

2015

How Does the Use of Corporate Social Responsibility and Employee Volunteer Programs Impact the Image of Manufacturers?

Krista L. Wahl
University of Northern Iowa

Let us know how access to this document benefits you

Copyright ©2015 Krista L. Wahl

Follow this and additional works at: <https://scholarworks.uni.edu/grp>

Recommended Citation

Wahl, Krista L., "How Does the Use of Corporate Social Responsibility and Employee Volunteer Programs Impact the Image of Manufacturers?" (2015). *Graduate Research Papers*. 3919.

<https://scholarworks.uni.edu/grp/3919>

This Open Access Graduate Research Paper is brought to you for free and open access by the Student Work at UNI ScholarWorks. It has been accepted for inclusion in Graduate Research Papers by an authorized administrator of UNI ScholarWorks. For more information, please contact scholarworks@uni.edu.

Offensive Materials Statement: Materials located in UNI ScholarWorks come from a broad range of sources and time periods. Some of these materials may contain offensive stereotypes, ideas, visuals, or language.

How Does the Use of Corporate Social Responsibility and Employee Volunteer Programs Impact the Image of Manufacturers?

Abstract

This research study will answer the question of how manufacturers use CSR and EVPs to improve their image. The shift in perspective from manufacturing as a dirty polluting industry to a socially responsible one giving back more than they consume needs to be better understood in order to implement strategies in other countries who continue to lag behind. Further it is important to continue to understand the impact of manufacturers who give back as compared to those who don't and how they see the benefits of their contributions.

Industrial Technology
Research Paper

How does the use of Corporate Social Responsibility
and Employee Volunteer Programs impact the
image of Manufacturers?

In Partial Fulfillment of the Requirements for
the Non-Thesis Master of Arts Degree

Krista L. Wahl
April 2, 2015

Approved by:

Scott Giese

4/24/2015

Advisor, Assistant Professor of Industrial Technology

Ali E. Kashef

4/24/2015

Second Faculty Professor

TABLE OF CONTENTS

INTRODUCTION	3
STATEMENT OF PROBLEM	4
PURPOSE OF THE STUDY / NEED JUSTIFICATION	5
RESEARCH QUESTION	5
LITERATURE REVIEW	6
ASSUMPTIONS	13
TERMS	14
DATA ANALYSIS	14
CONCLUSIONS & RECOMMENDATIONS	15
BIBLIOGRAPHY	18

INTRODUCTION

Social responsibility has extended beyond community involvement of individuals as corporations are becoming more engaged in activities outside of their office walls. In 2009, over 90 percent of Fortune 500 corporations were actively donating their most valuable resource, employees, in Employee Volunteer Programs (EVPs) (Grant, 2012).

One might ask why a corporation would donate their employee's time for volunteerism, what is the cost of EVPs, or more importantly to the stockholders, what are the benefits? There are many benefits to the creation of EVPs. EVPs provide the community with volunteers and build partnerships while giving employees a break from daily activities (Bowen, Burke, Little, & Jacques, 2009).

Corporations continue to realize how EVPs tie-in with being good corporate citizens and how offering EVPs in can positively impact their business. For example, attracting and retaining top talent are two of the most challenging aspects for corporations. It is critical for corporations to find and retain talented employees who are engaged and dedicated in giving back. Top talent involved in Corporate Social Responsibility (CSR) and EVPs attain higher levels of success, are more dedicated, and are more likely to continually develop throughout their career (Glavas & Kelley, 2014).

It also never hurts to remember the added bonuses of CSR and EVPs through marketing and advertising opportunities. The trickle effect of being a responsible corporate citizen and involving employees in volunteer programs creates value that is typically challenging to create otherwise (Öberseder, Schlegelmilch, Murphy, & Gruber, 2013).

STATEMENT OF THE PROBLEM

Manufacturers historically have been known as environmental polluters requiring heavy regulation by groups created to protect natural resources. For example, in the United States the Environmental Protection Agency (EPA), the state of California, and numerous nonprofit organizations focus on promoting environmental concerns. Although the negative image of manufacturers continues to persist, it has significantly evolved over time as the amount of pollution manufacturers create has reduced and image of corporate socially responsible organizations prevail (Levinson, 2009).

