

Winning in the Marketplace and the Workplace

Activating the Workplace
by Engaging Employees
in Sustainability

NOVEMBER 2017



NEEF 

About the National Environmental Education Foundation (NEEF)

NEEF is a nonprofit organization, created by Congress in 1990 through the National Environmental Education Act as a complement to the US Environmental Protection Agency (EPA). NEEF is charged with advancing environmental literacy nationwide and facilitating public-private partnerships in support of environmental education. In 2012, NEEF committed to a 10-year vision:

By 2022, 300 million Americans actively use environmental knowledge to ensure the wellbeing of the earth and its people.

To advance this vision, NEEF seeks to reach mainstream Americans who want to do the right thing for the environment, but who see environmental actions as “add-ons” to their already busy lives. NEEF reaches beyond traditional constituencies to connect with people where they are, inspire them to learn more, and, in turn, increase their engagement. NEEF’s work includes campaigns, partnerships, and on-the-ground programs that achieve these objectives:

- **Connect people to nature** and their public lands;
- **Prepare the next generation** of Americans to consider the environment as part of their day-to-day actions;
- **Engage people every day** with knowledge that they can use to make environmentally sound decisions; and
- **Advance the field of environmental education** through capacity-building grants, research, and sharing best practices.

Partnerships are key to our success. At the national level, trusted messengers—from groups like the National Basketball Association to our network of weathercasters—help NEEF reach hundreds of thousands of Americans through targeted campaigns. At the local level, we work with public lands “Friends” groups, community organizations, educators, and health care providers (among others) to run on-the-ground programs and projects that demonstrate how a deeper connection to one’s local environment improves health and wellbeing.

All of this work is made possible through generous public and private supporters.

ACKNOWLEDGMENTS

NEEF would like to thank the organizations and individuals representing them who provided strategic direction for this survey and report as part of a thought leaders’ group: Baxter, Duke Energy, Genentech, GreenBiz, Ingersoll Rand, International Paper, PwC, Samsung, and Toyota.

NEEF expresses special thanks to the companies who participated in the survey and case studies featured in this report: Baxter, Duke Energy, Genentech, Interface, PwC, SAP, and Spectrum Brands.

This report was prepared by Krista Badiane and Leah Haygood of BuzzWord.



Executive Summary

Engaged employees lead to better business outcomes.

As companies look for ways to boost employee engagement, they are focusing on job purposing—the concept of linking an organization’s purpose and an individual’s job to societal contribution. Job purposing increasingly includes sustainability-focused employee engagement. However, despite the rapid evolution and uptake of this practice, many companies still struggle to create meaningful sustainability-focused employee engagement programs and to measure the impact of those programs in ways that demonstrate their value and resonate with decision makers.

This report is part of a larger effort by the National Environmental Education Foundation (NEEF) to address this challenge. Over the past two years, we have convened corporate thought leaders to share best practices and to create a survey to measure the top drivers of sustainability engagement, as well as its relationship to employee engagement as traditionally defined by human resources (HR) departments.

Measuring employee engagement in the HR context is a well-established practice. As part of creating the survey, we developed a novel sustainability engagement index (SEI) to help us correlate sustainability engagement and standard

measures of employee engagement. The concept of an SEI is important because it allows comparison among companies and tracking of year-over-year performance.

Survey highlights presented in this report include these trends:

- There is a **positive relationship between sustainability engagement and employee engagement.**
- There is a positive relationship between sustainability engagement and traditional dimensions of employee engagement (alignment, pride, discretionary effort, and advocacy). In other words, **sustainability engagement positively impacts nearly all of the dimensions of traditional employee engagement.**
- There is a positive relationship between employee engagement and employees incorporating sustainability practices into their personal lives or job activities. **The dimensions of sustainability engagement that have the biggest impact on employee engagement are whether an employee can incorporate sustainability practices into his or her job or personal life.** Job purposing matters!



Case studies of Interface, PwC, and SAP contextualize the survey findings, providing examples of different approaches to engaging employees in corporate responsibility (CR) or sustainability and measuring the impact of those programs. While each case provides unique lessons, we identified three best practices for creating and measuring successful programs:

- Create transformative sustainability engagement opportunities that offer opportunities for personal and professional development to foster purpose and drive employee engagement;
- Work within the existing business measures established by HR to measure sustainability and employee engagement; and
- Demonstrate the value of sustainability engagement by linking measures of social impact to more traditional HR measures of employee engagement such as discretionary effort, retention, and pride.

Letter of Introduction

The National Environmental Education Foundation (NEEF) believes that the 120 million private sector employees in the United States can play a critical role in achieving workplace sustainability goals when they are actively engaged. And it appears that the private sector agrees. Employee engagement in sustainability is an evergreen topic that continues to gain corporate attention. According to a recent survey conducted by GreenBiz in partnership with NEEF and PwC, 73% of respondents indicated that their company is educating employees across the organization about its corporate sustainability goals.¹

Despite this growth, we continue to hear that companies are struggling to create meaningful sustainability-focused employee engagement programs and to measure the impact of those programs in ways that demonstrate their value and resonate with decision makers. This report is part of a larger effort by NEEF to address this challenge. We convened corporate thought leaders to share best practices and create and pilot-test a survey to measure the top drivers of sustainability engagement, as well as its relationship to employee engagement as traditionally defined by HR departments.

NEEF developed a Business and Environment Program in the late 2000s to support companies that are implementing employee education and engagement programs focused on the environment, sustainability, and corporate responsibility. Between 2008 and 2011, NEEF published several reports on employee engagement best practices, hosted a conference, and developed a webinar series that facilitated company networking on the topic.

This is the fifth report by NEEF on the topic of employee engagement in sustainability.² Previous work revealed that engaging employees in sustainability initiatives can improve a business' bottom line and help it reach its sustainability goals. We documented how companies, both large and small, are learning that sustainable business practices not only help the environment, but also can improve profitability by supporting greater efficiency, less waste, less liability exposure, and better community relations. We also documented the movement towards "Engagement 2.0"—the way that sustainability engagement has evolved into a more institutionalized element of companies' broad sustainability strategies.

This report is our latest contribution to this important practice. We look forward to elevating and encouraging the conversation around employee engagement in sustainability as it continues to evolve.

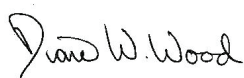
We are grateful for the time, dedication, and ideas contributed by the thought leaders' group members and the companies who participated in the survey and case studies featured in this report.

We invite you to contact us if you are interested in participating in future iterations of the survey! We hope you find this report useful and we welcome your feedback.

