Using Internal Marketing to Engage Employees in Corporate Responsibility

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Reviewers

We would like to extend our thanks to Dr Martin Clarke and Dr Stan Maklan of Cranfield School of Management for reviewing the paper and providing very useful insight and comments.
Executive Summary

This paper argues that internal marketing is a powerful tool for engaging employees in corporate responsibility (CR) because we believe that:

*Marketing CR goals internally makes external efforts much more likely to succeed.*

The internal relationship between the organization and its employees is the focus of internal marketing. Early attempts to incorporate an internal perspective of marketing to complement the external focus arose from the marketing literature. This concept is relevant for aligning corporate responsibility efforts with employees, by building understanding of the relationship between the firm and the external market while simultaneously and synergistically ensuring that the internal relationship with employees is also addressed.

The paper is organized into seven main sections. The first examines the academic discourse on the concept of IM and the relationship with CR; specifically the strategic potential of internal marketing and their application for corporate responsibility purposes. The discussion on internal marketing continues in the following four sections, examining the marketing-mix variables in more detail (product, price, promotion and place) and clarifying their role in enhancing responsibility issues internally. In the sixth section, segmentation and orientation for CR purposes is examined. Finally, the paper identifies a number of issues that we think every team leader must know and apply.

Our key messages are:

- Employee engagement matters.
- Internal responsibility should be put first.
- The internal market orientation axes – internal information generation, internal information diffusion, and responses to intelligence dimensions – need to be specifically targeted.
- Pressures for human sustainability and better places to work are increasing and are likely to intensify and the best employees now prefer to work for responsible companies.
- Facilitating internal communication and ‘selling internally’ the idea of responsibility seems to offer particular opportunities.
- Training managers in internal marketing tools is a good investment.
- Enhancing corporate volunteering programmes could help to align employees’ needs with CR goals.
- Getting the right balance between community involvement and helping the company to improve its overall social and environmental impacts through its core business activities must to be in the corporate agenda.
1. Introduction

Corporate responsibility (CR) – also known as Corporate Social Responsibility, Corporate Sustainability, Corporate Citizenship or Responsible Business – is gaining currency around the globe. The concept involves creating innovative and proactive solutions to societal and environmental challenges, as well as collaborating with both internal and external stakeholders to improve CR performance.

While we could say that CR is definitely on the agenda of most competitive organizations, there remain significant challenges concerning how to embed CR into everyday processes and cultures (Bartlett, 2009). One of these challenges is engaging employees on the CR journey.

CR can be strategic and considered like any other profit-optimizing strategy. For both academics and practitioners, the altruistic and strategic views about the purpose of CR coexist. Recent studies attempt to integrate the concept of CR and corporate strategy (Galbreath, 2006; Bies et al. 2007; Maxfield, 2008), suggesting the use of the same framework that guides the core business choices to make CR a source of competitive advantage for the firm (Porter and Kramer, 2006). Bagnoli and Watts (2003) assert that firms with good corporate citizenship strategies are conducting a profit-maximizing business. Recently, Fernandez-Kranz and Santaló (2010) have empirically demonstrated that companies in more competitive industries have better ratings because CR is driven by strategic considerations independently of any additional altruistic motivation.

In addition, involving stakeholders in corporate strategies is considered a good policy which provides companies with competitive advantages (Walsh, 2005). In this sense, employee integration in CR, as relevant internal stakeholders, should be evaluated as a strategic capability for the organization (Sharma and Vredenburg, 1998). In fact, Sharp and Zaidman (2010) have observed a tendency for more and more participation by employees in CR activities as a part of their obligations as employees. This is interpreted as an indication of the penetration of CR values into the organizational culture of these companies, and symptomatic of the success of the process by which the CR strategy is integrated into their organizational behaviour. As such then, companies who want a suitable strategy for implementing the idea and the challenges of CR could develop and put into practice an internal marketing (IM) plan to help engage employees in CR.

In this context, IM seems to be a good tactic for achieving successful development and implementation of CR strategies by engaging employees in CR. Although IM was first proposed as a way to deliver high levels of quality in service industries (Berry, 1981; Grönroos, 1981), nowadays it is considered a paradigm of organizational change, management and implementation strategies (Ahmed and Rafiq, 2002).

IM could be considered a technique for managing employees in the achievement of organizational goals (Winter, 1985), when organizational goals include CR goals. The CR approach to business management stresses the importance of every stakeholder, both external and internal. IM programmes could be developed in order to align internal communications with an external marketing image to ensure that the social organization promises will be accomplished. IM has a role to play in CR strategies because it can reinforce and emphasize the process of transforming an organization into a responsibility-focused entity.
From a critic’s position, Fonteneau (2003) argues that the only way to legitimize and lock-in the trust of citizens in companies is to consider employees’ rights and needs in the first place. It is important to remark upon a very simple and underlying idea supporting the link between CR and IM: to build trust and commitment in society, any organization must intimately know and understand its people and itself (Ahmed and Rafiq, 2003). In our opinion, there are no contradictions in pursuing and aligning organizational goals and employees’ goals. Based on the Total Quality Management thinking (Barnes and Morris, 2000) the IM virtuous cycle is simple: by satisfying and motivating employees an organization should be in a better position to generate a higher quality of service, higher levels of customer satisfaction, and higher productivity and profits (Ahmed and Rafiq, 2003). In fact, empirical results demonstrate that a significant relationship exists between IM efforts and organizational performance (Sanchez-Hernandez, 2008).

Although the usefulness of IM is recognized by academics and practitioners, some critics claim that the term is just a new synonym for good human resources management, organizational development or simply good effective communications with employees. But IM is not a label. Ahmed and Rafiq (2002) have clarified that IM is the use of marketing-like techniques such as segmentation, market research and marketing mix (including communication) to motivate employees towards organizational goals. They have delimited the boundary between human resource management that is empowered to use formal mechanisms thanks to the contractual nature of employment, and IM by using a definition supported by Kotler (1972) who states that marketing consists of persuasive actions (non-coercive) to induce positive responses in other social units. Thus, IM and human resource effectiveness are distinct. IM implies the co-ordination of human resources management, and so the former (IM) represent the antecedent of the latter (Ewing and Caruana, 1999).

