

Good Companies, Better Employees

How community involvement and good corporate citizenship can enhance employee morale, motivation, commitment and performance

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Michael Tuffrey

The Corporate Citizenship Company

Europoint, 5/11 Lavington Street

London SE1 0NZ

www.corporate-citizenship.co.uk

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About this Study

Over the last two decades, the pace of change within companies has grown ever faster, and the global competitive pressures have become ever more acute. This study focuses on two trends that stand out from this period. First, companies repeatedly say 'employees are our greatest asset', shorthand for a series of initiatives around skills, motivation, involvement and empowerment. Second, they have tried to rediscover a sense of purpose, expressed in statements of corporate mission and values – an effort to focus on the 'corporate glue' at a time when they are hollowing out and reengineering themselves, often through dramatic and disruptive reorganisations.

Within companies, those charged with managing both these aspects – whether Human Resources (HR) managers, Corporate Community Involvement (CCI) professionals or the many managers in line functions - are grappling with some apparently contradictory trends. When redundancies are announced, the share price goes up. Despite embracing wider social responsibilities, overt criticism of corporations is mounting in some quarters, while simple scepticism reigns in many others.

So a group of companies came together in this study to try to make sense of these trends and find the linkage between them. Many personnel managers see pride in the company and building a sense of common values between employee and employee as the 'Holy Grail' of human resource management. At the same time, many in corporate community involvement think their activities can have at least as big an impact on employee attitudes and on their behaviour at work as on reputation among external audiences. This study examines both beliefs.

When the hypothesis is demonstrated and the links are made, the need is to manage CCI more strategically – who is affected in what sorts of ways by which types of activity, and what is the bottom-line impact on the business?

To work towards this answer, nine companies – BT, Centrica, KPMG, Levi Strauss Europe, The Littlewoods Organisation, NatWest (now part of The Royal Bank of Scotland), PricewaterhouseCoopers, United Utilities and Zurich – came together to commission research from The Corporate Citizenship Company, working with MORI.

The project builds on two earlier pieces of research:

- the first, published as *Employees and the Community: how successful companies meet human resource needs through community involvement* in 1995, developed a theoretical approach to measuring HR benefits;

- the second, published as *Valuing Employee Community Involvement: practical guidance on measuring the business benefits from employee involvement* in community activity in 1998, documented the results from among 18 companies when this approach was applied in practice, focusing mainly on skills development.

All of these studies, as well as links to external academic research, case studies and analysis, are available online at The Corporate Citizenship Company's dedicated human resources website: <http://www.corporate-citizenship.co.uk/employees>.

This latest research project set as its goal the objective 'to understand better how corporate community involvement and wider corporate citizenship contributes to business success by enhancing employee morale, motivation, commitment and performance, in sufficient detail to be a practical management tool, with methods to evaluate benefits'. It had five main components:

- a new survey of attitudes among employees in the UK generally;
- surveys of the attitudes in greater depth in the participating companies;
- case study, seeking to track the impact through to the bottom line;
- desk research of academic and other studies in related fields;
- this published report on the findings of the project.

A question of definition

This study concerns the way companies behave as 'corporate citizens', that is to say as members of society showing responsibility and concern for others while exercising their rights to trade freely and maximise long term value for their owners. As regards employees, such responsible behaviour encompasses a broad range of operational issues including fair pay, a safe workplace, equal opportunities and the promotion of diversity, and support for employee development.

It also encompasses a range of activities called corporate community involvement (CCI), that is engaging with local communities, special interest groups and issues of concern in society, above and beyond the day-to-day operations, often working in partnership with not-for-profit organisations. Employees frequently play a central part in this activity, by volunteering their time and skills, fundraising or donating through the payroll.

While this study touches upon the broad range of corporate citizenship issues, its special focus is corporate community involvement. That is because such activity is, by definition, voluntary, and not driven by immediate operational needs. As a discretionary expenditure, there is greater need for companies to understand the wider role it can play in the business, and so manage scarce resources to best effect.

Summary of Key Findings

Corporate community involvement programmes can play a significant role in addressing the key challenges faced by human resources managers, leading to direct benefits to a company's bottom line.

If CCI managers are to make such a contribution, and to succeed in measuring it better, they have to start by understanding the strategic HR goals of their organisations. What are the problems that are really affecting the business, such as high staff turnover, absenteeism or poor productivity? Which groups are most affected: young new recruits, shop floor workers, or part-timers?

Once clear, CCI managers can then devise programmes that focus on those challenges and priorities, and so better contribute to achieving the strategic goals of the organisation.

Until now, in the search for the 'business case' for community investment, CCI managers have tended to take their existing range of activities and sought to show the HR impact they can have. Such benefits can be described as 'accidental' rather than planned.

This study is arguing that, if CCI is to be viewed as a 'profit centre' not a cost overhead, managers should reverse the process, starting with the strategic HR objectives and designing community programmes that help to achieve them, while still making a vital contribution to the community.

Testing the hypothesis

This report's subtitle reflects the hypothesis behind the study, namely that community involvement and wider corporate citizenship can impact:

1. morale – an individual's personal attitudes and feelings, leading to
2. motivation – whether behaviour changes as a result, and then
3. commitment – whether this behavioural change is reflected at work through greater commitment to the organisation and its goals; finally the company asks about
4. performance – whether this commitment achieves results for the business through improved performance leading by implication to bottom-line benefits.

The report draws on academic research as well as existing and new business case studies to illustrate the potential value of strategic community and human resource investment.

Summary

Chapter 1 briefly reviews recent trends in human resource management, citing evidence of falling levels of employee commitment. **Chapter 2** investigates priority HR issues in more detail and examines actions available to an employer to increase employee motivation, to improve morale and so to benefit directly the bottom line.

Chapter 3 sets out the results of two new opinion surveys which show how employees are affected by corporate community investment schemes, both in their attitudes and in their behaviours. These provide clear evidence to suggest that employee community involvement does have a real impact on morale and motivation. Even those who are aware of company schemes, but not personally involved, tend to be more likely to recommend the company to others and be motivated to do their jobs than those who do not know of any schemes. This positive outlook increases further among those personally involved in schemes. For example, one in five of those involved would spontaneously recommend their company to others.

But we need to look not just at what employees say but at what they actually do. Do they stay with the employer longer? Does their motivation for the job result in lower levels of absenteeism or more positive customer relations? And, even if the answer is yes, is community involvement the most cost effective way of achieving the business benefit? To address these questions, **Chapter 4** presents the results of a case study from a major volunteering initiative at a British Gas call centre in Cardiff. **Chapter 5** then goes on to review further evidence of the link between human resource management and effective corporate citizenship, drawing out five key conclusions.

The report ends in **Chapter 6** with a seven-step approach to measuring the impact of community involvement and good corporate citizenship on human resource management priorities.

Chapter 1

The Changing Labour Market

The labour market in most economically advanced countries has changed, putting a highly skilled and strongly motivated workforce at the heart of competitive advantage and business success. This chapter highlights some key developments in the workforce (more resources on recent HR trends in Western economies is available on www.corporate-citizenship.co.uk/employees). The next chapter then assesses the implications for those responsible for community engagement and corporate citizenship within companies.

The post-war era has seen the growth of the service sector, an increase in employment within offices, a decline in employment in large industrial plants and a steadily increasing participation of women in the workforce. Self-employment has also grown slightly. Some sections of the workforce have experienced increased job insecurity, leading to feelings of job insecurity through the whole workforce.