Sincerely,



Sara Espinoza
Managing Director,
Research and Best Practices



Diane Wood
President,
National Environmental Education Foundation



Introduction

In the words of Campbell's® Soup's former CEO Doug Conant, **“To win in the marketplace, you must first win in the workplace.”** Employee engagement, or the commitment to and passion for one's work and role within a company, is an evergreen topic for companies because they realize that it is the key to activating a high-performing workforce.

Engaged employees are not just working for a paycheck or merely trying to meet job requirements—they care about their work and are willing to apply discretionary effort towards meeting the company's goals. This leads to better business outcomes.

A recent report from PwC states that “Businesses with highly engaged employees see higher customer satisfaction, have lower turnover rates, and outperform in terms of CR (Corporate Responsibility) impact and ROI (return on investment)...[and] are better positioned to anticipate and adapt to changing market conditions.”³

A study by Wharton Business School finance professor Alex Edmans examined 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 2–3% per year.⁴ Another study by the Corporate Executive Board found that employees most committed to their organizations put in 57% more effort on the job—and are 87% less likely to resign—than employees who consider themselves disengaged.⁵

Yet, despite its importance, according to Gallup Daily tracking only 32% of US employees and 13% of employees globally are engaged.⁶ PwC's research found that across industries, 18% of the global workforce can be categorized as “disconnected”—with low levels of engagement and a high likelihood to exit the organization. And, only two in five employees express a strong intent to work for their current employer for at least another year.⁷ Other researchers have found that most people view work as barely better than being sick in bed when asked to rank a list of activities.⁸

While these numbers paint a dreary picture, they also speak volumes about the nascent opportunity for companies who successfully activate their workforce. As companies look for ways to boost employee engagement, they are focusing on job purposing—the concept of linking an organization’s purpose and an individual’s job to societal contribution.

Increasingly, job purposing includes sustainability-focused employee engagement programs. Ceres found that 40% of the companies they surveyed were building sustainable business principles into corporate training programs or engaging employees across a variety of roles.⁹ GreenBiz has also found that funding for employee engagement on sustainability has increased as part of companies’ overall sustainability budgets. Employee engagement on sustainability was one of the areas with the greatest levels of investment, with a 42% budget increase year over year.¹⁰

Our prior research indicates that the sophistication of practices and availability of tools and materials for employee engagement in sustainability has grown, but that the full promise of engagement has yet to be realized.

Employee engagement practices have evolved at leading companies from ad hoc events and initiatives to strategic programs aimed at providing a competitive advantage. According to a recent study conducted by GreenBiz in partnership with the National Environmental Education Foundation (NEEF) and PwC, *Sustainability and Employee Engagement: The State of the Art*, 63% of those with advanced sustainability education programs are harnessing sustainability as a foundation for innovation, new products, and new markets.

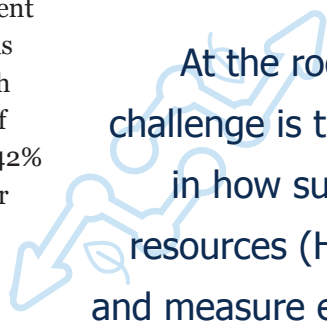
Despite this evolution, most companies are still falling short of what we might think of as “Engagement 3.0”—creating a culture of sustainability, embedding it into strategy and across functions, and measuring the impacts of employee sustainability efforts on business performance.

At the root of the measurement challenge is the frequent disconnect in how sustainability and human resources (HR) practitioners define and measure employee engagement. Sustainability practitioners have used the term “employee engagement” to describe their ability to motivate employees around sustainability goals and further their sustainability programs. Most of the measures of impact are anecdotal or measure participation in initiatives through volunteer

hours or dollars. HR professionals, on the other hand, have traditionally defined employee engagement in terms of employees’ emotional commitment and discretionary effort, which is typically measured via an index approach

using employees’ answers to survey questions such as whether employees would recommend the company as a great place to work or how proud they are to work at the company.¹¹

To bridge this divide, NEEF convened corporate thought leaders to assess best practices and to create and pilot-test a survey to measure the impact of engaging employees in sustainability programs. Through the survey and case studies presented in this report, we have identified factors that are the most important for improving engagement and sustainability performance. The survey measured the dimensions of employees’ sustainability experience and determined the top drivers of sustainability engagement.



At the root of the measurement challenge is the frequent disconnect in how sustainability and human resources (HR) practitioners define and measure employee engagement.

Using PwC's approach as a guide, we also measured traditional dimensions of employee engagement and identified the top drivers of engagement.¹² These

measures were used to create two indices—a sustainability engagement index (SEI) and an employee engagement index (EEI)—which can be compared to better understand their relationship. The concept of an SEI is novel and significant because it allows comparison among companies and standard measures of employee engagement, as well as tracking of year-over-year performance.

Survey results are discussed in more detail in the next section of this report. These are a few of the highlights:

- There is a **positive relationship between sustainability engagement and employee engagement.**
- There is a positive relationship between sustainability engagement and traditional dimensions of employee engagement (alignment, pride, discretionary effort, and advocacy). In other words, **sustainability engagement positively impacts nearly all of the dimensions of traditional employee engagement.**



The dimensions of sustainability engagement that have the biggest impact on employee engagement are whether an employee can incorporate sustainability practices into his or her job or personal life. Job purposing matters!

- There is a positive relationship between employee engagement and employees incorporating sustainability practices into their personal lives or job activities. **The**

dimensions of sustainability engagement that have the biggest impact on employee engagement are whether an employee can incorporate sustainability practices into his or her job or personal life. Job purposing matters!

Case studies of Interface, PwC, and SAP contextualize the survey findings. They also provide examples for connecting and measuring employee and sustainability engagement. While each case provides unique lessons, we identified three best practices for creating and measuring successful programs:

- Work within the existing business measures established by HR to measure sustainability and employee engagement;
- Create transformative sustainability engagement opportunities that offer opportunities for personal and professional development—these opportunities foster purpose and drive employee engagement; and
- Demonstrate the value of sustainability engagement by linking measures of social impact to more traditional HR measures of employee engagement such as discretionary effort, retention, and pride.



Survey Findings

The NEEF survey, conducted in 2016, sought to better understand the relationship between employee engagement in sustainability and more traditional aspects of employee engagement as measured by HR.¹³

A total of 400 respondents from Baxter, Duke Energy, Genentech, and Spectrum Brands participated in the survey. (However, not all respondents answered every question.) Additional details about each company and its sustainability engagement programs can be found in Table 1. For privacy reasons, we have anonymized or aggregated survey results throughout this report and refer to each organization as Company A, B, C, or D.

