

SUSTAINABILITY & EMPLOYEE ENGAGEMENT

The State of The Art

By John Davies

VP Senior Analyst, GreenBiz

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GreenBiz
group



Finding Common Ground with HR

Sustainability professionals usually think of their challenges in terms of the physical or fiscal impact of their efforts, the results measured in tons of CO2 or dollars saved. But the most vexing challenge for the emergent sustainability profession may well be its use of language. In the past we've noted that the most apt title for the sustainability executive is Chief Translation Officer. Nothing has reinforced this more than conducting the third edition of our employee engagement survey (previous surveys were conducted in 2008 and 2011).

As researchers, we like to follow trends over time, asking the same questions in exactly the same words, year over year. But the

language of sustainability (or corporate social responsibility, corporate citizenship, environmental stewardship, or any number of other names we call our programs) continues to change. As terms change, it becomes more difficult to conduct a meaningful longitudinal survey.

For example, we added a new question to our latest survey. We asked whether environmental and social issues have become more connected than five years ago and also whether they will be more connected in the next five years. Eighty-seven percent of respondents from large companies said they have become more connected and 94 percent said these issues would become even more connected in the future. That makes it difficult to keep

asking questions about "environmental and sustainability training" as if it exists in a vacuum divorced from social issues.

What We Talk About When We Talk with HR

When it comes to working with the human resources group (HR) at a company, there are significant issues around the use of language that sustainability executives should understand. Take "employee engagement." Sustainability professionals use this term frequently to describe their attempts to motivate a company's employees and further the sustainability or CSR program. But HR executives already have a definition for the term and a way to measure it.



HR sees engagement as the employee's willingness to apply discretionary effort toward meeting the company's goals, to do more than merely meet job requirements and customer needs. It is typically measured via an index approach using employee answers to survey questions, such as whether an employee would recommend the company as a great place to work or how proud they are to work at the company.

Many who work in the sustainability profession measure engagement by employee activity in extracurricular programs, with the hope that this participation has an effect, either causal or correlative, on the larger measurement of employee engagement. We interviewed one

CSR professional who noted that he ran into resistance when he met with HR to talk about how to improve employee engagement efforts at the firm. After several frustrating encounters, he changed the conversation to talk about how they could increase the participation numbers in the company's sustainability programs. Reframing the language and understanding how HR used certain terms broke down the barriers that had prevented them from working together effectively. When the conversation comes around to engaging employees, they now talk about "participation rates."

From Education to Training

Another potential language gap happens when sustainability and HR professionals discuss how to enlist employees in furthering the sustainability mission. In our research, almost three-fourths of respondents (73 percent) indicate that their company is educating employees across the organization about its corporate sustainability goals. And yet, in a recent study by The Conference Board, only 5 percent of the S&P 500 have instituted employee CSR training.

This disconnect offers another opportunity to sit down with HR — in this case, to discuss the differences between "education" and "training," and where the company should focus its efforts. Education tends to refer to broader and more general learning activities whereas training is more skills based. One of the differences we

saw in our recent research was how those who viewed their programs as "advanced" placed much more emphasis on activities such as "harnessing sustainability as a foundation for innovation, new products, and new markets" than those who identified as "beginners" (63 percent to 37 percent respectively). A slightly smaller but still significant gap exists when it comes to providing job-specific sustainability information (45 percent to 28 percent respectively).

As sustainability programs evolve and companies make greater commitments, they will need to shift from general education to more formalized training, and the HR team are best suited to support those efforts.

Partnering with HR

One of the more disconcerting results from our survey is the lack of involvement of the HR group in a large majority of corporate sustainability efforts. When we asked which department was primarily responsible for employee sustainability education, only 1 percent of large and mid-

"According to The Conference Board, only 5% of the S&P 500 do employee CSR training."

sized companies said that HR was leading the efforts. The same percentage held when we asked which department championed corporate sustainability education efforts.

Failing to partner with HR for sustainability education and training or to increase participation in other aspects of a well-rounded sustainability program is a missed opportunity. Finding a common language to discuss how to fix this is imperative. Wharton finance professor Alex Edmans evaluated the stock performance of organizations named to Fortune's "Best Companies to Work For." He determined that companies making the list from 1984 to 2009 outperformed peers by 2 to 3 percent per year.

Other research by the Corporate Executive Board found that employees most committed to their organizations put in 57 percent more effort on the job — and are 87 percent less likely to resign — than employees who consider themselves disengaged.

Sustainability is only one of many topics identified by HR professionals as important for employee attraction and retention. It sits lower on the list than compensation, healthcare, and other benefits. That means it's up to the sustainability professional to work with HR on their terms and let them help measure participation in the company's sustainability program and connect the dots to improving overall employee engagement.