Work in the expanding service sector demands a different set of employee skills, with less emphasis on technical skills and more on employee behaviour and interpersonal skills. This changing focus increases the importance of high employee morale and motivation at work, which enlightened human resource practices can promote.

Evidence from a number of commercial studies suggests that levels of employee commitment are falling. In the UK in 1998, International Survey Research found that employee morale and identification with the company by employees fell by 14 percent during the previous eight years. These figures are particularly concerning in light of research by Watson Wyatt in 2000, which finds a strong correlation between employee commitment and total shareholder return.

Falling levels of commitment and contentment pose a clear challenge not only to HR departments, but directly to the performance of the whole company. The next chapter investigates the actions available to an employer to increase employee motivation, improve morale and thus have a direct benefit to the bottom line.

Chapter 2

Priorities in Human Resource Management

The key question is - are employees an asset or a cost? Costs need to be minimised and controlled. Assets are expected to produce a return over the long term and are worth investing in. During the eighties and early nineties, employees were very often seen simply as a cost. Now it appears the pendulum has started to swing the other way.

If you accept that employees are your greatest asset, what are your priorities in human resource management, and what tools are available to achieve the best results?

In this chapter we look at the typical major HR costs, and how they each can be addressed through efforts to enhance employee morale, motivation, commitment and performance.

HR priorities

There is a considerable volume of research investigating the benefits of good human resource management, seeking to explain the link between employee commitment and commercial success.

The PricewaterhouseCoopers (PwC) Global Human Capital Survey 2002/3 sets out evidence that good people management has a positive effect on a range of issues, from increasing employee productivity and reducing absenteeism through to improving profitability.

The survey of over 1,000 organisations in 47 countries finds that companies who have a documented HR strategy have higher revenues by up to 35 percent. Further investigation suggests that the most effective strategies are those that focus on lining up individual motivation with business objectives, and those that incorporate ways of measuring the return of investments in employees.

The PwC survey also finds that HR managers believe that their most important and measurable contribution to business performance is to increase employee satisfaction, because this leads to a direct controlling of costs to the business.

Outside of the HR function, a survey of non-HR business executives at multinational companies by PwC in 2002 finds that nearly half (47 percent) cite employee satisfaction and turnover as a major contributor to long-term shareholder return.

Recruiting and retaining employees

Attracting and retaining the best people, especially in a tight labour market, is a key challenge. US human capital consultants, Aon, estimated in 2000 that replacing an employee costs half of that person's annual salary, not including the loss of intellectual capital resulting from each departure.

In both recruitment and retention, it is often assumed that the key issue is pay. Studies show this is not the case. When asked, employees say what they most value is control over their working time, intellectual challenge, the chance to learn, and an organisation with clear vision and values. Aon's *United States @ Work study* (2000) concludes that employers are best placed to recruit, retain and motivate high performance staff by creating 'a sense of pride and spirit' in the organisation. This is most effectively done through attention to basics: a safe workplace, proper rewards, employee personal growth, and good work/life balance.

The cost and causes of absence

In 2000 the UK's Industrial Society estimated that sickness absence costs the country £13 billion a year, including both the direct cost of sick pay and the hidden costs of lost production, disruption, reduced efficiency and lost opportunities.

In turn, companies with lower average days of absence per employee report higher profit margins, as illustrated in Chart 1.

Chart 1: Comparing company profit and employee absence days.



Source: *Management Barometer*, PwC, 2002

How much of sickness absence is actually due to work related issues rather than infection is subject to constant debate. Research has identified four major clusters of reasons for absence, set out in Chart 2.

Chart 2: Factors affecting employee absence

<p>Health & lifestyle factors</p> <ul style="list-style-type: none"> • genuine illness/poor health • smoking • excessive use of alcohol • lack of exercise • body weight 	<p>Workplace factors</p> <ul style="list-style-type: none"> • working patterns • health & safety concerns • travel times • excessive hours
<p>Attitudinal & stress factors</p> <ul style="list-style-type: none"> • job satisfaction • career satisfaction • intention to leave • organisational commitment • stress • absence of 'culture' 	<p>Domestic & kinship factors</p> <ul style="list-style-type: none"> • gender • number of children under 16 • lack of flexible working arrangements

. Source: *Attendance management – a review of good practice*, Institute of Employment Studies Report 353, 1998

Only one of the clusters is health related. Two of the clusters (workplace factors and attitudinal and stress factors) are workplace related, and thus can be directly influenced by the employer in a variety of methods. Research finds that the mere existence of a commitment to HR services positively impacts employee attendance: companies who have a documented HR strategy enjoy a 12% lower rate of absenteeism (PwC, 2003).

Increasing employee productivity

Significant studies have been done in recent years (1998-2003) on the effects of human resource practice on employee productivity, and in turn on improving bottom line business performance. Some key findings include:

- *Successful people management can improve morale, increase productivity, and enhance a brand*
 In 1985 an internal communication study at the UK supermarket chain Tesco suggested that staff behavioural issues were having a negative influence on the company's efforts in the supermarket-battle for customers. In response, Tesco's management took steps to empower staff to address customer problems quickly and directly by removing lengthy customer service procedures and hierarchies. All employees were encouraged to deliver personally the service that they as consumers would want to receive. For example, staff were given authority to replace products and reimburse customers without reference to supervisors. Tesco believes the changes led directly to the growth and success the company experienced in the following months.
- *Companies with committed staff are more productive*
 In the UK, the Institute of Employment Studies worked with a British retailer in 1999, to establish a clear link between staff commitment, customer loyalty and sales

growth. Research was conducted among 65,000 employees and 25,000 customers in almost 100 stores. The authors found that an increase of one point in employee commitment scores (using a five point scale) represented a nine percent increase in monthly sales per store, worth £200,000. Similarly a one point increase in customers' intention to spend increased sales by four percent, in this case £90,000.

Research by Sears, the United States' retailer, published in the Harvard Business Review in 1999, developed a quantitative model predicting the relationship between management quality, employee behaviour and financial performance. Using the system, the company found that improving employee attitude by five points led to a 1.3 point improvement in customer satisfaction and a 0.5 percent improvement in revenue – worth \$65 million per annum – which in turn increased market capitalisation by \$80 million.

Analysis by US consultancy, Watson Wyatt Worldwide, of a sample of 7,500 workers in their *Work USA survey* (2000) also found a correlation between employee commitment and shareholder return, as show in Chart 3.

Chart 3: Links between employee commitment and shareholder return

Commitment level	3 year total return to shareholder
Low employee commitment	76%
Average employee commitment	90%
High employee commitment	112%

. Source; Watson Wyatt Worldwide Work USA survey, 2000

- *Companies with contented employees are more profitable*
Work carried out by Vanderbilt University and Hewitt Associates (2000) has shown a strong correlation between firms in the Fortune '100 best companies to work for in America' list, and those companies' return on assets. The 1998 group of '100 best' outperformed the broad stock market index by 67 percent over the previous three years.

Hewitt research suggests this enhanced performance could be down to costs saved by employee retention, as the '100 best' companies also share a lower employee turnover rate (12.6 percent compared to 26 percent). This factor results in longer tenure, retention of more of the investment in human skill and capital, and thus significantly reduced recruitment costs. The best companies also received 1.9 times more applications per post than average, offering a wider choice of candidates for each role.

