an investment in our infrastructure. This is not philanthropy. I firmly believe that the minds we turn here at Timberland explode our productivity and effectiveness." Of course, employees are also engaged in CSR in the business as Timberland is greening its products by eco-innovations in sourcing, sewing, and construction and the use of an "ingredients" label that lets consumers know what's in their boots.

### *Developmental Model Challenges*

Still, the developmental model also has potential downsides. At Timberland, for instance, volunteering and community service programs have in the past two years shifted almost exclusively toward "greening." While this is consistent with the strategic thrust of CSR at Timberland, and laudable in its own right, the company's historic partnership with City Year and its commitments to "citizen democracy" recede into the background. This shift in strategic direction—from promoting social justice to advancing environmental sustainability—has led to some "push back" from employees that the company's CSR engagement program is no longer "progressive."

A key consideration here concerns who “owns” the CSR agenda in a company. In salesforce.com, employees define (more or less) the firm’s CSR portfolio and run the volunteer and community-giving program. They are also free to give 1% of their time to a volunteer activity of their own choosing. (As Ms. DiBianca reports, “it’s not *mandateering!*”) Timberland has devised a hybrid: employees choose how to use their 40 paid hours of service, but the boot maker sets the direction for annual service days.

## Motivation and Benefits: The Employee Perspective

The great majority of employees report that they want to be engaged in the CSR activities of their employers. Moreover this interest is by no means limited to the U.S. or developed economies with their comparatively prosperous and well-educated workforces. On the contrary, while studies find social responsibility to be a significant motivational driver to employees in the U.S., it is even more important in India, South Africa, and China.<sup>29</sup> This raises questions about the assumptions about employees’ interests and motivations behind the three CSR engagement models.

### *Transactional Model = Satisfying Needs*

Many of today’s employee engagement efforts are premised on the notion (à la Abraham Maslow) that people operate through a hierarchy of needs that motivate them—stretching from basic needs for survival and security, to social needs, to “higher order” needs that when satisfied yield self-esteem and self-actualization.<sup>30</sup>

In the 1970s and 1980s, when baby-boomers entered the workforce, HR responded with job enrichment and employee involvement programs. These prescriptions seemed to fit the needs of better-educated and comparatively well-off “new breed” workers, as they were called, for more interesting work and a voice in job-related decisions.<sup>31</sup> These proved to be strong contributors to psychological and behavioral engagement. HR is today positioning CSR in the same fashion: it fits the ego needs of many of today’s well-educated, more socially conscious millennials (who have, so the argument goes, been reared in an era of relative prosperity and schooled to be sensitive to society’s ills and planetary perils).

When it comes to employee motivation, however, it is arguable whether or not a generic satisfaction = engagement frame is useful for thinking about how CSR influences employees. Rather, the question turns to how CSR can enlist, activate, and empower employees on the job.<sup>32</sup> Adam Grant, for example, makes a strong case for “relational job design” because it enables people to express their prosocial motives through work that makes a “positive difference” in other people’s life.<sup>33</sup> Several field studies connect this specifically to CSR by documenting how engaging employees in community service gave them an opportunity to support others, which, in turn, strengthened their organizational commitment. In a felicitous turn of the phrase, Grant, Dutton, and Russo make the point that linking CSR to engagement is about employees “giving” rather than “receiving.”<sup>34</sup>

*Customizing CSR for Individual Employees*

In keeping with the “need-based” model, many consulting firms recommend that firms “customize” their CSR offerings for employees. In the HR management frame, this has firms routinely monitor employee satisfaction at each level of the need hierarchy and, where warranted and feasible, adjust the mix of company incentives and programs available to boost employee satisfaction.<sup>35</sup>

A key problem with this kind of assessment is that studies have shown that Maslow’s theory, insightful as it is, doesn’t apply mechanically to people in their everyday work lives and circumstances. Research demonstrates that nearly everyone has some motivations concerning their material provision, social relations, and self-expression and growth—no matter their current socio-economic status.<sup>36</sup> Thus so-called higher order needs don’t “go away” even when financial concerns predominate. Furthermore, prosocial motives—the desire to reach out and help others—are found among people of all ages, classes, and colors.<sup>37</sup> This makes it difficult to target CSR-minded employee segments and tailor initiatives to needs.

In testing the importance of employee’s personal interests in CSR, Ante Glavas found strong correlations between people’s views of CSR practices in their company and their engagement at work.<sup>38</sup> Interestingly, these positive relationships endured when he controlled for individual differences in gender, race, position, and the like and proved to be significant irrespective of employee’s professed interests in CSR. The upshot: CSR seems to appeal to employees, including those who say that they are not interested in it.

A larger concern with the transactional approach is that it treats employee engagement as a utilitarian arrangement wherein service to others is presumed to address the self-interest of employees. In practical terms, this would have a company routinely calculate the cost/benefits of its portfolio of employee-related CSR initiatives even as the participants calibrate “what’s in it for me?” One risk in this approach is that when times turn tough each side rationally invests less in their relationship and less in their respective commitments to society. Another risk is that once profitable times return, companies will not necessarily “buy” employees’ extra effort or loyalty through CSR in this frame. After all, incentives are “substitutable” and employee needs for service can also be met off-the-job or through another employer.

***Relational Model = Expressing Identity***

To say people need something from their work emphasizes their individualistic and atomistic nature. A relational perspective, by comparison, stresses their social and connected “self.” In this frame, the self is a “whole” that encompasses and integrates people’s identities in various roles—as, say, employee, co-worker, parent, community member, and the like.<sup>39</sup>

The relevance of this idea for employee engagement took shape decades ago when it was posited that people think of themselves and embody identity in the workplace in the form of gender, race, ethnicity, sexual orientation, age, and in their life roles (as, for instance, caregivers and providers). These forms of

identity have been the subject of debate, consciousness raising, and policy making throughout societies and within companies as well. In top firms today, for example, employee diversity is valued not only as an HR driver, but as a source of fresh ideas, as a means of mirroring and better serving the multicultural marketplace, and as a source of learning and effectiveness (as David Thomas and Robin Ely point out in their analysis of the changing contours of diversity management in corporations). A parallel argument for working parents has been made by Victoria Parker and Douglas T. Hall concerning the benefits of flexible work arrangements and other work-family programs.<sup>40</sup>

Building on this logic, a next-stage in identity engagement has companies linking HR and CSR to engage their employee as “citizens.”<sup>41</sup> This naturally means recognizing and respecting employees in their many dimensions of self-identity—race, gender, age, and so on—and in their multiple work roles to be sure, but also as working parents and members of a community. It also means recognizing and validating them in relation to their roles as citizens of a society and inhabitants of the planet.

