

Using Corporate Social Responsibility to Motivate and Retain Female Employees

There is no doubt that the ability to attract, motivate, and retain a talented pool of employees is crucial to any company's success. Representing about 50% of the total U.S. labor force, female employees are a critical force driving not only firm performance but also our national economy.¹ Importantly, findings from both marketplace polls and academic research have revealed some gender differences that have implications for managing and developing talented

women. Specifically, on average, women attribute more importance to socially-oriented values such as preserving and enhancing the welfare of others, and women place more importance on the role business needs to play in creating and sustaining a healthy community and society.² For example, when choosing a job, the potential to make a contribution to society is a more important criterion for women, and women are more likely to feel it is very important for them to make a positive impact on society. Furthermore, women

seek power and leadership in the workplace not so much for personal gain, but rather to make a difference and to make the world a better place.³

tions of corporate resources,"⁴ CSR is the norm rather than the exception nowadays. More than ever, companies are devoting substantial resources to various social and environmental initiatives ranging from community outreach and neutralizing their carbon footprints to socially responsible business practices in employment, sourcing, product design, and manufacturing. To give but two examples, Target contributes 5% of its income, amounting to more than \$150 million in 2008, to programs that inspire education, increase access to the arts, and promote community safety. As part of its Ecomagination initiative, General Electric has invested billions of dollars in cleaner technologies (e.g., renewable and hydrogen energy). These unprecedented CSR efforts are spurred in part by the premise that in today's socially conscious environment, CSR is not only the right thing to do, but also the smart thing to do. McKinsey's recent survey of CFOs and investment professionals from a wide range of industries revealed that CSR can create business value in a number of important ways, such as maintaining brand equity, enhancing corporate reputation, improving operational efficiency, opening new growth opportunities, and notably, attracting, motivating, and retaining talented employees.⁵ Similarly, management scholars have conceptualized that because CSR depicts a company as a contributor to society rather than as an entity concerned solely with maximization of profits, it can potentially humanize the company and encourage its stakeholders—such as employees, investors, and consumers—to identify with the organization.⁶ Such stakeholder-company identification, in turn, will foster stakeholder support behaviors (e.g., consumers or employees acting as company champions) that contribute to the long-term success of a company.

Attracting and retaining talented employees can provide organizations with sustained competitive advantage. However, while prior research has alluded to the positive effect of CSR on employee attraction, motivation, and retention, little empirical evidence exists that attests to the links between CSR and employee attitudes and behaviors. In particular, due to the substantial percentage of women in the labor force and their greater emphasis on the role of business in society, it is of great importance to examine how organizations' CSR activities can satisfy women's career needs,

Due to the substantial percentage of women in the labor force and their greater emphasis on the role of business in society, it is of great importance to examine how organizations' CSR activities can satisfy women's career needs, benefitting organizations through the attraction, motivation, and retention of talented women.

Given the fact that corporate social responsibility (CSR) occupies a prominent place on the global corporate agenda in today's socially conscious climate, we seek to explore the effect of CSR on retaining and motivating female employees. Defined broadly as "a commitment to improve societal well-being through discretionary business practices and contribu-

benefitting organizations through the attraction, motivation, and retention of talented women. Therefore, this research seeks to investigate the relationships between an organization’s CSR activities and female employees’ job-related attitudes and behaviors, as well as to shed light on the psychological processes underlying these relationships. In collaboration with Hewlett-Packard, we administered a survey to professional women attending the May 2009 Simmons Leadership Conference.⁷ Three hundred and eighty-four professional women responded to our survey, where we asked questions relating to their career needs, knowledge and perceptions of CSR activities in their organizations, and their attitudes and behaviors toward their organizations.⁸ This *CGO Insights* briefing note reports our research findings as well as implications of our findings for CSR practice.

Findings

Women Seek Individualistic as Well as Socially-Focused Career Needs. Employees often seek a variety of career needs, ranging from self-focused factors such as salary and professional training, to socially-focused factors such as giving back to the community.⁹ A person’s job, or career, can be conceptualized as a “product” with a menu of attributes that satisfy various needs.¹⁰ Clearly, job-products capable of fulfilling a diverse range of important employee needs will contribute to job satisfaction, loyalty, and productivity.

As expected, we find that women often consider socially-focused career needs to be important. More than three-quarters of our respondents reported that similar to individualistic career needs, such as professional development and career advancement, socially-focused career needs like “making a positive impact on society” and “expressing and acting in line with my values” are important to them (see Figure 1).