Another factor could be that where levels of job satisfaction are high, employees make more strenuous efforts to co-operate with those from other departments, leading to greater organisational effectiveness. Such were the conclusions of the Sheffield Effectiveness Programme in 1997, which found a strong positive correlation between improved productivity and employee job satisfaction. The researchers concluded "the more satisfied workers are with their jobs, the better the company is

likely to perform in terms of profitability and particularly productivity.” Further analysis of data collected the following year found that the key HR factor bringing about the productivity growth was teamwork.

The value of skills and strategic training

There has been extensive research into the benefits employee training and skill development can have on company performance.

In the UK, research has found that companies that meet *Investors in People* (IiP) standards in human resource management outstrip the national average in business performance, as show in Chart 4 (1998, West and Patterson).

Chart 4: Links between HR management standards and business performance.

Performance measure	National average	Investors in People average
Return on capital employed	9.4%	18.9%
Pre-tax profit margin	3.0%	4.7%
Sales per employee	£77,447	£122,108

Source: Cited in RSA Enquiry *Tomorrow's Company: The Role of Business in a Changing World* (1995)

A study of training in clothing, textile and footwear companies conducted for the UK's government Department of Trade and Industry (2000) showed significantly increased value added by employees in companies that train compared to those that do not.

Best practice research by the Industrial Society (2000) suggests that training is increasingly being used in a more strategic way. Two-thirds of the companies surveyed said they had increased their commitment to training evaluation techniques in the past two years in order to increase efficiency. Of those measuring the financial benefit of training, 56 percent said the benefit was over £300 per person per year, with some putting the benefit at over £750.

Conclusion

The evidence that employees can make a difference to the bottom line is significant – and in some senses so obvious as to be unquestionable.

This chapter has illustrated how the key HR priorities of reducing costs and boosting performance can be addressed by finding ways to boost employee morale, motivation, commitment and productivity.

We now move on to look at what tools the HR manager has to achieve these characteristics in their workforce. In particular we ask to what extent community involvement can contribute to employee, and therefore corporate, performance.

Chapter 3

What Employees Say – and then do

This study commissioned research from MORI to explore the concept of ‘pride in the company’, its key drivers and the relative weight placed by different groups of workers: what do employees really think about their companies and how strong is the oft-professed commitment to community?

Two surveys were undertaken:

- a new survey of attitudes among employees in the UK generally;
- surveys of the attitudes in greater depth in the participating companies.

Both surveys aimed to discover the extent of awareness of CCI within companies, and what impact these activities have on the attitudes of employees, as well as on their behaviours.

General employee survey

The first survey was based on a nationally representative quota sample of 975 full-time workers in UK companies with more than 150 employees, with interviews conducted in September and October 1999. (See Appendix 1 for link to topline results)

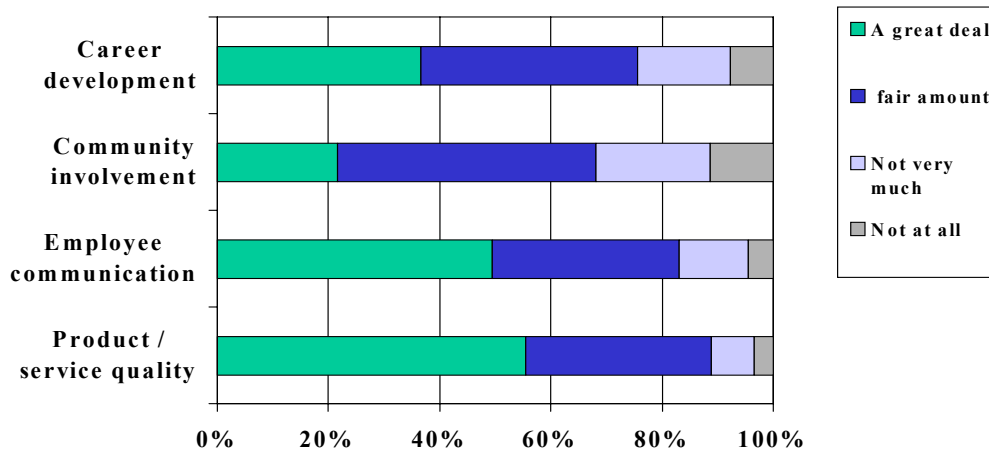
Factors contributing to ‘pride in company’

The survey asked what factors contributed to the employee’s feelings of pride in the company they work for. The main findings are as follows:

- The quality of the company’s products and services, and how well it communicates with employees are the most important factors in feelings of pride towards the company;
- While corporate community involvement has less impact than such ‘business related’ factors, still one in five employees (19 percent) says CCI has a great deal of impact, and three in five (60 percent) say it has a ‘fair amount’ or a ‘great deal’ of impact on pride in the company they work for;
- Employees already personally involved or with existing knowledge of the company’s activities are significantly more likely to feel pride; women and younger workers (15-34 year olds) are also more likely to be affected.

Chart 5: Factors affecting pride in the company

Question: I am going to read out some factors which may affect people's pride in the company they work for. For each factor, could you tell me how much it might affect your own pride in the company you work for? (Excludes approximately one in ten with 'no opinion')



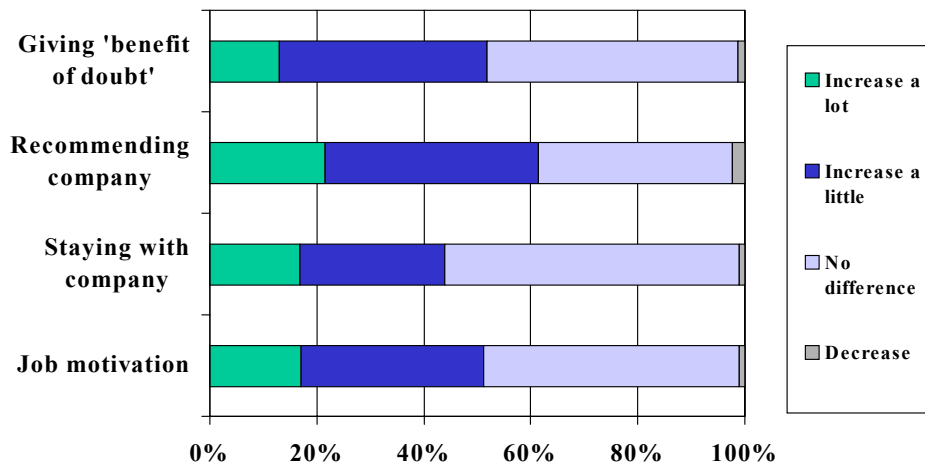
Impact of CCI activities on behaviour

The survey asked about whether feelings of pride engendered by active CCI programmes affect actual behaviour. The main findings are as follows:

- The greatest impact of increased knowledge about CCI is on likelihood of recommending the company to others, where one in five (19 percent) says it will increase 'a lot';
- Overall nearly half say their motivation and likelihood of staying with the company are increased (by 45 percent and 44 percent respectively).

Chart 6: Impact of knowing about company's CCI activities

Question: Knowing their company has schemes to support the community can influence employees' feelings about the company, and their behaviour towards to. For you personally, how would knowing your company makes a substantial investment in community activities affect your: (Excludes approximately one in ten with 'no opinion')



Other findings

- The three community activities that most would like to see their company doing more of are sponsorship of particular projects or events (34 percent), giving people outside the organisation training or work experience (28 percent) and cash donations to local charities or appeals (28 percent);
- Those over 55 years of age and part-time workers are keener to see cash donations to charities rather than longer-term sponsorship of particular projects or events for which support is stronger among those under 55 and full time workers.