This shift in image as corporate socially responsibly organizations for manufacturers has changed considerably over time by promotion through marketing and advertising creating engaged employees who are involved in CSR and EVPs. This study is needed to better understand how not only the shift in pollution reduction has improved the image of manufacturers, but to also uncover the relationship on the improvement of perceptions of manufacturers by use of CSR and EVPs.

This study will verify the validity of previous CSR and EVP studies by qualitatively interpreting the results of how CSR and EVPs have been used in manufacturing and other industries outside of manufacturing. Many reports directly connect volunteering with employee engagement, retention, and skills building, while others have not found a significant relationship to employee commitment and corporate image (Veleva, Parker, Lee, & Pinney, 2012). It is important to understand the validity of this connection and the significance of CSR and EVPs for further evaluation within manufacturing organizations.

PURPOSE OF THE STUDY / NEED JUSTIFICATION

This research study will answer the question of how manufacturers use CSR and EVPs to improve their image. The shift in perspective from manufacturing as a dirty polluting industry to a socially responsible one giving back more than they consume needs to be better understood in order to implement strategies in other countries who continue to lag behind. Further it is important to continue to understand the impact of manufacturers who give back as compared to those who don't and how they see the benefits of their contributions.

RESEARCH QUESTIONS

Due to the significant difference in image of manufacturers of different countries and the need for CSR and EVPs to be implemented in other countries this study will research how manufacturers use CSR and EVPs to their advantage. More specifically this study will answer the following questions related to the use of CSR and EVPs and the impact they have on a manufacturer's image, touch points and employee engagement.

- How do CSR & EVPs impact the image of manufacturers?
- How do CSR & EVPs impact consumers, communities, and investors?
- How do EVPs impact employee engagement in manufacturing industries?

This study will take a look at a number of factors contributing to idea of CSR and EVPs showing how manufacturers use it to further promote their image and products. Marketing and advertising have firmly contributed to this new image of manufacturers and we plan to further understand the relationship of CSR and EVP promotion as image builders.

LITERATURE REVIEW

Corporations are being held increasingly responsible for their actions and the interests of their communities. The notion of “Corporate Social Responsibility (CSR)” continues to grow and become increasingly popular with companies small and large. CSR are defined as the ability for companies to include both social and environmental responsibility into their business model (Szczanowicz & Saniuk, 2014).

Employee Volunteer Programs (EVPs) are corporate defined programs for engaging employees in donating their time to nonprofit organizations for the betterment of the community. EVPS are popular with employees because of acknowledged benefits for skills development, networking, teamwork, and stress reduction (Bowen, Burke, Little, & Jacques, 2009).

Local and global company John Deere take CSR and EVP involvement very seriously by making them part of their core level dedicating resources globally to improving lives around the world. John Deere’s corporate citizenship website talks about developing ways to protect the environment, protecting employees and customers, and their dedication to communities by utilization of philanthropy and volunteerism for the better of people everywhere (“John Deere® Citizenship,” n.d.).

Another global company with local ties is Terex who prides themselves on the values of integrity, improvement, courage, respect, servant leadership, and citizenship. Like John Deere, Terex’s website has a section emphasizing their commitment to their values and stewardship (“Terex® Corporate Responsibility & Sustainability,” n.d.). Other companies like Viking Pump and Schumacher elevator do not actively publish

information on community involvement, but provide much needed involvement in their communities. For example, Schumacher elevator employees are actively involved in their local community by coordinating Junior Achievement activities at the schools, promotion of their town at events, and working to actively grow their community.