### *Expressing Identity at Work*

The electronics retailer Best Buy exemplifies the relational aspects of employee engagement. Individual employees, for example, are engaged through the company’s “strength based” HR model that encourages job involvement and development around their personal strengths and passions. On the work-life boundary, many employees are part of a “results only work environment” (ROWE) that allows them to flexibly manage their work and personal time, so long as results are achieved. The company also hosts a “women’s leadership forum” (WOLF) that engages female managers, employees, and customers in Wolf Packs that provide leadership counsel and social support. Going further on identity engagement, Best Buy also supports affinity groups revolving around race (Black Employees Network, Asian Employees Network, Latin Employees Network), age (Teenage Employees and SaGE—The wisdom of experience), sexual orientation (PRIDE), faith, military service, and personal abilities/disabilities (INCLUDE).

Best Buy is today expanding its engagement program to focus employee energy and entrepreneurship on society through a “venture citizenship” program. For example, store employees, rather than professional staff, run the company’s community grant program and decide which nonprofits to support. In turn, they work with students in the @15 program to teach them how to run their own volunteer programs. The company’s Geek Squad donates its time and talents to supporting community-based groups. On their jobs, employees take part in the company’s program to recycle used electronics, whether purchased at Best Buy or not, and share ideas on greening their operations through Blue Shirt Nation, employees’ social media conversation.

### *Engaging the “Whole Person”*

Why would a company concern itself with and seek to activate people’s identities as citizens of a corporation, community, society, and planet? One reason is that when employees find that their company welcomes the full range of their interests

and aspirations, including for instance a personal desire to serve society and/or protect the planet, they feel welcome to bring their “whole self” into the workplace. In a relational context, CSR initiates a conversation between individual and corporate identity that shapes a company’s culture and also its employees. Employees whose aspirations to live and work responsibly are fulfilled through their companies thereby serve as effective brand ambassadors for their firms through their word-of-mouth commentary. They also produce social capital—a web of positive relevant relationships—that connects their companies to other stakeholders and the public at large.

While relational engagement may sound idyllic, critics point to its downsides: corporate manipulation, invasions into employee’s private lives, and the potential to create a “total community” wherein loyalty to and actions supported by the corporation supersede other employee commitments and opportunities.<sup>42</sup> These are familiar critiques in critical management studies and well-documented in select cases wherein companies operate like a cult. However, even absent coercion, Howard Schwartz argues that caring companies can represent a kind of “organizational ideal” for employees, analogous to the ego ideal in the theories of Freudian psychology.<sup>43</sup> Here he contends that the organization serves as a reflecting pool for its members, showing them their “good features” and allowing them to revel in a narcissistic state. In this way, individual and organizational identity are fused and organizational success becomes a “project” that promises a return to narcissism. Young people are especially susceptible to this deep level of narcissistic engagement and are ripe for a fall into cynicism when the psychological contract with their employer is ruptured.

Concerns also turn to the societal consequences of engaging the full self in this way. A personal worry is that as employees invest more into their companies, they may choose to invest less in the world around them. Why worry about pre-school education in your community when your company provides for your children’s care? Why go to church when your company hosts spiritual retreats? And, to extend this to the societal sphere, why worry further about social and environmental conditions when your contribution through your socially responsible company is “good enough?”

### ***Developmental Model = Realizing Purpose***

Ironically, it was Maslow who laid the foundation for a deeper level of psychological engagement by employees in his depiction of people’s “Being Values,” which include, among other themes, fundamental human preferences for truth, goodness, beauty, wholeness, and justice.<sup>44</sup> This marked his embrace of humanistic psychology with its emphasis on human potential and the importance to people of discovering their fundamental purpose in life.<sup>45</sup> Could this mean that engagement through CSR might help people address not only “Who am I?” but also the larger existential and developmental questions of “Why am I?”<sup>46</sup>

The ideas that work organizations could serve such a liberating and generative purpose for employees were variously expressed in the 1960s and 1970s by Douglas McGregor in depictions of Theory X and Y management models, in the practices of group and organization development during that era, and in employee

engagement efforts that drew from the theories of Erich Fromm to show how companies might promote an “ethic of being” as opposed to an “ethic of having” among their employees.<sup>47</sup>

Needless to say, the human potential movement was downplayed in corporate practices of employee engagement in the 1980s and 1990s that stressed the more material aspects of organizational involvement.<sup>48</sup> However, interest in human potential is being resurrected today in many complementary ways. Mihaly Csikszentmihalyi, as one example, depicts humans as having an “evolving self” whose growth hinges on attaining fuller consciousness of their inner nature and of the world that surrounds them. In developmental terms, this posits that human potential expands as people gain a deeper sense of their individual uniqueness and connect it to the processes at work in the world. In so doing, Csikszentmihalyi contends, “one needs to step out of the cocoon of personal goals and confront larger issues in the public arena.”<sup>49</sup>

Contemporary interest in spirituality and its expression in the workplace, in positive psychology and its link to compassionate capitalism, and in engaging the self-as-citizen through work are all manifestations of a potentially richer version of employee engagement that provides people with a deeper sense of purpose and meaning.

### ***Engagement for Consciousness Raising***

The author had the opportunity to experience this developmental form of engagement from 2002 to 2006 working with Unilever Asia. A starting point was to connect senior leaders of seventeen national companies in the Asia Pacific region—which had previously operated independently—and to include the next layers of country marketers, supply chain managers, and corporate staff in setting strategy and reviewing performance for the whole of the regional business. In turn, a cross-national forum was created to expose the next generation leaders to the ideas of western thinkers such as Maslow, Fromm, and Frankl and to have them share the tenets of Buddhism and eastern philosophy. The young leaders also engaged in community service projects. Behind this was a desire to build the capacity of the entire Asian leadership body to think, feel, and work together, that is, to operate as a community of leaders.