Company specific survey

The second elements of MORI’s work focused on individual companies, with samples of those actively involved and those not. The participant companies were Zurich, BT, Centrica, KPMG, The Littlewoods Organisation and PricewaterhouseCoopers. A postal questionnaire was sent to employees (March to May 2000), one to those thought to be involved and one to those thought not to be. Overall, the response rate was 37 percent, varying by company, so data have been weighted to reflect equal representation from each company. (Sample size 781 involved employees, 1,435 not involved; see Appendix 1 for reference to topline results)

The results quoted below summarise the findings from the benchmark group - that is, the average across all six participating companies. These have tended to confirm and deepen earlier findings, for example:

- Those involved in CCI are significantly more likely to recommend the company, stay with it and be motivated in their jobs;
- They are also more likely to describe themselves as loyal employees.

It clearly emerges that knowledge and awareness of CCI has a big impact on willingness to get involved in company activities, with one in four (26 percent) of those aware but not yet active saying they are very interested in getting involved in future.

Awareness and involvement

- Overall, awareness of community initiatives among employees is high, with 86 percent having heard of at least one scheme.
- Within the six companies, awareness is fairly high even among those not currently involved, with 75 percent having some awareness of schemes.
- There is slightly higher awareness among senior and middle staff – junior staff are more likely to just be aware, rather than know about schemes.
- Though awareness is highest among senior staff, participation in community schemes is actually higher among junior employees.

Factors contributing to 'pride in company'

- Again the company's quality of products and working atmosphere are seen to be more influential in affecting an employee's pride than its ethical stance and involvement in community schemes.
- Nonetheless, seven in ten staff say that the company's ethical stance would affect their pride a great deal/fair amount. Staff involved in schemes are significantly more affected on this aspect.
- Three in four of those involved say that knowledge of company involvement in the community would increase their pride at least a fair amount (24 percent say a great deal) compared to over half (55 percent) of those not involved (11 percent say a great deal).
- Twice as many of those involved say personal involvement would affect their pride in the company, compared to those not involved. However, one-third of those not involved do say their pride would be affected to some extent, suggesting that even those not involved understand the benefit of the projects.

Impact of knowledge of CCI activities

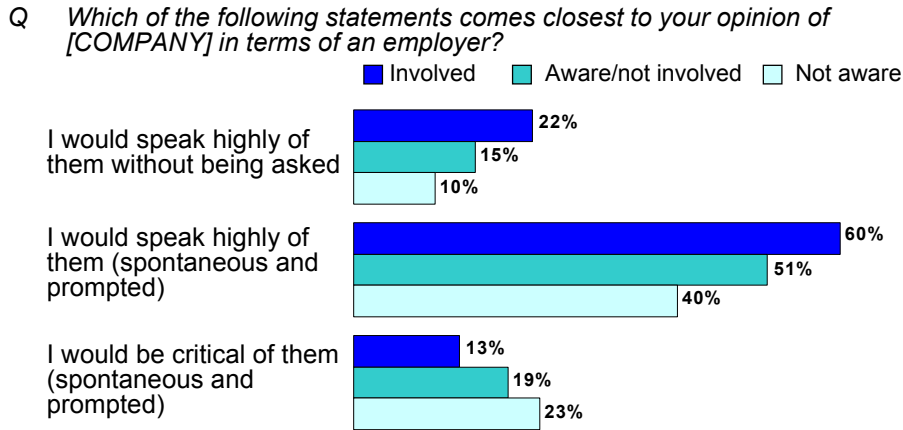
- The most likely effect of knowledge of company CCI is an increase in likelihood of recommending the company to others (or advocacy). One in five of those involved say they would be 'a lot' more likely to recommend their employer, compared to one in seven who are not involved, although this varies by company.
- Motivation, giving the company the benefit of the doubt and loyalty also all increase with knowledge of community involvement with significant differences between those involved and not involved.
- Knowledge has an impact even on the uninvolved; the higher 'involved' figures show the further impact actual involvement can have.
- There are few differences between other groups of staff. Junior level staff tend to be more enthusiastic than more senior staff on most of the aspects measured, though senior staff are more likely to give companies the 'benefit of the doubt.'

Impact of involvement on behaviour

- More than one in five say their involvement has made them much more positive about their company as a place to work. A further two in five say it has made them a little more positive.

Chart 7: Impact of employee involvement in CCI activities on opinion of company

Advocacy

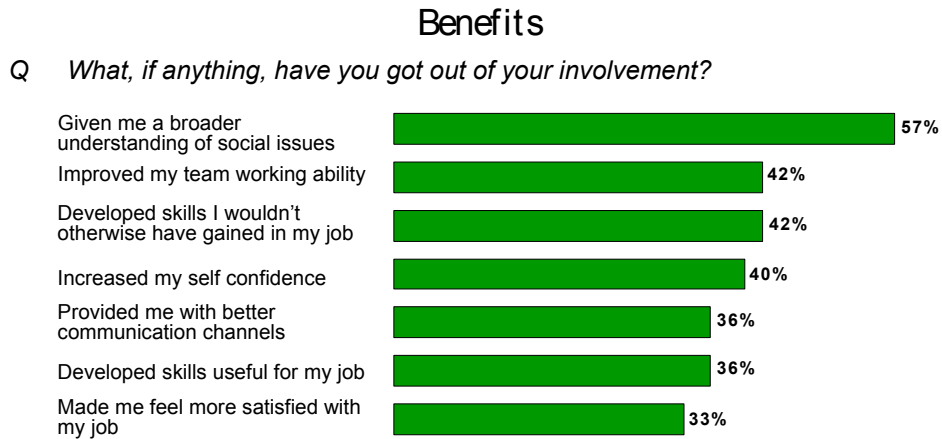


Base: Involved (781), Aware/not involved (1,036), Not aware (392) March - May 2000 Source: MORI

Perceived benefits of involvement in CCI

- Overall, the most widely perceived benefit for employees who get involved in CCI is a broader understanding of social issues.
- Senior staff are most likely to feel it has given them a broader understanding of social issues.
- Improved team-working ability, communication channels and job satisfaction are also seen as key benefits (though this varies among different groups of staff).
- Mid-level and junior staff are more likely to consider their team working ability to have improved and are also more likely to feel they have developed other useful skills through their involvement.

Chart 8: Employee benefits from CCI involvement



Base: All Involved (781) . March - May 2000

Source: MORI

Encouraging future involvement

- The main barriers to involvement are seen to be a need for a more generous contribution of work time (59 percent), and a lack of information about the schemes (especially among those not already involved).
- Those not involved, in particular, say they would be encouraged if they could get involved out of work hours, and if they know more about it – a clear call for communication.
- For senior staff, work commitments pose the biggest problem. Junior, and particularly mid-level staff, are more likely to agree that a work time contribution would be an encouraging factor for them.
- Encouragement from management both at senior level and line management is also a significant factor. Nearly half of those involved say they would get more involved if they had (more) active encouragement from management (especially their line manager).

Type of support

- Education, training & employment placements and social welfare are the most popular areas for support by the six companies involved.
- Senior staff are more likely to prefer educational schemes, while junior staff tend to favour training and employment.
- Overall, the vast majority of employees would prefer to see support on a local basis, reflecting MORI research conducted among the British public as a whole.

Conclusions

The two new employee surveys illustrate how employees are affected by corporate community investment schemes, both in their attitudes and in their behaviours.

This new research shows that within the companies surveyed, awareness of involvement in the community is fairly high.

However, senior level staff and those with more experience tend to know more about the schemes run. This suggests that improved communication is need to filter information down to all levels staff on a continuous basis, to ensure that new and junior staff receive it.