The value of social responsibility is not just leading by example, but can lead an organization to bigger and better things (Lindgreen, Swaen, & Johnston, 2009). Promotion of CSR and EVPs to employees increases their commitment to the organization which then leads to more engaged employees and higher retention rates. Marketing of CSR and EVPs to the general public enhances recruitment efforts and can help build a positive relationship with the community, customers, and shareholders. It is important for companies to remember and understand the reality of the business through stakeholders and manage public perceptions (Lindgreen, Swaen, & Johnston, 2009). Stakeholders focus on the return on investment whereas the public focuses on what is good for their community. This must be balanced while also balancing your customer needs and expectations and can be a challenge if there are competing priorities. Being a good corporate citizen and balancing the numerous pulls on your business while using it to your greatest advantage of building your brand is an asset to everyone. It helps your employees grow, keeps your shareholders happy when their profits increase, and gives back to your customers and communities (Farooq, Payaud, Merunka, & Valette-Florence, 2014).

Corporate citizenship and volunteerism isn't just a domestic program. According to Szczanowicz & Saniuk (2014, p.72) corporations should not only consider the financial investments of corporate citizenship, but globalization in general and the

impact of responsible management. For example in Mexico the corporate sponsorship of athletic teams and in India orphanages bring about significant advantages to the communities by helping others who are unable to help themselves.

Maher, an orphanage in India, is fully supported by the donations of others. Primarily these donations come from corporations who support the Maher store during corporate events and volunteer their employees to help. Maher has a wonderful story of a woman who had a vision of helping others. She started small helping a few and grew into an organization who has now helped over 4000 women and children by providing them educations, skills, and trades to be successful contributors in their local community. In fact, many of those who have been helped by Maher are so touched by the program they stay on helping to expand Maher's ability to help more. Started in 1997, Maher grew from a small organization to now being present in over 85 communities in India with three locations. Maher receives no government assistance, is internationally recognized for their efforts and products, and has received numerous awards for their contributions to their communities ("Maher," n.d.).

Many corporations including several manufacturers make places like Maher successful by donating time, money, or food, and by enabling their employees to purchase goods made at Maher. Maher accepts contributions from those who are able share and it is the little things to an organization like Maher making the biggest difference. Visiting a Maher facility will forever enhance your perspective on corporate citizenship and the values of the small contributions you provide exceedingly supporting those in need. A visit to Maher includes a warm welcome by the children of Maher. Your

contribution to them can be financial, food, purchase, or time and the reward truly comes from the smiles and enjoyment you see on the children who live at Maher.

As you can see from the above mentioned examples corporations are committing to their communities through EVPs by leveraging their workforce making it an integral part of a sustainable business model. Corporate EVPs are planned, managed efforts that motivate and enable employees to volunteer. Additionally, corporate sponsorship typically includes paid time off for volunteering, incentive programs, and matching funds for monetary donations (Bowen, Burke, Little, & Jacques, 2009). EVPS provide significant benefits to the community and the corporation with the biggest corporate payoffs in employee satisfaction, morale, recruitment and retention rates, and enhanced productivity (Brenner, 2010). All of this adds up to a better bottom-line with executives at 84% of large corporations saying they saw a direct correlation in the implementation of EVPS with increased employee engagement and profits (Bowen, Burke, Little, & Jacques, 2009).

Further supporting the implementation of EVPs into the workplace is the 2009 signing of the Edward M. Kennedy Serve America Act reauthorizing and expanding on national service programs ("Corporation for National & Community Service," n.d.). The Serve America Act pushed for America to expand support for volunteering and through the Corporation for National & Community Service (CNCS) implement strategic plan to engage Americans ("Corporation for National & Community Service," n.d.). Just one year after the Serve America Act was put into place, volunteering was up. This is a great feat considering most companies have been downsizing and they are seeing the

added value of continuing to increase their EVPs programs and further their integration as socially responsible corporations (Brenner, 2010).

The effects of CSR and EVPs are significant. They have a higher return on investment rate than cash donations of a similar value because of the “soft” benefits (Bowen, Burke, Little, & Jacques, 2009). Soft benefits of CSR and EVPs include employee development, engagement, and increased job satisfaction (Leana, Ahlbrandt, & Murrell, 1992). The effects of EVPs are substantial even if employees aren’t able to actively engage in the EVP. Awareness without participation has been shown to have a positive effect on employee pride, loyalty, and identification (Veleva, Parker, Lee, & Pinney, 2012).