Where CSR comes in is that the Asian leaders created deeper bonds among themselves and with communities throughout Asia via a series of annual “learning journeys.” They traveled to locales of historic and cultural relevance; hiked through mountains and deserts; met with school children, indigenous peoples, everyday consumers, and the poor; learned from leaders in business, government, and community organizations; and talked deeply with one another about their personal and business lives.

The young leaders joined with over two hundred senior leaders in mind-expanding and heart-stirring journeys to Borneo, China, India, Sri Lanka, and Vietnam, where they learned about and reflected on social, environmental, and economic conditions in their region and engaged in community service. This deep engagement with society touched many of Unilever’s Asian leaders personally. Said one: “The communities we visited reminded me of an ‘itch’ that has been bugging me

for the longest time, that is, to give my time and effort to a cause which is beyond myself (and even beyond my family). I have been blessed so much in this life that the least I can do is to help my fellow men. I need to act now.”

It was also a source of inspiration for community-based business initiatives and a testing ground for new product and market development ideas under the company’s base-of-the-pyramid business strategy and CSR-relevant brands. “Connecting with poverty reminds us that our company, as a member in Asia, has strong social responsibilities, said one employee. “We need to build our business success while taking on social responsibilities to help to protect the environment, to relieve poverty . . . at the same time these actions will help our business grow.”<sup>50</sup>

### *Empowered Employees*

Corporate commitments to CSR can raise challenging questions from socially and environmentally conscious employees: Is the operation really green? Are materials or supplies being sourced ethically and sustainably? Are the products produced and services provided harmful, neutral, or helpful to the planet? Engaging employees as citizens empowers them to ask and to obtain affirmative answers to these questions about their companies. Not finding them inside their firm, they may also be empowered to look elsewhere.

Suppose, for example, that you are paid and treated well by your employer but other staff are underpaid and treated badly? In a transactional psychological contract, this might work for engaging talented staff while disengaging others. As a relational practice, however, this violates the psychological contract between employees and a socially responsible employer. Or suppose that your job features social or environmental significance but your company is charged with sex discrimination or found to be a polluter? There is good reason to believe that the cynicism will be more extreme among employees who believe that this undermines their “good” works.

Job content is another element to consider through a widened CSR lens. Many studies have shown that when employees have interesting work and can participate in job-related decisions, they feel more engaged in their work roles and feel better about themselves as a person.<sup>51</sup> Hence, job designers recommend building autonomy, personal responsibility, and challenge into jobs to engage employees. These make people feel that they are *using* their talents and abilities on the job. From a transformative CSR vantage, it is also relevant to ask whether or not people feel that they are doing something *useful* on the job. This opens up questions of the social significance and contribution of one’s job, and whether or not what one’s company makes or offers as service is truly useful for society.

While such questions from employees can be challenging, they can also be a source of further innovation. As an example, many employees are part of their company’s diversity councils, work-family forums, or minority, women, or LGBT groups where they can share common interests and advocate for their concerns in-house. Innovators in these affinity groups have extended their reach into society by establishing supplier diversity groups, by forming a coalition of businesses, Corporate Voices for Working Families, to promote work-family integration nationally and globally, and by influencing public policy decisions taken by their firms on, for example, LGBT rights at work and in society.

## Considerations in Choosing an Engagement Model

Employees engaged through CSR can produce social and business value through their volunteer service and through their jobs, relationships, products, and services. However, in the decision to launch or invest more in these activities, and in their design and delivery, it behooves companies to think about what they are doing *and* why. What are the key considerations?

As a base case, it makes sense to first ensure that the workplace and organization conform to CSR standards. Nowadays, well-managed firms recognize that HR issues are also CSR issues and that they are being held to account for responsible employment practices.<sup>52</sup> Corporate social audits and reports increasingly address matters of workforce composition and workplace practices. This means that unfair treatment and unsafe or unhealthy working conditions, even when lawful, are reviewed internally and disclosed to the public. A case can also be made that job stress, work hours, rates of pay, health care and pension benefits, and even job satisfaction are also CSR issues.<sup>53</sup> As for transparency and accountability on these matters, the Dutch bank ABN Amro publishes results of its employee surveys in its annual social report. Microsoft has begun to do the same with its annual Citizenship Report.

Furthermore, companies are well advised today to develop and maintain a social and environmental profile that goes beyond compliance. Lynne Sharpe Paine, among others, points out that moving toward an “integrity” culture makes ethical behavior everybody’s responsibility and builds stronger relationships between a company, its employees, and other stakeholders.<sup>54</sup> Increasingly, companies are publishing annual reports about their social and environmental performance. Many HR leaders say that these reports are scrutinized by their recruits and a subject of conversation during interviews. Beyond the appeal to employees, estimates are that a strong CSR reputation can add, on average, 10% to a company’s market value.<sup>55</sup> It is, in today’s context, a proxy indicator that a firm is well-managed.

### *Strategic Fit and the “Business Case”*

A key question for companies is which model of directly engaging employees through CSR best fits with its strategy and yields the most cost beneficial return. On this point, scholars have noted that the “market for virtue” varies across firms and industries as well as employment markets.<sup>56</sup> Arguably, the absence of market demand and perceived rewards accounts for the fact that some companies pay scant attention to engaging their employees through CSR. That said, employee volunteerism in the U.S. has historic roots. Recognition that many more employees today want to be engaged in the CSR efforts of their companies is a key driver in the increased emphasis given to volunteerism and its expansion to global operations. The transactional model of engagement seems to work well enough in meeting employee’s needs and aids in recruiting and retention. Shifting it toward “skills-based” volunteering and to “brand-relevant” service options further advances a firm’s strategic interests and can be a rallying point for employees.

