What Employees Get Out of Giving Back

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Corporate social engagement can generate massive value, but not just for the reasons everybody talks about.

Though corporate social engagement is on the rise, its place within business culture remains uncertain. Sceptics argue that enshrining social impact as a core value contradicts the basic nature of a for-profit enterprise. They insist that social concerns should stay separate from, and secondary to, primary business needs.

One compelling counter-argument is that while the common good may not always be a top business priority, attracting and retaining top talent absolutely is. And valued employees—like human beings in general—love to feel that they are helping others.

Research literature tells us that acts of generosity might even make us feel good regardless of the extent of their impact, in what has been called the "warm glow" effect. Altruism is its own emotional reward, which presumably pays off for firms that offer employees opportunities to apply their social conscience at work.

A few years ago we, along with our colleague Michelle Rogan (now at University of North Carolina), found that management consultants who had participated in a voluntary **social impact initiative** at their firm were up to 32 percent more likely to stay with the company. We estimated that the firm saved millions in turnover costs as a result. Additionally, consultants had to take a 25 to 50 percent temporary pay cut in order to participate. Perhaps surprisingly, this requirement did not deter participation. More than 1,000 employees had taken part by 2013, accepting salary cuts totalling more than US$28 million.

The initiative's purpose was to provide social impact organisations—such as development agencies, foundations and non-profits—with relevant consulting expertise at a fraction of the usual fee. Participating consultants used the same skillset they had honed working for Fortune 500 clients in places like London or New York, to help organisations often in new settings like rural parts of low-income Asian or African countries. Because the initiative was tied in with the firm's core business, rather than managed as a standalone "corporate social responsibility" project, it was required to at least break even to ensure long-term financial viability and scalability.

In our original study, we had assumed that employees were signing up just because they wanted to make a difference in the world. But then we started wondering whether that was the entire explanation. Were there other motivations at work? The answer may be relevant to companies mulling how to best engage employees in their own social impact efforts.

Private vs. social

To collect direct evidence on what exactly motivated employees to participate in the programme, we implemented a survey that was distributed to thousands of employees in the firm's U.S., Canada, Ireland and U.K. offices. There were two different versions of the survey: one for ex-participants, another for non-participants. The survey questions were based on a series of interviews we conducted with consultants prior to and following their stint in the programme.

As we describe in a forthcoming article in Strategic Management Journal, our analysis (based on numerous one-on-one interviews and the large-sample survey) revealed that employees' expectations were pretty much evenly split between wanting to make a difference for its own sake, and reaping private career benefits from doing so. While a passion for changing the world was certainly an important motivation, employees also regarded participation in this unique programme as an investment in their own future rather than something that would hold them back in their careers.

The interviewees told us that social impact consulting projects were a bit like a trial by fire. Shoestring budgets meant that junior consultants often got an opportunity to take on team leader roles that would not have been possible in conventional commercial projects, given their level of experience. A senior consultant could even be expected to assume a workload normally managed by two or three people in traditional projects. The unfamiliar working environment took consultants outside their developed-world comfort zone, bringing out the best they had to offer. So participating in the initiative was seen as a great way to show one’s true leadership mettle, while acquiring new skills.

These private benefits were at least as much of a driver of employee interest as the “warm glow” factor. Seen in this light, participants’ willingness to accept a salary cut is not quite so surprising. They were not solely taking a hit to save the world: They could help the world and their own careers simultaneously.

Tipping the balance

On the face of it, this might suggest that companies can kill two birds with one stone—channeling employees’ altruism and leadership ambitions to help pay for reputation-burnishing social impact programmes.

However, deeper analysis revealed that survey respondents were not so naïve about the possibility of their employers being too instrumental. When asked about the maximum salary cut they would accept to take part in the programme, a significant number supplied a non-trivial amount. Past participants even indicated they would take a bigger cut the next time round. However, when a salary cut was mentioned as the cost of entry to the programme, employees’ concerns turned more towards private career benefits, with social impact becoming less of a focus.

It’s perhaps natural for people to expect some sort of tangible, personal reward in exchange for a financial sacrifice. But we surmise that our respondents’ reactions were grounded in a sense of fairness being called into question. They had no way of knowing whether the proposed salary cut was necessary or exploitative. Without contextualisation, the prospect of losing money brought self-interest to the fore, where previously it had been balanced by pro-social concerns.

Walk the talk

Our findings have two main implications for companies venturing into social impact. First, do not rely on "warm glow" alone to garner employee participation. There should be a reason for employees to expect their careers will benefit too. In general, then, social impact programmes will be most successful when they tap into employees' core competencies. Volunteering at a children's hospital or soup kitchen will supply the "warm glow", but might have little to no career application.

Second, successfully integrating social impact into the core business requires a pathway to financial sustainability. Otherwise, the programme will quickly implode. To make it work, organisations can ask participants to shoulder a share of the burden, in the form of a salary cut or some other sacrifice—but such a request should be accompanied by total transparency. Be prepared to share the programme's actual costs in order to clarify that the intention is not to take advantage, but rather to collectively ensure the programme remains solvent and potentially scalable.

Vincent Stanley from Patagonia (a prime example of a caring company) once told us about the importance of authenticity in leadership: "If you do things like caring for the world or treating the employees well purely for instrumental reasons, it will come back and bite you. You have to believe in it."

In sum, programmes that are both sustainable—therefore realistic about human nature and self-interest—and seriously committed to making the world a better place can be massive value generators. But if mission-driven strategy gives way to a purely opportunistic mindset, employees will follow suit. With the higher purpose lost in the shuffle, the programme will likely fail and the potential rewards—both material and emotional—will be forfeited.

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