

## COVALENCE ANALYST PAPERS

### **Corporate Social Responsibility as a way of improving organizational productivity and forming company's employer brand**

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#### **Introduction**

In the time of affordable opportunities for ongoing training and education for professionals, people tend to gain more professional skills thus try to occupy themselves within the companies that by their preference. What are exactly the criteria for a person choosing a specific company or institution to work in? What are the factors, besides compensation, that are influencing the good professional's choice of selecting a specific place to work? Of course there are many reasons, such as: location, compensation (as was already mentioned), let's not forget about industry and size of the company. However, in recent years, with increasing awareness about global environmental problems and destructive inflation and poverty in many countries most companies are turning to ethical standards. These standards are sustained by business institutions mostly on voluntary basis, but are also considered as a tool for positioning and branding a company on labour market as well as other areas.

University career services offices and recruiting companies worldwide are becoming increasingly aware of more globally targeted set of values of importance to students' career-decision making: those of corporate (or organisational) responsibility. Broadly defined these include: marketplace and business conduct, ethical governance, responsible workplace practices, and social and environmental impacts.<sup>1</sup>

The article analyses the company's reputation on the labour market and includes qualitative and quantitative research upon the ethical standards of the multinationals and how it affects the interest of the employees.

#### **What is meant by Social Corporate Responsibility in terms or labour standards?**

The notion of Corporate Responsibility closely correlates with the understanding of ethics of Human Resource management in corporations. The ethics of [human resource management](#) (HRM)<sup>2</sup> covers those ethical issues arising around the employer-employee relationship, such as the rights and duties owed between employer and employee:

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<sup>1</sup> « Career ethics », - Rosemary Sainty, Manager of the Careers and Employer Relations Office, Faculty of Economics and Business, University of Sydney

<sup>2</sup> [http://en.wikipedia.org/wiki/Business\\_ethics#Corporate\\_ethics\\_policies](http://en.wikipedia.org/wiki/Business_ethics#Corporate_ethics_policies)

- **Discrimination** issues include discrimination on the bases of age (**ageism**), gender, race, religion, **disabilities**, weight and attractiveness.
- Issues surrounding the representation of employees and the democratization of the workplace: **union busting**, **strike breaking**.
- Issues affecting the **privacy** of the employee: **workplace surveillance**, **drug testing**.
- Issues affecting the privacy of the *employer*:
- Issues relating to the fairness of the employment contract and the balance of power between employer and employee: **slavery**, **indentured servitude**, **employment law**.
- **Occupational safety and health**.

Forming a good reputation of the company on the labor market is also known as the corporate branding. By definition “corporate branding” can be described as “the image of the organization as a ‘great place to work’ in the minds of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders).”<sup>3</sup>

### Research

The survey from March 2002 of “The Cherson Group” shows that more than a half of mature professionals within the US choose ethical standards of the company as a top priority when it comes to choosing a working place. This study shows that the corporate responsibility both external and internal is playing a significant role in employee’s choice of the employer. Treatment of employees and the quality of products and services rate highest in job-searchers’ perceptions of organizations they want to work for even though recent big-name collapses and layoffs might be attributable to financial health and market conditions. In fact, a recent survey found that 77% of adult respondents did not rate a company’s financial health as their top priority in determining its reputation as a place to work.

In the 2001 Reputation Survey, 78% of respondents said they would rather work for a company with an excellent reputation than for a company with a poor reputation - even if they were offered a higher salary.”<sup>4</sup> Through the process, a survey of 800 completed interviews of New Jersey’s residents indicated that the most important factors in determining a company’s reputation as a place to work are:

- the way employees are treated (36%), and
- quality of the company’s products or services (27%).