The transactional model also seems apt for companies that have a highly differentiated culture where individual contributors or local working units are

best positioned to do their own thing with regard to volunteerism and to effecting social- and eco-innovations in their local markets. Finally, this model, because of its preponderance among companies, is likely sufficient for firms that are not competing on the basis of their social and environmental performance. Beware, however, of new entrants and competitors that differentiate themselves by offering a more appealing CSR-related value proposition to employees.

The relational model of engagement seems more relevant in companies where CSR-seeking workers are employed and in demand, in labor markets where a “war for talent” is underway, and in industries where employee loyalty is one source of competitive advantage. Geography also matters. Throughout Asia, for example, there is a nascent tradition of “company sponsored” volunteerism where employees often contribute en masse to local communities—wearing the corporate uniform and carrying the company banner—in keeping with their collectivist corporate cultures. The relational model also fits in companies whose ethos, internally and externally, is infused with CSR.<sup>57</sup>

To express its core purpose, for example, the Danish pharmaceutical Novo Nordisk formulated its Novo Nordisk Way of Management (NNWoM) that covers corporate values, principles of management, and key commitments, including pledges that its products and services make a “significant difference in improving the way people live and work” and that its “activities, practices, and deliverables are perceived to be economically viable, environmentally sound, and socially fair.”

The company’s leadership in responsible healthcare has taken the form of affordable medicines in developing countries and among the poor in developed nations, creation of the World Diabetes Foundation, and a “changing diabetes” campaign in conjunction with the United Nations. What’s of interest here is how its employees are engaged in fulfilling triple bottom line commitments. Every employee, for example, is expected to spend at least one day a year with someone connected to diabetes—a patient, a caretaker, or a healthcare professional—and then to suggest improvements for how the company does business. To ensure performance to the highest standards, employees are involved in documenting and improving the company’s triple bottom line performance. A group of thirty to forty non-executive “facilitators,” drawn from employee ranks, meets with every work unit and every employee, over a three-year cycle, to ensure that actions and decisions live up to the promise of the NNWoM.

Finally, it seems apparent that a more developmental model of engagement is relevant in industries where human capital is mobile and integral to success and where companies are innovating rapidly in the CSR and sustainability space. It is not coincidental that Unilever, Nestlé, and P&G are competing with CSR in both the consumer and employee market or that professional service firms Accenture, Ernst & Young, IBM, and PwC have each launched global service programs for their employees.

However, the choice among these three models for engaging employees through CSR will not necessarily be supported by short-term returns. My own hypotheses is that companies that engage employees in relational or transformative ways connect their actions more so to their vision, mission, and values—as

employers and as an enterprise. This means that their employee engagement is aligned with commercial and product/service strategies, as well as with marketing and corporate communications. This approach, which enables employees to “live the brand,” aims at brand building and longer-term value creation.<sup>58</sup>

### *Stage of CSR*

Scholars have posited that another factor shaping the profile of CSR in companies has to do with its stage of development within the firm. One formulation sees companies progressing from an elementary to an engaged, innovative, integrated and, in some instances, transformative approach to CSR.<sup>59</sup> At each stage of development, the company’s engagement with societal issues is progressively more open and dealings with stakeholders are more interactive and mutual. In the same way, how companies think about their responsibilities becomes more complex, and the organizational structures, processes, and systems used to manage CSR are more sophisticated and aligned with the business.

Applying this logic to employee engagement, it can be argued that using CSR for purposes of HR management seems to fit the style and capabilities of firms at the early stages of developing an organization-wide commitment to social responsibility and sustainability.<sup>60</sup> Surely, this approach can prove satisfying and even enriching to individual employees. However, absent managerial support, feedback, recognition, and rewards, it is questionable to what extent a pro-social and/or pro-environmental ethos can develop among employees in an organization.<sup>61</sup> The relational model of engagement seems to fit best for firms that have reached an integrative stage of developing CSR—they have a full portfolio of policies and programs and staff-and-line functions are aligned behind triple bottom line objectives.

IBM’s arc of CSR shows what can happen to employee engagement as a company progresses from a transactional to transformative stage. Early on, IBM innovated with its On Demand Volunteer Community. Then it expanded its skill-based program from reinventing education to opening up options that would range from volunteering in a social service agency to getting a team together to assist a nonprofit to participating in MentorPlace where thousands of IBM employees mentor students online. Today, its signature employee program is the IBM Corporate Service Corps (CSC).

IBM has sent over 1000 employees on 100 teams to 24 countries on one-month service assignments through its CSC. Modeled on the U.S. Peace Corps, the program engages teams of volunteers in three months of pre-work, one month in-country, and two months in post-service where they harvest insights for themselves and their business. What do the volunteers do? In Tanzania, IBM teams collaborated with KickStart, a nonprofit offering new technologies to fight poverty in Africa, by developing modular training courses in marketing, sales, and supply chain management for local entrepreneurs. Teams in Brazil helped to develop a funding strategy for a community-based organization, *Aprendiz*, which works to keep disadvantaged youth off the streets in the slums of São Paulo. “This isn’t just a São Paulo issue, this isn’t just a *favela* issue, this is a global issue,” said one of the team members.

Global service programs are proving to be a win-win-win—for companies, their employees, and local clients. Companies that institute them benefit from

staff with greater knowledge of countries important to business expansion, and they often see an increase in staff retention and performance. Companies also benefit from an enhanced reputation in the countries where programs are implemented and from being seen worldwide as a global corporate citizen.

For employees, global service schools them on how to get things done with limited resources, how to work in complex, multi-stakeholder environments and how to operate in another culture. They also learn a lot about themselves and social-and-environmental issues in the world around them.<sup>62</sup> Finally, local organizations benefit from improved processes, enhanced staff performance, increased revenues, and improved networks and external relationships. Intel's Education Service Corps sends teams for two-week assignments to "power up" students with computing technology, know-how, and infrastructure. As a student from Uganda observed:

As an African, I am grateful for programs like this that can help bridge the gap not only between the developing continents, but also within our own neighborhoods, communities, cities, and the continent at large. The greatest part of such programs is the sustainability aspect that is attached to it—training the older ones or equipping the more knowledgeable ones to take charge of their own environment and be responsible. For the individual volunteers, you do a great job by leaving your comfort zone to bring hope and increase the faith of others. This is the greatest service anyone can give to humanity and self.

