Leading companies are leveraging philanthropy and corporate social responsibility (CSR) to create influence, engage employees, and drive meaningful change. Critical issues such as diversity, pay equity, social justice, immigration and climate change have made their way into the workplace and the corporate C-suite. Today, companies are judged on the basis of their treatment of employees and customers, and increasingly, their impact on social issues. More than ever, an organization’s CSR track record has direct bearing on brand reputation, attracting and keeping talent, and developing consumer loyalty.

CSR has become a CEO-level business priority. According to research from the Center for Corporate Citizenship, the number of companies directing corporate citizenship from the C-suite increased nearly 75 percent compared to five years ago. With more companies stepping up to drive positive change, the role and responsibilities of CSR professionals are rapidly expanding. Today’s CSR leaders are increasing their reach and influence across the organization to align social impact with the company’s business strategy, brand identity, and talent management practices.

CSR programs have a unique opportunity to influence corporate decision-making and champion diversity and inclusion (D&I). Today’s global companies are intrinsically connected to the consumers they serve, the people they employ, and the communities in which they operate. As the number of diverse stakeholders grows, so does the need to incorporate new voices and different perspectives into the business strategy. At the same time, demographic shifts and an increasingly global marketplace have made the talent pool more diverse than ever.

CASE STUDY

A 2018 McKinsey study collected data from 32 of the nation’s top tech companies to understand how they approach philanthropy and CSR to close the gender gap in the industry. Collectively, the companies surveyed spent more than $500 million on philanthropic giving in 2017, but only five percent of that amount went toward CSR programs aimed at correcting gender imbalance. Less than 0.1 percent was directed at removing barriers that keep women and girls of color from pursuing careers in tech. The research found that decision-making and ownership regarding gender-diversity initiatives are fragmented. Companies reported that the organizational functions involved in gender diversity (for example, HR, D&I, and CSR) rarely coordinate on strategy, with no clear owner overseeing the company’s approach to increasing the number of women in tech jobs. The study found that companies that successfully link their philanthropy and CSR efforts with their D&I initiatives under a unified strategy are more likely to see success on both fronts.
Diverse views enrich collaboration and provide deeper insight to important societal concerns. Structuring a strong partnership between D&I and CSR ensures the company’s philanthropic strategy centers around the diverse values and perspectives of employees, customers, and communities. Employee resource groups (ERGs) can serve as an effective vehicle for advancing CSR goals by contributing different points of view and connecting the organization with diverse communities. A CSR team that reflects the diversity of the workforce and market served is more likely to develop strategies that connect and reverberate with employees, consumers and communities.

Corporate activism is on the rise.

Today’s corporate leaders are increasingly using their influence and reach to take highly visible political and social positions on behalf of their employees and customers. For example, Patagonia donated the entire $10 million it saved in last year’s corporate tax break to raise awareness for climate change and support organizations that are committed to protecting and preserving the environment. The company’s CEO named the Trump Administration’s denial of a recent climate change report as the main reason for the move. Last year, Lyft teamed up with March for Our Lives organizers in 50 U.S. cities to offer free rides to people planning to attend the events, committing approximately $1.5 million in one day to support the cause. The company’s co-founders announced the decision in an open letter to the students of Marjory Stoneman Douglas High School, commending their leadership and pledging the company’s support.

Nike made Colin Kaepernick the focus of its 30th anniversary “Just do it” campaign in which the former NFL player sends the message: “Believe in something. Even if it means sacrificing everything.” The campaign sparked a national debate, and although Nike stock initially plummeted, it quickly rebounded, and soon after the campaign launched, hit an all-time high. According to a Bloomberg report, the company generated $43 million in media exposure through the campaign. Consider the organization jointly created by Amazon, Berkshire Hathaway and JP Morgan Chase to lower healthcare costs for employees. The collaborative venture portends to tackle a societal problem the federal government has long struggled to solve while promising to deliver high quality, cost-effective healthcare and sustainable business results.

Despite these high-profile examples, many organizations fail to effectively integrate CSR and corporate citizenship into their business strategy. In the 2018 McKinsey Global Human Capital survey, although 77 percent of respondents cited corporate citizenship as important, only 18 percent said that citizenship was a top priority and...
reflected in the corporate strategy. Another 34 percent had few or poorly funded citizenship programs, and 22 percent admitted to having none at all. This is a significant missed opportunity. Corporate leadership on topics such as diversity, pay equity, social justice, immigration and climate change can improve financial performance and increase brand value. Failure to engage can negatively impact reputation and alienate key stakeholders.

