

Corporate Citizenship: A “Feel Good” Business Strategy

By Sharlyn Lauby, SPHR

Social responsibility is an organization’s long-term investment in an appropriate cause that does measurable good in society while enhancing the company’s reputation with the community. These programs, known as corporate citizenship programs, rely on the belief that companies exist because of the support they get from society and therefore, they need to contribute to society.

According to the Society for Human Resource Management, organizations go through different phases of corporate citizenship. The first phase, called **Reactive Philanthropy**, is when companies support a wide variety of programs. The decision to provide resources is solely based upon the recommendations of senior management. The next phase, **Strategic Contributions**, centralizes the company support to a limited number of causes that are relevant to the business. The goal is to enhance the company’s reputation. In **Mainstream Involvement**, the company’s involvement is directly linked to the business. During this phase, the organization strives to enhance their external reputation as well as gain the internal respect of customers and employees. The last phase is **Organizational Accountability**, where a long-term strategic commitment exists. At this phase, some companies develop a “social balance sheet” to measure and report their activities.

Only a few companies have reached the Organizational Accountability phase of development. However, regardless of the phase, it is important to establish a solid foundation of corporate giving. Organizations must make sure that they are consistent in their community support and evaluate results to corporate objectives; otherwise, they could find their efforts have the opposite effect.

For corporate citizenship programs to be effective, the practice of social responsibility must be prevalent in the company philosophies, mission statement and organizational values.

Anita Roddick brought social responsibility with her to The Body Shop. The values are fundamental to the way the business operates. According to Roddick, “I would love it if every shareholder of every company wrote a letter every time they received a company’s annual report and accounts. I would like them to say something like: Okay that’s fine, very good. But where are the details of your environmental audit? Where are the details of your accounting to the community? Where is your social audit?”

The Benefits of Corporate Citizenship Programs

Corporate Citizenship programs can bring a tremendous advantage to an organization. Benefits include increased employee morale, strengthened brand recognition, and

increased consumer confidence. The Society for Human Resource Management reports that:

- ◆ 83% of Americans have a more positive image of companies that support a cause that they care about.
- ◆ 76% of customers indicate that they would switch brands associated with a good cause when price and quality were equal.
- ◆ 87% of employees at companies with corporate citizenship programs feel a stronger sense of loyalty to their employer.

A success story example can be found in the Ben & Jerry's organization. Ben & Jerry's makes a flavor of ice cream using a very thin, chewy, fudgy brownie. At that time, the brownie supplier was a small, local bakery. Ben & Jerry's realized that they should find an alternative supplier (in case something happened to their primary source.)

What they found was Greyston Bakery. It was owned by the Social Ventures Network, a non-profit organization whose purpose was to train and employ economically disenfranchised people. Ben & Jerry's helped to train Greyston employees and subsequently placed orders with them.

While the orders were small (by Ben & Jerry's standards), it was 'huge' for Greyston. They had some challenges in production and ended up packing the brownies while they were still warm. Then, the brownies needed to be frozen. Needless to say, Ben & Jerry's received 50-lb blocks of brownie.

But instead of severing the relationship with Greyston, Ben & Jerry's invited them to their factory. The Greyston folks started talking with the employees about their history and how the business from Ben & Jerry's was helping them. Back then, it inspired the employees at Ben & Jerry's to find a way to make the 'blocks of brownie' work and today, Greyston supplies Ben & Jerry's with over 2 million pounds of brownies!

This demonstrates the value that employee involvement can bring to any organization. Ben & Jerry's values-based supplier relationship paired with the organizational philanthropic culture made the partnership with Greyston a success.

How to Build a Corporate Citizenship Program

If an organization is considering starting or formalizing a corporate citizenship program, there are several factors that should be considered.

- ◆ Demonstrate how the program will affect the bottom-line.
- ◆ Build relationships with organizations whose own business interests are compatible with the corporation's goals.
- ◆ Design the program with the flexibility to expand or contract as business demands.
- ◆ Run the program like a business.
- ◆ Communicate results to all stakeholders (internal and external.)

Stonyfield Farm isn't your average yogurt company. They are 150 people located in a small New Hampshire town who are committed to producing the best-tasting, healthiest yogurts, frozen yogurts and ice cream possible, and trying to do some good in the world while they're at it.

They have received numerous awards over the years for their waste reduction, energy efficiency, and environmental advocacy efforts. The company recycles most of its manufacturing solid waste; invests in green packaging research and carbon offsets to neutralize its manufacturing plant's contribution to global warming; uses its lids and packaging to promote environmental causes; donates 10% of its profits to environmental causes and has converted 70% of its products to organic certification. Correct, Stonyfield Farm is not your average yogurt company. They are the largest organic yogurt producer in the United States, with current sales of approximately \$85 million.

Make it a Part of Your "People Strategy"

Having a corporate citizenship program can yield a positive impact on employee relations. To effectively integrate a corporate citizenship program into your people strategy, consider the following:

- ◆ Solicit input from employees when selecting programs.
- ◆ Steer clear of religious and political projects.
- ◆ Stress the benefits that the program will have for the charity, the corporation, and the employees.
- ◆ Provide employees with the opportunity to volunteer and recognize them for doing so.
- ◆ Publicize results.

One company that has let employee input dictate culture is Patagonia, an outerwear clothing company based in Reno, Nevada.

Over the past several years, Patagonia has done extensive soul searching about who they are, and most recently set out to identify and define the values that matter most to them. They gave voice to their commitments, the values that have become second nature, that define Patagonia as a company today - and what they want it to become in the future.

Their employees are called "Patagoniacs." They are a self-proclaimed, eclectic bunch. Some people might call them quirky. Others would say wacky. But the Patagoniacs make it work. By combining their different interests and lifestyles, they enhance their life experiences and makes work at Patagonia more fun!

Summary

Corporate citizenship programs can provide sound business partnerships, positive community relations, and increased ownership from employees. Companies should evaluate the long-term business impact of encouraging social responsibility.

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Sharlyn Lauby, SPHR is the President of ITM Group, Inc. in Ft. Lauderdale, FL. ITM (Internal Talent Management) provides strategic and technical consulting services to enhance talent in the workplace. For more information, go to www.itmgroupinc.com.

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