In more recent researches the outcomes of the survey mentioned above is proven:

In 2005, over 6,227 final year students at 12 universities in Australia in a survey by High Fliers selected ‘socially responsible’ at the top of the list of important characteristics of their first employer.<sup>5</sup>

In a survey conducted by the Guardian (UK, 2006) of 2,000 final year undergraduates, over 70% of students said that a company’s ethical track record is a crucial factor when choosing an employer.<sup>6</sup> Work-life balance is

<sup>3</sup> [http://en.wikipedia.org/wiki/Employer\\_branding](http://en.wikipedia.org/wiki/Employer_branding)

<sup>4</sup> [http://www.hrnguide.net/usa/commitment/employer\\_branding.htm](http://www.hrnguide.net/usa/commitment/employer_branding.htm)

<sup>5</sup> High Fliers Research Limited, 2005.

also important - a consistent finding with this age group internationally. Interestingly, if companies were all offering similar packages, a clean ethical track record could be the deciding factor. Further, if a company says it is an ethical employer, it needs to be able to prove that, in an independent way, via external validation. The survey also shows that students are relying more heavily on the media to expose a company's unethical practices.

The Stanford Graduate School of Business' now often quoted survey in 2004 of more than 800 MBAs from the UK and European Business schools found that more than 97% of the sample of MBA graduates were willing to forgo financial benefits to work for an organisation with a 'better reputation for corporate social responsibility and ethics... that is a reputation for high ethical standards about employees (workplace practices), environmental sustainability and community stakeholders.'<sup>7</sup>

The most recent research conducted by the employer branding company Universum<sup>8</sup> reveals us results coming from a survey amongst German students asking for their most desired employer in specific industries. The study analysed the most wanted employers in Business, IT, Engineering and Natural Sciences sectors and the results were: Porsche is on the top of the Business sector list, Google is topping IT sector, Audi is the most wanted employer for engineers and Max-Planck-Gesellschaft is most likable by Natural Sciences students.

From the company's perspective as stated in findings by HRM guide<sup>9</sup> for the employer brand the communications/marketing executives identified the following as their top goals:

- helping employees internalize the company's values;
- achieving a reputation as an employer of choice;
- recruiting and retaining employees;
- instilling brand values into key processes.

Priorities for HR executives are:

- helping employees to internalize the company's values;
- recruiting employees;
- retaining employees;
- achieving a reputation as an employer of choice.

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<sup>6</sup> 'Planning for a Fairer Future', [The Guardian](#), 15 July 2006.

<sup>7</sup> [MBA Graduates Want to Work for Caring and Ethical Employers](#), Stanford Graduate School of Business news, January 2004.

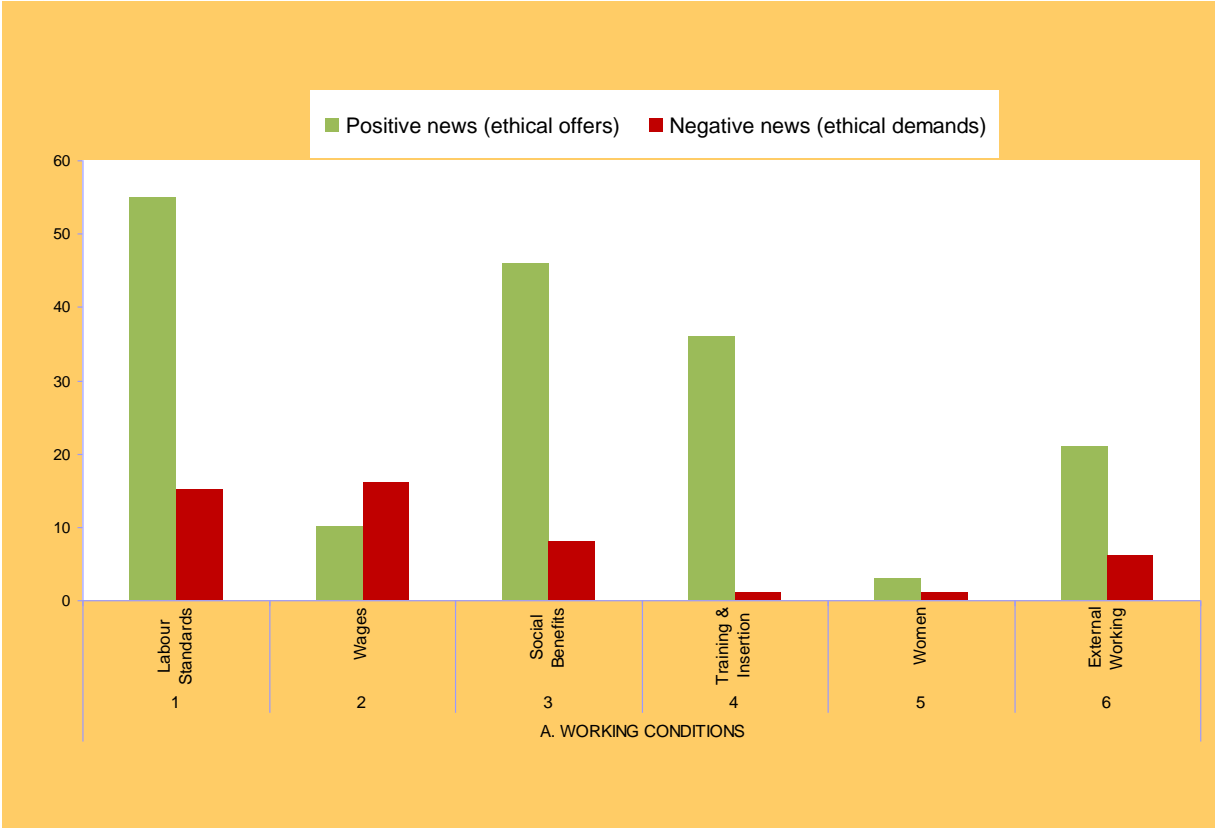
<sup>8</sup> German Student Survey 2008 Rankings - [www.universumglobal.com](http://www.universumglobal.com)

