

# Jobs... a Pillar of Corporate Social Responsibility? Perhaps It Should Be

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The concept and practices of Corporate Social Responsibility (CSR) have become common place in many businesses. Community investment, environmental stewardship, human rights, labor standards and governance are areas that companies have embraced as part of being a good corporate citizen. Shared Value, where business practices not only contribute to the bottom line but also provide societal benefits, is gaining ground.

There is an issue that few companies include in their CSR framework and that is jobs or more specifically, employment sustainability. Yes, companies provide and create jobs. Jobs are core to economic development and for building strong communities. Companies invest in education and youth not only to help develop tomorrow's customers, but also their future workforces. Much focus is put into STEM (Science, Technology, Engineering and Math) education as a key to competing in the global economy. (I am an advocate for adding an "A", for arts, to make it STEAM as creativity is critical for innovation.) With the high school dropout rate in the United States at 25%, education is rightly a high priority. But many holding jobs today are in jeopardy and currently overlooked in their employers' CSR framework. Let's explore why and the repercussions.

The world of work is changing rapidly and this is nothing new. The industrial revolution of history is now the technology revolution of today. The way people live, work, consume and communicate is evolving. Changes of the past have provided a higher standard of living and better paying jobs. But today, is technology inadvertently contributing to a decline in standard of living? Does higher productivity mean fewer positions are needed for the same level of national output? Is this contributing to unemployment, underemployment and to lower paying jobs economy wide?

From a single business perspective, managing human resources in the same manner as other business functions makes sense. Improving productivity and shrinking payroll costs can rapidly increase the bottom line. Yet, it is not uncommon to see a company that touts its good corporate citizenship turn around and lay off 10,000 well paid employees with legacy skills no longer needed, and hire new, fewer and/or lower paid employees with different skills to fill new roles - all while announcing record profits. For a company standing alone, this may make good business sense. However, if the cumulative impact of businesses operating this way is to depress societal living

standards and jeopardize the long term sustainability of all businesses, can the good corporate citizen label still apply?

Going back to the illustration of the 10,000 employee layoff, what is the impact of those who become unemployed, underemployed or are paid less? Too often, purchasing power for this group falls. The newly hired may be fewer in number and/or not being paid as much, and most likely with diminished employer-provided benefits, depressing their purchasing power as well. Collectively, this population will be less able to afford housing, transportation, dinners out, shopping, vacations, etc. Multiply this shift by many businesses and many employees, and you see the potential negative impact.

Let's look at the potential positive implications for businesses by working to reverse this trend through the lens of Corporate Social Responsibility and shared value. Companies must look at their human capital differently. Employees do need to step up to the plate and realize that in this changing world, they will need to adapt and stay relevant. But, that doesn't excuse employers' responsibilities. Could the example company above have trained many of those downsized employees for new roles? Could the company have come up with a compromise on salary and benefits for these existing employees that would keep them in a better position financially, not realizing immediate cost savings, but knowing that their efforts will be contributing to the long term sustainability of their company along with the greater good? If many companies do the same (retrain workers in a more organized and aggressive way or find a payroll compromise that dampens layoffs), the collective buying power increases resulting in greater consumption, creating more jobs and a healthier economy. Does this sound radical? It's really quite similar to the sustainability/green approach that employers routinely consider with regard to their environmental footprint and P&L statement. Examples of Corporate Social Responsibility, balancing corporate profits and environmental impacts, do exist. The provocative question is: "Why for sustainability of environmental resources but not human resources?"

Many businesses have partnered with community colleges to help them re-train employees to learn the skills necessary to continue to work at their current place of employment. In the Cincinnati area, for example, companies such as MAG, Kellogg, MUBEA and Mazac partnered with the Gateway Community and Technical College to create the Center for Advanced Manufacturing. Through their Workforce Solutions program, Gateway customizes programs specifically for companies to re-train their employees with many of the businesses covering the cost of tuition.

It's acknowledged that operations ceasing and factories closing in communities can have a devastating effect. While "company towns" are not as prevalent as they once were, when a company pulls out of a community it doesn't only have a detrimental effect on those employees but has a ripple effect on business and therefore jobs in the region. One example of a positive step that companies can take as good corporate citizens to prepare a community for post operations is that of Vale, the global mining company based in Brazil. They have a program where a few years before the mine is closed, they work with the community to help "develop an economic life that is independent of

mining.” They do this through a variety of tools including public-private partnerships. (This one example doesn’t suggest that companies with Corporate Social Responsibility in one area don’t have poor CSR performance in another. While Vale is proactive in the example cited here, they also have a mixed record on the environment, which is not unexpected in their industry.)

Volunteering is not only an important way that people help their communities, it is also a great way to either strengthen existing skills through skills-based volunteering or learn new skills while providing valuable services. Volunteering can also be a way to network while adding skills and experience to the resume. Many companies offer employee volunteer programs including providing pro-bono service. During times of workforce transition, volunteering is often overlooked as a tool to help with re-training employees or to help employees who will be transitioning to develop skills that will aid in finding new employment. Points of Light is leading the way in skills-based and other forms of employee volunteering through its Corporate Institute.

Goldman Sach’s 10,000 Small Businesses and 10,000 Women programs “help entrepreneurs create jobs and economic opportunity by providing greater access to education, capital and business support services.” While this program is external to Goldman Sach’s employees, it demonstrates the power that a company can bring to job creation.

As Corporate Citizenship evolves and companies look deeper into how they impact society, both positively and negatively, sustainable employment will be harder to ignore, as happened with environmental concerns. The traditional components of CSR are community, environment, human rights, labor standards, safety and governance. The positive multiplier effect for the economy that good-paying jobs can create, as well as the positive implications on people’s lives, means that employment sustainability should be added as a specific pillar of Corporate Social Responsibility.

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