Although it could be argued that those employees who get involved in CCI may be by nature of a more positive outlook anyway, there is clearly evidence to suggest that employee community involvement does have a real impact on morale and motivation. Even those who are aware of the schemes, but not involved, tend to be more likely to recommend the company to others and be motivated to do their jobs than those who do not know of any schemes. This positive outlook increases further among those personally involved in schemes.

Employee advocacy is clearly affected by CCI. Those involved are more likely to be advocates than those who are not involved. In fact, one in five of those involved would spontaneously recommend their company to others.

In addition to the two core areas of benefits (pride and advocacy), engagement in CCI can help boost employee skills development, an area of real potential gain. In particular, CCI projects are recognised as improving team working ability and developing new and better communication channels within the business.

In order to encourage further involvement, the biggest issues to be addressed seem to be a greater contribution of work time and the circulation of information. Encouragement from management is also needed (especially called for by those not currently involved), and would really enhance the involvement in and awareness of companies' community efforts.

Causality or correlation?

Some caution is needed on the finding that those involved in CCI schemes have higher scores on pride and recommending the company to others. It is intuitively correct that, if the company supports employees in something they want and have freely chosen to do, they are more likely to think better of it. And that's what people not yet involved say when asked. But the surveys alone do not prove causation – the sorts of people already involved may simply be 'joiners', more willing to think positively anyway.

That is why we need to look not just at what employees say but at what they actually do. Do they stay with the employer longer? Does their motivation for the job result in lower levels of absenteeism or more positive customer relations? And, even if the answer is yes, is CCI the most cost effective way of achieving the business benefit? These were the questions posed by British Gas when considering a major volunteering initiative at its call centre in Cardiff: the next chapter considers their

case study, while Chapter 5 reviews further evidence of the link between human resource management and effective corporate citizenship.

Chapter 4

Centrica: Cardiff Cares

Coinciding with this study, British Gas (part of Centrica) was planning a major volunteering initiative at its large call centre site in Cardiff, Wales. To provide a real-life case study, 'before and after' impact measures on key HR indicators were put in place and tracked for more than a twelve months to identify trends.

Summary

Several thousand employees at the British Gas Customer Service Centre (CSC) in Cardiff have been helped to get involved in the community, in ways that provided considerable – and measurable – business benefit. In fact, employee community involvement activity has proved so successful it has been nominated for an internal Chief Executive award and provided the impetus for the development of the company's new national employee volunteering scheme. Managed from the outset by the Centre's customer service and quality team, the business impact has been monitored through 'before and after' measures. The research was incorporated into the existing employee satisfaction monitoring processes during 2001. The main impacts have been:

- increased levels of employee satisfaction
- positive effect on employee retention rates
- more opportunities for employee development
- lower incidence of absence
- increased positive media coverage

About the Customer Service Centre

The British Gas CSC in Cardiff, South Wales employs more than 2,500 full time employees and is responsible for handling the company's domestic gas and electricity telephone sales enquiries.

Cardiff is a popular location for call centres with a number of large organisations having offices within the city. Employee retention is an issue within Cardiff due to the range of employment opportunities available. British Gas is aware of this issue and developed its employee community involvement programme as a means of creating a degree of differentiation and improving retention.

As one of the largest employers in Cardiff, British Gas has a workforce with a defined age group - predominantly under 25 years old. This presents a challenge of continually exploring new ways to engage employees and add value to their jobs.

One of the important considerations in doing so is to introduce initiatives that will appeal to the age group at the CSC.

The CSC experiences the range of human resource management challenges typical in large call centres including:

- staff motivation
- part time and shift working
- stress from demanding customers
- competition for experienced workers from the growing call centre sector
- employee retention

British Gas places great emphasis on employee satisfaction, which is tracked through an index (ESI). The importance of this measure is supported by research showing a direct link between employee satisfaction and the satisfaction of customers. Prior to launching the community involvement scheme, British Gas reviewed external research that highlighted the potential benefits employee community involvement can have on job satisfaction. Internal research also identified that employees were interested in working directly with local communities through co-ordinated projects.

Objectives

From the outset, British Gas defined clear objectives for the initiative, both for the community and the company, the majority with key performance indicators and quantified targets. They were:

- To involve 200 employees in volunteering activities during the initial first year period (October 2000 – September 2001).
- To further increase employee satisfaction based on results of internal surveys, directly linked to volunteering and fundraising.
- To provide a wider-range of measurable employee development opportunities in both working and a non-working environment, measured and tracked via staff personal development plans (PDPs).
- To improve and sustain the key ESI tracker question results applicable to the initiative, namely communicating with employees and valuing employees.
- To provide further means for employees to achieve promotional and development opportunities within the organisation.
- To improve staff retention and commitment to the organisation (an employee retention target of 80% was agreed) by improving staff ESI and helping staff acquire new skills to help further their careers.

- To increase the profile of individual and affiliated charitable organisations. These included the Cystic Fibrosis Trust, Weston Spirit, Bobath Cymru and Ty Hafan Children's Hospice.
- To support a flexible portfolio of charitable organisations to suit employee preferences.
- To double the CSC's previous years charity fundraising total of £17,000.
- To act on a consultancy basis to small and medium sized businesses in the local area, sharing best practise, using available technology such as web page design and giving managers the opportunity to improve their business and communication skills.
- To maximise national and local media coverage of community activities carried out by employees, demonstrating that British Gas is committed to supporting the local community, is a good employer and has employees who care about their communities, and enhancing brand image in a competitive market.
- To develop the CSC community involvement strategy and encourage the involvement of other local business units within Centrica.

Activity undertaken

British Gas in Cardiff is one of more than 20 employers supporting Cardiff Cares – a business-led initiative to provide links between voluntary organisations that need volunteer support and corporate organisations that want to get involved in the community. Businesses provide support in the following ways:

- **Action Days** – bring together a number of companies to focus activities on specific social issues
- **One-off challenges** – team based activities to tackle individual projects
- **Ongoing activities** – flexible volunteering opportunities for individuals

Employees learn about volunteering opportunities in an enjoyable environment while the voluntary organisation can begin to develop partnerships to provide regular help. Cardiff Cares is part of a national campaign, co-ordinated by Business in the Community and funded by business, to increase the quantity and impact of employee volunteering throughout Britain.

In the CSC, activity got underway early in 2001, with an initial target of enabling 200 people get involved in volunteering activities. By the end of 2002, an estimated 2,700 full and part time individual employees had helped a broad variety of community causes through a combination of volunteering and fundraising. A quarterly newsletter was developed to raise awareness of individual activities, advertise opportunities and shares successes.

One example of the practical involvement activity was a team of 11 employees who volunteered their time to clear household rubbish from a local watercourse. The Cardiff Cares volunteers joined forces with the environmental organisation, Keep Wales Tidy, to clear part of the River Faendre Reen in St Mellons in an attempt to encourage the return of freshwater wildlife to the river. Cardiff County Council parks department disposed of the 7.5 tonnes of rubbish they collected, including discarded carpets, a supermarket trolley and a bicycle.

In another example, 15 senior managers from the CSC made a commitment to work closely with local small firms. The managers were selected from different parts of the business such as operations, sales and human resources and shared their expertise with the SMEs. This was beneficial to both parties: the small firms received help to prepare business plans, develop policies and improve operational techniques, while the senior managers were able to enhance their management and communications skills in an alternative working environment. British Gas employees also helped to design and launch a website to share learning from this initiative more widely.