<sup>9</sup> [http://www.hrsguide.net/usa/commitment/employer\\_branding.htm](http://www.hrsguide.net/usa/commitment/employer_branding.htm)

**Analysis**

Due to certain controversial issues on labour standards on international stage, nowadays, Corporate Social Responsibility arguments are in the spotlight of many magazines throughout the world. Most of the companies try to present themselves in the best aspect, but some could not escape the coverage of the labour standards and corporate ethics violations. The globalization of business and trade have developed expansion of large conglomerates in many underdeveloped countries, where the laws regulating working conditions violations are not in full force. Below, there is analysis of two graphs representing quantitative data processed by Covalence SA.

Graph 1



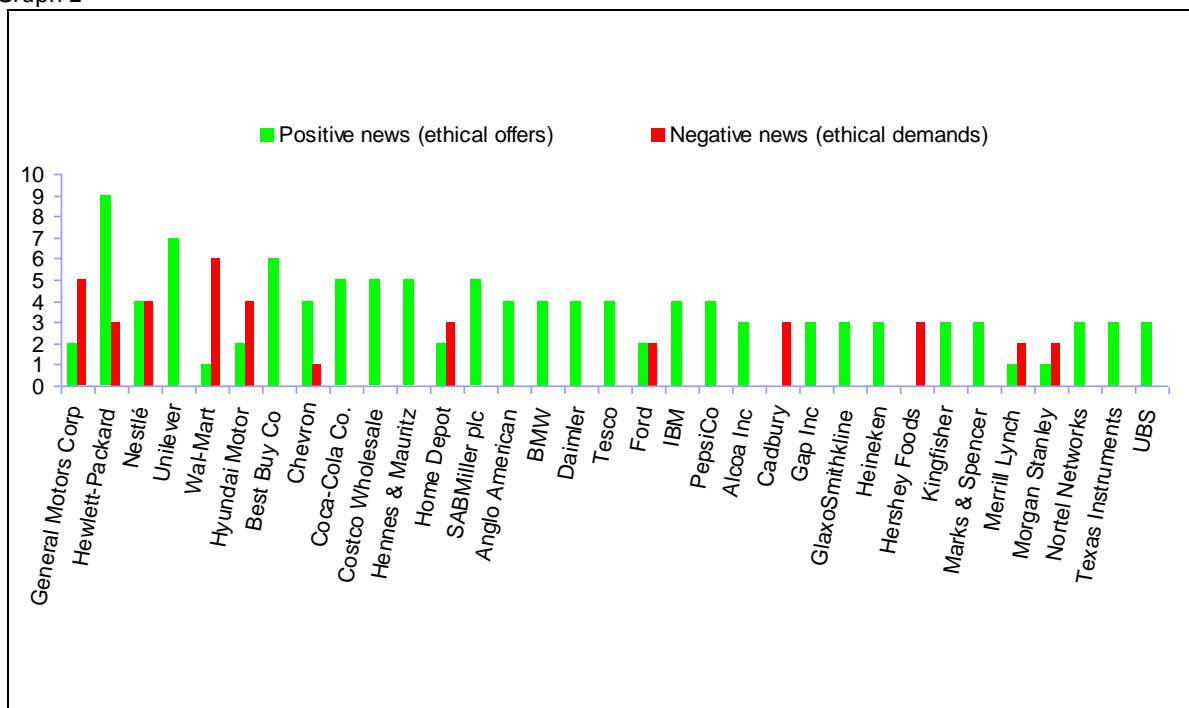
As we can see, most of the information related to labour force in multinational companies appeared by the criteria of labour standards with the score of 54. Social benefits criteria stands on the second place for the number of positive news appearing in this area with a score of 45, training and insertions goes 3<sup>rd</sup> with approximately 37 points, followed by external working conditions and wages accordingly. However wages criteria leads with negative news scoring at about 15 points followed by labour standards and social benefits and external working conditions criteria accordingly. The criteria describing women working conditions in multinational companies' scores last by both positive and negative news, although the number of positive news is higher than that of negative.

