

Doing What's Right: Incorporating Corporate Social Responsibility into Incentive Programs

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Inside This White Paper

- Companies benefit from gaining a positive reputation as they fulfill social responsibility needs, goals and policies through Corporate Social Responsibility (CSR).
- CSR can favorably impact both customer and employee relationships.
- A strong CSR program can play a key role in employee engagement by improving recruitment, retention and workplace morale.
- The newest generation of employees places a higher value on social obligation.
- Increasing numbers of incentive travel programs are successfully incorporating CSR activities that aid the community being visited.
- Successful CSR incentive programs:
 - Carefully determine the beneficiary for their efforts.
 - Demonstrate commitment from the top.
 - Have clearly defined objectives.
 - Involve employees in designing the program.
 - Ensure efforts are tracked and measured.
 - Promote CSR program features up-front.
- CSR incentive programs integrate in to the local community to help develop and strengthen its social fabric, resulting in a meaningful experience for both program participants and the company.

Overview

As a standard business practice, Corporate Social Responsibility (CSR) is relatively new. Thanks to advances in communication, mobility and a developing global marketplace, CSR practices have spread rapidly, especially over the last generation. It comes as no surprise that CSR has even become part of travel incentive

programs with participants clamoring not only to have more meaning in what they do on the job but also seeking altruistic activities as part of their well-earned incentives. Today, CSR is clearly a motivating factor for attracting, retaining and rewarding employees. The challenge is to design programs that not only provide a quality experience but also fulfill

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employees' desires to give back to society. This paper highlights some of the recent research that establishes the need for CSR and presents some ideas about the factors that need to be considered in order to have a successful program.

Rising Interest in CSR

In 2008, the corporate incentive travel industry was rocked by the news that insurance giant AIG hosted a lavish vacation trip for its agents at a California resort less than one week after the firm received an \$85 billion bailout from U.S. taxpayers. Backlash caused by the ill-timed event prompted many companies to scale back, or altogether cut, incentive travel fearing criticism from shareholders, lawmakers and customers.

Fast-forward to 2012, to find that incentive travel and other employee recognition and reward programs are back on the upswing, but with one important component now being added to many programs: the incorporation of corporate social responsibility. As this trend continues

to gain worldwide acceptance, more and more companies are interested in finding ways to incorporate “giving back” into their incentive programs.

Adding philanthropic efforts to incentive programs benefit the community being served as well as the company and program participants. In the meetings and incentive industry, this can take on many different directions, including choosing destinations where companies can clearly contribute to the local community. Companies benefit from gaining a positive reputation as they fulfill social responsibility needs, goals and policies. According to *Incentive Magazine* (September 2009), a study by Boston-based corporate strategy firm Cone Communications found 80 percent of Americans have more positive perceptions of companies that support causes. A later (2011) Cone/Echo Global Corporate Responsibility Study indicated 93 percent of Americans think about corporate citizenship when making purchasing decisions (*Successful Meetings*, March 30, 2012).

In addition, the 2012 Edelman goodpurpose® Study found 47 percent of consumers have bought a brand at least monthly that supports a cause, representing a 47 percent increase from 2010. The same study also reported a 39 percent increase in the number of consumers who “would recommend” cause-related brands, and a 34 percent increase in the number of consumers who “would promote” a cause-related brand.

Besides the benefits gained in consumer relationships, the positive link between corporate social responsibility and employee engagement is also quite clear. A Deloitte & Touche 2007 survey found that 87 percent of companies with corporate social responsibility (CSR) programs have employees who exhibit

strong company loyalty. A similar study by GlobeScan notes 83 percent of employees in the G7 countries (U.S., France, Germany, Italy, Japan, Canada and the U.K.) said that a socially responsible reputation increased employee loyalty.

A strong CSR program can also play a key role in employee retention and workplace morale. The following studies reflect this finding:

- A Jan. 18, 2012 *Forbes* magazine report, “Top 10 Trends in CSR for 2012,” noted, “The connection between CSR and engaged employees continues to grow.
- In comparing companies that have strong sustainability programs with companies that have poor ones, the Society for Human Resources Management (SHRM) found that, in the companies with well-developed CSR, morale was 55 percent better, business processes were 43 percent more efficient, public image was 43 percent stronger, and employee loyalty was 38 percent better.
- Similarly, a 2007 Towers-Perrin study notes 57 percent of employees said working for a company with a socially responsible reputation was a factor in retaining them.

Not surprisingly, a sound CSR program seems to be essential for attracting talented and motivated employees in the first place. “In the 1980s, it was ‘all about me’,” said USMotivation Sales Vice President Scott Siewert. “Today in 2012, it’s all about ‘we,’ what employees can do together to make a difference. We find companies that practice CSR in their incentive programs reap the benefits of having more motivated employees in their workforce.”

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The *Forbes* report confirms Siewert’s observation that the newest generation of job seekers places a higher value on social obligation, with 88 percent of new job seekers choosing employers based on strong CSR value, and 86 percent of new employees saying they would consider leaving if their companies’ CSR values no longer met their expectations.

Likewise, the 2003 CSR Monitor by GlobeScan reported 70 percent of North American students surveyed said they would not apply for a job at a company deemed socially irresponsible. The survey also found that 68 percent disagreed with the statement that salary was more important than social responsibility. Confirming the trend, a September 2007 report in *HR Magazine* cites a 2003 Stanford University study, which found that MBA graduates would sacrifice an average of \$13,700 in salary to work for a socially responsible company.