Recognising that not everyone has the time or desire to get involved personally in volunteering activities, a further objective of the scheme was to raise funds for charities. Employee fundraising has been identified as an excellent way for companies to show support for local communities, and to build a positive team spirit. The CSC is a sales centre and the competitive nature of fundraising can have a direct impact on creating a 'winning' environment to support sales success.

The CSC developed a comprehensive and inclusive approach to employee fundraising that complemented the volunteering initiatives. For example, champions were appointed for each floor within the centre. In such a large call centre, with employees spread across 10 floors, this proved an important driver of staff motivation. Other elements of this comprehensive approach included:

- Support for the Centrica Employee Charity of the Year: employees chose Cystic Fibrosis Trust as the charity they wished to support in 2001/2002. Fundraising activities and events were introduced and co-ordinated at a local level with full support from the company.
- Employee-driven individual fundraising activities: these activities were organised on behalf of local charities on an ad-hoc basis, again with the full support of the company.
- Company-matched funding programme: employees giving up their own time, outside of work, to raise funds for charity were able to apply to have their donations match funded by British Gas.

Measuring Impact

Given the scale of company resources and effort put into the scheme, a decision was taken at the outset to track the results and measure impact where possible. Among the specific tools used were:

- an employee volunteering survey carried out right at the beginning (September 2000) during a CSC 'road show' (roadshows give CSC staff information on career development and external opportunities).
- a detailed survey of CSC employees carried out by MORI in February 2001 (response rate of 60%) looking at a range of staff attitudes to employee volunteering and the factors that would encourage more to become involved.
- The regular 'Full Circle' employee satisfaction surveys were carried out in July 2000 and April 2001, providing 'before and after' data.
- Benchmarking meetings with other Cardiff Cares participants including PWC, National Assembly of Wales, BT and Barclays Bank to determine how they approach employee volunteering.
- Feedback from individuals after each Cardiff Cares activity via survey forms designed to gather effective information on their experience.

Results

By the end of 2001, 380 employees had become actively involved in volunteering – almost double the initial first year target. By the end of 2002, some 700 employees (more than a quarter of the CSC workforce) had become actively involved.

Approximately one thousand hours had been devoted to helping the broad range of local charities and causes, with many people getting involved in their own time as well. As a result of participating in activities, several employees have committed their personal time to some of the organisations on a more permanent basis, including Special Olympics Organisation and Royal National Institute for the Blind.

The fundraising activities proved equally successful. Between October 2000 and December 2002, virtually all employees became involved, raising more than £200,000 for a range of charities, including some £100,000 for Cystic Fibrosis Trust.

On the business benefit side, the range of measures showed positive results, convincing management of the value of the effort undertaken. Among the key findings were:

- Improved rating among CSC employees for British Gas as a place to work compared to other companies (63% saying above average or one of the best, compared to 57% at the outset)
- Increased job satisfaction levels, especially among Cardiff Cares participants (64% fairly or very satisfied among all employees, compared to 62% before; satisfaction among participants rose to 67%)
- Increased advocacy rates, especially among Cardiff Cares participants (54% saying they would speak highly of British Gas as an employer, compared to 49% before; among participants, this rose to 57%)
- Among participants, nearly half (45%) said involvement in employee community activity has changed the way they feel about British Gas to be much or a little more positive; for a third (36%) it made no difference. Thinking about the benefits of volunteering, two thirds (66%) said the programme made them feel more positive about British Gas as an employer
- At the end of 2001, the employee retention rate was 99.6% (19.6% over target) for the 370 employees participating in volunteering initiatives.
- Overall, 10% of employees participating in any of the activities have been able to access opportunities for promotion or development
- Of the 94 employees who participated in Action Days, 26 (28%) achieved promotion
- ESI results show significant improvements for scores in those questions relating to communicating with and valuing our people: communicating with our people up four points; valuing our people up nine points
- Six participant employees were chosen for the annual CSC 'Steps for Success' initiative which enables Team Leaders to achieve promotion to the level of Customer Manager. Five of the six were promoted and all cited their involvement in Cardiff Cares as a major factor in the skills development necessary for promotion
- Significantly higher rating for British Gas as a company helping the local area (50% saying very or fairly good, compared to 45% before; among participants this rose to 65%)
- All activities, both volunteering and charity fundraising have been widely covered by local media throughout the region – a total of 4.3 million media 'opportunities to see' were generated as a result of the initiative

Conclusions

Overall the programme has proved extremely cost effective, according to British Gas managers. Previous team building exercises that involved external agencies have now been replaced with local volunteering days at a fraction of the cost but with greater community benefit.

Employee satisfaction ratings rose in all four main areas when comparing 2001 to 2002: customer focus up four points, performance & development up one, management impact up three and working life up two. This has flowed through to improved customer satisfaction ratings: two points above the stretch target, with one department achieving the highest score in the whole of British Gas. At the same time, critical human resource indicators, such as absenteeism and labour turnover, were lower than they would otherwise have been.

This leads managers to conclude that participation in Cardiff Cares has had a direct and quantifiable benefit to the business, as well as providing significant gains to the local community.

As Janet Reed, national manager for British Gas in Wales says,

“The Cardiff Cares Initiative has proven extremely beneficial both to our employees and to us as a business. Our employees were keen to get more involved in the local community but were unsure of the best way to go about this. Through Cardiff Cares they’ve invested more than 1,000 hours of their time in community activity and in return their experiences have equipped them with new skills and knowledge they can apply in their everyday work.”

Chapter 5

Making the Link

The earlier chapters established the changing nature of the workforce in today's economy and the importance of key human resource issues such as employee retention, absenteeism, motivation and individual performance as contributors to overall commercial success.

We have also shown that for many employees, issues of community involvement and corporate citizenship are important, for some very important. Employee surveys suggests that in addition to improving perceptions of the employer, participation can bring direct benefits to employees, such as improved team-working and communication skills, as well as better morale and motivation. All of these factors have been shown to bring bottom-line benefits to the employer.

The task now is to build on the Centrica case study to show how many companies are exploring the links between human resources and corporate citizenship, often in simple and practical ways. We then move on in the final chapter to consider evaluation and management tools.

Staff recruitment: can corporate community involvement make a company more attractive to potential recruits?

Significant academic work has been done at the University of Missouri (Greening and Turban, 2000), looking at research evidence that a talented, quality workforce is becoming a more important source of competitive advantage. The authors note that firms such as IBM, Microsoft and General Motors are highlighting their community programmes within recruitment literature, as a signal to prospective recruits about their values and quality as an employer.

The researchers wanted to test the hypotheses that prospective applicants are attracted to firms with good corporate citizenship records, looking especially at whether equal opportunities policies are important for women and environmental policies for environmentalists. After a pilot trial, the hypothesis was tested on 292 graduate business students at a mid-western university. Respondents ranked 21 individual values about companies and commented on a set of example corporations, featuring variations in the compensation package, opportunities for promotion, employee relations, concern for the environment, product quality and treatment of women and minorities. Their likelihood of pursuing a job, probability of attempting to get an interview and probability of accept a job offer were all assessed.

After detailed statistical analysis, the study concluded that

“applicants will not only be attracted to firms with positive corporate social performance but that they will pursue jobs with such firms, will attempt to interview with such firms, and will have a higher probability of accepting jobs from these firms.... Firms may develop competitive advantages from such activities especially if their reputation and image is valuable, rare and not easily imitated.”

