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CSR is worth the investment

New research confirms the link between company social and environmental performance and engaged employees

By Robyn Hall

* This is an expanded version of a summary that appeared in the May 2010 issue of CAmagazine.

When prospective employees attend interviews at The Co-operators Group Limited, a national insurance provider, they often have the company's sustainability report in hand. "They ask us if the information about our social and environmental performance is real, and we tell them - what you read is what you get," relates Barbara Turley-McIntyre, director of sustainability and corporate citizenship. "The insurance industry is facing a war on talent, and we want to be an employer of choice. Our sustainability program is a big part of that."

New research findings from the Hewitt Associates 2010 Best Employers in Canada study confirm that the experience of The Co-operators Group is growing across a range of industries. There is a strong link between employee engagement and the way employees view their employers' corporate social responsibility (CSR) approach.

"Anecdotally we know younger or 'Gen Y' employees are very interested in working for companies that are 'green'. What we confirmed through the study is that employees of all ages want their employer to behave ethically, support their communities and work to reduce their environmental impacts," says Barb Steele, director of membership, Canadian Business for Social Responsibility (CBSR).

Hewitt Associates, the global human resources consulting and outsourcing firm, partnered with CBSR, a non-profit organization advancing CSR in Canada, to conduct the first large-scale quantitative Canadian study investigating the relationship between employee engagement and perceptions of CSR. Between the Best Employers in Canada Study and the companion Best Small & Medium Employers in Canada study for smaller organizations, Hewitt and CBSR gathered opinions from more than 100,000 employees and 2,000 leaders at 230-plus workplaces.

Employee engagement is defined by Hewitt as the state of emotional and intellectual commitment to an organization. Engaged employees "say, stay and strive" – speak positively about their employer, intend to stay in the organization and strive to go beyond expectations.

That positive view of the company is shaped by CSR performance, according to the study. Eighty-six percent of employees at organizations with high engagement agreed or strongly agreed with the statement that they worked for an employer that was socially and environmentally responsible. That figure was 71% at employers with moderate engagement and only 60% at those with low engagement.

"The findings demonstrate that organizations with high employee engagement have a higher degree of readiness to focus on CSR as a strategy to improve overall organizational performance and better meet the needs of employees and external stakeholders," says Neil Crawford, Hewitt's leader of the Best Employers in Canada study.

Some common CSR initiatives implemented by Canadian employers include fundraising for and sponsorships of community organizations, recycling, business travel reduction through video- or teleconferencing and responsible purchasing. And employee green teams that work together to reduce the company environmental footprint are an increasingly popular way to engage employees.

The strategic importance of CSR is also being noticed at the top of the organizational ladder. The study asked company leaders what they see as the potential benefits of investing in socially and environmentally responsible practices. The top three responses were positive organizational reputation, higher or sustained employee engagement and eliminating waste/reducing impact on the environment.

"Today's business leaders are facing a landscape where global pressures, like climate change, are intersecting with high expectations from a variety of stakeholders, including employees and customers. The shareholder group is no longer the only stakeholder to satisfy," says Barb Steele of CBSR.

With the insurance industry already seeing the affects of climate change through increased extreme weather events – and increased claims – a sustainability commitment makes good strategic business sense. "The Co-operators Group is structured as a co-operative so historically we were built on a strong social responsibility ethic," says Barbara Turley-McIntyre. "But today more than ever sustainability is important to our success. It is a competitive differentiator with customers, a way to address the challenges facing our industry and key to engaging our employees. We have sustainability committees at the board, senior management and staff levels, and our sustainability policy and strategy were developed collaboratively across the organization – proof that there is support from our people throughout the business."

The study revealed that it is important to be consistent and sustain a CSR strategy over the long term, in combination with other employee engagement boosters such as competitive compensation, and good management and health and safety practices. The perception of a decline in CSR performance was said to be a significant threat to engagement for a third of the employees surveyed. Combined initiatives to sustain both employee engagement and support CSR transformation will most likely yield a better return on investment than individual non-coordinated efforts.

Good advice for companies beginning their CSR journey. When starting out the first question should be: Where are the CSR opportunities and where are the employee engagement opportunities? "Engage senior leadership at the outset and look for the alignment between your unique business proposition and CSR. That will be your employee engagement sweet spot," says Hewitt's Neil Crawford.

What the research makes clear for all firms is that winning the hearts of employees is increasingly important in a complex business environment. CSR is well worth the investment to help sustain a workforce that outperforms over the long haul.

Robyn Hall is the communications manager at Canadian Business for Social Responsibility

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