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viewpoint

CSR and EB – are the two linked? Can employee benefits help demonstrate CSR values?

Corporate social responsibility (CSR) is by no means a new phenomenon. The phrase was first used in 1953,¹ and incorporates everything employers look to do to have a positive impact on their people, environment and society as they go about their daily business.

Despite being in the zeitgeist for almost 70 years, the last five years has seen the spotlight well and truly shine on multinationals and their CSR policies. Environmental concerns and a growing focus on social injustices and inequality have come to the forefront of everyday conversation and are seen as things that can no longer be ignored by the world's biggest employers.

Clients, suppliers and employees want to work with and for brands that are ethical and conscious of their impact on the world around them. These groups are now much more aware of the CSR activities of a company and not having a good reputation can be costly. In recent years, a number of large consumer brands have been boycotted by customers based on their ethical practices, environmental impact and much more.

We think it's more than fair to say that CSR isn't just something "fluffy" or a "nice to have" anymore – it is a core component of business strategy. Employers need to be seen to not only stand up for what is right, but also to empower

their employees to live that way too, while bringing their whole selves to work.

Given how important CSR is for multinationals both now and for the future, we thought it was worth taking a look at this important topic and how employee benefits (EB) can help showcase a business' CSR commitments and enhance its employee value proposition (EVP).

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CSR vs ESG

While CSR has been around for decades, the term ESG – meaning “Environmental, Social and Governance” – has recently become widely used as well. The phrase was first used by then-UN Secretary General Kofi Annan in 2005.²

Today, CSR and ESG are often used to mean the same thing and cover similar areas. The two have a number of areas where they overlap, but ESG has become particularly high profile in recent years as the issues it focuses on – such as climate change and social intolerance – have become very high profile.

CSR programmes tend to cover areas such as philanthropy and volunteer efforts, environmental commitments and how a company cares for its people – including things like equality. CSR policies can be an indicator of corporate culture and give

employees, investors and consumers insights into company values. CSR activities are also seen as a way to forge a better bond between employees and the company they work for, boosting morale and helping employees feel more connected.³

According to consultancy Antea Group, “CSR is the ideal and gives context about sustainability agendas and corporate responsibility culture. ESG is the action and measurable outcome. To simplify, CSR can be thought of as the qualitative side and ESG as the quantitative side.

“ESG uses environmental, social, and governance factors to evaluate sustainability practices within a company. ESG criteria focus on quantitative results that help investors make better decisions about the risks and ethics of particular companies. ESG reporting

helps consumers decide which businesses to support, and which not to, by giving them an indication if a company’s practices and actions align with their own values.”⁴

Although there are some clear differences between the two terms, for the purposes of this article we will be referring to CSR, which for many businesses (including us here at MAXIS) includes many of the environmental and social issues covered by ESG.

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CSR and company performance

There’s an increasingly large body of research that connects an organisation’s CSR programmes with improved corporate performance, stronger investor interest and better staff engagement.

Research from Great Place to Work, for instance, found that when employees say their work has “special meaning”, rather than being “just a job”, they are 56% more likely to be innovative.⁵ And separate research found that 53% of workers said that “a job where they can make an impact” is important to their happiness, with 72% of students about to enter the workforce agreeing.⁶

A recent study from Mercer found that “top employers by employee satisfaction and attractiveness to talent have significantly higher

ESG scores than their peers.” As we know, happy employees tend to work harder and stay with an employer longer.

And having a strong CSR commitment is not only important now, but it could be even more so in the future. The issues covered under CSR are becoming increasingly important to Millennials and Gen Z – the two groups that will make up 72% of the global workforce by 2029.⁷

“These generations place greater importance on environmental and social concerns than their predecessors do – and will expect more from employers on these issues,” said Mercer.⁷

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And Aon sums up the importance of CSR nicely. “Sustainable businesses help build strong societies and manage natural resources. And they understand that their financial sustainability is bound up with the sustainability of the society and planet around them.”⁸



A 2020 article by Willis Towers Watson highlighted the positive effect that CSR and clearly communicated commitments to issues like the environment and social injustice can have on employee and customer behaviours.

58%

of employees consider a company's social and environmental commitments when deciding where to work.

55%

of employees would choose to work for a socially responsible company, even if the salary offered was lower.

92%

of consumers are more likely to trust a company that supports social or environmental issues.