Marketing and IM: Conceptualization, criticism and evolution
Marketing is a relatively new discipline in management. Over the last 100 years it has travelled through several stages (Wilkie and Moore, 2003): its ‘beginnings’ in the 1920; formalization in the 1950s when marketing emerged as a discipline; deviation from the paradigm in the 1980s; and now intensification and fragmentation of deviation.

The discipline of Marketing does now relate to areas that originally had only been marginally touched by Marketing: moving from interest in the product to concern for services, from transactions to relations, from interest in the product to concern over services, from the manufacturing process to value creation, from focusing on human and material resources to concern for knowledge-based resources (Webster, 2005; Bouzas-Lorenzo, 2010).

It is recognized in today’s turbulent business environment that marketing has become increasingly important as a business function in spite of some remaining negative images represented by the “4Ms” approach described by Chapman (1998): misinterpreted, misused, misunderstood, and miscast.

Since the first narrow definition of marketing published by the American Marketing Association (AMA) in 1935 as “the performance of business activities that direct the flow of goods and services from producers to consumers” to the last definition published in 2007 which considers marketing as “the activity, conducted by organizations and individuals, that operates through a set of institutions and processes for creating,
communicating, delivering, and exchanging market offerings that have value for customers, clients, marketers, and society at large," great efforts have been made in the literature to extol the virtues of marketing.

Modern marketing goes beyond the first definition and has, and continues to, evolve to a more humanistic and interactive approach where companies offer capabilities and make propositions but it is the customer that creates value. The first conception has been eclipsed and the big talking point today could be co-creation and service dominant logic (Vargo and Lusch, 2004; Gummesson et al. 2010).

Marketing as a discipline has faced some negative connotations and subsequent evolution in the eyes of other management academics, and the evolution of citizens as consumers seen in marketing needs to be replicated in the IM framework. The most important barrier for IM could be – surprisingly – traditional commercial marketing. If one makes the parallel between IM and the 1935 definition of Marketing, there is the risk of objectifying employees, treating them as things to be managed by appropriate marketing mixes derived from segmentation techniques. IM should be considered in the light of the AMA 2007 definition of Marketing.

However, the new marketing paradigm is stakeholder oriented rather than merely consumer oriented (Girod, 2005). Simmons (2009) proposes that the paradigm shift in marketing has implied an integrated stakeholder-accountable marketing approach that recognises employee expectations of a more socially responsible approach. Relationship marketing (Sirgy and Lee, 2008) seeks long-term and mutually beneficial relationships with external and internal stakeholders (including employees as a key constituency). Thus, IM needs to be considered in this manner – not as a tool to objectify employees, rather to engage employees in an interactive relationship aligning individual and corporative goals.

The strategic potential of IM

Following the resource-based approach (Prahalad and Hamel, 1990), IM could be used as a strategy for developing internal competencies for external success (George, 1990).

The growing strategic importance of IM in business management is well documented. Although IM is a concept in evolution, one of the most comprehensive definitions, which emerged from a synthesis of the most important contributions over recent years, is proposed by Ahmed and Rafiq (2002):

“Internal marketing is a planned effort using a marketing-like approach directed at motivating employees, for implementing and integrating organizational strategies towards customer orientation”.

Clearly, the scope of IM activity is much wider than simply the motivation of employees. This conceptualization emphasizes the need to generate cross-functional coordination efforts to accomplish customer-satisfaction objectives. In fact, the essence of IM is based on those activities which improve internal communications and customer-consciousness among employees, and the link between these activities and external market performance (Ballantyne, 1997). Broadly speaking, the overwhelming purpose of IM is to involve employees in the organization’s mission and strategic direction, and to help them understand and value corporate objectives (Gilmore, 2000).
From an organizational point of view, there is a direct connection between IM and human resources’ functions. Nowadays, alignment of human resources with the strategic requirements of the organization is widely accepted, and it is the major thrust behind the emergence of strategic human resource management and its functions (Ahmed and Rafiq, 2002). Bansal et al. (2001) see the elements of IM as key aspects of human resources management practices in achieving internal customer commitment, job satisfaction and trust in management. This includes issues such as employment security, extensive training, generous rewards partly contingent on organizational performance, sharing information, employee empowerment, and reductions in status distinctions. Consequently, it is assumed that successful IM programmes can lead to important payoffs for an organization (Amett et al., 2002), including low employee-turnover rates, an increase in service quality, high levels of employee satisfaction and improved ability to implement change in the organization.

Based on previous work, our definition of IM for CR purposes is:

“Any planned effort to align, motivate and integrate employees towards the effective implementation of corporate responsibility and the organization’s sustainability strategy.”

**Understanding IM for CR purposes**

Nowadays, in a turbulent social and business environment, marketing is becoming an increasingly important tool for management, going beyond the negative perception of manipulation and exceeding the popular confusion of marketing as ‘just selling’. Marketing is about a profitable satisfaction of existing consumer wants and needs. Marketing is concerned with negotiating an exchange and establishing a constructive relationship between two sides, the supplier (supply) and the consumer (demand).

IM has been developed directly from conventional marketing theory (Woodruffe, 1995). It is based on the assumption that the accumulated knowledge of the marketing function can be used within the organization itself in order to gain competitive advantage in the market as well.

Derived from general marketing assumptions, active IM programmes are concerned with:

- Identifying the nature of employees’ needs and wants, and how these needs can be satisfied by the organization through the development of human resources policies.
- Identifying how the needs of different groups of employees differ.
- Deciding how the organization can structure itself to enable it to differentiate itself from its competitors and became an employer of choice, attracting and retaining the best talent available in the labour market.

This mix of activities relating to active marketing inside the company is described as the IM mix or ‘the 4Ps of IM’: product, price, place and promotion.
Figure 1 shows our application to CR strategy of the multi-level model of IM developed by Ahmed and Rafiq (2002). The model represents how traditional marketing tools and techniques can be used internally to generate employee engagement and effective CR strategy implementation inside the company.

