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 an important force driving not only firm performance but also our national economy.[1] Interestingly, findings from marketplace polls and academic research suggest that women place more importance on the role business needs to play in society when selecting their employers[2], and that women seek power and leadership in the workplace not so much for personal gains, but to make a difference and make the world a better place.[3] Given the fact that corporate social responsibility (CSR) occupies a prominent place on the global corporate agenda in today's socially conscious climate, we collaborated with Hewlett Packard[4] 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 contributions of corporate resources,"[5] 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 footprint to socially responsible business practices in employment, sourcing, product design, and manufacturing. To give but two examples, Target contributed 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).

Through a survey administered at the May 2009 Simmons Leadership Conference, 384 professional women responded to questions about their career needs, knowledge, and perceptions of CSR in their organizations, and their attitudes and behaviors toward their organizations. Below we discuss our key findings from this survey.

Finding: Women seek individualistic as well as socially-focused career needs

Women seek a variety of career needs, and often consider socially-focused career needs very important. More than 75% 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 Chart 1).

Chart 1: Career Needs
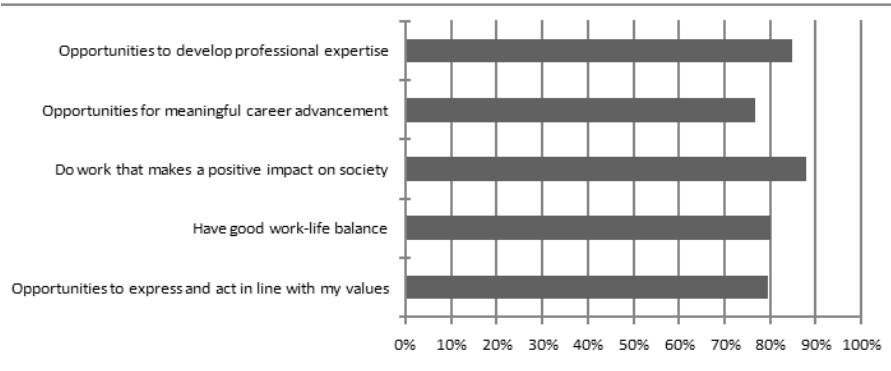
Interestingly, contrary to observations that millennials (those who were born after the mid-1970s) are a more socially conscious generation, our survey results show that, at least in the workplace, socially-focused career needs are important for all and do not seem to vary by generation. However, we 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.

Finding: CSR is capable of fulfilling both individualistic and socially-focused career needs
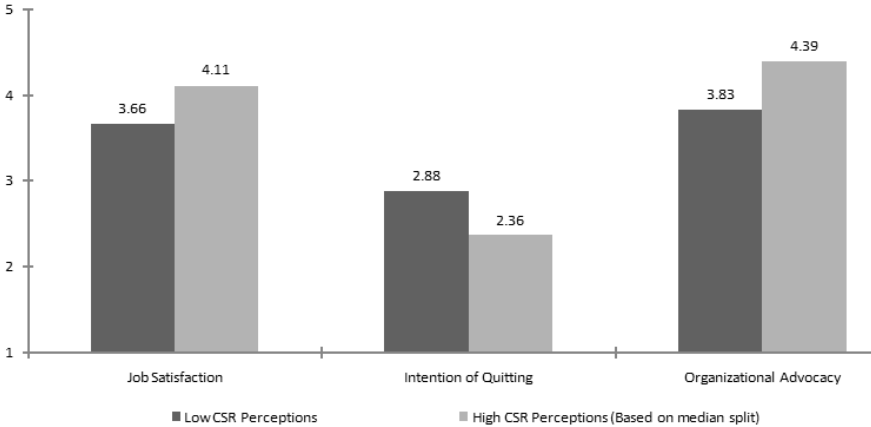
An organization's CSR activities can potentially reveal its underlying "character," or "value system," and demonstrate the organization as a willing contributor to society, rather than being solely concerned with profit maximization. More importantly, organizations are increasingly taking a strategic approach to CSR by leveraging their core competencies to make a social impact and by integrating CSR into various aspects of their business operation including human resource management, sourcing, product design, and manufacturing.[6] 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 employees as volunteers to emerging markets where the 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, have increased their cultural intelligence and honed 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. 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. Of additional importance, 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."

Finding: CSR enhances female employee retention and organizational advocacy

Since an organization's CSR engagement is capable of fulfilling multiple career needs, especially those socially-focused career needs which are highly valued by women, we expect that CSR will increase women's job satisfaction and consequently can be an effective tool for retaining and motivating female talent. 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 intention of quitting, and greater likelihood to engage in advocacy behavior (i.e., speaking highly of one's organization to friends and family; see Chart 2). This finding highlights the strategic benefits of CSR in attracting and motivating female talent for the success of organizations.

Chart 2: CSR as an Effective Strategy for Retaining and Motivating Women

- Job Satisfaction: Low CSR Perceptions 3.66, High CSR Perceptions 4.11
- Intention of Quitting: Low CSR Perceptions 2.88, High CSR Perceptions 2.36
- Organizational Advocacy: Low CSR Perceptions 3.83, High CSR Perceptions 4.39

■ Low CSR Perceptions   ■ High CSR Perceptions (Based on median split)

Challenge: Maximizing the returns to CSR

While our research demonstrates the multi-faceted 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 attempt to maximize the effectiveness of CSR as a strategy to acquire and retain female talent.

Need for more effective internal communication of CSR. Our survey results show that low employee awareness of their organizations' CSR activities remains a key stumbling block in organizations' quest to reap the above discussed business benefits of CSR. 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 better communications about their CSR initiatives 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. Perhaps most importantly, the successes of the programs should be clearly communicated.[7]

Need for broader employee engagement in CSR programs. Our regression analysis indicates that employees' degree of involvement or participation 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 intention of quitting. However, our survey results indicate that the level of female employee engagement in CSR programs is not high, hence resulting in suboptimal business returns to CSR. Specifically, only 35.1% of respondents reported that they have participated in their organizations' social initiatives. 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 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 towards a brave new CSR world[8], it is in the very best interest of businesses to understand and harness the power of CSR both to make our planet a better place and to simultaneously 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, by not only retaining them but also transforming them into passionate advocates for an organization. To fully bring out the potential of CSR in winning the quest for top female talent, however, our research shows that organizations need to more effectively communicate their CSR initiatives to female employees, as well as to encourage broader and more active participation in their CSR programs.

Endnotes

1. Loth, R. (2009, October 9), "Same Old, Same Old for Women on the Verge," *Boston Globe*. The Economist (2006, April 12), "The Importance of Sex: Forget China, India and Internet: Economic Growth is Driven by Women." Available at http://www.economist.com/opinion/displaystory.cfm?story_id=6800723.
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http://www.aspencbe.org/documents/ExecutiveSummaryMBAStudentAttitudesReport2008.pdf.
3. Merrill-Sands, D., Kickul, J., and Ingols, C. "Women Pursuing Leadership and Power: Challenging the Myth of the "Opt Out Revolution," *CGO Insights*, 20.
4. We gratefully acknowledge Hewlett Packard's support in the administration of these electronic surveys. Data was analyzed using SAS statistic software. Our respondents have the following socio-demographic characteristics. Age: <= 30, 14%; 31-50, 59%; >50, 27%. Education: Bachelor's degree, 30%; Some graduate or Master's degree, 50%; Doctorate degree, 9%. Income: Less than $75,000, 26%; $75,000-$99,999, 20%; $100,000-$199,999, 33%; above $200,000, 11%.
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