Employee Engagement Survey Results

The GreenBiz Group Employee Engagement survey, conducted in March 2014, examines aspects of corporate environmental and sustainability education initiatives at companies at varying stages of program development. This survey builds on the GreenBiz Group and National Environmental Education Foundation (NEEF) 2008 and 2011 survey findings featured in "The Engaged Organization" and "Toward Engagement 2.0" and provides a quantitative understanding of the evolution of employee engagement.

What's New and Interesting Since the Last Survey

- **"Sustainability" remains the established phrase** to describe a company's environmental sustainability initiatives. "Greening" for many years was the second-most-used term but is now almost the least used to describe these initiatives.
- **Social and environmental activities converge.** As companies begin to address more complex supply-chain issues, those surveyed see environmental and social issues becoming more connected.
- **Has sustainability knowledge become less important or have we "arrived"?** In large companies, those surveyed see less of an increase in the value placed on a job candidate's sustainability knowledge than in years past, while mid-sized and small companies still see this as increasing.
- **Organizations with "advanced" programs are focused on operationalizing their initiatives.** Greening the supply chain and harnessing sustainability as a foundation for innovation, new products, and new markets are seen as competitive differentiators.
- **Education methods focus on personal interaction.** In 2008, consultants and online training modules led the way. This year, more organizations are focusing on green teams and employee networks.
- **The biggest hurdles cited by beginners are the key factors for an advanced program's success.** Beginners cited executive commitment, education, and communications as the biggest hurdles to moving their sustainability programs forward, while those with more advanced programs cited those very same factors as key to their success.

Participant Overview

The GreenBiz Employee Engagement survey participants were recruited from the GreenBiz Group's GreenBuzz mailing list, which has a broad audience. Participants represent a diverse range of industry sectors. There were 1,334 survey respondents, with approximately 34 percent from small companies (fewer than 99 employees), 40 percent from medium-size companies (100 to 9,999 employees) and 26 percent from large companies (more than 10,000 employees). The results represent a purposeful sample of those interested in business and environmental issues. Respondents were a mix of mainstream, environmentally progressive large companies and smaller, self-identified "green" companies.

In a self-assessment of their programs, 50 percent considered themselves either advanced (high employee awareness and engagement,

but some areas still need improvement) or very advanced (high level of employee awareness that supports aligned values, strategy and operations). The largest group of respondents (44 percent) consider themselves to be improving, with some level of employee awareness but still a need to change company culture and employee behavior. Only 6 percent identified themselves as "taking first steps."

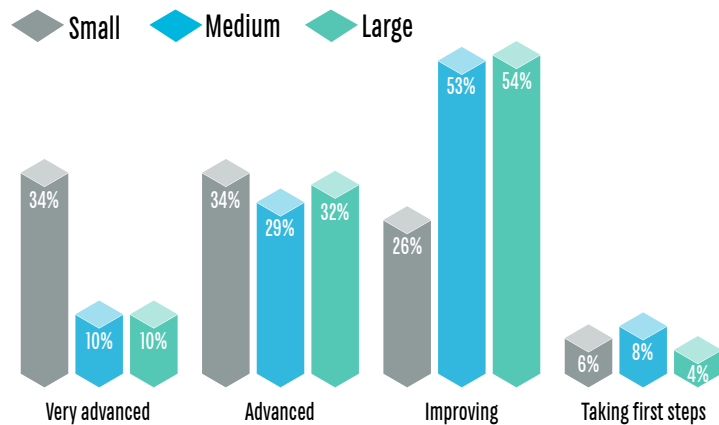
Breaking this down further provides some insight into both the GreenBiz audience and how they view their company's efforts. Respondents from three times as many small companies view their programs as very advanced compared to those from either mid-size or large companies. More than half of those mid-size and large companies view their programs as "improving" while only 26 percent of respondents from small companies saw their organizations in that way. (see Chart 1).

"Half of surveyed companies considered their employee engagement programs to be either advanced or very advanced."

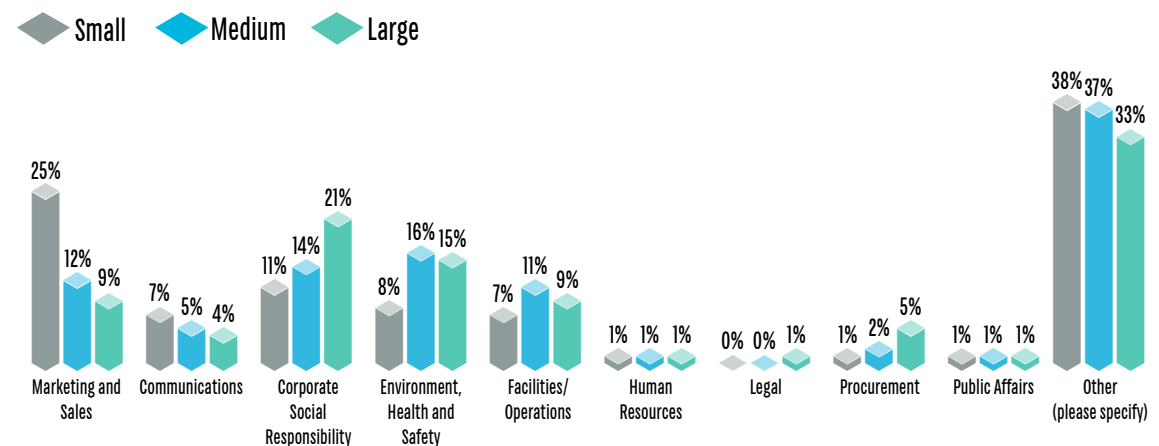
The smaller company respondents were more frequently located in marketing and sales or "other" functions, while respondents from large and medium-size companies primarily were located in marketing and sales, environment, health and safety (EHS), facilities, corporate social responsibility (CSR) and "other" functions (see Chart 2).