**An organization’s financial performance is linked to its CSR record.**
A metastudy found a direct correlation between CSR index ranking and profitability, and a Deloitte longitudinal study of purpose-focused companies found that they outperformed their S&P 500 peers by a factor of eight.

**The investment community is paying attention.**
A 2017 study of more than 22,000 investment professionals worldwide found that 78 percent have increased their investments in CSR-focused companies.

**CASE STUDY**
The Walmart Women’s Economic Empowerment (WEE) initiative brings business and philanthropy together to create opportunities for women in product supply chains around the world. Through the initiative, Walmart has sourced more than $20 billion from women-owned businesses for products and services for its U.S. business and worked with organizations to train over one million women who work in farms, factories, and retail across the global supply chain. Empowering women makes sense for Walmart. Most of the company’s U.S. customers are women, and half of Walmart’s associates globally are women. Not only do women in the retail supply chain play a crucial role for retail business, their empowerment is crucial to the economic well-being of their families and communities. Women who earn an income typically invest 90 percent of it into their families and communities, helping to break the cycle of poverty.
Embedding CSR in the Talent Strategy

CSR drives employee engagement. Today’s workers want more than a competitive salary. The ‘employee experience’ has become key to attracting and retaining talent, and leading companies are empowering employees to try new roles, collaborate, and get engaged in causes they believe in. Providing employees opportunities to participate in and lead CSR initiatives can help them stretch and expand their skill sets and build important relationships across the organization, including with senior executives. When the CSR strategy is well-aligned with the company’s capabilities and competencies, employees can make a significant contribution through in-kind donations of time and expertise.

CASE STUDY

Principal’s innovative approach to fostering employee development through community service moves beyond volunteerism to a more engaged model. Launched in 2017, the company’s Global Impact Trip provides employees an opportunity to participate in a week-long service and cross-cultural business intensive in Pune, India, where Principal has operations adjacent to three of the city’s slums. A cohort of eight employees from a variety of business functions, countries and leadership levels were selected to participate through a competitive essay and application process. The emphasis of the trip is on teambuilding, partnerships, business learning, and personal development. Participants completed pre-trip cultural training to prepare them for the international opportunity, and reflection activities throughout prompted them to process the experience for personal growth.

In 2018, the International Labor Organization (ILO) introduced a new indicator that goes beyond GDP and economic performance to measure non-market contributions to well-being. The Genuine Progress Indicator (GPI) takes into account indexes including Human Development, Happiness/Life Evaluation, Happy Planet, and the OECD’s Better Life Initiative dashboard. So far, GPI is the only indicator that incorporates care for human beings and the environment within a single framework. ILO established GPI to guide policy and response to the major challenges of our times - rising inequality, climate change and environmental destruction.

By 2025, the millennial generation is predicted to comprise 75 percent of the global workforce. Millennials are the most diverse, environmentally aware and socially driven employees in the workforce. This generation presents a distinct talent advantage to organizations that recognize what they care about and take action to engage them in meaningful change. A 2018 study by Deloitte found that millennials care deeply about how their organizations address issues such as income inequality, hunger and the environment. Eighty-eight percent believe that employers should play a vital role in alleviating these concerns, and 86 percent say the business success should be measured by more than profitability. According to research by Cone Communications, 75 percent of millennials would take a pay cut to find work that matches their values. As millennials advance into positions of leadership, the focus on impacting social change is likely to grow even more.

And millennials aren’t alone. Studies have found that the majority of Americans look to business to address important social issues. A Nielsen study found that 67 percent of employees prefer to work for socially responsible companies, and 55 percent of consumers will pay extra for products sold by companies committed to positive social impact. Global research by McKinsey found employees who feel their jobs have meaning, or that they are able to make a difference, exhibit greater levels of loyalty.

A Deloitte survey of hiring professionals found that employee volunteering can play a significant role in building leadership skills.

92% of respondents agreed that volunteering improves employees’ broader professional skill sets

92% agree that volunteering is an effective way to improve leadership skills

80% said active volunteers move more easily into leadership roles.
Engage Employees in Creating Their Own CSR Initiatives.