### *How to Best Serve Society*

It is also important for companies to consider how they can best serve the interests of society through their employee engagement efforts. Frankly, with many companies today making CSR more strategic and business-relevant, and focused on measuring its business value, it is sometimes an afterthought that a central part of their CSR value proposition is to serve society's needs. There is today a growing consensus that corporations are uniquely positioned to address some of the world's biggest problems. Some argue that they have responsibilities to do so.<sup>63</sup> However, this requires mobilizing their employees in service to society's needs. What does this mean for employee engagement?

It is fashionable today to frame CSR strategically in the logic and lexicon of "shared value."<sup>64</sup> For the past thirty years, business has focused on extracting value by cost-cutting, downsizing, outsourcing, business process reengineering, and the like. A turn to shared value opens up new avenues for value creation for business and society. That said, the concept of shared value still leaves business in the driver's seat—sourcing, making, distributing, and selling goods and services with the primary intent to maximize its profit. In this framing, issues such as global warming, declining school-and-student performance, a health care crisis, and just about every other environmental and social issue are considered through the profit-making calculus, not as a matter of corporate or shared responsibility.

Adding an "s" to the concept, and bringing shared values into the mix turns attentions not only to creating value, but also to engaging stakeholders—employees, investors, consumers, community interests, government and nongovernmental organizations—in setting the CSR agenda of a firm. This moves companies into a

new role viz. other societal actors and interests. It requires that traditional corporate aspirations for profits and efficiency be considered alongside social progress, equity, and other interests relevant to stakeholders—and, in the context here, especially to interests of employees.

Firms that have joined in the United Nations Global Compact, or participated in multi-sector and industry groups on climate change, water, human rights, and the like, are embracing a positive socio-political role in society. This naturally expresses itself in their engagement of employees through CSR. Today increasing numbers of companies work with NGOs to design and deliver community-oriented engagement programs. Part of an NGO's job is to ensure that the community's voice enters program planning and that any evaluations take into account the social-and-ecological value delivered.

As society's interests enter more fully into employee engagement efforts, and companies take seriously the import of sustainable social impact, possibilities open up to scale programs though the involvement of the full corporate value chain—from suppliers to customers to end consumers—as Timberland and Unilever have done. There are also some efforts underway at creating multi-organizational employee engagement: FedEx employees, for instance, have joined IBMers in Corporate Service Corps assignments and employees from multiple companies have teamed up in cause marketing efforts, such as the Red Campaign. Beyond business benefits, these efforts are pitched toward societal benefits, including the development of a pan-organizational cadre of business leaders that understand what joining CSR to employee engagement can mean for themselves, their companies, and the world.

### ***Assumptions about People and Psychological Contracts***

Finally, decisions about engagement also reflect how companies think about people and their desired relationship with employees. The transactional model, for instance, seems most suited to the archetype of *homo economicus*—the rational, calculative, self-interested image of humans whose motives are personal gain, even in their charity. By contrast, the relational model embodies *homo reciprocans*—a view of humans as ready and willing to cooperate with and reach out to others, and inclined toward some self-sacrifice for the sake of the “group.” The developmental model seems to reflect *homo communicans*—the view that people prefer to stay in contact with and connected to the surrounding world in their economic and social life.<sup>65</sup>

The foregoing does not mean that companies need to engage in deep philosophical inquiry in choosing between one or another engagement model. However, as McGregor pointed out decades ago, it is important for companies to clarify assumptions about people in the selection and definition of management practices. It makes sense, too, to have employees directly involved in developing a company's engagement philosophy and strategy. That way their voices—as workers, to be sure, but also as family and community members, and as citizens of a society and the planet—can also be reflected in the design and operations of their company's CSR efforts.

### *Some Open Questions*

While this article is chock-full of references to theory and studies, it is surprising that so many open questions remain about engaging employees through CSR. For example, increasing numbers of employees today are engaged in jobs that address, directly or indirectly, the ethical, social, and environmental responsibilities of their firms. This includes all manner of work on greening the supply chain; reducing energy use and emissions; improving product stewardship and jobs involving fair-trade or cause-related marketing; expanding consumer access to finance, medicines, or technology; social auditing and reporting; stakeholder engagement; and so on. These activities constitute “good work” and provide the social significance predictive of higher levels of employee engagement.<sup>66</sup>

What is not known is how employees themselves calibrate these attributes versus other “job products” or how they psychologically situate themselves in their companies. One hunch is that these more or less comprise “job duties” in cases of transactional engagement but morph into “our work” in a relational context. Could this work equate to “my purpose” in cases of developmental engagement?<sup>67</sup>

Consider looking deeper into some basic unanswered questions: Does engagement through CSR follow simply from being a part of a company known for its social responsibility? The benefits to self-esteem and image can be potent; you work for a “good” company! Or does it require actually doing something socially responsible on one’s job? Can volunteerism substitute for putting CSR to work on the job? Vice-versa? And what about psychic gains from participating in a CSR effort while working for a “bad” company?<sup>68</sup>

Finally, there are questions about the import and possibilities of employee voice in the design and operation of a company’s CSR program. How does engaging employees through CSR contribute to workplace democracy? And what are the implications for corporate governance of truly engaging employees as “citizens?”