The results represent a purposeful sample of employees who have participated in a company sustainability activity. Therefore, the results may not represent the general employee population, but rather a key audience for sustainability initiatives—employees who could bring sustainability into their jobs, households, and communities. The survey findings show the participating employees were already highly engaged as measured by the Employee Engagement Index (EEI). While it is not possible to say whether they participated in sustainability programs because they were engaged or the sustainability programs enhanced their engagement, we were able to show which elements of sustainability engagement drive employee engagement.

TABLE 1. SURVEY PARTICIPANTS

| COMPANY | INDUSTRY | NUMBER OF EMPLOYEES | DESCRIPTION OF SUSTAINABILITY ENGAGEMENT PROGRAM USED IN SURVEY |
|-----------------|----------------|---------------------|--|
| Baxter | Health care | 48,000 | World Environment Week is a facility-led, volunteer event focused on water, energy, and food. |
| Duke Energy | Electric power | 29,188 | SustainCore is an employee-led green team. |
| Genentech | Biotechnology | 14,815 | Green Genes is an employee-led green team. |
| Spectrum Brands | Diversified | 12,000 | Clean Land, Clean Water, Better Community is an employee volunteer event held in partnership with NEEF and the Clean Lakes Alliance. |

Measuring Sustainability Engagement

The first five questions in the survey focus on employee engagement in sustainability. We asked employees who had participated to consider the particular sustainability program at their company and whether the program was important to the future success of the company, enhanced brand

reputation, enhanced their job satisfaction, and could be incorporated into their personal life or daily job activities. Questions on these topics collectively form the sustainability engagement index (SEI) (see Figure 1).

SUSTAINABILITY ENGAGEMENT INDEX

FIGURE 1



Nearly all survey participants (**97%**) believed that sustainability is critical to the future success of their company (Figure 2).

Most survey participants (**93.5%**) either strongly agreed or agreed that their company's sustainability work enhances its brand in the community (Figure 3).

FIGURE 2

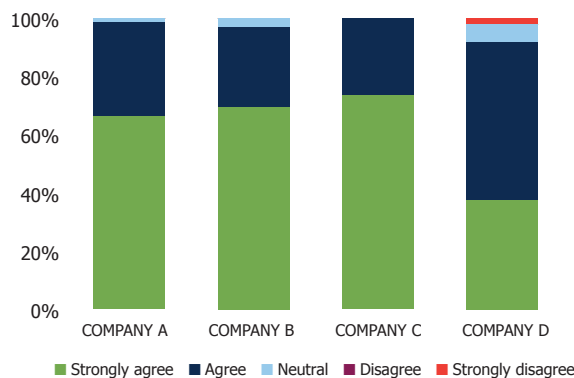
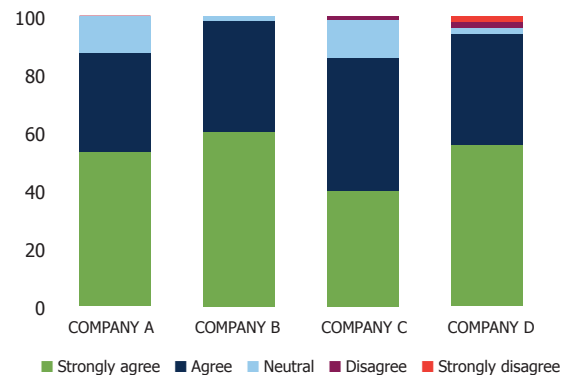


FIGURE 3



Nearly **90%** of respondents indicated that the company's sustainability work enhances their job satisfaction and overall feelings about the company (Figure 4).

Most survey respondents (**86% and 81% respectively**) incorporated sustainability practices learned at work into their personal life and daily job activities (Figures 5 and 6).

FIGURE 4

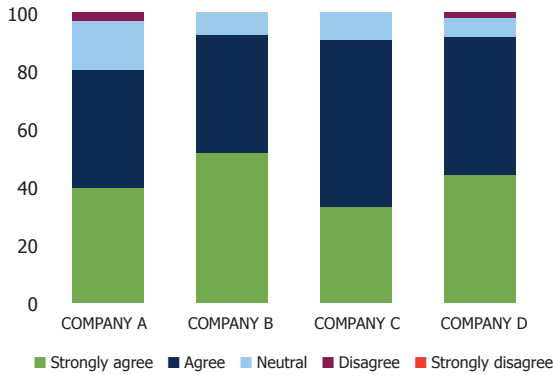
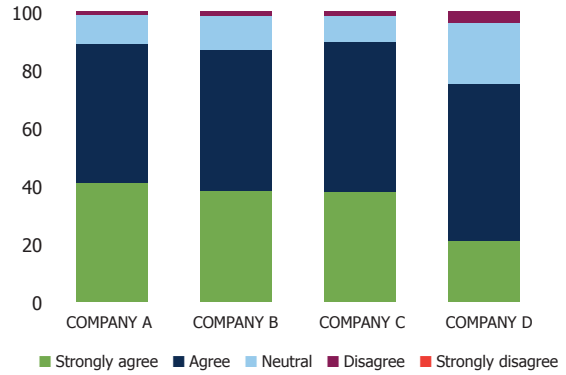


FIGURE 5



SURVEY PARTICIPANTS ALSO SAID...

"Thanks to what I've learned on the benefits of eating locally grown now I have my own vegetable garden. Me and my family are more conscious about the water usage and the waste generation."

"Green Genes is one of the biggest reasons I am proud of my company. I consider sustainability (personal and environmental) the highest form of preventative medicine, and I try to employ it in every facet of my life."

"Baxter's Environmental Health and Safety (EHS) Department staff and the events they host have taught me so much about the environment, climate change, and steps we can take at work and at home to make a difference."

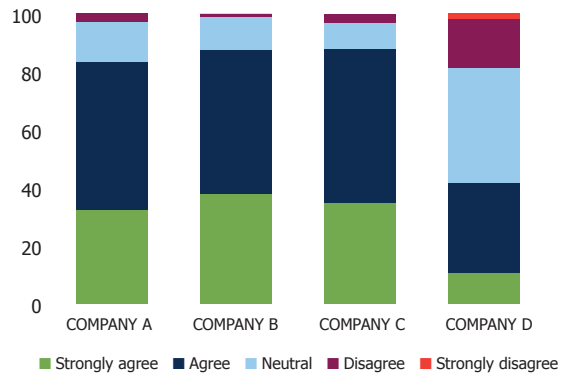
"It's one of the reasons I like to work here! Through Green Genes' movie screenings, I learned about the environmental impact of meat and dairy and therefore decided to eat a plant-based lifestyle!"

"Such a great opportunity to bond with co-workers outside of the office for a good cause. Thoroughly enjoyed it and will incorporate my new knowledge of invasive species into my personal life."