Today’s employees also want to create their own philanthropic experiences, not simply participate in a CSR program developed for them. To understand the preferences of the workforce, ask employees. Get them involved in generating CSR ideas and capitalize on corporate communications channels and social media to test them with consumers and communities. Provide employees paid time off to volunteer in causes they care about in addition to offering opportunities to participate in and donate to corporate CSR work. According to SHRM, in 2018 nearly one in four companies and non-profits in the U.S. are using paid volunteer time off to turn CSR into a competitive advantage.

CASE STUDY

American Airlines’ Abilities employee business resource group (EBRG) partners with local autism organizations in the It’s Cool to Fly American (ICTFA) program, designed to acclimate children with autism and their families to the world of air travel. The initiative centers around providing a full mock airport experience, where participants check in, maneuver through security, board an actual plane, and taxi around the airport, all without ever leaving the ground. The EBRG works closely with airport personnel to ensure a realistic experience that includes all the sights, sounds and sensations a child with autism might encounter in flight. The ICTFA events are staffed by EBRG members and volunteer airport crews. In 2018, the Airline hosted 17 events involving 2,576 participants and 1,232 families, with 25 percent of those families reporting they traveled by air following the experience. During that year alone, employees contributed 2,200 hours as volunteers to the ICTFA program.

Showcase CSR in recruitment, hiring and retention.

CSR initiatives can provide a cornerstone to attracting and retaining top talent. It is important to make CSR information visible and accessible to help candidates understand where - and why - the company is having an impact. Feature CSR in recruitment marketing materials and let candidates know not only what they can get by taking the job, but also how they will participate in a culture of giving back.

Top companies focus not only on doing meaningful work in their communities, but also telling compelling stories about what they stand for and why CSR is a core value. Storytelling is an essential tool for authentically communicating CSR initiatives and success. Collaborate with brand managers and D&I professionals to create CSR content that highlights the company’s philanthropic values, inclusive culture and workforce diversity. Employees lend authenticity and credibility to the CSR narrative. Encourage employees and ERGs to share their experiences and speak directly to customers and candidates through social media and other community-based forums. Include videos and testimonials showcasing how employees participate in CSR activities and the different ways the company supports their passions.

Engaging employees in developing the CSR narrative will result in communications that resonate with audiences both internal and external to the organization. Consider, employees are three times more trusted than the CEO when it comes to relating what the company is like to work at, and the average employee has a network of followers ten times larger than the company they work for. Companies can also make strategic
use of nonverbal messaging to build credibility in the community. For example, consistently filling tables at community events with a multicultural contingent of company leaders and employees can make a powerful statement about the company’s commitment to diversity.

CASE STUDY

**Salesforce** partnered with Deloitte to launch the Pathfinders Training Program, a workforce development initiative designed to provide individuals from diverse backgrounds with technical and business training. The program has a specific focus on reaching the nearly six million unemployed youth in the U.S, and estimated 22 percent of veterans looking for employment. Over the course of the four-month program, participants train in the classroom and online for Salesforce Developer and Administrator jobs, which are two of the top ten jobs in the nation. By 2022, Salesforce estimates there will be 3.3 million job openings within the Salesforce ecosystem. Deloitte provides Pathfinders training on business skills, including modules in organization, communication, collaboration, and critical thinking. Deloitte will also provide opportunities for internships and has committed to hiring ten percent of qualified Pathfinder Training Program graduates.

CASE STUDY

The South Asians in Leadership ERG at **Boston Scientific Corporation** helped launch two health camps to improve the health of underprivileged communities surrounding the company’s base of operations in India. The first camp focused on women’s health, and included screenings for general health and cervical cancer, which is highly stigmatized and often left untreated in the region. The health camp screened more than 100 participants, with many individuals moving on to advanced treatment based on the screening. The second health camp focused on general health awareness for underprivileged students. Over 200 children were given health tutorials and medical, dental and eye screenings to determine their need for vaccines, dental procedures, and eyeglasses. Fifty-eight children were given eyeglasses and 105 children were identified as needing additional dental procedures. The company is committed to sustaining the initiative and plans to offer similar camps every two years, replicating the experience in other underprivileged communities around the globe. The ERG will continue to spearhead the initiative.

**Build sustainability in operations, the supply chain and CSR partnerships.**

U.S. companies have made significant investments in developing policies and practices to ensure diversity in the supply chain. The same attention is increasingly being paid to building supplier diversity and accountability in CSR initiatives. Consumers are paying attention to ensure the products they buy are not causing unnecessary harm to the environment or communities, and no company is immune to the media attention and reputational damage that can result from ignoring CSR values in the supply chain. Today’s consumers are more than willing to boycott brands that are perceived as bad actors.