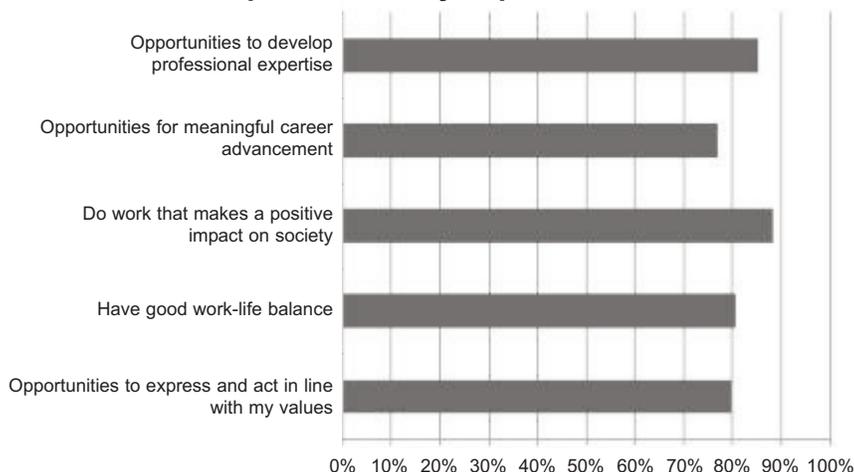
Interestingly, contrary to observations that millennials (those who were born after 1980) are a more socially conscious generation, our survey results show that, at least in the workplace, socially-focused career needs are important to all women and do not seem to vary by generation. However, we do notice some generational differences; for example, women below 40 years of age, and therefore probably at relatively earlier career stages, place more importance on opportunities for career advancement.

CSR is Capable of Fulfilling Both Individualistic and Socially-Focused Career Needs. An organization’s CSR activities can potentially reveal its underlying character or value system and demonstrate the organization as a willing

contributor to society, rather than being solely concerned with profit maximization. More importantly, organizations are increasingly taking a strategic approach to CSR by leveraging their core competencies to make a social impact and by integrating CSR into various aspects of their business operations including human resource management, sourcing, product design, and manufacturing.¹¹ This trend of strategically focusing on social issues that lie at the intersection of business and society suggests that CSR can potentially satisfy not only employees’ socially-focused career needs, but also their traditional, individualistic career needs such as professional development. For instance, IBM has been deploying teams of employee volunteers to emerging markets where employees work with local organizations and businesses on projects that intersect business, technology, and society. Through this CSR initiative, IBM employees not only deliver great value to the communities they serve by bringing highly valued skills, but also, during the process, they increase their cultural intelligence and hone leadership skills necessary to lead in a globally integrated world.

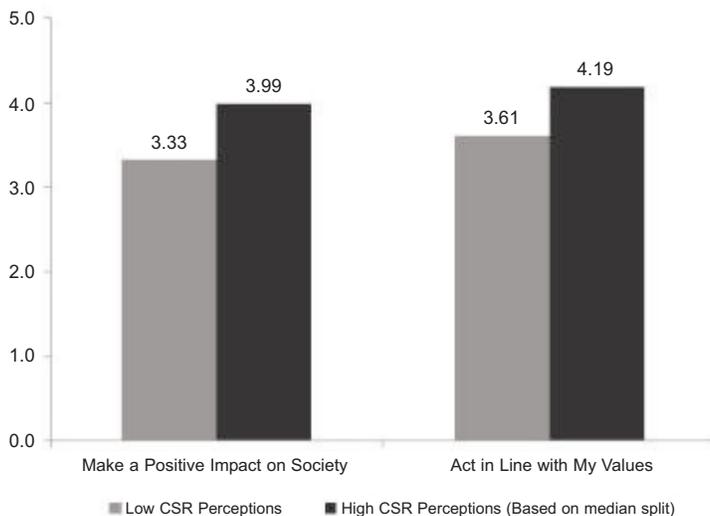
Our statistical modeling shows that, in general, CSR has a significant impact on the fulfillment of socially-focused career needs such as “making a positive impact on society”

Figure 1: Percentage of Respondents Rating Career Needs as “Important or Very Important”



and “expressing and acting in line with my values.” More specifically, all else equal, respondents who perceived their organizations as more socially responsible considered their socially-focused career needs better fulfilled than those who perceived their organizations as less socially responsible (see Figure 2). Also importantly, our model indicates that when CSR is an integral part of an organization’s business strategy, it contributes to the fulfillment of individualistic career needs such as “opportunities to develop my professional skills/expertise.” This finding highlights the importance of having a strategic approach to CSR.

Figure 2: Relationship between Perceptions of Organization’s CSR and Satisfaction of Socially-Focused Career Needs



CSR Enhances Job Satisfaction, Retention, and Organizational Advocacy. Employee retention is crucial to the long-term health and success of any organization. Costs of high employee turnover can be staggering, including recruitment and hiring costs, orientation and training costs, and loss of organizational knowledge and expertise. Since an organization’s CSR engagement is capable of fulfilling multiple career needs, especially those socially-focused career needs that are highly valued by women, we expect that an organization’s CSR engagement will increase women’s job satisfaction, and consequently it can be an effective tool for retaining and motivating talented women.