**Figure 1: Model of IM for CR Employee Engagement**

The original model is built on three strategic levels:

1. The first level, called Direction (remembering that traditionally, CR strategy uses a top-down approach), requires the development of the general agenda to be deployed.

2. The second level, called Path, is concerned with the consideration and specification of alternative ways to implement the CR strategy and the detection of barriers and the mechanisms for overcoming them. In this level, specific programmes must be created for particular groups of employees. Internal market research, segmentation and positioning are powerful marketing tools in order to achieve effective implementation.

3. The third level, called Action, is the translation of decisions into activities.

4. Nowadays, CR and sustainability seem to need both top-down and bottom-up efforts to get the best out of organizations (Grayson, 2010). Considering that, we have added a fourth level, called Feedback, which represents employees’ contributions to CR. It is a new focus, a complementary approach to the traditional framework to understand CR strategy. **We describe this added level in this paper.**

The model also deploys the marketing mix concept developed by McCarthy (1960) to the IM context as it was firstly offered by Piercy and Morgan (1991) and extended later by Rafiq and Ahmed (1993). This work provides us the basis for adapting key marketing mix elements for creating successfully a IM plan to engage employees in CR.
2. Product

What is understood as a ‘product’ in IM and how to create an internal product suitable for engaging employees with CR:

In external marketing, a product is anything that companies can offer to their markets to satisfy a want or need. In the simplest conceptualization, an internal product is the job (Collins and Payne, 1991). Treating jobs as products means going beyond tasks that need to be performed and giving consideration to factors other than financial remuneration. It means also considering training needs, levels of responsibility, involvement in decision-making, career opportunities and the working environment (Ahmed and Rafiq, 2002).

Managers must create an internal product which engages employees in the organization’s CR and sustainability philosophy. Without a ‘good internal product’, there is limited hope of engaging employees with the idea of investing time and effort in CR issues.

Developing products and services

Developing new products or services is a current issue in marketing concerning product decisions. A new internal product for engaging employees in CR should consist of changing from traditional reward systems, typically financial and easily copied by competitors, to total reward system compensation, embracing everything that any employee values in the employment relationship (Towers Perrin, 2007). The core idea of total reward system compensation is that compensation is not just about money. The challenge, especially now in a time of global economic crisis, is to develop creative reward packages to retain the best staff members and to engage them in a CR strategy that keeps people focussed, even if they could earn more money working for other companies. In fact, nowadays few of the traditional reward elements can be offered, such as life-time employment and career development for all employees, international assignments and rock-solid pensions for top-level employees. So, constructing a new offer based on opportunities to contribute to CR and sustainability is a good alternative.

Some basic aspects to be considered in this creative reward package are suggested as follows:

- **Job design.** Companies embracing broader roles rather than narrowly defined job descriptions are creating a more flexible workforce able to develop citizenship behaviour in their day-to-day jobs and adapt to new requirements resulting from CR demands.

- **Learning opportunities.** The acquisition of new skills related to CR as well as the enhancement of existing ones can act as a powerful reward tool, both personally and professionally.

- **Integrating rewards with recognition premiums** for the best corporate citizenship behaviour in the company.

- **Creating a smart work environment.** On the one hand, flexible work and tele-working, sabbaticals or career breaks when possible, and community volunteer opportunities provide an opportunity for employees to embrace CR principles and enhance employees’ commitment to their organization. On the other hand, it allows employers to differentiate themselves from their competition.
In addition, we want to highlight some radical aspects to innovative reward packages to enhance CR based on generating opportunities to make suggestions and to contribute proactively. We focus on the three possibilities of becoming a volunteer sustainability champion, opportunities to serve on green teams and the freedom to become a social intrapreneur:

- **Sustainability champion:** A member of staff who is interested in helping to actively improve the overall CR and sustainability of the company. The sustainability champion is a volunteer encouraged to feed into and support the sustainability strategy with any ideas, suggestions and even complaints regarding the responsible performance of the company (Exter N, Doughty Centre, 2009).

- **Green Teams:** Organization design for CR purposes should take into account flexible structures. It might be better to follow the organic design approach, characterised by low formalization and centralization and high integration. However, in the field of organizational design, relevant authors such as Mintzberg (1979) have suggested that significant organizational change does not occur in small stages. In our view, the changes needed in order to become a responsible and sustainable company need configurational changes in organization design to support them. The implementation of green teams is an important contribution to this.

While in traditional companies management teams consist exclusively of those that create revenue, when companies engage in CR, management teams are also comprised of those with the primary responsibility for creating CR value (Austin and Reficco, 2009). Green teams have been defined as participative and interdepartmental, able to unlock new ideas, innovation and creativity in order to attain greater environmental excellence in the move towards sustainable business operations (Beard and Rees, 2000). Ackerman et al. (2010) have identified the key factors for the successful evolution of green teams in generating enterprise value and sustainable business transformation as: strong executive support, close alignment with the company’s sustainability goals, the presence of a centralized leader, high diversity amongst team members and systems for creating, measuring and tracking initiatives. Successful green teams are able to ‘sell’ market environmental benefits to all other departments (Beard and Rees, 2000), thus creating a sustainable network across the company to pursue the best practicable environment options.

- **Social intrapreneurs:** The CR journey can be powered by multiple change agents or intrapreneurs. While social entrepreneurship occurs in start-up organizations, social intrapreneurship occurs within existing companies (Mair and Marti, 2006; Light, 2008; Kistruck and Beamish, 2010). The balance needs to be right between community involvement and helping the company to improve its overall social and environmental impacts through its core business activities. Organizations following the CR journey might encourage employees to become social intrapreneurs to successfully engage them in new activities in which CR and financial goals are much more balanced than traditional ones. Grayson, McLaren and Spitzeck (2011) define social intrapreneurs as:

  *A person within a large corporation who takes direct initiative for innovation(s) which address social or environmental challenges profitably*
Austin et al. (2005) have identified some defining characteristics of social intrapreneurs:

- Internal champions advocating the integration of social, environmental and business value as a central tenet for the organization.
- As organizational change agents, they are cost-conscious and mindful of the bottom-line.
- Active listeners to various stakeholders.
- Good communicators about the importance of the change. They are able to reveal how the CR action is relevant to stakeholders’ needs.
- Not managers of the status quo.
- Creators of innovative solutions.
- Team players and catalysts for change able to create synergies for the work of others.
- Good coordinators able to mobilize and align interest and incentives.