In the detailed findings, men and women seemed equally attracted to firms with good equal opportunities records but women were more deterred than men by firms with a poor records. There was no noticeable difference between the attitudes of environmental enthusiasts and others to firms with good environmental records, perhaps because non-enthusiasts view positive action as an attractive characteristic, indicative in general as a good place to work.

The US Cone/Roper Executive Study, published in 2000, found that eight out of ten (80 percent) of those surveyed would refuse to work at a company if they were to find out about its negative corporate citizenship practices. The national survey of 1,040 adults found that nearly seven out of ten (68 percent) people would be less loyal to their job at that company as a result of negative community reports. In a parallel study among the general public, 76 percent say they would be likely to choose a company that supports a cause close to their heart over one that does not, if offered two jobs with similar pay and responsibilities.

In a piece of research carried out by The Corporate Citizenship Company on behalf of the international development volunteering charity VSO in 2001, employees from Accenture and Shell who participated in voluntary work abroad reported that the experience had made their employer more attractive to them. One said “most able young graduates...want not only to work for a company with whose values they feel comfortable but also to have the opportunity of flexibility within employment”.

Staff retention: Can corporate community involvement activities make a company more desirable to existing employees?

In March 2001, MORI undertook research into perceptions about what makes an organisation an ‘employer of choice’. It asked UK employees about the most important factors that influence choice, from a list of 30 possible options. The top five factors are:

- pay
- secure employment
- interesting work
- convenient location
- flexible working arrangements

Against such a high criterion as 'most important', perhaps not surprisingly contribution to society was ranked 21st, cited by six percent of respondents overall. Within the detail of the survey, however, are significant variations in the categories of employees who take this issue more seriously. Women are twice as likely as men to rank it highly; other above-average respondents are older workers (55 plus), social class AB, part-timers, people with a degree and those with a length of service of more than 10 years.

Overall, fewer than half the respondents (47 percent) rate their current employer's performance as good, among the lowest performing of the attributes assessed, suggesting employees think there is room for improvement. Those who are most unhappy about their employer's contribution to society are the under 24's, people with low job satisfaction and those actively looking for a new job.

A separate survey of 120 leading UK brand companies, carried out by Springpoint research in 2002, found that more than a quarter (26 percent) of companies cited active support of staff as a key consideration in selecting community and charity partnerships. The research found that nearly nine out of ten (87 percent) respondents believed employees were the group most likely to be influenced positively by corporate social activities than any other audience.

Research by Cavill & Co in Australia in 1997 found that nearly four out of ten (39 percent) of companies with cause related marketing campaigns said that increasing staff morale and loyalty was actually the main objective (83 percent satisfied), while three in ten (27 percent) said that motivating staff was their main objective (82 percent satisfied). A quarter of those companies had involved staff in choosing the cause that would benefit from the campaign.

Back in the United States, the Cone/Roper Executive Survey 2000 found that more than eight out of ten (85 percent) corporations purposefully choose causes that can enhance employee loyalty, with nearly the same number (82 percent) doing so with the aim of being regarded as an 'employer of choice'.

In a survey of employees in 1999, Cone/Roper found that employees whose companies support social issues were 61 percent more likely to feel proud of their companies' values, and 30 percent were more likely to feel a strong sense of loyalty, compared to employees at companies without those commitments.

| The US [national employee benchmark survey](#) 2001, published by Walker Information, found that seven out of ten (70 percent) of employees with a favourable perception of their companies community commitments planned to stay at that company for the next 2 years, compared to half (50 percent) of those with a less favourable perception.

Employee perceptions

In 2000, the US research consultancy, Walker Information, published a study for the Council on Foundations, focusing on the links between corporate philanthropy and business success. The case illustrations using the tool show a strong positive correlation between support for community programmes and employee perceptions of the company, as show in Chart 9.

Chart 9: Links between regard for corporate philanthropy and perceptions of the company.

	Those who rated philanthropy highly (%)	Others (%)
'overall reputation is excellent'	68.3	32.6
'give benefit of doubt if negative publicity'	81.9	32.6
'likely to continue with company'	73.4	48.2

Source: Measuring the Business Value of Corporate Philanthropy, Council on Foundations and Walker Information (2000)

It was found that seven out of ten (70 percent) employees with a positive view of their employer's community commitments said they would recommend their employer to others, and eight out of ten (80 percent) would be more committed to customer satisfaction. This compares to only four out of ten (40 percent) of those with a negative perception of their employers' community activities who would make good recommendations, and seven out of ten (70 percent) who would make more effort with customers.

It should be noted that an analysis built on perceptions of corporate philanthropy will not prove as effective outside the United States in countries where employee expectations are lower, or corporate social responsibility is more broadly defined.

Commitment to the company

In 1996, the Centre for Corporate Community Relations at Boston College published research into 'organisational commitment', or the nature of employees' feelings about, and loyalty to, their employer company. The research involved surveys at two local companies – Polaroid and Gillette – that explored the relationship between community image and employee behaviour. The research focused on the extent of 'organisational commitment' as this tends to be associated with reduced employee turnover, improved morale and increased production.

The study found a strong relationship between the perception of 'feeling good about yourself due to a strong company presence in the community' and organisational commitment, including loyalty to the company. Other findings were:

- Eight out of ten (84 percent) employees surveyed feel that a company's image in the community is important, with over half (54 percent) saying it is very important;

- Three-quarters (76 percent) rate their company average or above as a neighbour.

However, more than eight out of ten respondents said they knew very little about community relations activities, highlighting the importance of disseminating information about community activities internally.

An update of the Boston College research in 2001 found that the very presence of community support at work has an impact on job commitment for some people. Among employees who were simply aware of their employers support for community activities, over a third (35 percent) said that this feature had made them more committed in their jobs. Among employees who were involved in volunteering through work, nearly three quarters (73 percent) said their employers' support had made them more committed to their jobs.

Benefits to employees and employers

In the previously cited research published by VSO on the effects of voluntary work with on employees, improvements to motivation and morale were found to be the primary benefit gained by the employees. Interviews with the employees (from Accenture and Shell) and analysis by The Corporate Citizenship Company found that personal effectiveness and commitment to the company were boosted amongst all volunteers, in addition to the development of skills such as collaboration, project management and influencing.

A study in the London office of the law firm Linklaters illustrates how community involvement boosts job satisfaction and commitment to the company. Eighty employees actively engaged in community activities, including volunteer lawyers, school reading mentors and management committee members, completed assessment questionnaires. They reported a range of individual skills' gains, such as communication, leadership and team-working. When asked about attitudes:

- 28 percent said it improved their attitude to their job a lot, compared to 26 percent who report no change;
- 38 percent said it improved their attitude to Linklaters a lot, compared to 13 percent who report no change

A review of the recruitment materials of major London-based law firms in March 2003 found that community engagement activities were featured prominently, suggesting that law firms believe it to be an important element in the mix of factors that graduates in particular consider before deciding which firms to apply to for employment.

