ENHANCING STRATEGIC VALUE:

Becoming a Company of Choice

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Becoming a Company of Choice

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BOSTON COLLEGE CENTER FOR CORPORATE COMMUNITY RELATIONS Carroll School of Management

The Center for Work & Family BOSTON COLLEGE CARROLL SCHOOL OF MANAGEMENT

WORK-FAMILY POLICY PAPER SERIES

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WHO SHOULD READ THIS PAPER:

- Corporate decision makers with responsibilities for the strategic directions of the firm
- Work/life practitioners
- Corporate community relations practitioners

WHAT THE PAPER PROVIDES:

- Highlights of the Employer of Choice strategy
- Highlights of the Neighbor of ChoiceSM strategy
- A framework to analyze options for linking the Employer of Choice strategy with the Neighbor of Choice strategy

HOW YOU CAN USE THIS PAPER:

- Assess your company's progress in the work/life arena as one component of its commitment to being an Employer of Choice
- Assess your company's progress in the corporate community relations arena as an indicator of its commitment to being a Neighbor of ChoiceSM
- Consider the possibilities of linking your company's work/life strategy with its corporate community relations strategy

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I. INTRODUCTION

Profound changes have confronted businesses during the past two decades. These changes have prompted corporate decision makers to reexamine some of their most basic management strategies and reassess their relationships with different stakeholder groups that ultimately determine business success.

It has become clear to many leading edge companies that the profitability and viability of their businesses in the new century will depend on their abilities to gain the confidence, support and trust of all primary stakeholder groups. It is also apparent that successful companies of tomorrow will think strategically about stakeholder groups which include but extend beyond investors. Shifts in the business environment are urging employers to develop new perspectives about two particular business partner groups: (1) employees and their families, and (2) communities.

If our efforts to reinvent stakeholder relationships are going to be successful, we must be willing to boldly challenge some of our fundamental assumptions about strategic relationships. We need to seriously consider questions such as: Who are the company's important stakeholders? How do they affect our success?

The assessment of companies' relationships with employees/families and communities has led a number of forward thinking corporations to champion two key strategies: becoming an employer of choice and becoming a neighbor of choice.¹

- As an **employer of choice**, the corporation seeks to attract, engage, and retain employees who create its intellectual capital. Work-family policies and programs have become one of the cornerstone characteristics of being an employer of choice.
- As a neighbor of choice, the corporation acknowledges its interdependence with communities and its interests in preserving social capital as a foundation for achieving successful business outcomes. Corporate investments in partnerships of trust are viewed as important business strategies that enable companies to contribute to strong and healthy social environments.

Despite the fact that the benefits of responding to employees/families and communities have been recognized by an increasing number of workplaces, some employers feel that they are marching into uncharted territory when they attempt to integrate family and community stakeholders into business strategies. Traditionally, the boundaries between corporate life and home and community life have been clearly drawn. This paper helps to map out this new frontier.

I. Introduction

¹ Although the term work/life has been adopted by many practitioners, this paper uses the term work-family to emphasize one of the goals of this paper: identifying strategies to strengthen the relationships between the corporation and employees and their families.

- Section II discusses the strategic relevance of today's family and community realities for corporations.
- Section III focuses on the development of work-family initiatives as being important to the pursuit of a strong employer of choice strategy. The Principles of Excellence, developed by members of the Boston College Work & Family Roundtable, are highlighted.
- Section IV offers an overview of the neighbor of choice strategy. The Standards of Excellence, developed by the Boston College Center for Corporate Community Relations, are presented.
- The relationships between the internal and external worlds of the corporation are explored in Section V. A new conceptual framework linking business priorities to both employee and family needs as well as to community concerns is provided.

The business strategies outlined in this paper have the potential to significantly impact business goals, objectives and priorities. The framework which we present directly links business success to employee/family and community well-being. It is this linkage that can offer a new competitive edge for conducting business in a global society.

We strongly advocate that corporations discard old paradigms which have conceptualized employees/families and communities as being completely separate from and basically peripheral to business goals. As we look forward into the 21st century, it seems apparent that companies of choice will develop business strategies for maintaining strong and vibrant relationships with the employee/family and community stakeholder groups.

II. BREAKING THE TRADITIONAL STAKEHOLDER MOLD

It has become almost trite to discuss the changes that have occurred during the past few decades – changes which have literally transformed how we work, how we create and sustain families, and how we connect with communities. Despite how "commonplace" the discourse about change has become, it is still essential that we take stock of these discontinuities because they are the roots of upheavals yet to come.