The total reward system compensation includes genuine empowerment for CR. According to the Equity Theory, based on the idea that employees seek equilibrium between their inputs and their outputs, the level of responsibility that they receive as their reward is only as high as the level of citizenship behaviour that we can expect from them.

**Identity of products and services**

Ensuring the clear identity of specific products and services is part of the product policy in external marketing. One component of IM that is still underdeveloped is employer branding (Berthon et al., 2005). The difficulty of recruiting and retaining capable people encourages employers to treat their people with the same care and consideration as they would valued customers (Barrow and Mosley, 2005). The concept of employer branding has entered into the lexicon of management and particularly consultants, with organizations such as Versant in the US and People in Business in the UK offering specialist qualified advice in how to ensure employee loyalty and build organizational commitment (Martin et al., 2004). It has also become an increasingly ‘hot topic’ in the contemporary business press, and ‘Best Employer’ status is something that more and more organizations are striving for (Berthon et al., 2005).

Following the general approach to the employer brand journey developed by Karian & Box (2010), we recommend the following five steps for building, shaping or reinforcing a responsible employer brand:

1. **First stage - Start with good recruitment**

   - Aligning the people strategy with the CR strategy needs a workforce that embraces CR principles. Top employer organizations offer challenging assignments, exciting training and good development prospects, meaning they are able to recruit bright people selectively.

   - Equally, CR companies must offer their ‘responsible product package’ to their internal clients (current and potential employees). In addition, they have to develop clear messages about who they are and what they stand for and they must communicate it consistently.
- Sustainability and CR is particularly relevant for engaging Generation Y (Gen Y) employees. Martin (2005) has highlighted that CR is a business imperative for Gen Y.

- Gen Y is variously considered to be the cohort born between 1978 and 1988 (Martin, 2005), between 1977 and 1994 (Broadbridge et al. 2007; Kim et al. 2009) or even between 1980 and 2003 (Hurts and Good, 2009). In the opinion of the authors, and according to McCrindle (2006), age is just a number today. The important issue is that the new generation is aware of the urgency of responsible business and sustainability. Young workers expect to have multiple needs met at work. They go beyond cash. It is about fun, social connection, training, personal development, greater fulfilment and even environmental sustainability (McCrindle, 2006)

- A good example is the IBM Students’ international survey alongside their 2010 CEOs’ survey, which showed that students give a much higher priority and importance to sustainability than CEOs. However, CEOs are very concerned about how to nurture and unleash creativity.

“The next generations, as natives of the digital world, will have revolutionary implications for politics, the public sector and the way we do business. The citizen will drive change and bring social revolution, not evolution”

Peter Gilroy, CEO, Kent County Council (IBM, 2010, p.16)

- Recruiting Gen Y people might create a culture where interactions can take place, different ages can mix, and intergenerational perspectives can be shared. To ensure that organizational values of responsibility and sustainability permeate all units of the company and are thoroughly integrated into its internal processes, we suggest two-way or reverse mentoring programmes.

- Mentoring is a great vehicle for values-sharing and knowledge transfer (Aryee et. al., 1996; Karallis and Sandelands, 2009) and an important resource for learning and coping with organizational change (Rigsby et al., 1998). However, for sustainability purposes, rather than the traditional ‘older manager mentors younger employee’ set-up (McCrindle, 2006), we recommend genuine two-way mentoring, a win-win relationship in which the older person shares their experience and expertise while the younger can give insights into engaging with their generation and the new times (McCrindle, 2006). This must include understanding sustainable development and how to use new technologies and the social media. We term this ‘Dynamic duos’.

Bearing in mind than Gen Y are advocates of social and environmental issues and sustainability, a two-way mentoring system supports the notion of capitalizing on the social tenet base and the younger perspective of the co-mentor. Thus, new employees could assist in transforming twentieth century managers into successful managers for the present (Harvey and Buckley, 2002).

2. **Second stage - Welcome to the company**

Any time and effort spent making sure new employees understand the CR focus and responsible culture of the business is a good investment. From the beginning, we recommend including in the formal induction programme an overview of possibilities to make suggestions and to propose business opportunities which simultaneously improve sustainability and enhance profitability; to be a volunteer sustainability champion or to join green teams. It is also important to communicate to new employees that social intrapreneurs are welcome.
3. **Third stage – Getting to work**

An integrated approach to every aspect of employees’ working experience is required to ensure the workforce remain motivated. Employees must know what the business priorities are and understand how their role supports these. Planning a culture of open and honest communication is recommended. Leaders must set the behaviours and ways of working, demonstrating to employees that they ‘feel’ the brand.

At this stage, *Volunteer Programmes* can help – particularly in introducing employees to a wider ‘menu’ of ways they can help to improve the business’s positive environmental and social impacts. CR programmes should consider the active involvement of employees as volunteers in social and environmental projects, considering the challenges of identifying the points of intersection between CR goals and employees’ social needs. Employees involved in CR projects can act both as employees in a for-profit organization, and volunteers in a not-for-profit organization (Sharp and Zaidman, 2010). When acting as employees (in working time or inside a specific volunteer programme managed by the company they work for), they represent the company and ‘live the company’.

Corporate volunteering programmes are initiatives that show how the employees are the real protagonists in the action carried out by the companies in the communities where they operate. This kind of programme strengthens the links between companies and society as well as a company’s relationship with its employees. Programmes that operate horizontally are one of the characteristics that most accurately define volunteer programmes. The possibility of all employees at any level in the company hierarchy becoming involved, allows the development of leadership skills in people that do not hold senior positions. This means that employees can develop new personal and creative skills and abilities related to CR actions, thus promoting dynamic networks of workers that promote internal communication.