"I installed solar panels on two homes because of the Sun Shares program."

"From the Green Guide training, I learned a lot about sustainability at work, and I have encouraged our department to eliminate bottled water and for employees to bring reusable water bottles to work."

FIGURE 6



Measuring Employee Engagement

The next five questions asked employees about traditional measures of employee engagement such as alignment, pride, discretionary effort,

commitment, and advocacy.¹⁴ Collectively these questions form the employee engagement index (EEI) (see Figure 7).

EMPLOYEE ENGAGEMENT INDEX (EEI)¹⁴

FIGURE 7



Among the majority (96%) of respondents, there was a high degree of alignment, indicating that employees understand how their job contributes to the success of the company (Figure 8).

Most employees (94%) were also proud to work for their company (Figure 9).

FIGURE 8

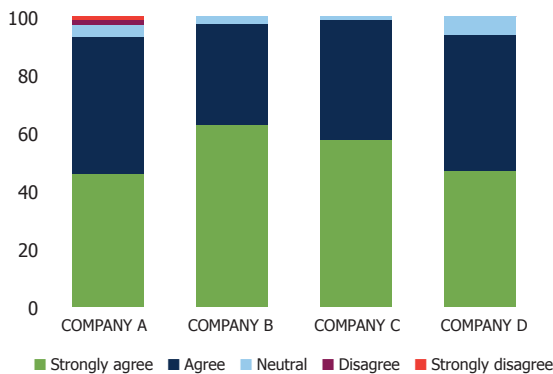
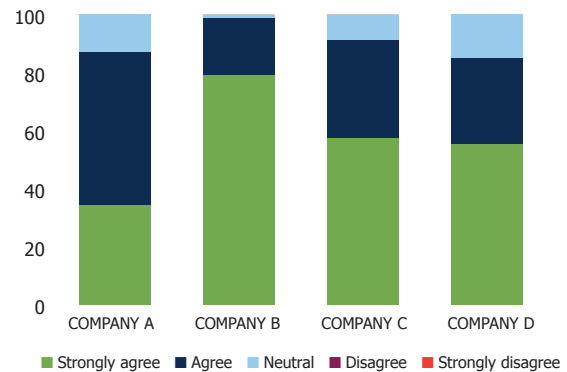
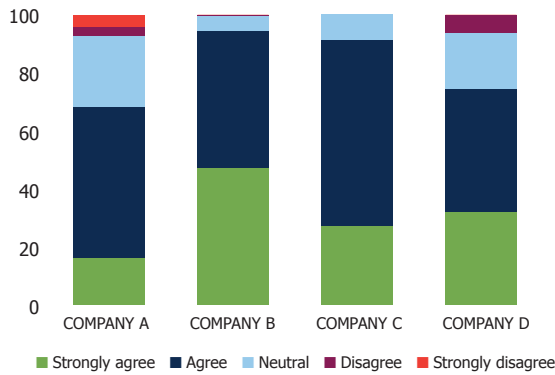


FIGURE 9



87% of employees surveyed believed that their colleagues were willing to go beyond what is expected for the success of the company (Figure 10).

FIGURE 10



Employees were also highly committed advocates for their companies, with 91% intending to stay for another 12 months and 92% willing to recommend their company to family and friends as a great place to work (Figures 11 and 12).

FIGURE 11

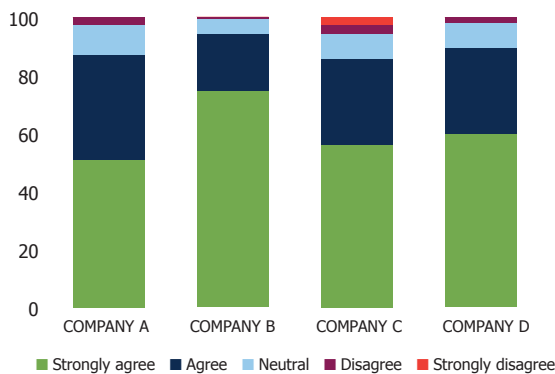
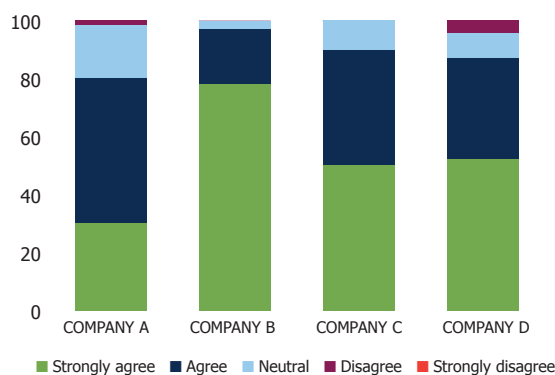


FIGURE 12



Employee Engagement and Sustainability Engagement Indices

Company sustainability engagement index (SEI) and employee engagement index (EEI) scores were aggregated based on respondents who strongly agreed or agreed with each statement: Company level responses for each dimension of engagement were essentially either engaged (strongly agree or agree) or not engaged (neutral, strongly disagree, or disagree). The index score is the sum of the five dimensions on a scale of 0 to 5, with 5 being highly engaged. For example, an SEI score of 5 indicates that the respondent either agreed or strongly agreed with each dimension of sustainability engagement as measured in the survey.

Company SEI scores ranged from 3.9 to 4.7. The following figures show scores by company and for each measure of sustainability engagement (Figures 13 and 14).

FIGURE 13

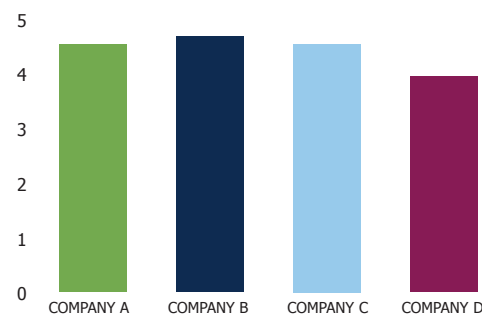
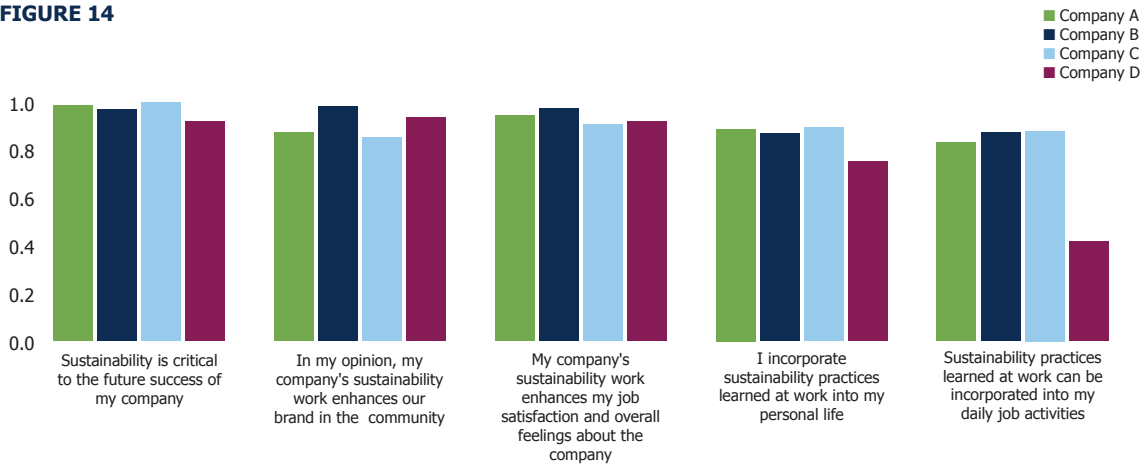