Overall Graph 1 shows us that through online research and analysis, we can state that there is more positive news on labour standards of workers than negative ones. This fact might be due to companies' orientation to posting more positive facts about their internal conditions.

In many ways inner corporate social responsibility is related to human rights standards. Lately we see more and more cases of labour unions or individuals filing suits against companies for violation of human rights at the working place. Many people complain about discrimination or unfair treatment in regards to their sexual orientation, cultural, religious or racial belonging. Such obviously negative aspects of company's reputation would not promote or develop recruitment of the highly skilled and socially aware professionals. And such unfair actions of companies would in return lessen motivation of present workers, early resignation and strikes.

Let's take a look at Graph 2 which describes us the news tendencies (positive or negative) by the specific examples of companies:

Graph 2



Analysing the Graph 2 we can see that positive news even about specific companies in the labour standards related area are dominating. From this we can state that each company tries to present itself and its actions in the positive way throughout the media.

## Conclusion

Employer branding is not simply a short-term project or a programme. It's a way of business life. Understanding what engages people and being clear about what an organisation offers and does not, means that you are more likely to recruit and therefore maintain the right people. Candidates go through six to twelve interviews to become a Google worker – something justified strongly by Google on the basis that they recruit for success and never have to lose people: being one of the most desired recruiters with 3% turnover in the digital sector, they seem to be getting something very right.<sup>10</sup>

As corporate responsibility continues to expand widely into more areas of social and environmental life it will become increasingly important for employing organisations to address corporate responsibility at their most senior levels or face significant reputational risk in the labour market, as recent studies in employment patterns show that more employees, from recent graduates to experienced professionals, choose employers with proven track of corporate social responsibility. Simultaneously, job seekers will have to prove themselves as true 'global citizens'.

It is also proven that most of the graduate job seekers rely on media in their search for companies with good CSR track, so it will be advisable for companies to take good care of the coverage of the company's good actions in working conditions area.

## References:

- 1) [www.adb.org](http://www.adb.org)
- 2) [www.cipd.co.uk](http://www.cipd.co.uk)
- 3) [www.ethicsworld.org](http://www.ethicsworld.org)
- 4) [www.guardian.co.uk](http://www.guardian.co.uk)
- 5) [www.hrmguide.net](http://www.hrmguide.net)
- 6) [www.prospects.ac.uk](http://www.prospects.ac.uk)
- 7) [www.universumglobal.com](http://www.universumglobal.com)
- 8) [www.wikipedia.org](http://www.wikipedia.org)

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<sup>10</sup> <http://www.cipd.co.uk/NR/rdonlyres/56C8377F-256B-4556-8650-8408B0E07576/0/empbrandlatfad.pdf>