With increasing attention and concern on climate change, brands are investing heavily in recycling, sustainability, and creating ethically sourced and produced products as part of their CSR strategy. For example, Procter & Gamble committed to introducing 25 percent
There is a clear link in the U.S. between race and exposure to environmental risks.

But while communities of color are the communities most directly impacted by environmental pollution, they are largely missing in the environmental movement.

- A survey by Green 2.0 assessing the diversity of the nation’s 40 largest environmental non-profits found that people of color make up just 27 percent of full-time staff and 14 percent of senior staff.
- Non-profit boards were only five percent people of color.

Companies focused on driving environmental change through their CSR strategy can exert their influence to ensure the environmental organizations they partner with are taking measurable steps to build diversity within their workforce, particularly at the leadership level.

recycled plastic across 500 million bottles sold across its haircare brands. Coca-Cola recently raised their 2020 recycling target to 50 percent. Unilever has set a goal to cut the company’s environmental footprint in manufacturing and product use in half by 2030, specifically through substantial reductions in greenhouse gas emissions, waste production and water usage, and by sourcing all of its raw materials sustainably. These investments pay off – both in terms of brand reputation and business outcomes. Unilever reported that their sustainable brands grew 40 percent faster than the rest of the business in 2016.

Having a positive environmental impact is not exclusive to major international companies. LendEdu, an online marketplace for student loan finance, partners with non-profit One Tree Planted to donate the funds needed to plant one tree for every LendEDU customer it helps.

CASE STUDY

Caesars Entertainment’s CodeGreen strategy drives environmental awareness and engagement, as well as performance, across the business, involving employees, customers and suppliers. Results are impressive and demonstrate the significant impact one company can have. Since 2012, the company has reduced waste generated in its operations by 12 percent and diverted more than 328,000 tons of waste from landfills. From 2007 to 2016, the company’s U.S. and international operations reduced fossil fuel-based energy consumption by 21 percent. In 2017, the company replaced 20,000 square feet of green sod with artificial turf at one venue, saving an estimated one million gallons of water per year. The company also made a public commitment that by 2023, 60 percent of its suppliers would institute science-based GHG reduction targets in their operations.

CASE STUDY

Global recycling organization TerraCycle recently launched Loop, a subscription based, waste-free shopping service that replaces single-use disposable packaging with reusable packaging. Consumer ordered goods arrive in durable, reusable or fully recyclable packaging. When the product runs out, it is picked up through the subscription service and returned to Loop. Loop hygienically cleans, sanitizes and automatically replenishes the empty packaging for reuse. P&G brands Pantene, Tide, Cascade, Crest, Ariel, Febreze, Oral B, Gillette, Venus, Pampers, and Always will be part of Loop. Unilever’s Dove, Axe, Degree, REN Clean Skincare, Hellmann’s, Love Beauty and Planet, Love Home and Planet, and Seventh Generation are also participating.
### Additional Strategies for Success

- Establish a formal link between CSR and diversity and inclusion; infuse diversity in sustainability.
- Align CSR initiatives with marketplace demographics and employee, customer, and community values.
- Engage employees in conversations about the impact they want the company to have.
- Provide diverse employees opportunities to influence decision-making and inform CSR focus.
- Develop pathways and strategies to provide diverse talent exposure to CSR and opportunities to participate in and lead CSR initiatives.
- Involve ERGs in developing CSR priorities and implementing CSR initiatives.
- Consider regional, cross-business, intra-brand competitions to incentivize engagement around employee passion areas.
- Experiment with non-traditional CSR programs that are skills-based, on-site, or virtual.
- Brainstorm how to accomplish CSR goals by capitalizing on the resources, capabilities and skill sets in the company’s workforce.
- Amplify the company’s CSR work by leveraging corporate communications, social media and storytelling.
- Ensure CSR efforts are effectively measured, documented, and communicated.

### Conclusion

A powerful way to build a culture of inclusion and belonging is to provide employees with opportunities to shape and participate in causes that matter to them. A CSR program that aligns with individual interests will attract top talent, provide opportunities to develop new skills, and increase engagement. Structuring a strong partnership between D&I and CSR will ensure the company’s philanthropic strategy centers around the diverse values and perspectives of employees, customers, and communities. The more diversity, inclusion and engagement there is around the CSR strategy, the stronger the outcomes.
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