There are two significant shifts in terms of the departments where respondents reported. In 2014, respondents located in the EHS department

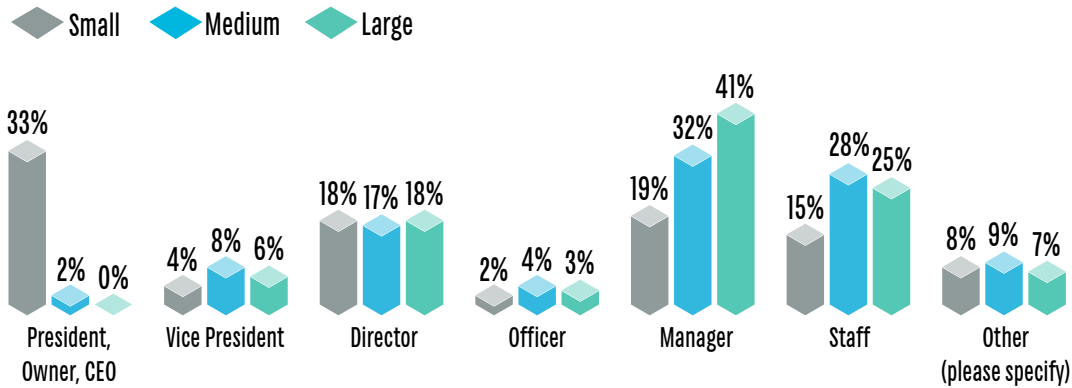
2014 Sustainability Education Program Level (Chart 1)



Company Respondents' Department (Chart 2)



Company Respondents' Title (Chart 3)



decreased from 21 percent in medium sized companies and 22 percent in large companies to 16 percent and 15 percent, respectively. Conversely, in 2011, 10 percent of respondents in medium-sized company and 14 percent in large company were based in the CSR department, whereas by 2014 those numbers increased to 14 percent and 21 percent, respectively.

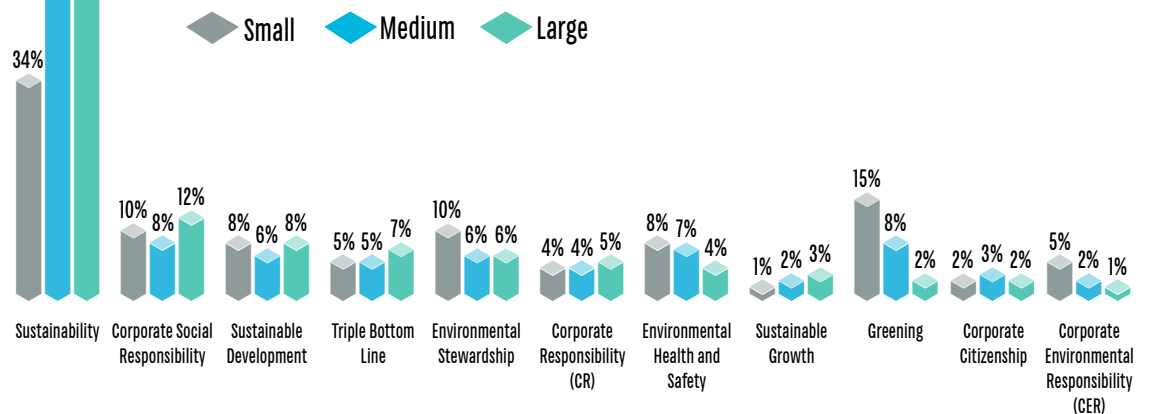
Respondents from small companies were most likely to be the president, owner, or CEO, while large and midsized company respondents were managers, directors, or staff (see Chart 3).