FIGURE 14



Company EEI scores ranged from **4.0** to **4.8**. The following figures show scores by company (Figure 15) and for each measure of employee engagement (Figure 16).

FIGURE 15

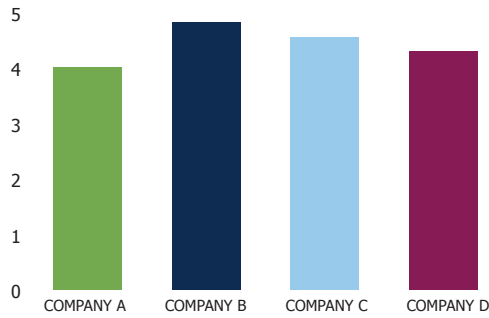
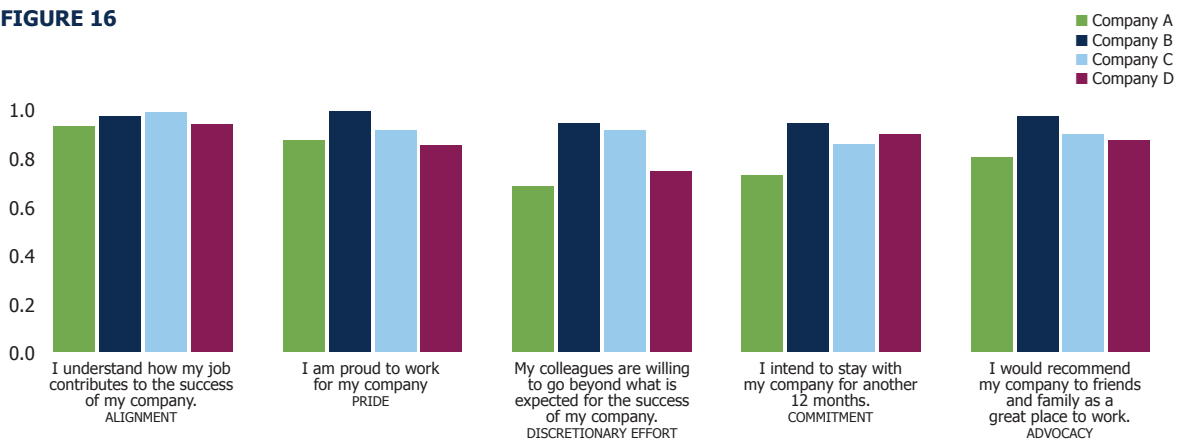
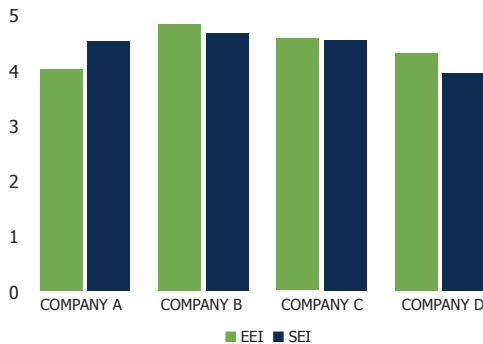


FIGURE 16



Notably, Companies B and C have the highest EEI scores and SEI scores of 4.8 (EEI)/4.7 (SEI) and 4.6 (EEI)/4.5 (SEI) respectively. Due to the small sample size (N=4), we were not able to analyze the statistical significance of this relationship at a company level (Figure 17).

FIGURE 17



It was possible, however, to analyze the relationship between sustainability engagement and employee engagement at the employee level (N=400). Employee SEI and EEI scores were aggregated on a 10-point scale: Respondents who strongly agreed or agreed with each statement received a score of 1 and 0.5 respectively, neutral received 0, and strongly disagreed or disagreed received -1 or -0.5 respectively.¹⁶ The total score is the sum of all index components, with 5 being highly engaged and -5 being highly disengaged.

Several interesting relationships emerged as statistically significant between SEI and EEI scores. In the table below, relationships with moderate significance are noted in **bold**, and those with strong significance are noted in ***bold italics***.

Among key findings are these conclusions:

- There is a **positive relationship between sustainability engagement and employee engagement** (Table 2).
- There is a positive relationship between sustainability engagement and traditional dimensions of employee engagement (alignment, pride, discretionary effort, and advocacy) (Table 2). In other words, **sustainability engagement positively impacts nearly all of the dimensions of traditional employee engagement.**
- There is a positive relationship between employee engagement and employees incorporating sustainability practices into their personal lives or job activities. In other words, **the dimensions of sustainability engagement that have the biggest impact on employee engagement are whether an employee can incorporate sustainability practices into his or her job or personal life.** (Tables 2 and 3). Job purposing matters!

TABLE 2. EMPLOYEE SUSTAINABILITY ENGAGEMENT INDEX (SEI) AND EMPLOYEE ENGAGEMENT INDEX (EEI) RELATIONSHIPS.

| RELATIONSHIP | R-VALUE | SIGNIFICANCE |
|---|--------------|----------------------|
| Employee Sustainability Engagement Index (SEI) v Employee Engagement Index (EEI) | 0.469 | yes p<.001 |
| DIMENSIONS OF SUSTAINABILITY ENGAGEMENT V EEI: | | |
| Future Success v EEI | 0.304 | yes p<.001 |
| Enhances Brand v EEI | 0.326 | yes p<.001 |
| Job Satisfaction v EEI | 0.311 | yes p<.001 |
| Incorporation in Personal Life v EEI | 0.413 | yes p<.001 |
| Incorporation in Job Activities v EEI | 0.350 | yes p<.001 |
| SEI V DIMENSIONS OF EMPLOYEE ENGAGEMENT: | | |
| SEI v Alignment | 0.409 | yes p<.001 |
| SEI v Pride | 0.397 | yes p<.001 |
| SEI v Discretionary Effort | 0.388 | yes p<.001 |
| SEI v Commitment | 0.341 | yes p<.001 |
| SEI v Advocacy | 0.368 | yes p<.001 |

There is also a strong positive relationship between all measures of sustainability engagement and the overall SEI (*Table 3*).