Conclusions

In making the link between HR priorities and community involvement, some key considerations are now apparent:

1. Contribution to society is not the most important issue uppermost in existing or potential employees' minds. Our original study in 1995 drew attention to differing academic theories of motivation, such as Maslow and Herzberg. Self-evidently, employees will be more concerned about the primary reasons why they work, such as pay and other benefits, opportunities to achieve, and camaraderie.
2. Once these are satisfied, some employees particularly value the fact that their employer appears to share their values too, in part expressed through opportunities to engage in community activity. Provision of such opportunities is unlikely to be effective, however, if overall corporate culture does not reflect this 'social mission' in many and varying aspects.
3. For these employees, community involvement activities can heighten their organisational commitment and change their behaviour, resulting in such benefits to the business as reduced absenteeism, lower staff turnover, greater willingness to recommend the organisation and higher productivity.
4. By carefully selecting individual activities, CCI can influence HR goals; the examples are many:
 - time off for personal volunteering can help employees achieve better work/life balance, by allowing them flexibility to address their multiple aspirations;
 - supporting employees' own concerns through matched funding schemes both rewards initiative and values each individual;
 - team events such as fundraising and 'challenge' type practical projects build internal cohesion and break down barriers;
 - involvement in community activity with company support can help develop skills.
5. Unless this activity is set in the context of the company's strategic planning process, business benefit will be accidental. That planning process should identify what is needed to achieve the overall commercial goals of the organisation. We have seen that community involvement can help towards HR priorities. It can therefore contribute to commercial success if focused on the HR priorities in the strategic plan.

The next section concludes the analysis by looking at how these benefits can be measured and so better managed.

Chapter 6

Measuring the Business Benefit

Much measurement in human resource management is imprecise and limited. Assessment of training, for example, usually concentrates on the benefit to the individual in skills gained, not the impact on the employer when (or if) the skills are deployed at work. Accounting systems are rarely set up to yield exact computations of costs and benefits for use by HR professionals. Measurement is complicated by the time frame, where the costs are incurred in one period while the benefits flow in future years.

These difficulties are compounded, when considering the impact of community involvement and good corporate citizenship, by the need to isolate the contribution they make, distinct from all the other influences on an employee's behaviour. This chapter considers techniques to achieve this task and measure the impact. Two caveats are important at the outset.

First, evaluation can be expensive, and in business it never makes sense to incur more in costs than the value of the final results. Only evaluate if the information is going to be used. Limit work to pilot exercises or occasional samples.

Second, there is real benefit in thinking about evaluation in project planning, even if it is not possible to measure final outcomes due to practical difficulties or cost constraints. Projects are more likely to succeed, that is to achieve their goals, if they have been clearly defined at the start (objective setting), if the project managers have asked themselves 'how will we know if we are succeeding' (performance measures), and if the project is run in a focused and business-like way (objective-based management processes).

Steps in the measurement process

When considering the contribution of community involvement and wider corporate citizenship, there are seven broad steps to think through in evaluating employee morale, motivation, commitment and performance and in tracking the benefits to the business bottom-line in terms of productivity or other gains.

Step 1.

Identify the contribution (To whom? What kind of contribution?) made by the community activity. This will be only one of many factors making up how an existing employee feels about the organisation or in what a potential recruit looks for

in an employer. Recognise that only some people are favourably impressed by CCI, as for some, it is not a personal priority.

Step 2.

Identify whether the individual knows about the company's activities in this area. Including questions on CCI within employee surveys is a key tool for measuring awareness levels. We have seen the importance of knowledge, going beyond those who are (or are likely to be) active personally.

Step 3.

Assess their views – positive or negative – about current community activity. They may know about it but not think the company is doing a good job and have no other opportunity to express this opinion formally.

Step 4.

Next, identify the impact this knowledge and opinion has on the employee; often it will be an expression of opinion or attitude; sometimes it can lead to a change in behaviour. Where behaviour changes, measures can include:

- staff turnover and wastage - simply defined as the number of employees leaving an organisation over a given period, often expressed as a proportion of the total work-force; this can be further analysed and benchmarked by department, by grade or position in a career structure and between involuntary (death, retirement, redundancy) and voluntary;
- absenteeism or lateness - number of working days lost as a proportion of total possible working days; again analysed and benchmarked in various ways, between departments, grades, seasonally and by cause;
- recruitment statistics - measured in terms of numbers of job applications; in larger organisations include internal applications; cost or time saved in recruitment, directly or through a high success rate;
- productivity levels - precise measure depends on the nature of work undertaken, whether manufacturing, retail, service, etc;
- quality of service – such as the level of customer complaints, a factor which is often directly related to the attitudes of customer-facing staff.

Once the impact has been identified and isolated, it may be possible to make a simple estimate of cost savings – even a one percent improvement in staff retention rates, for example, would save recruitment costs, lost skills and general discontinuity far in excess of the community budget.

Step 5.

Consider what is good performance; often there is not a 'correct' absolute level of absenteeism, but a relative judgement. Look at improvements over time and at benchmarks – different sites within the same company or others in the same industry.

Step 6.

Consider a cost comparison, looking at the expense incurred in achieving these benefits – would the alternatives have been cheaper or more expensive? Often community involvement options are quite 'cheap' in company terms, whether in time away from work or actual expenditure outlays.

Step 7.

Finally, consider the cost/benefit analysis – do the long term benefits outweigh the one-off costs? At least in theory, conventional accounting techniques for investment appraisal can be applied, although determining the net present value in financial terms of the impact of a community project on employee behaviour will normally require some broad (not to say heroic) assumptions. More often, a conceptual approach will prove sufficient: that is, thinking through the likely costs and benefits without attempting to quantify them financially, then allowing managers to make a professional judgement based on their experience as to whether, in the round, this is likely to be a sensible use of corporate resources.

In measuring benefits, the distinction can be made between the impact of one-off projects (for example on individual skills) and the longer-term impacts of the wider programme, which is likely to bring impacts on a wider audience, such as consumer reputation.

Appendix 1

MORI topline results

The full topline results from the two MORI surveys published in this report are available online at www.corporate-citizenship.co.uk/employees

MORI topline results - general public

Fieldwork Dates: 24 - 27 September, and 8 - 12 October 1999

Base: All private sector employees aged 15+ (1,202)

Number of sample points: 160

Interviews conducted face-to-face

MORI topline results - all company surveys

Fieldwork March - May 2000

Self completion questionnaires sent to employees at Zurich, BT, Centrica, KPMG, Littlewoods and PricewaterhouseCoopers.

A total of 6174 questionnaires were sent out, 2504 to those thought to be involved in community schemes and 3670 to those who were thought not to be. The overall response rate is 37%. Response rates from those involved was 49% and from those not involved 32%.

All data has been weighted to reflect equal representation from each company - to an index of 200 (assuming 100 involved in each company and 100 not involved). This was to ensure higher response rates or increased sample sizes do not bias the overall findings.

Base: All Employees (Involved - 781, Not Involved - 1435) unless otherwise stated

Appendix 2

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Appendix 3

Resources

A full bibliography of materials relevant to this research is available online at www.corporate-citizenship/employees.

This site also includes earlier research published, or contributed to, by The Corporate Citizenship Company:

UK

- **Employees and the Community**
How successful companies meet human resource needs through community involvement
Michael Tuffrey, The Corporate Citizenship Company 1995
- **Valuing Employee Community Involvement**
Practical guidance on measuring the business benefits from employee involvement in the community
Michael Tuffrey, The Corporate Citizenship Company 1998

European

- **Involving European Employees**
How Europe's companies connect corporate citizenship with good human resource management
By Michael Tuffrey, The Corporate Citizenship Company 1998
- **A complete guide to Employee Community Involvement for employers, employees and community organisations**
By David Halley
Published for CECILE by The Corporate Citizenship Company 1999

International

- **Employees in the community, A global force for good**
Edited by David Logan, The Corporate Citizenship Company 2002

The site contains a substantial library of resources on the links between human resources and corporate community involvement, including third-party research, articles, evidence, case studies and 'how to' guides.

Please inform us of any new or additional resources as they become available.