The challenge might be to shift from employee community volunteering to a much broader empowerment and engagement with CR, such as opportunities to serve on green teams, be volunteer sustainability champions, propose business opportunities which simultaneously improve sustainability, or even become a social intrapreneur as we explain below. This is because organizations need to get the balance right between community involvement and helping the company to improve its overall social and environmental impacts through its core business activities (Weiser and Zadek, 2000). Employee volunteers can, for example, take ideas and insights from business-community partnerships back into the business to innovate for the business – *innovation through partnership* (Sabapathy et al 2002).

4. **Fourth stage - Entrenching the brand**

Retaining the right employees is the key issue in entrenching the brand. That requires the best employees being recognised and rewarded for demonstrating citizenship behaviour. We refer to the creative reward packages explained above, to retain the best staff members and to engage them in the CR strategy.

5. **Fifth stage – The power of goodbye**

Sometimes, people leave their jobs for a voluntary reason (personal life, family constraints, etc.) or an involuntary reason, such as the recent redundancies/downsizing in many companies during the recession. In these cases, a professionally handled departure is crucial because it is important that employees who have departed can be stakeholders in other ways, playing a part in the organization’s ongoing success. Organizations
can positively influence the way an ex-employee continues to engage with their former employer’s brand in three main ways: exit interviews, outplacement and responsible retirement.

- **Exit interviews** offer the company the opportunity to gather feedback from employees leaving their jobs. The information gained from these interviews enables the employer to make the necessary changes to their processes and their business to both retain and attract the best talent. It is a good opportunity to find out what is going on and can help to instigate positive change for the future at the same time that it encourages employees to think back positively about the time they worked there.

- **Outplacement programmes** usually involve career management advice, interview preparation, help on writing job applications, social networking sites, getting people to be clear on what they can offer a new employer and what they want to focus on in their next career step. Job loss is a traumatic event (Molinsky and Margolis, 2006). Acknowledging that, organizations can include outplacement as part of their job loss policy and have a significant impact on employees’ well-being and future employment potential (Hanisch, 1999).

- **Responsible retirement.** Older employees should be considered a valuable human capital resource (Stevens, 2010), but the retirement process is not always well managed. Retired employees are an important stakeholder to be considered in the CR strategy. They have a large store of human capital from their years of training and knowledge development and they have also a large store of social capital, represented by their networks both inside and outside the company (Venneberg and Wilkinson, 2008). Retired people will appreciate responsible organizations not ignoring the importance of this intellectual capital and failing to capitalize on it. For instance, a few companies are now starting to assume some responsibility for what happens to former employees after they have ‘retired’ and are providing opportunities and training to prepare for a portfolio life after retirement. HP, for example, has developed its ‘Encore Programme’ which does just this.
3. Price

If internal clients are employees, what is the ‘price’ they pay for working in a responsible company?

We interpret the internal price as the result of balancing the cost of employees and the utility or value that they experience.

Changes to a CR strategy may incur costs for employees in terms of opportunity costs or psychological costs. CR efforts initially often involve extra time, sacrifices, budget changes and frequently job reassignments. For instance, the workforce must make an effort to learn new techniques for new sustainable manufacturing systems implemented in the company or office-bound employees must change their routines when deciding to buy materials from new fair trade suppliers. However, the new systems may provide them with the chance to improve their employability, to market themselves, or simply the opportunity to feel better by doing the right things and to be proud of the company where they work. Having solid support from leadership helps to ease these transitions and give the team confidence that the work is worth the price.

Managers must take care over the internal price, as if costs are higher than utility then employees will not be interested in following the roadmap for the CR journey. Therefore, in the development of an ‘employees as customers’ initiative (often used in IM programmes) great attention must be paid to the psychological aspects of the interaction and the relationship between the employee ‘price’ and the CR actions needed. Dunne and Barnes (2000, p.205) point out that “adding value through internal relationships is to enhance the employment relationship such that the employee has the greatest potential to experience satisfying interactions, relationships and opportunities”.

To engage employees in CR, you must understand the internal price on the employee’s perceived value of getting involved. Effective employee collaboration in CR issues can only take place if the parties feel that they gain from the relationship. Gummesson (2000) recommends internal win-win relationships where employees feel they are working in an organization that gives them something back. Managers must deliver the value promised by their value proposition, and employees must perceive this value. We suggest employers:

- Determine the internal price that employees may assume in the CR journey.
- Offer incentives to purchasers (employees). This means rewarding and providing help and training to employees to follow the roadmap.
- Provide appropriate contracts for employees, reinforcing psychological contracts, allowing mistakes, and rewarding effort.

We especially recommend engaging with ‘Corporate Universities’ (if your organisation has one/access to one) or formal training programs, to get involved in turning business responsibility goals into action. Workplace learning should be linked to the organizations strategy – with the aim of achieving CR through improved staff performance and a company-wide culture in which CR can thrive. Key employees could be identified, promoted and retained, whilst at the same time they would be providing valuable work and examples for other employees, showing how learning and career development opportunities are linked to CR and are available to other employees.
4. Promotion

Promotion and internal communication are vehicles for explaining to employees the CR strategy and serve to clarify their role in the development and success of the strategy.

‘Selling CR internally’ implies making CR part of the organization’s culture.

The main available tools to sell CR internally are briefly described as follows.

**CR internal advertising**

Goals on internally communicating CR can be classified according to whether or not the aim is to inform:

- **Internal informative advertising** aims to create employer brand awareness and knowledge of new procedures, protocols or routines related to the responsibility roadmap.
- **Internal persuasive advertising** aims to create conviction and invite employees to join the CR strategy.
- **Internal reminder advertising** for CR purposes aims to stimulate repeat citizenship behaviour, avoiding the risk that CR is interpreted by the workforce as a temporary fashion.
- **Internal reinforcement advertising** aims to convince employees engaged in CR that they made the right choice and they are working for the right company.