TABLE 3. SUSTAINABILITY ENGAGEMENT RELATIONSHIPS

| RELATIONSHIP | R-VALUE | SIGNIFICANCE |
|--|--------------|----------------------|
| Future Success v Sustainability Engagement Index (SEI) | 0.633 | yes p<.001 |
| Enhances Brand v SEI | 0.711 | yes p<.001 |
| Job Satisfaction v SEI | 0.748 | yes p<.001 |
| Incorporation in Personal Life v SEI | 0.786 | yes p<.001 |
| Incorporation in Job Activities v SEI | 0.758 | yes p<.001 |

Best Practices Case Studies

Case studies of Interface, PwC, and SAP complement the survey findings and provide additional insight into best practices and measures of employee engagement in sustainability.¹⁷

Interface: Mission, Measurement, and (Bio)Mimicry: Getting to Zero with Help from Employees



COMPANY PROFILE:

Industry: Modular carpet manufacturer

Number of Employees: 3,146

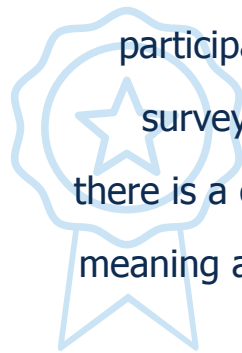
Based in Atlanta, Georgia, Interface is the world's largest manufacturer of modular carpet tiles. However, Interface is just as well known for its efforts to transform its business and the industry towards sustainability as it is for its carpet.

Interface's sustainability journey began in 1994 when the founder and chairman, Ray Anderson, challenged the company to adopt a bold vision and a new business model. This challenge evolved into "Mission Zero," Interface's promise to eliminate any negative impact it has on the environment by 2020. Recently, the company has engaged employees through surveys and focus groups in

defining and creating Interface's next mission, which will succeed Mission Zero's 2020 goals. The new mission that was identified—"Climate Take Back"—aims to run the business in a way that helps to reverse global warming and create a climate fit for life.

To accomplish its ambitious goals, Interface has sought to integrate sustainability into every business function and to involve all employees. Engaging employees with Mission Zero begins by onboarding new employees through an e-learning platform that has a strong sustainability lens. In addition, for the past 10 years, Interface's European business has offered employees the opportunity to participate in a tiered sustainability program that includes an e-learning course from Cambridge University and an immersive experience. During the immersive experience, employees gather at the company's facilities in the Netherlands to deepen their knowledge of sustainability issues and to prepare a project plan that they take back into their own roles. The plans are shared with senior leaders, who assess their feasibility and impact. Some plans are selected for implementation and may receive funding. Interface plans to expand this type of program to all associates globally.

The company knows anecdotally that its mission attracts employees to Interface; sustainability integration is viewed as a way to attract and retain employees as well as to build the business. And the company has seen a relationship between employees' involvement with sustainability activities and their level of engagement. However, because sustainability is integral to everything the company does, it can be hard to isolate the impact of particular programs in order to measure employees' engagement in sustainability.



85% of Interface employees participated in the most recent survey, and 94% of them say there is a clear mission that gives meaning and value to their work.

One way that Interface measures employee engagement is through the **Denison Organizational Culture Survey**, which Human Resources (HR) conducts annually. It assesses several elements of sustainability engagement (in

addition to standard measures of overall engagement) including employees' alignment with the company's mission, how well employees understand the mission, and how they incorporate the mission into their roles. 85% of Interface employees participated in the most recent survey, and 94% of them say there is a clear mission that gives meaning and value to their work.

Interface has also undertaken an internal research initiative—*I Am Mission Zero*—to capture stories about how employees personally connect to the company's sustainability mission and to uncover what Interface does best around the world to engage employees in Mission Zero. They learned that the mission has had tremendous impact on the lives of Interface associates. Documentary films from **Australia, Ireland, Netherlands**, and **Thailand** share the findings in the employees' own words.

While the company has used biomimicry in the past to design its products, it is now applying it to the design of two new manufacturing facilities in Georgia and Australia. The goal is to design facilities that are indistinguishable from local ecosystems. These facilities will be notable for their reduced environmental footprint, as well as the way they connect employees to the natural world, which Interface expects will have health, creativity, and emotional benefits for its employees.

PwC: Pioneering Measures for CR-Driven Employee Engagement



COMPANY PROFILE:

Industry: Professional services

Number of Employees: 223,000 (global); 46,000 (United States)

As a professional services firm, PwC views its partners and staff as its greatest asset—an asset that, when engaged, can improve the bottom line, support innovation goals, and drive corporate responsibility efforts. The firm’s people are also key to delivering on its purpose: to build trust in society and solve important problems.

PwC brings this perspective to its clients when it advises them on a wide range of HR issues. PwC’s own research on engagement has found that 18% of employees across all industries are disconnected—that is, they show low levels of engagement and commitment to their organization. But this number can be halved when organizations focus on employee engagement.¹⁸

To measure employee engagement and better understand its impacts, PwC uses a consistent People Engagement Index (PEI) across the firm that measures progress and drives accountability. The PEI includes four areas: advocacy, commitment, pride, and satisfaction.

PwC also tracks employees’ engagement in corporate responsibility (CR) activities. As an employer, PwC’s goal is to engage 100% of its employees in corporate responsibility activities each fiscal year in areas such as pro bono services, board seats, volunteer activities, local Green Teams, charitable giving, and involvement in affinity networks, among others.

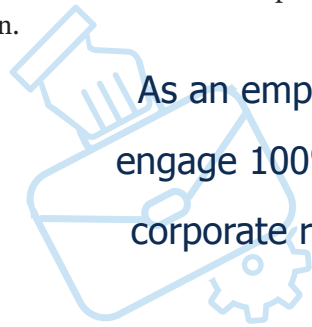
PwC has made a series of ambitious CR commitments. Most recently, it launched **Access Your Potential™**, a five-year, \$320 million commitment that will focus on providing tools, training, and mentoring to students, educators, and guidance counselors across the United States with the goal of closing the opportunity, education, and skills gaps. The commitment relies on skills-based volunteering by leveraging the financial acumen and technology skillsets of PwC’s partners and staff.