### **Notes**

1. Unreferenced quotes and case material come from the author’s field research.
2. Cone Communications, “Past. Present. Future. The 25<sup>th</sup> Anniversary of Cause Marketing,” Boston, MA, 2009, at <[www.coneinc.com](http://www.coneinc.com)>.
3. See B. Boccalandro, “Mapping Success in Employee Volunteering,” Boston College Center for Corporate Citizenship, Boston, MA, 2009.
4. See G. Hills and A. Mahmud, *Volunteering for Impact: Best Practices in International Corporate Volunteering* (Boston, MA: FSG Social Impact Advisors, 2007).
5. On longer-term, risk-adjusted trends, see A. Edmans, “Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices,” *Journal of Financial Economics*, 101/3 (September 2011): 621-640. For a 1- and 3-year study, see “Closing the Engagement Gap: A Roadmap for Driving Superior Business Performance,” Towers Perrin Global Workforce Study 2007-2008, <[www.towersperrin.com/tp/getwebcachedoc?webc=HRS/USA/2008/200803/GWS\\_Global\\_Report20072008\\_31208.pdf](http://www.towersperrin.com/tp/getwebcachedoc?webc=HRS/USA/2008/200803/GWS_Global_Report20072008_31208.pdf)>.
6. See M. Orlitzky, F.L. Schmidt, and S.L. Rynes, “Corporate Social and Financial Performance: A Meta-Analysis,” *Organization Studies*, 24/3 (2003): 403-441; J.D. Margolis and J.P. Walsh, *People and Profits? The Search for a Link between a Company’s Social and Financial Performance* (Mahwah, NJ: Lawrence Erlbaum Associates, 2001); S.A. Waddock and S.B. Graves, “The Corporate Social Performance-Financial Performance Link,” *Strategic Management Journal*, 18/4 (April 1997): 303-319.

7. See S. Brammer, A. Millington, and B. Rayton, "The Contribution of Corporate Social Responsibility to Organizational Commitment," *International Journal of Human Resource Management*, 18/10 (October 2007): 1701-1719; S. Stawiski, J.J. Deal, and W. Gentry, "Employee Perceptions of Corporate Social Responsibility," Center for Creative Leadership, Greensboro, NC, 2010.
8. Sirota Survey Intelligence, "Workers Satisfied With Company's Social Responsibility Are More Engaged and Positive," at <www.crmlearning.com/blog/?p=3>. Some 71 percent of employees who approved of their company's commitments had favorable perceptions of their management's integrity versus 21 percent of those who did not approve. Those who favored their company's commitments were also more engaged in their job (86 versus 37%) and more apt to believe that their employers were interested in their well-being (75 versus 17%). They rated their company as more competitive, too (82 versus 41%).
9. "Towers Perrin 2007 Global Workforce Study," at <towersperrin.com>.
10. Gallup Engagement Index, at <gallup.com/consulting>, accessed December 9, 2010.
11. GolinHarris surveys, "Doing Well by Doing Good (2006-2010)," at <golinharris.com>.
12. "CSR minus HR = PR," Management Issues Ltd, at <www.management-issues.com/2006/8/24/research/csr-minus-hr-pr.asp>, accessed December 20, 2010.
13. See P.H. Mirvis, "Building Reputation Here, There and Everywhere: Worldwide Views on Local Impact of Corporate Responsibility," study with Reputation Institute, Center for Corporate Citizenship, Boston, MA, 2009.
14. Globescan, "Corporate Social Responsibility Monitor," at <www.globescan.com>.
15. The traditional employment contract between large companies and their employees, based in welfare capitalism and offering cradle-to-grave job security, was shattered in the U.S. and U.K. in the 1980s and to some extent in continental Europe a decade later. Ongoing corporate restructuring, downsizing, outsourcing, and the like ever since have led to declines in employee job satisfaction and continuous job insecurity. Even the Japanese "salaryman" is suffering malaise. Yet while this overall trend continues, there has been in recent years a "war for talent" among employers to recruit and retain high-skilled employees and attention given overall to making the workplace more appealing. Increases in company diversity and work-life programs, in support of employee personal development programs, and now in engaging employees through CSR all aim to enhance the psychological contract between companies and employees.
16. D.M. Rousseau, *Psychological Contracts in Organizations: Understanding Written and Unwritten Agreements* (Thousand Oaks, CA: Sage, 1995).
17. See P.H. Mirvis and D.T. Hall, "Psychological Success and the Boundaryless Career," *Journal of Organizational Behavior*, 15 (1994): 365-380.
18. P. Senge, B. Smith, S. Schley, J. Laur, and N. Kruschwitz, *The Necessary Revolution: How Individuals and Organizations Are Working Together to Create a Sustainable World* (New York, NY: Doubleday, 2008).
19. GlobeScan (op. cit.) asks the public annually whether companies are "not at all," "somewhat," or "completely" responsible for various aspects of business operations and their impact on society. The pollsters find that large majorities in twenty-one countries hold companies *completely* responsible for the safety of their products, fair treatment of employees, responsible use of raw materials, and for not harming the environment. These are, of course, operational aspects of firms and well within their control. However, in addition, a significant segment of the public holds companies *completely* responsible for reducing human rights abuses, preventing the spread of HIV/AIDS, and reducing the rich-poor gap. Add in the category of *partially* responsible, and business is responsible, in the public's eye, not only for minding its own store, but also for addressing the world's ills.
20. See "A New Era of Sustainability: UN Global Compact—Accenture CEO Study 2010," <www.unglobalcompact.org/docs/news\_events/8.1/UNGC\_Accenture\_CEO\_Study\_2010.pdf>.
21. See B. Googins, P.H. Mirvis, and S. Rochlin, *Beyond Good Company: Next Generation Corporate Citizenship* (New York, NY: Palgrave MacMillan, 2007).
22. C.B. Bhattacharya, S. Sen, and D. Korschun, "Using Corporate Social Responsibility to Win the War for Talent," *MIT Sloan Management Review*, 49/2 (Winter 2008): 37-44.
23. See R.L. Sims and K.G. Kroeck, "The Influence of Ethical Fit on Employee Satisfaction, Commitment and Turnover," *Journal of Business Ethics*, 13/12 (December 1994): 939-947.
24. "Deloitte Volunteer Impact Survey, 2010," at <Deloitte.com>.
25. See P.H. Mirvis, B. Googins, and S. Kinnicutt, "Vision, Mission, Values: Guideposts to Sustainability," *Organization Dynamics*, 39/4 (2010): 316-324.