88%

of consumers are likely to be more loyal to such companies.⁹

Creating a winning EVP

It's clear that CSR is important – and all the issues that sit within – to employee attraction and retention, but it's also crucial for overall company performance. And to help win the war for talent and win the loyalty of customers, businesses need to effectively showcase their commitment to CSR.

When it comes to employee attraction and retention, building CSR policies and values into an employee value proposition (EVP) is key. Simply defined, an EVP shows how employees and prospective employees perceive the value that people gain by working for an organisation.

As we've highlighted, in many cases, employees are looking for "more than a job". Showing CSR values in an EVP is vital in attracting and retaining the right people and creating real value and motivation for employees.

Lots of businesses do this by offering volunteering leave or matching charitable donations to help employees' philanthropic efforts go further. Apple, for example, reported that employee volunteer hours topped 400,000 in 2020 while corporate donations hit a record \$250 million.¹⁰

They said, "When our employees donate money, Apple matches their donations. That way, every contribution goes further, every act inspires another, and every effort is amplified."

Other examples include the likes of Amazon co-founding The Climate Pledge in 2019 – a commitment to be net-zero carbon across the business by 2040.¹¹

By committing to causes that employees are passionate about, multinational organisations are building their EVP and helping generate purpose and meaning behind work, all while improving employee loyalty.

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Offering employee benefits that reflect your values

But how can HR professionals drive a company's CSR commitments and build a strong EVP? Willis Towers Watson highlighted four broad themes.

- Embed CSR strategy into executive remuneration to drive change from the top.
- Communicate and engage with employees to create a pro-environmental and purpose-led culture.
- Identify the skills, jobs and knowledge you need in your workforce to achieve the vision.
- Review your total rewards offering.⁹

While all four of the points are important – “reviewing the rewards offering” is one that’s particularly interesting to us.

Traditional employee benefits – like life, private medical, accident and disability insurance – are still crucial for attracting and retaining the best people, giving protection and creating a good EVP, but it’s by providing benefits that cater to the needs of today (and tomorrow’s) employee that can help to differentiate multinationals

from their competitors and highlight their CSR values. And they can show their commitment to inclusion, diversity and equity in the benefits they offer.

Let’s use Apple as an example again. The tech giant’s private health plans go beyond standard coverage to include transgender, where legally and plan-allowed, reproductive health services, adoption, surrogacy, and fertility services, and referrals and resources for childcare, including programmes for children with special needs.¹⁰

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And that’s by no means an exhaustive list of additional benefits employers can provide. There are plenty of other less traditional ways multinationals can use EB to showcase their dedication to their people, including:



- health and wellness programmes – employee assistance programmes (EAP), telemedicine, health awareness campaigns and more



- mental health services – access to therapists, counsellors and more to treat mental health conditions



- financial wellness programmes – to help educate employees so they can manage their money more effectively



- flexible benefits pots – additional funds to let employee chose the benefits that are most appropriate to them, whatever stage of life they’re at.

The future

Genuine CSR policies – those that are acted upon and are not just words on a page – are important to workers and, as environmental and social issues continue to make headlines, this is an area that’s only going to grow in importance. Employers are reacting and have realised CSR is no longer a nice to have, but a business-critical issue.

But what does the future hold? And how can employee benefits play a role?

In our discussion paper last year, we imagined the future of work and employee benefits in

2045. One future we imagined was companies rewarding employees with additional “green credits” to spend on flexible benefits of their choice for working from home and avoiding a commute that contributed to additional pollution. Could additional benefits be a way of encouraging employees to adopt behaviours that match a company’s CSR values?

There are other options too – employers invest large amounts of money in life insurance and pension schemes, ensuring they are working

with partners that are investing in “green” companies and projects could be a great way to showcase environmental commitments.



Whatever the future holds, we think it’s more than fair to say that CSR is something that is here to stay. Have you thought of how your EB offering can enhance and showcase your commitment to it?



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- 2 George Kell, Forbes <https://www.forbes.com/sites/georgkell/2018/07/11/the-remarkable-rise-of-esg/?sh=72b725916951> (sourced September 21)
- 3 Jason Fernando, Investopedia <https://www.investopedia.com/terms/c/corp-social-responsibility.asp> (sourced September 21)
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- 5 Samantha Huddle, Great Place To Work <https://www.greatplacetowork.com/resources/blog/workplace-esg-how-purpose-in-the-workplace-drives-performance> (sourced September 21)
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