In fiscal year 2016, 89% of PwC employees participated in at least one corporate responsibility activity and 41% participated in two or more activities, which is PwC’s indicator of engagement in corporate responsibility. In addition, PwC employees volunteered over 359,000 hours and

made \$33.1 million in charitable contributions. PwC has found that having clear commitments and goals for volunteer hours and dollars helps to motivate participation.

Over several years, PwC has been a pioneer in efforts to establish the value of CR in attracting and retaining employees and supporting high performance, using its own experience as a test bed. CR and HR staff have collaborated to explore this area.

This collaboration between CR and HR and the resulting insights have helped PwC develop CR initiatives that help solve problems while meeting the needs and desires of different cohorts of employees. An important first step in the process was for the CR team to learn to “speak HR,” for example, by understanding how the HR team defines “engagement.”



As an employer, PwC's goal is to engage 100% of its employees in corporate responsibility activities

PwC is well positioned to analyze and explore the relationship of CR and HR metrics and share the learning with others. As a professional services firm, staff track and code how they

each fiscal year.

spend their time, which enables HR to extract anonymized information about individuals, their participation in CR activities, their performance, and their tenure with the company. As work began to explore CR/HR metrics, PwC learned that employees were not always tracking CR activity accurately. To improve the quality of the data, PwC deployed a user-friendly app to make it easier to track participation on employees' mobile devices. The app also helps partners and staff provide charitable donations year-round. PwC intends to continue to refine measures of impact and engagement as it works to meet its ambitious CR commitments.

SAP: Turning (Social) Sabbaticals into Career Development Programs



COMPANY PROFILE:

Industry: Software

Number of Employees: 84,183

At German software company SAP, ensuring that employees are highly engaged is a companywide strategic goal. For 2017 through to 2020, the company aims to reach an Employee Engagement Index (EEI) score for all employees of between 84 and 86%. In 2016, SAP achieved the goal with an EEI of 85%—a 3% increase from 2015.

SAP has gone a step further than many companies by quantifying the impact of employee engagement on its bottom line. According to SAP's **2016 Integrated Report**, an increase of one percentage point on the EEI would add €45 to €55 million (or approximately \$51 to \$63 million) to SAP's operating profit. The financial impact of a higher EEI score is calculated based on the fact that engaged employees are more innovative, miss fewer days of work, and are less likely to leave the company, thereby allowing SAP to spend less on training and recruiting costs. For more information on how SAP quantifies this impact, see the **Connectivity of Financial and Non-Financial Indicators** section of SAP's online Integrated Report.

SAP also draws a direct connection between participation in Corporate Social Responsibility (CSR) activities and employee engagement: The company believes that one way to develop and maintain an engaged workforce is to give them opportunities to make a difference in society through volunteering. Its “stretch” goal is that every employee volunteers, and the company places particular emphasis on volunteer opportunities that are skill-based and connect with the company's core mission.

One of the major challenges for digital companies like SAP is ensuring that there is enough skilled talent available to meet the needs of employers. Despite the growing number of youth around the world and high levels of unemployment in many regions, SAP anticipates that the global workforce will be facing a shortage of 40 million highly skilled workers by 2020. Among a portfolio of volunteer opportunities that aims to bridge the skills gap and support economic development is the company's **SAP Social Sabbatical**.¹⁹

Now in its fifth year, the SAP Social Sabbatical is a portfolio of short-term (two- to six-week) programs in which employees of all levels

volunteer their time and talent to non-profit and social enterprise organizations locally or in emerging markets to solve concrete strategic challenges they are facing. The program also helps employees strengthen their leadership competencies and build cross-industry knowledge and intercultural sensitivity while supporting their organization's social mission.

In 2016, 213 SAP employees provided 61,000 hours of pro bono service to 67 organizations in 15 countries through the SAP Social Sabbatical. Projects included working with the Dreamoval Foundation in Accra, Ghana, to help develop a strategy to strengthen the IT skills of 170,000 teachers to improve educational outcomes. Volunteers also worked with SAP's customer GlaxoSmithKline plc to design and implement a database for Partners in Health, a nonprofit organization based in Kigali, Rwanda.²⁰

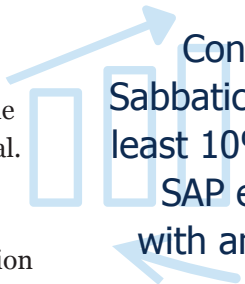
Because SAP believes that programs like the SAP Social Sabbatical can be a differentiator and not just a "nice to have" when it comes to employee engagement, SAP quantifies the relationship between employee engagement and social performance. Employees who participate in an SAP Social Sabbatical are asked to take a survey immediately after their participation and again nine months later. The five standard questions used by SAP to compute the EEI are included in this survey, and HR is involved to ensure that the EEI is calculated in exactly the same way as for whole-company surveys. Consistently, the EEI for

Social Sabbatical participants has been at least 10% higher than the average SAP employee for both surveys, with an EEI of between 90–94%. The survey also asks participants which leadership behaviors (which at SAP include driving simplicity, teamwork and collaboration, and intercultural sensitivity, among others) were strengthened or developed as a result of the SAP Social Sabbatical.

To better understand the relationship between participation in programs like SAP Social Sabbatical and employee engagement, SAP is planning to expand its measurement efforts. Ideally, SAP would like to measure the employee engagement

of participants both before and after their experience with Social Sabbatical. The CSR department at SAP is also planning to work with HR to measure retention rates and career mobility of Social Sabbatical participants. The SAP Social Sabbatical has been called "the best leadership development program" [by Social Sabbatical participants and their managers]—and soon SAP will have the numbers to strengthen this claim!

SAP credits the successful measurement of the impact of Social Sabbatical to "speaking the language of HR." Rather than asking HR to create or administer new metrics, SAP's existing EEI is used to measure the engagement of Social Sabbatical participants. SAP's CSR team has also demonstrated the value of the program by connecting personal and professional development, employee engagement, and social impact.



Consistently, the EEI for Social Sabbatical participants has been at least 10% higher than the average SAP employee for both surveys, with an EEI of between 90–94%.