Further supporting the implementation of CSR and EVPs is the direct correlation they have to increasing employee morale, retention rates, and enhanced productivity which directly impact company profitability. In our ever-changing society CSR and EVPs are considered a valuable addition to the employee benefit programs and greatly enhance recruitment opportunities (Brenner, 2010). The ability of CSR and EVPs to provide additional value to the corporation to employee engagement is challenging to measure, but is seen through retention and recruitment efforts. Employees are the most valuable and irreplaceable resource a company has making it imperative to utilize CSR and EVPs to strengthen the bond with our employees.

From the corporate perspective there are nine key benefits to EVPs which are low cost or even no-cost programs boosting morale, promoting wellness, improving

brand awareness, and providing free training while contributing to the community (Brenner, 2010). Brenner identifies these key benefits as:

1. Leadership Development
2. Skills Acquisition
3. Networking
4. Corporate Citizenship
5. Recruiting
6. Retention
7. Productivity
8. Wellness
9. Brand Recognition

Becoming involved in volunteer programs enables employees an opportunity to gain additional skills and benefits. Some examples of this include networking, improved communication capabilities, mentoring skills, political astuteness, and public speaking skills. Additional value is seen by the corporation in the ability to demonstrate CSR, corporate values, and maintaining a satisfied workforce (Brenner, 2010).

Companies with EVPs have higher retention rates and loyalty by strengthening their relationship with their employees. Almost 90 percent of companies surveyed reported a direct reduction in turnover as a result of implementation of an EVP program (Bowen, Burke, Little, & Jacques, 2009). Additionally, engaged coworkers are more receptive to change and are aligned with the company objectives lowering or removing restraints to active participation. Inspiring people to participate from the top down...and inviting rather than forcing them to join will jump-start engagement and further employee dedication toward EVPs (Lewis & Pater, 2012).

EVPs can also help develop corporate values and be used an opportunity for employee socialization. This helps to improve teamwork and productivity supporting

strategic business goals by improving communication on cross-functional teams as well as management to employee relations (Bowen, Burke, Little, & Jacques, 2009).

The value of CSR and EVPs is clear, yet the question remains on how it integrates with manufacturing. Manufacturing like any other business has its place and purpose in society...and sometimes may seemingly have different challenges to consider while maintaining the positive image within communities. Many manufacturers are known for having a negative impact on communities by their creation of pollution and waste. Continued cognizance of environmental concerns has made it part of environmentally sensitive manufacturers standard operating practices to tell those impacted by their business to also tell them about their impact on the environment (Pled & Iatridis, 2012). The utilization and implementation of CSR and EVPs within manufacturers has shifted from what was considered a moral obligation to a requirement for sustainability and in 2011, 95% of the 250 largest companies in the world reported CSR activities in their investment portfolios (Pled & Iatridis, 2012). The implementation and integration of CSR and EVPs into manufacturing makes sense when you add up the benefits and value to the organization. Although one could say there is too much of a good thing, the use of CSR and EVPs are rarely thought of in a negative fashion tending to highlight the positive impacts on a business's reputation.

Most notably, companies use and promote their CSR and EVPs in their recruitment strategies and to their shareholders. One theory is through the use of the legitimacy theory. The legitimacy theory says that a company is deemed legitimate when its values are consistent with their community and in order for a company to have long term success it needs to be considered legitimate (Pled & Iatridis, 2012).

Manufacturers in many ways require the use of CSR and EVPs to establish themselves as legitimate and promote their success as a socially responsible organization to their employees and shareholders. Increasing legitimacy increases confidence in the manufacturer establishing them as an integral part of a community creating trust and attracting investors, employees, and consumers.

ASSUMPTIONS

This study will assume the implementation of CSR and EVPs in manufacturing corporations provides a more engaged and developed employee. Volunteering is seen by corporations as a part of the integrated business plan and an organizations core values directly impact success and health (Brenner, 2010).