The Name of the Game

As in years past we asked respondents to tell us the term used at their company to describe "sustainability" activities. Over the course of the last six years, the term "sustainability" has become the standard for describing these activities, with just over half (51 percent)

identifying that term, up from 49 percent in 2011 and 34 percent in 2008 (see Chart 4). While most other terms have held their own in the single digits, two terms have lost their cachet in describing corporate sustainability efforts. One is the term "environmental, health and safety," which has fallen from 8 percent of respondents citing it in 2008 to just 4 percent

Company Term to Describe "Environmental" and "Sustainability" Activities (Chart 4)



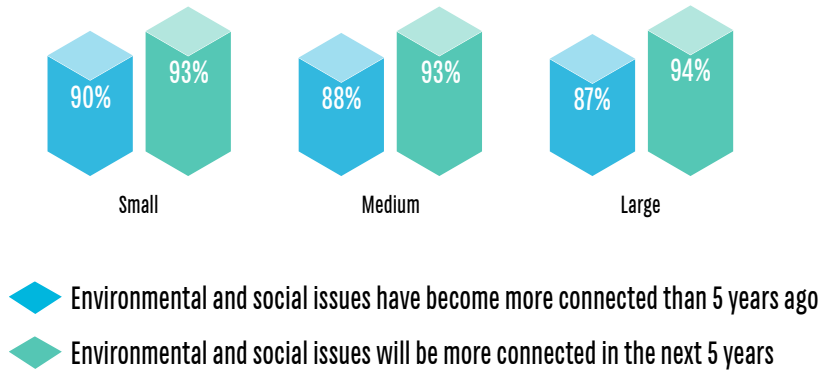
this year. A more precipitous drop has occurred for "greening," which dropped from 15 percent to just 2 percent.

We began to track another trend this year: the convergence of social and environmental issues. We asked to what extent environmental and social issues are being linked, compared to five years ago and in the next five years. In a trend we have noted in other research, environmental and social issues are becoming more intertwined, regardless of the size of company (see Chart 5).

Is There Value in Knowledge?

In our past two reports, we've highlighted the fact that close to 50 percent or more of companies (depending upon their size) place at least some or a great deal of value on a job candidate's sustainability knowledge. That may have reflected more of a desire to see the glass

Social & Environmental Converge (Chart 5)

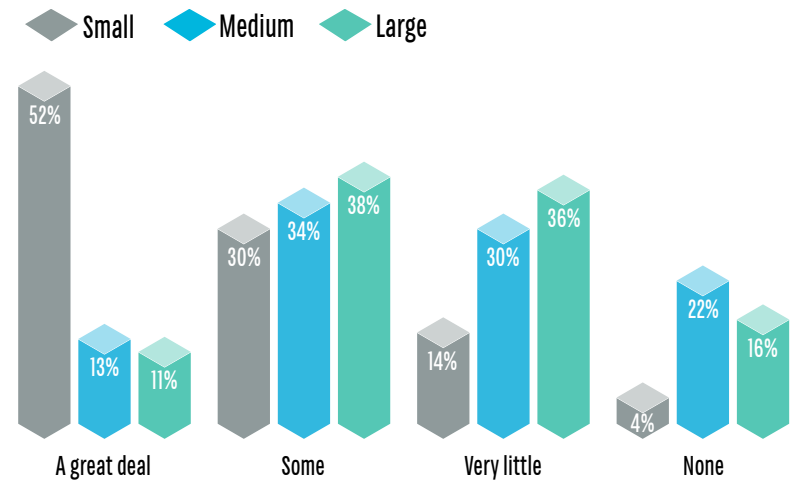


half full, and it certainly is with small companies, where 52 percent place a great deal of value in a candidate's sustainability knowledge (see Chart 6). When it comes to larger organizations, though, the glass is more than half empty: 52 percent of mid-sized and large firms place very little or no value in a job candidate's sustainability knowledge. Looking at the next five years, only 1 percent anticipates that the value of job candidates' sustainability knowledge or interest will decrease as a hiring factor (see Chart 7). The number of small and mid-sized firms that anticipate that the value of sustainability knowledge will increase in the next five years has remained relatively constant since 2008 at 78 percent and 63 percent, respectively.

The biggest shift has come in large organizations, where the number of respondents anticipating the value to increase has dropped from 67 percent in 2008 to 59 percent in 2014. Conversely, the percentage of those anticipating it staying the same rose from 32 percent in 2008 to 41 percent in 2014.

It is not clear if this marks a plateau in the value of sustainability knowledge at large companies based upon already achieved success, or a decrease in the importance of sustainability knowledge as a hiring factor. As depicted

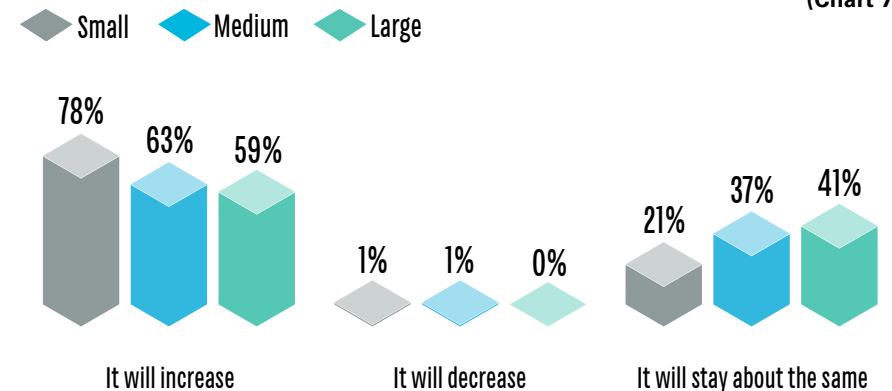
How Much Value Does Your Company Place On Job Candidates' Sustainability Knowledge? (Chart 6)