Lessons Learned and Recommendations

Engaging employees in sustainability is rapidly becoming an important element of and tool for companies. By strengthening employees' commitment to the company, companies can improve business outcomes while creating positive societal impact and helping accomplish corporate sustainability goals. And, as millennials enter the workforce in greater numbers, many are looking for employers with Corporate Social Responsibility (CSR) values that match their own.²¹

In addition to the detailed survey and case study findings mentioned earlier in this report, lessons for companies aiming to develop and measure sustainability engagement include the following:

- Human Resources (HR) has its own language, metrics, and drivers for employee engagement. Sustainability professionals should take the time to understand and use them when measuring sustainability engagement rather than reinventing the wheel with new measures.
- Linking measures of social impact to more traditional HR measures of employee engagement, such as discretionary effort, retention, and pride, is an important way to demonstrate the value of sustainability initiatives. For example, the sustainability engagement index (SEI) in this report measures the dimensions of employees' sustainability experiences and determines the top drivers of sustainability engagement as well as its relationship to employee engagement.
- The type of sustainability engagement activity matters. Offering skill-based engagement programs with an emphasis on personal and professional development has the most impact.
- Building sustainability engagement into the fabric of the corporation helps to create job purpose.



By strengthening employees' commitment to the company, companies can improve business outcomes while creating positive societal impact and helping accomplish corporate sustainability goals.

There are also several gaps and areas for further exploration that became apparent through the process of creating this report:

- If more organizations use the SEI and Employee Engagement Index (EEI), comparisons can be made of engagement at the company level.
- The employees participating in this survey were a self-selecting group that might be more engaged and interested in sustainability than most; future studies could focus on a general employee base.
- To understand how sustainability is driving employee engagement, it would be useful to survey employees before and after their sustainability engagement.

- To understand how sustainability programs impact employees differently, break down results to get more granular insights, e.g., by age group, type of position, and tenure with the company.

Looking forward, we see a continued need for collaboration between sustainability and HR departments to create job purpose and embed sustainability in the way people are managed. We hope that the measures of sustainability engagement and best practices shared in this report provide a starting point for that collaboration.



Resources

Books and Reports:

Boccalandro, Bea. *Job Purposing Essentials*.

GreenBiz. *Employee Engagement Microsite*.

GreenBiz, NEEF and PwC. *Sustainability and Employee Engagement: The State of the Art*.

Industry Canada (report prepared by Coro Strandberg): *The Role of HR Management in CSR*.

Institute for Building Efficiency: *Driving Behavior Change: Engaging Employees in Environmental Sustainability*.

PwC: *The Keys to Corporate Responsibility Employee Engagement*.

Savitz, Andrew. (2013). *Talent, Transformation and the Triple Bottom Line: How Companies Can Leverage Human Resources to Achieve Sustainable Growth*. Wiley: New Jersey.

WeSpire: *The State of Employee Engagement in Sustainability and CSR*.

Articles:

- How to achieve Employee Engagement 2.0
<http://www.greenbiz.com/blog/2014/01/27/how-achieve-employee-engagement-20>.
- Why sustainability pros need to attack from the middle:
<http://www.greenbiz.com/blog/2012/09/21/sustainability-pros-attack-middle>.
- How the 4 stages of employee engagement ensure a bright future:
<http://www.greenbiz.com/blog/2014/05/27/how-4-stages-employee-engagement-ensure-bright-future>.
- CSR HR checklist:
<http://www.greenbiz.com/blog/2011/11/09/csr-checklist-works-every-hr-department?page=0%2Co>.

- Green Team Continuum
<http://corostrandberg.com/wp-content/uploads/2013/09/Green-Team-Continuum.pdf>.
- PWC 10 tips to bolster employee engagement
<http://www.greenbiz.com/blog/2014/04/09/pwc-10-tips-bolster-employee-engagement>.
- Shannon Schuyler talks next level employee engagement
<http://www.greenbiz.com/video/2014/03/31/shannon-schuyler-pwc-greenbiz-forum-2014>.
- State of Green Business: Employee Engagement Becomes Strategic
<http://www.greenbiz.com/blog/2014/02/17/state-green-business-employee-engagement-becomes-strategic>.
- The secrets of measuring employee engagement
<http://www.greenbiz.com/blog/2013/10/02/secrets-measuring-employee-engagement>.
- Five part series on employee engagement
4 Stages of Employee Engagement
<http://www.greenbiz.com/blog/2012/08/30/four-stages-employee-engagement-sustainability>.
How to Embed Sustainability in your Workforce
<http://www.greenbiz.com/blog/2012/10/03/how-embed-sustainability-workforce>.
Beyond awareness
<http://www.greenbiz.com/blog/2012/11/07/next-level-employee-engagement>.
Connection Leading to Commitment
<http://www.greenbiz.com/blog/2012/12/06/CBRE-Cleveland-employee-engagement>.
The final step to employee engagement: Action!
<http://www.greenbiz.com/blog/2013/01/11/final-step-employee-engagement-action>.



Endnotes

- 1 <https://www.greenbiz.com/research/report/2014/09/08/sustainability-employee-engagement>.
- 2 <https://www.neefusa.org/employee-engagement>.
- 3 <https://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-employee-engagement.pdf>.
- 4 Alex Edmans, “Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices,” *Journal of Financial Economics* 101,no. 3 (2011): 621–640.
- 5 <https://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-employee-engagement.pdf>.
- 6 <http://www.gallup.com/businessjournal/188033/worldwide-employee-engagement-crisis.aspx>.
- 7 <https://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-employee-engagement.pdf>.
- 8 <https://www.veraworks.com/pdf/job-purposing-essentials>.
- 9 <https://www.greenbiz.com/report/state-green-business-report-2016>.
- 10 <https://www.greenbiz.com/report/state-profession-2016>.
- 11 <https://www.greenbiz.com/research/report/2014/09/08/sustainability-employee-engagement>.
- 12 <https://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-employee-engagement.pdf>.
- 13 Please contact *NEEF* if you are interested in using the survey or participating in future work in this area.
- 14 We used PwC’s employee approach as the basis for our questions regarding employee engagement.
- 15 The EEI used in NEEF’s survey was based on PwC’s open-source index available at <https://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-employee-engagement.pdf>.
- 16 While company EEI and SEI scores were calculated on a 5-point scale based on respondents who agreed or strongly agreed with each statement because of the aggregated nature of the data, we were able to analyze the data at a more granular level on a 10-point scale for employee level EEI and SEI scores.
- 17 In the case studies, we have used whatever term the profiled company uses—sustainability, corporate responsibility, or corporate social responsibility (CSR). For this purpose, we consider the terms to be equivalent, as each company views its term as encompassing the “triple bottom line” or economic, social, and environmental issues.
- 18 <https://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-employee-engagement.pdf>.
- 19 <https://www.sap.com/integrated-reports/2015/en/performance/social/employees-and-social-investments.html#EEI>.
- 20 <https://www.sap.com/integrated-reports/2016/en/performance/social.html#SocialInvestments>.
- 21 <https://www.pwc.com/m1/en/services/consulting/documents/millennials-at-work.pdf>.



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