**Internal public relations and communications**

Companies developing a CR strategy must manage successful relations with their workforce, especially with their key employees. CR departments, or managers responsible for CR strategy, must spend time counselling top management to adopt positive communications about CR in any aspect of their day-to-day work. Some available channels are:

- **Face-to-face communications** about CR goals provide the opportunity to check employees’ fears and resistances.
- **In-house magazines** to explain the rationale behind the changes that the CR strategy entails.
- **Corporate videos** to emphasize that the CR strategy is supported by top management.

We are also now seeing how CEOs and country managers’ webcasts and live intranet Q&A sessions are gaining power because they are much more interactive and therefore encourage two-way communications. Innovations like IBM ‘jams’ create opportunities for stakeholders to take the initiative and to build on other people’s ideas, using the ‘wisdom of the crowd’ (IBM, 2007).
5. **Place**

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**Can we manage the internal place?**

‘Place’ (in the external marketing context) is related to distribution channels and reaching targeted customers (Kotler and Keller, 2006). In IM, ‘Place’ is concerned with the work environment. It includes the organizational culture, values, assumptions, artefacts and every symbolic aspect of the organization (Ahmed and Rafiq, 2003).

As organizational culture can have a huge impact on an organization's work environment and output, much research has been done to determine how to change this culture when necessary. Organizations might move to a responsible culture based on the premise that social and financial objectives are complementary rather than contradictory (Berger *et al.* 2004; Selsky and Parker, 2005).

The Culture Web, developed by Johnson and Scholes (1992), provides one approach for looking at and changing an organization’s culture. The model identifies six interrelated elements that help to make up the paradigm of the work environment (Figure 2). By analysing the elements and their relationship, it is possible to imagine the bigger picture of the organizational culture, what is working and what is not and what needs to be changed in order to move to a much more responsible culture. These elements and their relation to a responsible organizational culture are:

- **Stories.** It is possible to manage who and what the company chooses to immortalize. Choosing past events related to sustainability champions, social issues, or ecological concerns says a great deal about what it values and perceives as great behaviour.

- **Rituals and Routines.** These determine what is expected to happen in given situations and what is valued by management. Moving to a responsible culture means that responsible behaviour must be understood as routine, not as an exception.

- **Symbols.** Coherence with CR and sustainability is needed. The visual representations of the company (including logos, how plush the offices are, and formal and informal dress codes) might be aligned with a responsible culture. For instance, ecological reminders about the rational use of paper, electricity savings, or indicating recycling areas are part of the landscape of a responsible workplace.

- **Organizational Structure.** These might include both the structure as defined by the organization chart, as flexible as possible to allow the existence of teams charged to enhance CR such as green teams, and the unwritten lines of power and influence indicating whose contributions to CR are most valued.

- **Control Systems.** The ways that the organization is controlled might consider CR goals. Beyond financial systems, quality systems and traditional rewards, responsible organizations might include sustainability considerations in their control systems.
- **Power Structures.** People who have the greatest amount of influence on decisions, operations and the strategic direction of the organization might be perfectly aligned with CR and sustainability department goals.

**Figure 2: The Culture Web**

Source: Johnson and Scholes (1992)

For CR purposes ‘Place’ can be used to draw attention to differences in employee response to CR strategic goals in order to create the best internal place for developing a CR strategy. The main goals here should be:

- Providing good employee care and work atmosphere
- Managing the ways in which CR activities could be organized to give added value

This could mean meetings where CR policies are announced or the collaboration with third parties such as, for instance, Investors in People or CR-coalitions like Business in the Community in the UK or CSR Europe, to deliver advice and training programmes to managers.
6. Internal Segmentation and Orientation for CR Purposes

Individual personal differences may entail different psychological contracts between employees and companies and different levels of engagement and advocacy as well. Internal market research should be conducted to identify the needs of employees. Traditional marketing research techniques such as simple surveys, focus groups or even complex multivariable modelling can be employed to capture a real sense of the motivations, social and environmental needs, potential barriers or fears and resistance of employees to the firm’s CR journey. The next step is grouping employees into clusters as homogeneous as possible to understand the different ways needed for approaching them about the company’s CR goals.

The concept of advocacy within organizations builds on employees’ motivation to address, for example, social welfare problems, extra-role behaviour and social influence processes (London, 2010). High levels of advocacy characterize social entrepreneurs (Waddock, 2009).

Engagement, strongly recognized by employers as important, is more than satisfaction at work. The concept of a psychological contract is the basis of employees’ engagement, emphasizing the need for organizations to win employees’ hearts and minds (Guest and Conway, 2004). A narrow conceptualization of engagement measures factors such as employee commitment and organizational citizenship and the concept of full engagement adds the aspect of positive psychological well-being, which focuses on the benefits that engagement delivers for employees (Robertson and Cooper, 2010).

Our proposal is to segment employees on these two criteria:

1. Degree of employee advocacy understood as social and environmental active support
2. Level of full engagement considering commitment, organizational citizenship behaviour and well-being

This gives a four quadrant matrix where each employee can be rated as low or high advocacy, and low or high engagement.

- Cluster A – We denominate as “Exemplars” employees who are highly engaged and have a strong understanding of the organization’s CR goals and what it stands for.
- Cluster B – We give the name “Gatekeepers” to employees who are emotionally disengaged but have a high level of active support for CR concerns.
- Cluster C – We give the name “Triers” to employees who are engaged whilst having a relatively weak understanding of the CR goals.
- Cluster D – We give the name “Blockers” to employees who are emotionally disengaged and not motivated to address CR issues.

See Figure 3 for a visual representation of this.
How does one practically approach these segments and determine who is in each one? Questionnaires, surveys, workshops and interviews with a cross-section of managers, staff and employees as a whole will provide the required information to appreciate the differences and to help design specific ways of motivating targeted segments toward CR consciousness. At this point it is important to remark that Information obtained from internal clients must be already used for segmentation purposes. The fact is that traditionally there is a lack of internal market research in companies and, when existing, Human Resources, Marketing Department, or both can be overly secretive. In our opinion, that must change.