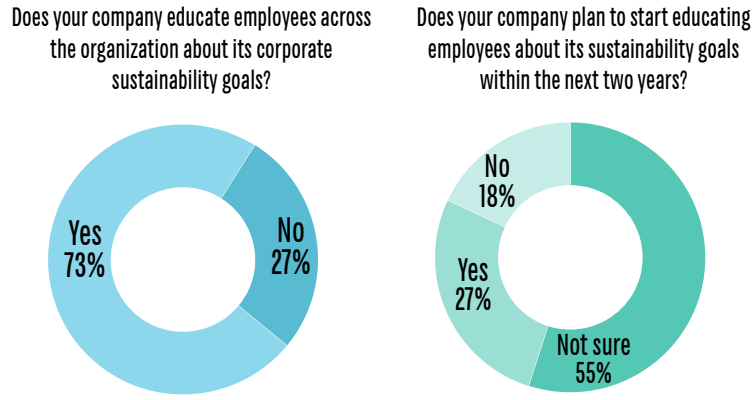
in Chart 1, only 10 percent of respondents from large companies view their programs as very advanced, a drop from 17 percent in 2008. The percentage of those in large companies who see their programs as improving rose from 45 percent in 2008 to 54 percent in 2014.

For respondents from mid-sized companies, there is a similar change in the percentage of those who saw their programs as improving in 2014 (53 percent) than in 2008 (42 percent). But that change did not come as

How Do You Anticipate That the Value of Job Candidates' Sustainability Knowledge or Interest Will Change as a Hiring Factor in the Next Five Years? (Chart 7)



(Chart 8)



the result of any change in those viewing themselves as very advanced and in some ways benefitted from a decrease in those taking first steps from 13 percent in 2008 to 8 percent in 2014.

Anecdotally, we are often asked by both students and professionals how to get a job in corporate sustainability. Our answer is that candidates should scour a prospective employer's web site and read the sustainability report (if there is one) to determine whether and how much the company values sustainability. The applicant may not get that "sustainability" job, but at least he or she will know that they're dealing with a company that shares their values. They may also find out what parts of the company are most engaged in the sustainability agenda and find jobs there that connect to their passion.

Championing Corporate Sustainability Education

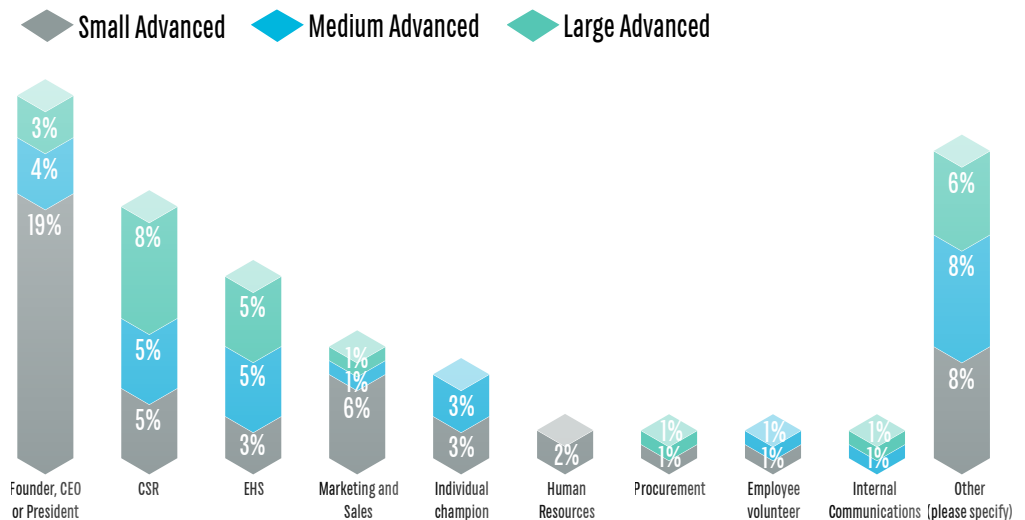
Companies may not be hiring employees as much based upon applicants' sustainability knowledge, but these institutions are interested in educating employees across the organization about their corporate sustainability goals. Almost three-fourths of respondents (73 percent) indicated that their company was providing this education (see Chart 8).

In both small and large companies, this number was as high as 80 percent. For those not communicating their sustainability efforts to their employees, only 27 percent plan to do so in the future and more than half (55 percent) just aren't sure.

