

Balancing People with Profit:
Corporate Social Responsibility and the Employee as Stakeholder

Tara J. Konya and Nancy J. Hodges, Ph.D.,
The University of North Carolina at Greensboro, USA

Keywords: *corporate social responsibility, employee, retail, stakeholder theory*

The apparel industry represents a growing segment of the U.S. economy. In 2014, profits reached an all-time high, garnering over \$250 million in sales and representing 10% of the overall workforce (U.S. Census Bureau, 2016). Yet, with increased growth comes increased scrutiny, as apparel companies are expected to prove ethical behaviors by engaging in Corporate Social Responsibility (CSR) initiatives (Zaczekiewicz, 2016). Typically, such strategies are designed to combat negative press coverage of global supply chain-related transgressions. For example, Gap Inc.'s P.A.C.E. (Personal Advancement and Career Enhancement) program was launched to teach life skills to women working in the firm's global factories, combating allegations of sweatshop abuse. Yet, CSR strategies do not necessarily have to be reactive, and instead can be designed to be proactive local measures to connect the firm with its stakeholders, particularly by signaling responsible behavior to those within the communities that the firm directly impacts. By engaging in efforts at home, such as organizing a United Way campaign or collecting donations for a local Dress for Success affiliate, a firm's socially responsible activities can highlight its commitment to the community while presenting its products and/or brands in a positive light. However, to successfully carry out local CSR initiatives, a firm must have buy-in from its stakeholders and particularly its employees. Thus, the purpose of this study was to explore perceptions of local CSR strategies among employees, and specifically strategies designed to target local communities, through the lens of stakeholder theory.

According to stakeholder theory, managers are responsible for developing relationships among stakeholders, creating a sense of community and delivering on the core purpose of the firm (Freeman et al., 2004). Although all stakeholders are important to a firm, few studies examine the CSR strategies of firms from the employee perspective. To this end, a qualitative research approach was employed in this study. In-depth interviews were conducted with 17 individuals who are employees of apparel firms. Participants worked either in stores or corporate offices, and job titles included Sales Lead, General Manager, as well as Director. Upon receipt of IRB approval from the researchers' university, participants were recruited via the snowball method, starting with contacts via one of the researcher's LinkedIn networks. Interviews were audio-recorded with participants' consent and completed in-person, over the phone, and online over a five-month period. Each interview lasted between 20 and 60 minutes. Participants were asked to share their perspective on CSR and the practices of their employers. Interviews were administered until saturation in responses was achieved and were then transcribed verbatim. Transcripts were analyzed for patterns within the data and then conceptual links between the patterns were examined for similarities and differences (Spiggle, 1994). Three themes emerged to structure the interpretation: *Awareness of Initiatives, Authenticity of Action, and Empowerment through Choice.*

Based on the data, it appears that *awareness of initiatives* among employees of a firm is imperative to the success of that firm's CSR program. Although several of the firms that participants work for post social responsibility efforts on their websites, in PR releases, or annual reports, many participants indicated that they were unaware of the firm's CSR activities or the impact thereof. For example, one participant who is a General Manager stated, "our CSR activities are minimal, and the charitable initiatives that we do support, have just started within the past two years." (P14). Interestingly, this particular firm had recently won an award for its long-term charitable partnership with a national nonprofit. While awareness of CSR initiatives is the first step of a successful initiative, the second appears to be *authenticity of action*. A participant who is Global Director with a large apparel brand stated that the firm's Board of Directors was more concerned with building a positive brand image than with the outcome of responsibility initiatives, "They kind of want to put this marketing story together that looks and sounds really good but it doesn't cross a line of putting people out of their comfort zones and really making a difference" (P4). Another participant, also a Director, pointed to the tension between stakeholders, "I would like to see a more honest, open discussion around things like living wage and how things like living wage feed into our promises to Wall Street" (P1). Overall, when investing time in CSR activities, participants are looking for *empowerment through choice*. That is, participants indicated a desire to be able to volunteer and donate to charities of their choice, sharing their personal values through the firm and therefore having the opportunity to make an impact locally. As one participant stated, "because fixing things that are broken need to start locally with the little guy" (P13). Consequently, CSR "benefits the communities which in turn helps the business" (P7).

Despite the growing interest in CSR and the obvious importance of employees in carrying out a firm's CSR initiatives, no studies have examined CSR in the apparel industry from the perspective of the employee. By focusing on the employee, findings expand on research in the areas of stakeholder engagement and CSR strategy. Results of this study point to the need for employee awareness and acceptance of the firm's efforts to prompt their engagement in these efforts. Findings support the notion that a shared sense of value is important when bringing stakeholders together (Freeman et al., 2004). Thus, managerial implications could include building employee awareness by tying CSR goals to job descriptions and annual performance reviews, administering yearly employee satisfaction surveys, and offering employees choice when it comes to participation. Further research on CSR efforts from the employee perspective is needed to fully understand the scope of their role as stakeholders.

References

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