It will also assume there are different levels of engagement and payback based on the corporation's commitment to EVPS. Additionally, there is potential for corporations to overdo the promotion of volunteerism to the point it is no longer fun and it starts to be seen as "work" (Bowen, Burke, Little, & Jacques, 2009).

This study will be limited to qualitative review of existing research in order to identify trends in research previously conducted. This use of qualitative techniques will enable the study to conduct early investigation to verify the research questions preparing researchers to further evaluate CSR and EVP impact in future studies. A recommendation from this study will be, to conduct experimental and survey research with corporations who promote CSR and EVPs to further understand employee engagement testing the strength and significance of the trends identified in this study.

TERMS

Employee Volunteer Programs (EVPs): corporate defined programs for engaging employees in donating their time for the betterment of the community.

Corporate Social Responsibility (CSR): program and/or image of corporations who give back to the communities through being socially responsible.

DATA ANALYSIS

This study use a case study approach to qualitatively review corporate social responsibility and employee volunteer programs to explore the connection of increased image and employee engagement. The research was completed by using existing materials to gain a better understand of the perceptions of CSR and EVPs.

The use of a qualitative case study approach brought together the research of CSR further integrating it with EVPs to understand their impacts and relationships. Furthermore, it brought further understanding to the importance of CSR and EVPs to manufacturing corporations particularly in how they improve the image of the manufacturer as well as can be implemented globally in markets where manufacturers would like to enhance their image and gain recognition in their communities.

CONCLUSIONS & RECOMMENDATIONS

Previously studies focused on the presence of a CSR and EVPs from the perspective of human resources and/or the corporation through the promotion of programs for internal and external marketing. Key study findings are the enhanced understanding of CSR and EVP correlation and the benefits they have had with manufacturers who have been historically plagued with negative images.

The first research question was to define how CSR and EVPs impact the image of manufacturers. Based on the studies published it is clear CSR and EVPs positively impact the image of manufacturers by establishing them in the communities they are present in and by giving them credibility.

The second question asked was to understand if CSR & EVPs impact consumers, communities, and investors? The use of CSR and EVPs impacts the consumers, communities, and investors through numerous contributions. CSR and EVPs give back to the communities through volunteerism, contribute to higher success of companies and employees, and help employees to continually develop. The return on investment for CSR and EVPs is something that could be challenging to measure, but the long term impact isn't when you see a place like Maher who receives no government assistance and relies solely on the contributions from individuals and corporations. It is easy to see with Maher how CSR and EVPs support the greater good by giving back to the communities and how they create a long-lasting partnership with the community.

The third research question was to answer how EVPs impact employee engagement in manufacturing industries. One challenge with EVPs is that 92% of companies surveyed indicated there is little research evaluating the level of engagement (Brenner, 2010). This study by using qualitative research shows there is a direct correlation of CSR and EVPs along with a significant impact on communities. Further, it also shows there is a direct level of engagement of employees in manufacturing corporations when engaged in CSR and EVPs as well as the utilization of programs as an employee recruitment strategy. People are a manufacturer's most valuable resource and utilization of CSR and EVPs to attract and retain talent is a common theme identified as well as validated in this research. It is clear CSR and EVPs directly impact organizations and the communities in which they support. Employees who are engaged at work are known to be the same employees who actively engage themselves in CSR and EVPs by giving back as much if not more than they take.

This study works to close the gap of previous research by studying the correlation of employee engagement and EVPs from the perspective of manufacturers and the use of CSR as an investment and core responsibility instead of a side job. Limitations in this study are noted and further study opportunities include the use of empirical data in order to better understand the perspective of the employee. Additional future study opportunities include researching CSR and EVPs from the perspective of the shareholders and communities. Currently, there is a significant lack of studies with varying perspectives in part because of the challenges of obtaining information and corporations protecting what they consider proprietary information (Veleva, Parker, Lee, & Pinney, 2012). Little research is available identifying the impact, opinions, and

engagement level from the perspective of the employee. Therefore, it is the recommendation of this study to consider the following possible research directions for future studies:

1. What is the perspective of employees who are engaged in CSR and EVPs?
2. Do employee opinions of CSR and EVPs vary based on demographic data?
3. What are the negatives to consider during promotion of CSR and EVPs?
4. What is the best way to offer and maximize success for CSR and EVPs?
5. What is the direct return on investment of CSR and EVPs?
6. Which types of CSR and EVPs have the highest return on investment?