As expected, our statistical modeling indicates that, all else equal, female employees who perceive their organizations as more socially responsible have higher job satisfaction, lower intent to quit, and greater likelihood to engage in advocacy behavior (i.e., speaking highly of one’s organization to friends and family; see Figure 3). This finding highlights the strategic benefits of CSR in attracting and motivating talented women for the success of organizations.

Challenge: Maximizing the Returns to CSR

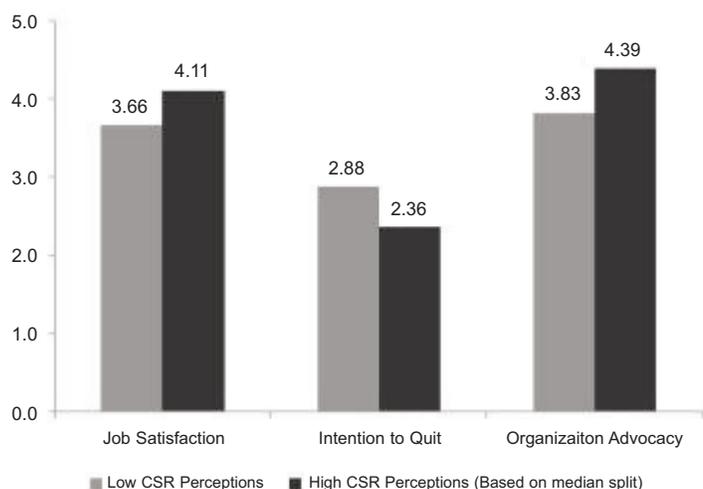
While our research demonstrates the multifaceted positive effects that an organization’s CSR activities have on motivating and retaining female employees, it also reveals several key challenges organizations face in their attempts to maximize the effectiveness of CSR as a strategy to acquire and retain talented women.

Need for more effective internal communication of CSR. Our survey results show that low employee awareness of their organization’s CSR activities remains a key stumbling block in the quest of organizations to reap the business benefits of CSR discussed above. Only 45% of respondents reported that they know about their organizations’ social initiatives. Since the positive effects of CSR on employee retention and motivation are contingent upon the employees’ awareness of their organizations’ CSR activities, organizations need to do a better job at communicating their CSR to their internal stakeholders. More specifically, organizations need to inform employees about their CSR programs in a coherent and consistent manner. Such CSR communication should be systematic and include both the rationale behind and the

specifics of the programs, as well as the company resources allocated to CSR and the challenges faced. Perhaps most importantly, the successes of the programs should be clearly communicated.¹²

Need for broader employee engagement in CSR programs. Our regression analysis indicates that employees’ degree of involvement in their organizations’ CSR activities is a lever that can magnify the positive effects of CSR on female employee retention and motivation. More specifically, we find that women’s participation in their organizations’ CSR activities leads to greater fulfillment of their socially-focused career needs, increases their organizational advocacy behavior, and significantly lowers their intent to quit. However, our survey results indicate that the level of female employee engagement in CSR programs is low, resulting in

Figure 3: Relationship between Perceptions of Organization’s CSR and Job Satisfaction, Intention to Quit, and Organizational Advocacy



suboptimal business returns to CSR. Specifically, only 35% of respondents reported that they have participated in their organizations' social initiatives. Similarly, other research has documented the widespread problem of insufficient employee engagement in CSR. According to one survey, as many as 86% of employees are not engaged by their companies' sustainability programs.¹³

To maximize the positive effects of CSR on retaining and motivating female employees, organizations should encourage broad and active participation of female employees in CSR and proactively involve them in the planning, design, and implementation of CSR programs. Companies need to provide specific opportunities for involvement in ways that do not take away from female employees' ability to fulfill their regular responsibilities. Better yet, companies should consider making CSR participation integral to those professional responsibilities.

Conclusion

As the global economy lurches tentatively but inexorably toward a brave new CSR world,¹⁴ it is in the very best interest of businesses to understand and harness the power of CSR to make our planet a better place and simultaneously to cultivate competitive advantage for their companies. Examining the impact of CSR on a key stakeholder group, female employees, this research demonstrates the power of CSR in fulfilling women's individualistic and socially-focused career needs, not only retaining them but also transforming them into passionate advocates for their organizations. To fully bring out the potential of CSR in winning the war for top female talent, however, our research shows that organizations need to more effectively communicate their CSR to female employees as well as encourage broader and more active participation in their CSR programs.

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Endnotes

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⁷We gratefully acknowledge Hewlett-Packard's support in the administration of these electronic surveys.

⁸Data was analyzed using SAS statistical software. Our respondents have the following socio-demographic characteristics: Age: <= 30, 14%; 31-50, 59%; >50, 27%. Education: some college or Bachelor's degree, 39%; some graduate or Master's degree, 50%; Doctorate degree, 9%; no response, 2%. Income: Less than \$75,000, 26%; \$75,000-\$99,999, 20%; \$100,000-\$199,999, 42%; above \$200,000, 11%; no response, 1%.

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