26. R.M. Kanter, *SuperCorp: How Vanguard Companies Create Innovation, Profits, Growth, and Social Good* (New York, NY: Crown Business, 2009).
27. See P.H. Mirvis, "Transformation at Shell: Commerce and Citizenship," *Business and Society Review*, 105/1 (Spring 2000): 63-84.
28. National Environment Education Foundation, *The Business Case for Environmental and Employee Sustainability Education*, February 2010.
29. The Reputation Institute finds that while social responsibility is a significant driver in attracting employees in the United States (over 62 percent say it is important to them), it is even more important in many other countries, including India (69 percent), China (79 percent), Germany (71 percent), and Argentina (80.6 percent). See Mirvis (2009), op. cit.
30. A. Maslow, "A Theory of Human Motivation," *Psychological Review*, 50/4 (1943): 370-396.
31. D. Yankelovich, *New Rules: Searching for Self-Fulfillment in a World Turned Upside Down* (New York, NY: Random House, 1981).
32. William Macey and Benjamin Schneider point out that the "satisfaction = engagement" formula does not incorporate a full range of psychological engagement "states" including employee's sense of activation, involvement, empowerment, and/or commitment. Furthermore, satisfaction does not predict "behavioral" engagement: demonstrations of employee initiative, adaptation, and going beyond what is typical and ordinarily expected. See W.H. Macey and B. Schneider, "The Meaning of Employee Engagement," *Industrial and Organizational Psychology*, 1 (2008): 3-30. Several field studies have shown that employees actively involved in philanthropic initiatives report a significant increase in their sense of involvement in their companies. This increase is also correlated to improved job performance. See C.A. Ramus and A.B.C. Killmer, "Corporate Greening through Pro-Social Extrarole Behaviours—A Conceptual Framework for Employee Motivation," *Business Strategy and the Environment*, 16/8 (December 2007): 554-570; C.A. Bartel, "Social Comparisons in Boundary-Spanning Work: Effects of Community Outreach on Members' Organizational Identity and Identification," *Administrative Science Quarterly*, 46/3 (September 2001): 379-413.
33. A.M. Grant, "Relational Job Design and the Motivation to Make a Prosocial Difference," *Academy of Management Review*, 32/2 (April 2007): 393-417.
34. A.M. Grant, J.E. Dutton, and B. Rosso, "Giving Commitment: Employee Support Programs and the Prosocial Sensemaking Process," *Academy of Management Journal*, 51/5 (October 2008): 898-918.
35. See D.P. Lepak, K.M. Bartol, and N.L. Erhardt, "A Contingency Framework for the Delivery of HR Practices," *Human Resource Management Review*, 15/2 (June 2005): 139-159.
36. C.P. Alderfer, *Existence, Relatedness, and Growth: Human Needs in Organizational Settings* (New York, NY: Free Press, 1972).
37. C.D. Batson, "How Social an Animal? The Human Capacity for Caring," *American Psychologist*, 45 (1990): 336-346.
38. A. Glavas, "Effects of Corporate Citizenship on Employees: Why Does Doing Good Matter?" unpublished Doctoral Dissertation, Case Western Reserve University, 2009.
39. On relational models of work, see D.L. Blustein, *The Psychology of Working: A New Perspective for Career Development, Counseling, and Public Policy* (Mahwah, NJ: Erlbaum, 2006). In developmental psychology, Jean Baker Miller argues that the self cannot be separated from its relation to others and that an "interacting sense of self" is present for all infants and informs development of the self over the life course. In a sociological frame, George Herbert Mead likewise contends that one's sense of self is formed in relation to multiple expectations and demands from society. See J.B. Miller, *Toward a New Psychology of Women* (Boston, MA: Beacon Press, 1976); G.H. Mead, *Mind, Self and Society* (Chicago, IL: University of Chicago Press, 1934).
40. See D.A. Thomas and R.J. Ely, "Making Differences Matter: A New Paradigm for Managing Diversity," *Harvard Business Review*, 74/5 (September/October 1996): 80-90; V. Parker and D.T. Hall, "Workplace Flexibility: Faddish or Fundamental," in P.H. Mirvis, ed., *Building the Competitive Workforce: Investing in Human Capital for Corporate Success* (New York, NY: John Wiley, 1993).
41. See "Engaging Employees as Citizens," in B. Googins, P.H. Mirvis, and S. Rochlin, *Beyond Good Company: Next Generation Corporate Citizenship* (New York, NY: Palgrave MacMillan, 2007).
42. See P.H. Mirvis, "Human Development or Depersonalization? The Company as Total Community," in F. Heuberger and L. Nash, eds., *A Fatal Embrace? Assessing Holistic Trends in Human Resources Programs* (New Brunswick, NJ: Transaction, 1994).
43. H.S. Schwartz, "On the Psychodynamics of Organizational Totalitarianism," *Journal of Management*, 13/1 (Spring 1987): 41-55.