The size of a company definitely determines who the champion is for their sustainability efforts. While 26 percent of respondents with advanced programs cited the founder, CEO, or president as the champion, the majority of those (19 percent) came from small businesses (see Chart 9). In 2011, 32 percent cited the senior executive. The two other big champions for those with advanced programs were the CSR department (18 percent, up from 11 percent in 2011) and the EHS group (13 percent, down from 14 percent in 2011).

The story is different for those beginning their efforts. The CSR (24 percent) and EHS (16 percent) groups are their biggest champions. A senior executive (either the founder, CEO, or president) was identified by only 13 percent of respondents, more than half of who are from small companies.

What Department Has Most Championed the Company's Sustainability Education Efforts? (Chart 9)



Establishing the Program

In some cases, the size of a company determines which department is responsible for employee sustainability education. For 22 percent of all advanced companies, this job rests with the CSR department and for 12 percent of respondents the job is located in the EHS department (see Chart 10). When considering small companies, however, the responsible department could just as easily be marketing and sales (6 percent), HR (6 percent), or communications (3 percent). Since 2011, there's been one major change for both advanced and beginner companies. In both cases, the CSR department is most likely responsible for conducting employee sustainability education. In advanced companies

this has risen from 14 percent of respondents in 2011 to 22 percent in 2014, while in beginner companies the increase has been from 19 percent to 28 percent.

When it comes to the topics on which departments focus for employee sustainability education programs, there hasn't been much change over the past six years. The top five have remained the same (see Chart 11) and there's been little change further down the list. For the most part, these topics are broad and somewhat general in nature.

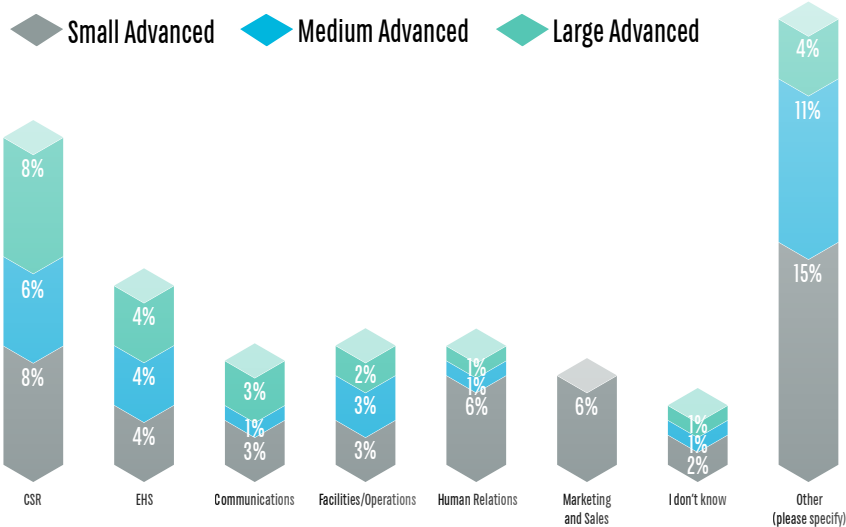
Further down the list, however, there are some very big gaps when it comes to topics prioritized by advanced companies versus beginners (see Chart 12). These topics tend to be less general and more about operationalizing

“The topics of employee sustainability education programs haven't changed much in the past six years.”

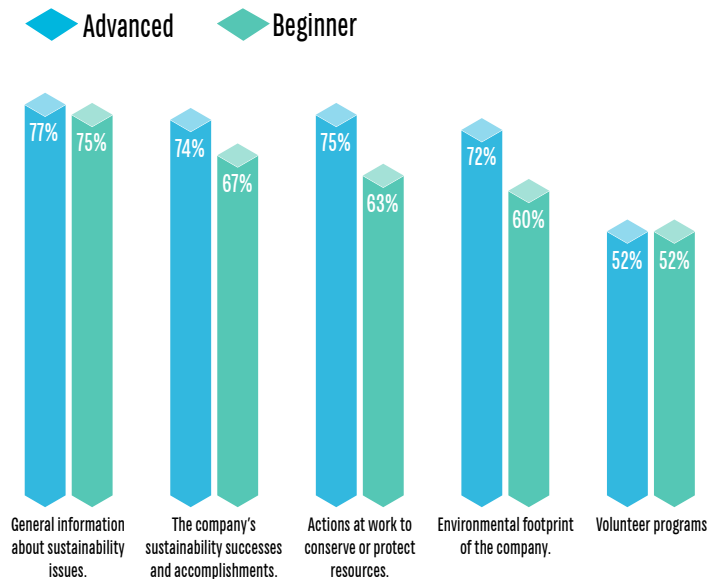
the organization's sustainability program. For example, there is a 26 percentage point gap between advanced and beginner companies when it comes to harnessing sustainability as a foundation for innovation, new products, and new markets. The gap is only slightly smaller for greening the supply chain and presenting job-specific sustainability information.