Case Study: Social Responsibility in Action

USMotivation has been keenly aware of and involved in the impact of social responsibility in the meetings and incentive industry. “Much of the interest in CSR on the incentive travel side began five to six years ago while we were sending, on behalf of our clients, requests for proposals to hoteliers,” said USMotivation Director of Travel Caren Bigelow. “The topic of sustainability was first on the list of client issues and, with time, sustainability and host community needs are becoming more integral to every new event we manage.”

For instance, a major technology client of USMotivation has been incorporating social responsibility into its incentive programs since 2010. In view of a declining economy, the client decided it wanted to do something to give back to the community. That year, at a USMotivation-managed travel event in Costa Rica, instead of hiring an entertainer as in previous years, the client chose to use the entertainment budget to help local children.

USMotivation developed a plan to donate the money to keep a key environmental education program for poverty-stricken children in operation. The affected area, known as Guanacaste, is a coastal region in a country known for its rich ecosystems and plant life. However, the school did not have the resources to teach the children about their environment. In fact, many of the children had not even seen the ocean, which is located only 35 miles from the local village.

“The client’s donation allowed 800 children to participate in the program,” says Scott Siewert. “At the travel event, many of these kids attended the general session as guests. The reaction from the attendees was tremendous and emotionally positive all around.”


The following year, in 2011, the client’s program was held in Kauai, Hawaii. As part of the travel event, the client provided major financial support to the Leadership Kauai program, which helps at-risk teens stay in school and provides an outlet for them to learn and practice leadership skills. The program also brings together a group of 20 adults and 20 children, who spend a year engaged in learning designed to increase their potential to serve their community.

In 2012, the client returned to Hawaii, and as part of this most-recent incentive travel event, donated to Therapeutic Horsemanship of Hawaii – Kona Branch, which assists children with disabilities. The client’s donation of two horses helps children who ride them improve their balance and strength, builds their self-confidence, and teaches them to care for and respect the horses. Additionally, a carriage was donated to provide horse-drawn rides to those children unable to saddle up.

“Now that we are three years into combining annual incentive trips with a host community project, it has become an institution, with everyone, from the CEO down, supporting it,” says Siewert. “When these programs first began, the CEO began polling people in the company, who replied that this is so very important to them on a personal level. The CEO is now the program’s biggest champion.”

Tips for Employing CSR in Incentive Programs

As with any incentive program, strategic planning is critical, especially when adding a corporate social responsibility component. USMotivation experts and other leaders in the field of CSR



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recommend that your plan include the following:

- **Determine the beneficiary.** Decide early on who will benefit from the company’s efforts. Keep in mind that someone in the company may have ties to a charity or cause, and can help facilitate the plan. Siewert suggests that potential donors always be aware of and sensitive to any political or cultural implications that could arise from an ill-advised activity. When in doubt, ask the experts who know best.
- **Demonstrate commitment** to the cause from the highest levels of the organization. “We are now living in a world where the public is quite savvy and often has a healthy skepticism about ‘cause-related marketing.’ When brands market their social work just so they can grow sales, people often see through it,” according to Jim Laughlin, director of communications for the Life is Good Kids Foundation. “Charitable work can be a healthy

point of difference to grow a business, but the organization has to be sincere about it and view it as a long-term commitment.” (*Successful Meetings*, March 30, 2012)

- **Outline your objectives.**
Discuss the program goals with senior management and determine the timeline and resources necessary to execute the plan.
- **Let employees participate.**
While it is important that the company demonstrates its commitment by sponsoring events and writing big checks, letting employees experience the commitment firsthand is critical. Provide employees with leadership roles, as well, to build further involvement. “After years in HR, I’m convinced that the only thing that motivates employees is employees themselves,” Bob Willard, former senior manager of leadership development at IBM Canada tells *HR Magazine* (August, 2007). “One of the most powerful catalysts for that is the opportunity to contribute to society, to make a difference and do something that resonates with employees’ values.”
- **Ensure that donated funds are tracked and measured.**
- **Inform and promote the CSR idea** in advance to incentive program participants. “The companies which have been most successful at CSR programs are doing them as part of their culture,” says Caren Bigelow, who adds that she has never heard of any negative comments from incentive travel participants in which there is a CSR component.

Final Thoughts: The Power of CSR and Incentive Programs

In a February, 27, 2012 report, *Successful Meetings Magazine* identifies socially-responsible meetings as one of the top 11 meeting trends of 2012. “The need to give back remains strong in corporate America, and investing in the community is as important for planners and conference attendees as it is for the hotel or resort serving as the meeting venue,” the report states. “Socially responsible meetings are no longer just about helping clean up the environment, they’re about helping corporate teams learn ways to more actively integrate in to the local community to help develop and strengthen its social fabric.”

There are many considerations at play when socially or environmentally responsible activities are discussed with clients. Part of it is knowing your customer and helping them to see the importance, for example, of not slipping paper invoices under the hotel room door and doing electronic invoicing instead; or providing pitchers of water at events instead of plastic water bottles. Some clients are concerned that being socially responsible is more costly, but programs today are more sustainable, and providing the “wow” factor need not cost more money.

When you give back to the community that you are traveling in, whether it’s assembling water well equipment that goes to Africa or building bikes for children, the CSR component can help make an event that is unforgettable... one that creates an experience of a lifetime for the participant.

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The Performance Improvement Council (PIC), a professional organization of performance marketing executives is a special industry group of the Incentive Marketing Association (www.incentivemarketing.org), is collectively focused on helping companies optimize their investment in human capital through proven and innovative reward and recognition solutions. To learn more about the Performance Improvement Council, please visit <http://www.thepicnow.org>

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