44. A.H. Maslow, *Toward a Psychology of Being* (New York, NY: D. Van Nostrand Company, 1968).
45. Early on, Maslow, like many of his contemporaries, expressed concern that the existing “social order” thwarted people’s personal growth and countered inclinations toward altruism and generativity. He later confessed that his earlier depictions of human motivation were too “individualistic” and failed to acknowledge the positive potential of groups, organizations, and communities to promote human development. See A.H. Maslow, *Eupsychian Management* (Homewood, IL: Irwin/Dorsey, 1965).
46. See R. Kegan, ed., *In Over Our Heads: The Mental Demands of Modern Life* (Cambridge, MA: Harvard University Press, 1994).
47. See D. McGregor, *The Human Side of Enterprise* (New York, NY: McGraw-Hill, 1960); E. Fromm, *To Have or To Be?* (New York, NY: Continuum, 1976). Also on Fromm, see T. Mills, “Human Resources—Why the New Concern?” *Harvard Business Review*, 53/2 (March/April 1975): 120-134.
48. See D.L. Kanter and P.H. Mirvis, *The Cynical Americans: Living and Working in an Age of Discontent and Disillusion* (San Francisco, CA: Jossey-Bass, 1989).
49. M. Csikszentmihalyi, *The Evolving Self: A Psychology for the Third Millennium* (New York, NY: Harper/Collins, 1993).
50. Many of the leaders, in turn, led journeys for their next layers of management and everyday employees, ultimately engaging over 26,000 employees in service learning. See P.H. Mirvis and L. Gunning, “Creating a Community of Leaders,” *Organizational Dynamics*, 35/1 (February 2006): 69-82.
51. J.R. Hackman and E.E. Lawler, “Employee Reaction to job Characteristics,” *Journal of Applied Psychology*, 55 (1971): 259-286.
52. Safety and health, labor practices, and labor/management relationships are, of course, matters of law in many countries and thus fit into the compliance category for companies. However, increasingly firms are being held to higher standards of human resource management. The latest version of the Global Reporting Initiative, as one example, covers basic employment issues but also stipulates that companies report on the racial, ethnic, and gender composition of their workforce, management, and board of directors, the hours and monies spent on employee training, and details of their policies and plans to promote lifelong learning.
53. See J. Pfeffer, “Building Sustainable Organizations: The Human Factor,” *Academy of Management Perspectives*, 24/1 (February 2010): 34-45; D.L. Blustein, “A Relational Theory of Working,” *Journal of Vocational Behavior*, 79/1 (August 2011): 1-17.
54. L.S. Paine, “Managing for Organizational Integrity,” *Harvard Business Review*, 72/2 (March/April 1994): 106-119.
55. See S. Bonini, T.M. Koller, and P.H. Mirvis, “Valuing Social Responsibility,” *McKinsey on Finance*, 32 (Summer 2009): 11-18.
56. D. Vogel, *The Market for Virtue: The Potential and Limits of Corporate Responsibility* (Washington, D.C.: Brookings, 2005).
57. M.K. Linnenluecke and A. Griffiths, “Corporate Sustainability and Organizational Culture,” *Journal of World Business*, 45/4 (October 2010): 357-366.
58. See M.J. Hatch and P.H. Mirvis, “Designing a Positive Image: Corporate Branding + CSR,” in T. Thatchenkery, D. Cooperrider, and M. Avital, eds., *Positive Design and Appreciative Construction: From Sustainable Development to Sustainable Value*, Advances in Appreciative Inquiry, Volume 4 (New York, NY: Emerald, 2010).
59. P.H. Mirvis and B. Googins, “Stages of Corporate Citizenship: A Developmental Framework,” *California Management Review*, 48/2 (Winter 2006): 104-126.
60. In addition, companies at the early stages of developing their CSR profile tend to be reactive in engaging social-and-environmental issues. As they become more proactive, it seems imperative that they engage *more* of their employees (both as individuals and collectively) in tackling these issues. This translates into more inclusive and demanding engagement strategies of the relational and developmental type.
61. N. Govindarajulu and B.F. Daily, “Motivating Employees for Environmental Improvement,” *Industrial Management & Data Systems*, 104/4 (2004): 364-372; C.J.C. Jabbour, and F.C.A. Santos, “The Central Role of Human Resource Management in the Search for Sustainable Organizations,” *International Journal of Human Resource Management*, 19/12 (December 2008): 2133-2154.
62. An evaluation by Chris Marquis of IBM’s CSC found significant increases in the cultural intelligence and emotional resilience of IBMers who participated in global service assignments. A study of PWC’s Ulysses program found that company participants gained greater cultural literacy, deeper understandings of responsible leadership, and enhanced community-building

- skills. See P.H. Mirvis, K. Thompson, and C. Marquis, "Preparing Next Generation Business Leaders," in R. Burke and M. Rothstein, eds., *Self-Management and Leadership Development* (Cheltenham, UK: Edgar Elgar, 2010); N.M. Pless T. Maak, and G.K. Stahl, "Developing Global Leaders through International Service Learning Programs: The Ulysses Experience," *Academy of Management Learning & Education*, 10/2 (June 2011): 237-260.
63. See D. Matten and A. Crane, "Corporate Citizenship: Toward an Extended Theoretical Conceptualization," *Academy of Management Review*, 30/1 (January 2005): 166-179; A.G. Scherer and G. Palazzo, "Toward a Political Conception of Corporate Responsibility: Business and Society Seen from a Habermasian Perspective," *Academy of Management Review*, 32/4 (October 2007): 1096-1120.
  64. See M.E. Porter and M.R. Kramer, "Creating Shared Value," *Harvard Business Review*, 89/1-2 (January/February 2011): 62-77.
  65. A colleague, Prof. G.J. (Deon) Rossouw, CEO of the Ethics Institute of South Africa, suggested the developmental model also fits with *homo quaerens*—the being that is constantly looking for meaning in life.
  66. See W.A. Kahn, "Psychological Conditions of Personal Engagement and Disengagement at Work," *Academy of Management Journal*, 33/4 (December 1990): 692-724; H. Gardner, M. Csikszentmihalyi, and W. Damon, *Good Work: When Excellence and Ethics Meet* (New York, NY: Basic Books, 2001).
  67. Consider recent research by Julie Bayle-Cordier on socially responsible organization identity (SROI)—what does it mean for how people think of their "organization self?" See J. Bayle-Cordier, "The Impact of an M&A on a Target Firm: A Socially Responsible Organizational Identity Perspective," Dissertation, HEC Paris, France, 2010; M.G. Pratt and M.S. Kraatz, "E Pluribus Unum: Multiple Identities and the Organizational Self," in L.M. Roberts and J.E. Dutton, eds., *Exploring Positive Identities and Organizations* (New York, NY: Routledge, 2009).
  68. Some fine scholars are addressing these kinds of questions as they trace links from organizational CSR practices to employee outcomes and from employee participation in CSR efforts to organizational outcomes. See J.P. Gond, A. El Akremi, J. Igalens, and V. Swaen, "A Corporate Responsibility-Corporate Financial Performance Behavioural Model for Employees," in N. Craig Smith, C.B. Bhattacharya, D. Vogel, and D. Levine, eds., *Global Challenges in Responsible Business* (Cambridge: Cambridge University Press, 2010), pp. 13-48; R.L. Raffaelli, "Letting Your Employees Walk the Talk: Corporate Social Responsibility & Employee Commitment," symposium presentation in "Corporate Social Responsibility from the Ground Up: Cultivating a Micro-Level Employee Perspective" at the 69th annual meeting of the Academy of Management, Chicago, IL, 2009.