Respondents at the advanced program level use a variety of education methods. In 2008,

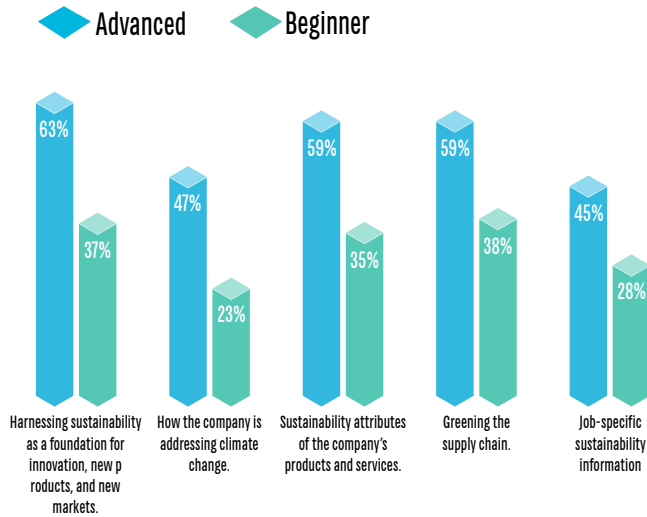
Which Department is Primarily Responsible for Employee Sustainability Education? (Chart 10)



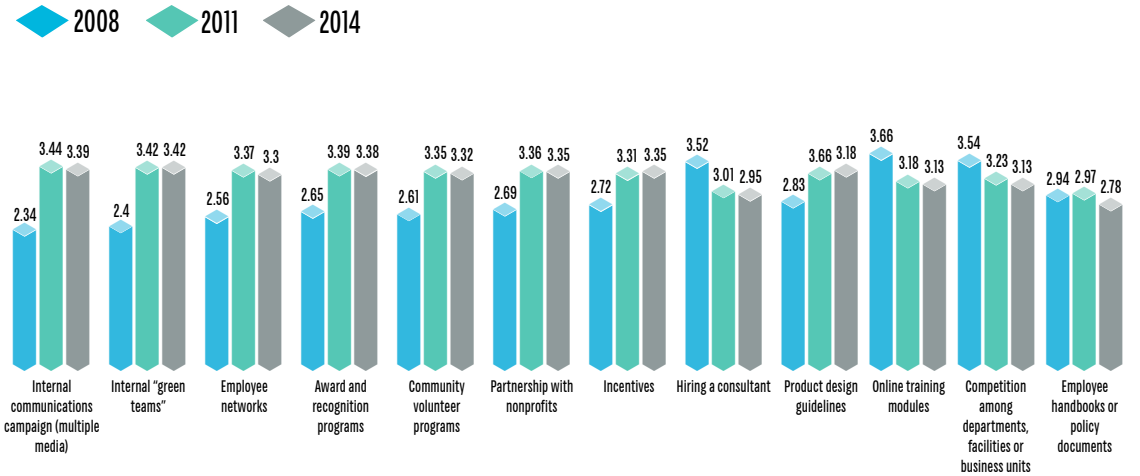
Top 5 Topics for Sustainability Education (Chart 11)



Biggest Topic Gaps Between Advanced and Beginning Programs (Chart 12)



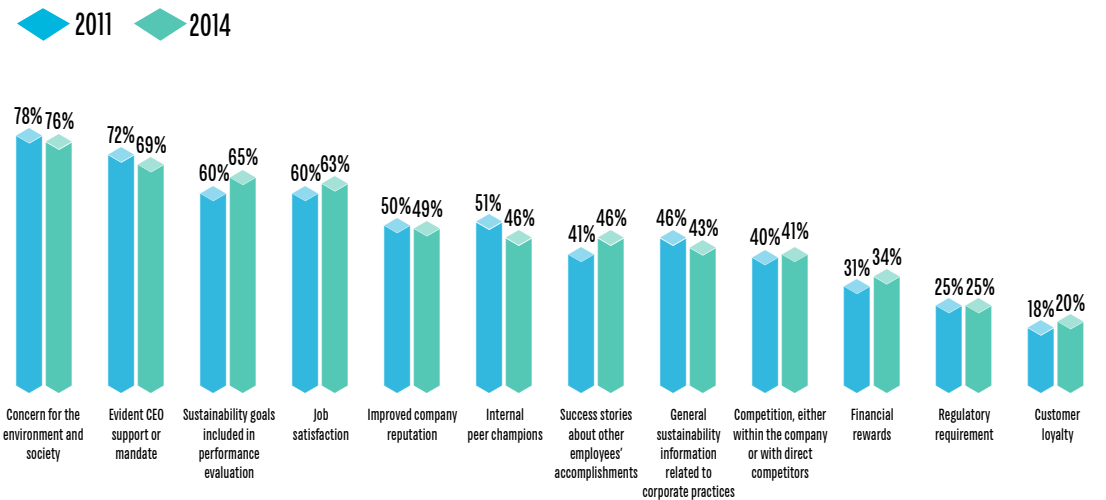
Education Methods (Preferred by Advanced Programs) (Chart 13)



respondents found online training modules to be most effective, followed closely by hiring a consultant and competitions (see Chart 13). By 2014, those showed the biggest drop-off in terms of preferred methods for educating employees. Two of the three biggest gainers are based upon human interaction with internal green teams and employee networks ranking highly alongside internal communications campaigns via multiple media.

