

Corporate Citizenship Evolves: Human Capital + Purpose = Value Creation

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Corporate Citizenship as a Business Imperative

Organizations that create value for themselves by creating value for society are the ones that succeed. They represent purpose, shared value, collective impact, circular economy, job purposing, and mindfulness. These are important terms and concepts, but how do they relate to reputation management, risk mitigation, stakeholder engagement, brand building, and value creation?

We have also seen how employee volunteering has increasingly become a stronger element within a company's overall philanthropy program. And philanthropy is playing a more important role within Corporate Social Responsibility and ESG (Environment and Social Governance). The employee is central to all of this. Harnessing, and then letting loose, the 21st century workforce will create profound change. Corporate Citizenship, when aligned with company values and products, will achieve positive bottom line results and is a key tool in the success of the company in today's turbulent society.

Human capital is being viewed in a way that is different from the past, and forward-thinking companies value it with the same attention and rigor as financial capital. People run companies. Employees, customers, shareholders, and activists are all human. It's about relationships. We see this with social media. When people are disconnected from the actions of the company, the company suffers. When companies act more human, they are complimentary assets to society, and are less of something that can be detrimental.

Purpose is the buzzword of the day. Central to a purpose-led company is to recognize why it exists. It was created to provide a product or service to fulfill a need. A company needs to stand for

something it really believes in that goes beyond profit. A values-based approach will be helpful with recruitment and retention of quality employees and a strong customer base. The old saying of “doing well by doing good,” with purpose—it’s about “being” good. Purpose needs to be integrated in business practices and the culture across lines of business, not just the CSR department.

The 'human' and 'purpose' concepts resonate with younger workers and the emerging workforce. The 2105 Millennium Impact Report focuses on the relationship between the employee and the manager, understanding the relationships that drive participation. Employees want to feel valued, and value working at a company that acts responsibly and allows them to get engaged in the community. Here are some helpful tips:

- Build a corporate culture that fully leverages cause work and responsibility;
- Utilize peer’s interactions with co-workers to influence participation;
- Identify causes that your employees care about; and
- Story telling of how participation made a difference resonates with young workers.

Here are some of the stats: 84 percent of millennial employees made a charitable donation in 2014. 48 percent have donated to a company sponsored giving campaign. 70 percent of millennials spent at least an hour volunteering. 45 percent volunteered with a program promoted by the company. Whether we call it volunteering, or an expression of the employee and company doing social good, it will become the norm in the workplace.

What is your brands purpose? Does the essence of the brand reflect being a responsible company? Trust is an important component. Brand is a relationship—it’s engaging with your key audiences, and is continually evolving. Does the company’s corporate citizenship program assist in building the brand? Strong brands can take years to build and missteps can damage it in a few moments with today’s connected society. This is why every employee should live the brand purpose and carry out their duties responsibly. The public will be more forgiving of a company that has had a hiccup but has a history built on responsibility.

Community relations is about being a good neighbor. It’s an important program and the main component of a company’s philanthropy. While there will probably always be a place for charity dinners, direct grants to nonprofits, and employee volunteers participating in a walk-a-thon, corporate philanthropy is becoming more sophisticated in approach and aligned with company strategy. Community engagement is a symbiotic relationship that is mutually beneficial. Healthy communities mean healthy customers. Employees live, raise families, have friends, and are engaged in the same communities where the companies have operations. Schools educate the future workforce. Residents and businesses alike pay taxes. When one element of the community is sick, it is felt by the rest, and it can have long term negative implications. As a result, it is in a company’s best interest to impactfully invest in the success of communities.

Utilizing a company’s core assets to help find solutions to some of the world’s most challenging

problems is becoming more prevalent. With some, the work is part of the product portfolio, is a profit center, and, as a result, leads to long-term sustainability. These companies could be social enterprises. Often, it is companies utilizing their assets strategically for the betterment of society. Employees are dispatched to nonprofits to help them better achieve their mission through pro-bono service or skills-based volunteering. Products and services contributed could be cost offsetting, allowing resources to more directly support beneficiaries. And, in many cases, the support from business allows them to scale to be more effective. This is evident by what some companies have already committed to do in support of the United Nations' Sustainable Development Goals.

Institutional investors have become more active in their desire that their companies act responsibly. We see this with various indexes and the rise of socially responsible investors. Customers today are more likely to purchase products from responsible companies. Potential employees often "choose" their employer based on if they are a good corporate citizen. Entitlement processes can move quicker when regulators and lawmakers view the applicant as responsible and a good neighbor.

Many proactive programs, both in society and in companies, work to prevent problems as an alternative to intervention later. And the more progressive are looking beyond value protection in their ESG efforts to value creation. With the environment to do business ever more challenging, competition stronger and stakeholder expectations higher, can you afford not to differentiate your company as a responsible business with purpose?