We recommend the development of an internal survey (ad-hoc) to identify internal customer levels of advocacy and engagement. By guaranteeing the anonymous treatment of information, by publishing general results, and by keeping trends over time, a company could see how well it has been progressing in achieving its critical CR goals.

Internal surveys are effective only if actions are taken. As internal positioning is segment-specific, it involves providing an appropriate mix of differentiated benefits, different communication approaches and different means of reaching each specific employee cluster in order to motivate it to achieve effective implementation of CR strategy.

- Retaining “Exemplars” and increasing their number is the challenge. New employees such as Gen Y employees have the possibility to become “Exemplars” if a responsible organization engages with them and supports their ideas and suggestions - enhancing their desire to change the status quo.
- “Gatekeepers” have low engagement but have high levels of advocacy. The challenge is to show these employees that they gain from the relationship with the organization. Engagement improves when these employees feel they are working in a responsible company that gives them more than a salary, when they realize that the organization supports or represents their social motivations.

- “Triers” represent a situation where the level of advocacy is low, although there is a high level of engagement. They could be Gen X or even older workers with high levels of human and social capital but not very interested in sustainability. Managing human capital is the answer and reverse mentoring might help to use knowledge management to transfer any kind of knowledge in this multigenerational workforce.

- “Blockers” demonstrate that employees whose engagement and advocacy levels are low and this is the worst situation for all. Recruitment could have mistakenly matched incompatible employee-employer and consequently retention will be difficult to maintain.

A checklist for diagnosing IM orientation

Market orientation has been defined as “the organization-wide generation of market intelligence, or information on customers’ current and future needs, dissemination of that information across departments, and organization-wide responsiveness to it” (Kohli and Jaworski, 1999).

Internal Marketing Orientation (IMO) has been considered the philosophical base of IM (Gounaris, 2006). It refers to the company’s orientation regarding its employees and is considered to be a demonstration of management’s commitment towards them (Gournaris, 2008).

IMO has been positioned as one of the major determinants of increased external market orientation (Piercy, 1995) and business performance (Heskett et al., 1994) and has been defined as a tri-dimensional construct, following the original market orientation conceptualization (Kohli and Jaworski, 1990; Narver and Slater, 1990): (i) generation of labour market information and information related to current employees’ needs and wants; (ii) dissemination or diffusion of that information across all organizational levels; and (iii) responsiveness to internal market intelligence. This three-component view makes it possible to diagnose an organization’s level of IMO and to detect specific deficiencies to be corrected. The dimensions of the IMO measure shown in Table 1 have been largely derived from Lings and Greenley (2005) and Gounaris (2006). This IMO dimensions deployment can be used as a checklist in order to assess the IMO level in any company. Managers interested in knowing how oriented they are to their internal market can ask themselves about any statement on the scale anchored 1 = ‘completely disagree’ to 5 = ‘completely agree’.
### Table 1: IMO Dimensions

<table>
<thead>
<tr>
<th>INTERNAL INFORMATION GENERATION</th>
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<tbody>
<tr>
<td><strong>Aware of labor market conditions</strong></td>
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<tr>
<td>We are informed about legal developments in the labour market.</td>
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<tr>
<td>We are aware of unemployment rates in our sector.</td>
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<tr>
<td>We are informed about attractive employment opportunities in the labour market for our employees.</td>
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<tr>
<td>We regularly analyse the working conditions of employees working for the competition.</td>
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<tr>
<td><strong>Identification of exchanges of value</strong></td>
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<tr>
<td>We emphasize the understanding of all employee needs.</td>
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<tr>
<td>We seek to find out what competitors do to keep their employees satisfied.</td>
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<tr>
<td>We are committed to offering to our employees a good place to work.</td>
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<tr>
<td><strong>Informal information generation</strong></td>
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<tr>
<td>We try to create opportunities to know employees’ expectations in the organization.</td>
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<tr>
<td>In this organization, employees have a formal way of freely expressing their opinions (for instance, discussion forums, suggestion boxes, informal meetings, etc.).</td>
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<tr>
<td><strong>Formal information generation face-to-face</strong></td>
</tr>
<tr>
<td>We meet employees to know their professional expectations.</td>
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<tr>
<td><strong>Formal written information</strong></td>
</tr>
<tr>
<td>At least once a year, we run employee inquiries related to their needs and desires in the organization.</td>
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<tr>
<td>Periodically, we run labour climate inquiries.</td>
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<tr>
<th>DISSEMINATION OF INTERNAL INFORMATION</th>
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<tr>
<td><strong>Communication between managers about wants and needs of employees</strong></td>
</tr>
<tr>
<td>Managers meet regularly to discuss employees´ problems.</td>
</tr>
<tr>
<td>If an employee in this company is faced with a serious problem, all managers will be come aware.</td>
</tr>
<tr>
<td><strong>Communication between managers and employees</strong></td>
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<tr>
<td>We often speak with employees to get to know their work.</td>
</tr>
<tr>
<td>Periodically, we evaluate employee performance and discuss employee interests.</td>
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<tr>
<td><strong>‘Internal selling’ actions</strong></td>
</tr>
<tr>
<td>We place considerable emphasis on our corporate image.</td>
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<tr>
<td>We are aware of the importance of selling our corporate strategies internally.</td>
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<th>RESPONSIVENESS</th>
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<tr>
<td><strong>Internal market segmentation</strong></td>
</tr>
<tr>
<td>Employees are identified in groups based on their characteristics and individual needs.</td>
</tr>
<tr>
<td>Before any policy change, individual employee characteristics are taken into account.</td>
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</tbody>
</table>
**Job description**
Job descriptions allow employees to satisfy their needs and personal objectives. We verify that tasks are assigned to those best able to accomplish them. Task assigned to employees help them to develop their professional career.

**Reward System**
Excellent employees are rewarded for their effort. The reward system and annual increases are related to individual employee competencies and performance.