For companies at the advanced program levels, respondents report the most important factors motivating employees to incorporate sustainability dimensions into their job are concern for the environment and society, CEO support or mandate,

In Your Opinion, What Motivates Employees to Engage in Corporate Sustainability activities (Advanced)? (Chart 14)



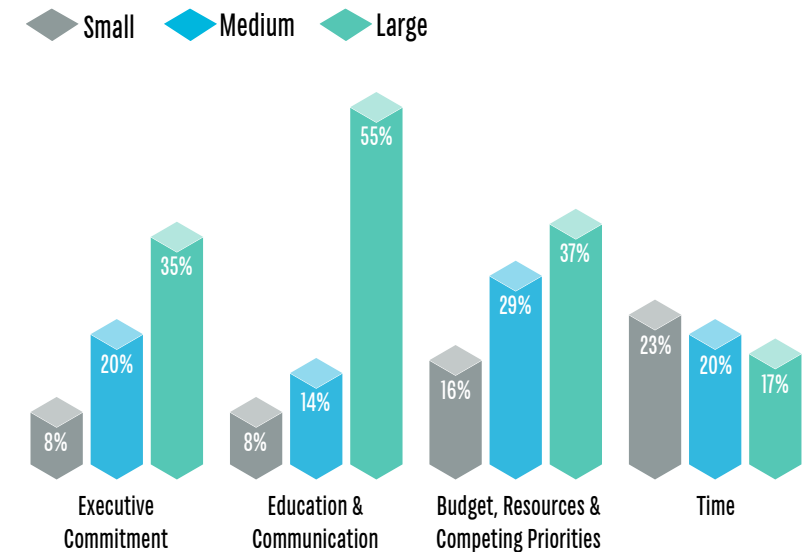
“Small, midsized and large companies all cited a lack of time as a hurdle to sustainability education in their company.”

and job satisfaction (see Chart 14). Rated much higher than in 2008 is the use of sustainability goals included in performance evaluations, which increased 15 percentage points from 2008 to 2014.

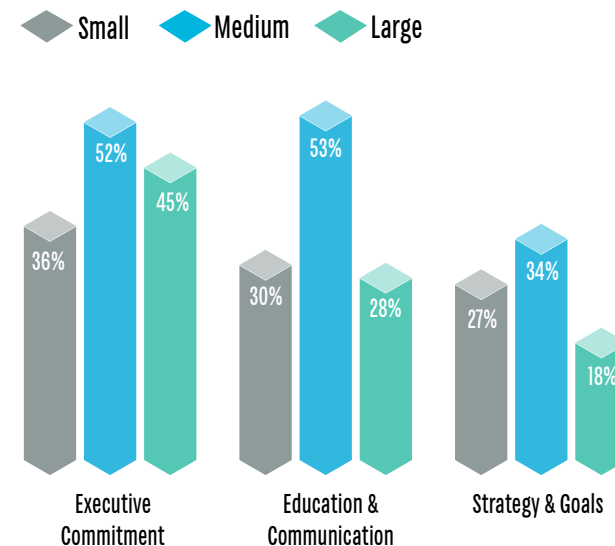
We asked respondents from beginner companies to share their views as to the biggest hurdles to sustainability education in their company. Rather than provide a list to choose from, we asked them to describe these hurdles in their own words. Small, mid-sized, and large companies all cited a lack of time as a hurdle (23, 20, and 17 percent, respectively). Along with a need for increased budget and resources, the two other common themes in their replies were a lack of education and communication about the topic of sustainability, and a lack of executive commitment (see Chart 15).

Not surprisingly, when we asked those with more advanced programs to identify the top three critical factors that should be in place for success, education, communication, and executive commitment rose to the top (see Chart 16).

What Are the Biggest Internal Hurdles to Sustainability Education in the Company? (Chart 15)



Top 3 Critical Factors to Have in Place for Success (Chart 16)



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We would also like to thank the more than 5,600 members of the GreenBiz Intelligence Panel who take time out of their busy days to respond to our surveys. The GreenBiz Intelligence Panel consists of executives and thought leaders in the area of corporate environmental strategy and performance. Panel members participate in brief monthly surveys, providing their expertise and perspective on corporate initiatives, laws and regulations, and scientific advances that are shaping the sustainability agenda.