Further studies will continue to evaluate the reliability of the research conducted in this study enabling organizations to better understand the impact of implementation of CSR and EVP programs. Better understanding of the value of CSR and EVP will help drive the implementation of programs in regions and/or countries where little emphasis is placed on CSR and EVPs. This will help those countries and the world by promoting the good in what we can do together.

In conclusion, the link of CSR and EVPs to manufacturers' image is significant. CSR and EVPs contribute to enhanced images as well as give back to the communities they represent by having a positive impact on employee development, recruitment, and retention of highly engaged employees. Further, a highly engaged employee at work is also a highly engaged employee at home and in the community. These things bring together the significance and importance of CSR and EVPs for corporations and even more importantly the need for implementation where they do not currently exist.

References

- Bowen, G. A., Burke, D. D., Little, B. L., & Jacques, P. H. (2009). A comparison of service-learning and employee volunteering programs. *Academy of Educational Leadership Journal*, 13(3), 1.
- Brenner, B. K. (2010). Instituting Employee Volunteer Programs as Part of Employee Benefit Plans Yields Tangible Business Benefits. *Journal of Financial Service Professionals*, 64(1).
- Corporation for National & Community Service. (n.d.). Retrieved April 20, 2013, from <http://www.nationalservice.gov/>
- Farooq, O., Payaud, M., Merunka, D., & Valette-Florence, P. (2014). The impact of corporate social responsibility on organizational commitment: Exploring multiple mediation mechanisms. *Journal of Business Ethics*, 125(4), 563-580.
- Glavas, A., & Kelley, K. (2014). The Effects of Perceived Corporate Social Responsibility on Employee Attitudes. *Business Ethics Quarterly*, 24(2), 165-202.
- Grant, A. (2012). Giving time, time after time: Work design and sustained employee participation in corporate volunteering. *Academy of Management Review*, amr-2010.
- John Deere® Citizenship. (n.d.). Retrieved March 11, 2015, from <http://www.deere.com/>
- Leana, C. R., Ahlbrandt, R. S., & Murrell, A. J. (1992). The effects of employee involvement programs on unionized workers' attitudes, perceptions, and preferences in decision making. *Academy of Management Journal*, 35(4), 861-873.
- Levinson, A. (2007). *Technology, international trade, and pollution from US manufacturing* (No. w13616). National Bureau of Economic Research.
- Lewis, C., & Pater, R. (2012). Strategies for Leading Engagement. *Professional Safety*, 34-38.
- Lindgreen, A., Swaen, V., & Johnston, W. (2009). The supporting function of marketing in corporate social responsibility. *Corporate Reputation Review*, 12(2), 120-139.
- Maher. (n.d.). Retrieved March 28, 2015, from <http://www.maherashram.org/>

- Öberseder, M., Schlegelmilch, B. B., Murphy, P. E., & Gruber, V. (2014). Consumers' Perceptions of Corporate Social Responsibility: Scale Development and Validation. *Journal of Business Ethics*, 124(1), 101-115.
- Pled, V., & Iatridis, G. E. (2012). Corporate Social Responsibility Reporting: Evidence from Environmentally Sensitive Industries in the USA. *International Review of Accounting, Banking, and Finance*, 4(2), 61-98.
- Szczanowicz, J., & Saniuk, S. (2014). Implementation of CSR concept in manufacturing SMEs. *Management*, 18(1), 71-82.
- Terex® Corporate Responsibility & Sustainability. (n.d.). Retrieved March 28, 2015, from <http://www.terex.com/>
- Veleva, V., Parker, S., Lee, A., & Pinney, C. (2012). Measuring the business impacts of community involvement: The case of employee volunteering at UL. *Business and Society Review*, 117(1), 123-142.