**Management concern**
Having satisfied employees is as important as having satisfied clients. Our employee contractual system reinforces retention.

**Training, formation and development**
Knowledge and employee skills development constitute a continuous process in our organization. We set aside adequate resources to train our employees. Our training and development programme is related to individual employee needs.

**Target internal segments**
Human resources policies are adapted to individual employee characteristics. Before any decision is taken, we evaluate the impact on internal segments.

*Source: Sánchez-Hemández (2007)*

*Based on the premise that companies with high levels of IMO should have better implementation of IM plans for CR employee engagement,* we highlight the following aspects:

- Regarding internal information generation, we recommend the development of an internal survey instrument to classify employees as *apples, berries, carrots or berries*, as was explained before. Internal surveys are used to identify employees’ needs and to observe trends and improvements over time. They are especially relevant in large companies where it is difficult to have daily contact with all employees. An internal survey instrument to discover employees’ levels of engagement and advocacy is a method for listening to the voice of employees acting as a diagnostic and motivational tool to improve the CR performance of a firm.

- For internal information dissemination we recommend clear messages to employees about CR, absence of ambiguity and a real leadership commitment to CR. A strong correlation is needed between what leaders do and what they ‘sell’ because the perceived CR can be good for boosting employees’ citizenship behaviour (Lin *et al.* 2010) – employees’ perceptions about their employer’s ethics play a significant role in developing individual social behaviours (Greening and Turban, 2000).

* - As an old saying goes, example is better than precept -
7. Discussion and Conclusions

Today, CR strategies should work towards rewarding business, society and the environment – these benefits should be mutually inclusive. Wal Mart’s strategy - building networks of employees, non-profits, government agencies, and suppliers to decrease its environmental footprint - is a good example of responsible behaviour by increasing profitability and mitigating/reducing its environmental impact (Plambeck and Denend, 2008).

The case for incorporating social and environmental issues into corporate strategy is overwhelming. Done well it can create opportunities that companies benefit from (Bonini et al. 2006). To win in the social capital market, organizations must transcend the traditional way of thinking where just ‘not doing bad’ (compliance) is enough, or just doing good (as philanthropy) is good enough. Stakeholders in the social capital market have a much higher set of expectations from business, looking for organizations to proactively solve social problems in a way that meets its responsibilities to the organization’s owners (Saul, 2010). This requires innovative approaches to doing business, one where it is critical that an organization’s employees are involved and have the right skills. In our opinion, embedding CR into employees mindset and actions through IM is a first step in developing this innovative approach to sustainability.

Fostering CR through IM

Strong and committed top management support and an integrated effort for inter-functional co-ordination are critical factors for CR performance. A point of interest that needs to be highlighted is that engaging employees regarding the CR journey is not solely the responsibility of the Human Resources or the Marketing or the CR departments in isolation.

A critical issue for many organizations is the extent to which the different functional areas are integrated and are capable of coordinating their efforts in order to reach organizational goals. To accomplish the CR agenda, we recommend using cross-functional teams in the development and running of an IM programme for this purpose.

An IM Plan, supported by an already-established internal market orientation, can help to enhance the process by which the CR strategy is internalized within the organization. Figure 4 below gives an example of the general framework that can be developed.

In the context of CR strategy implementation, some management implications arise when an organisation is oriented to the internal market and understands the relevance of IM programs.

- First, managers can influence the behaviour of their employees, making them more motivated and committed to recognizing the significance of participating in a responsible organization. Such an approach needs to understand that CR should start with employees. As the employee base is made up of many, many individuals, identifying the nature of employees’ needs and wants and how these needs can be satisfied by the organization through the development of human resources policies, is a big challenge.
Asking employees how they feel they are being treated and what is the work reality that they are living in could be the starting point for building an appropriate culture for CR.

- Second, IM can be used by managers to create and disseminate CR values throughout the organization. Managers must be an example for employees and must enhance internal communications to encourage a culture of corporate citizenship behaviour whilst also ensuring job satisfaction and retention.

- Third, in order to ensure successful implementation of IM plans for CR purposes, it is recommended that the relevant CR (or Internal Communication or HR) managers are trained in IM tools such as internal market research and segmentation, internal communications or internal selling actions.

- Fourth, within the human resources function, engaging employees in volunteering programs and becoming an employer of choice could help the organisation make progress to its broader CR goals.

- Fifth, in order to get the right balance between community or environmental involvement and helping the company to improve its overall social and environmental impacts through its core business activities, managers might create opportunities for employees to either become a member of the CR/sustainability team or get visually involved from their own department.

**Figure 4: IMO into Action**

Source: Own
This study suggests that IM can help managers to discover and take profit from the social and environmental potential of employees, helping the CR team to integrate employees interest and skills into the overall CR efforts. Figure 5 shows the different possibilities of how employees can get involved, using two variables - employee social and environmental capabilities, and desire to take action. The final option of course being that any employee can be the Chief Sustainability Officer if they show the right desire, skills and capabilities!

**Figure 5: Stages to become a Chief Sustainability Officer**

A third dimension of this journey could be considered, moderating the role of employees in CR involvement – we call this dimension as ‘Employee circumstances, conditions or facts’. This means that – independently of the skills of a determined employee, any manager support they may have, and their potential to become a chief sustainability officer – the degree of engagement in social and environmental issues will be conditioned by their professional and personal circumstances, which affect their outlook, ambitions, importance they place on work in their life, and access to opportunities. Examples include (professionally) job mobility requirements, contract terms, or locations, or personal circumstances they are undergoing in their life outside of work, such as a change in outlook due to marriage or new babies, or suffering a loss such as death or divorce.

The framework developed in this study shows a promising area in which to focus empirical evidences and further conceptual research efforts. Hence, the next step for this research is to collect empirical research in the positive tradition of hypothesis testing, using data from a variety of organizations to demonstrate the relationship between IMO and IM programs and success in engaging employees in CR goals. While this task is left for future research, we believe that this paper has made a contribution to how and where this future research could start.

**Source:** Own