In this chapter, we highlight the implications of changes that have transformed the business environment and then discuss how they can affect companies' relationships with four of the principal business stakeholder groups: investors, customers, employees, and communities. As businesses have tried to understand the new demands made by the turbulent business environment, they have paid increasing attention to these stakeholder groups because they are critical to business success. Business leaders are recognizing the strategic importance of questions such as:

- Who are today's business stakeholders?
- How do the interests of the company and stakeholder groups affect one another?
- What can corporations do to create and maintain positive relationships with members of key stakeholder groups?

Shifts in the Workplace, Family and Community Reframe Corporate Stakeholder Relations

It has been widely observed that workplaces, families, and communities have been radically reshaped during the past two decades – in form and function, in custom and habits, and in values and relationships. In fact, the traditional worlds of work, family and community that existed during the middle years of the twentieth century are barely recognizable today, and the undercurrent of social change has created considerable instability in its wake. There has been much speculation that the impact of these changes will continue to reverberate throughout society for some time to come.

The upheavals in three of our most fundamental institutions – workplaces, families, and communities – may be the defining experiences of our generation.

Changes at the Workplace - Business leaders are well aware that change at the workplace has been dramatic, pervasive, and persistent. Conventional conceptualizations of key business activities and corporate life have become outmoded and practically irrelevant as companies scramble to operate in a global economy, face technological developments, and move forward at warp speed in an effort to remain competitive (see Judy and D'Amico, 1997: 51).

A stakeholder is a group or individual who can affect or is affected by the achievement of a firm's objectives. (Freeman, 1984: 25)

A GLIMPSE OF WORKPLACE CHANGES

- Nearly 40% of all Fortune 500 companies disappeared through mergers and acquisitions in the 1980s (Mirvis, 1993: 12).
- The number of contingent workers in the Help Supply Services industry increased threefold from 1982 to 1996 (Bureau of Labor Statistics, Current Employment Statistics Survey, July 17, 1997).

These changes affect who is doing work, how it is being executed, and where it is being conducted. Increased corporate dependence on natural and human resources has suddenly placed environmental concerns, educational challenges, and family issues on top of the corporate agenda (Kanter, 1997: 116).

Changes in Our Families - Concerns about family well-being have been raised by both the political left and right. The changes which have reshaped American family life have included increases in alternative family structures such as blended/step families, the emergence of alternative approaches to the care of dependent children and elders, and the seeming disappearance of family rituals such as regularly shared meals.

The increased participation of women in the labor force signaled a far reaching social and cultural revolution that drastically redefined values, family roles, and the daily experiences of family members. Once increasing proportions of women with young children began to enter the workforce during the early 1970s, the traditional boundaries between home and work markedly changed.

The changes in family life have also had direct ramifications for America's workplaces, since today's employees often assume dual work and family roles that make complex demands on them. This shift has created new expectations for corporate responsibilities, such as assistance with child care and the care of elderly parents.

A GLIMPSE OF CHANGES IN OUR FAMILIES

- In 1994, 64% of mothers with children under age 18 were in the workforce an increase of 11% from 1980 (Bureau of Labor Statistics, Current Population Surveys from 1980, 1990 and 1994).
- During the past 20 years, the amount of time which working mothers spend with their children has remained fairly constant, but working fathers have increased the time which they spend with their children. Since 1997, the average amount of time which working fathers spend with their children on work days increased 30 minutes per day to 2.3 hours per day. Working mothers typically spend 3.2 hours on work days with their children (Bond et al., 1997).

II. Breaking the Traditional Stakeholder Mold

"As a figure of speech, 'stakeholder' clearly appeals to those who seek to provide a broader and more inclusive vision of the role and purpose of the corporation in society than that of the advocates of 'shareholder' primacy." (Clarkson, 1998: 4) *Changes in Our Communities* - Across America, there is a shared feeling that today's communities are but "distant cousins" of the neighborhoods of yesteryear. The informal structures that once characterized life in American cities and towns seem to have almost disappeared, in part because most adults are now primarily rooted in the workplace. A number of social commentators have remarked that many of today's adults are actively searching for opportunities to become part of meaningful communities. As a consequence, "communities of work" may be replacing "home-based communities" (Poarch, 1998).

There are indications that civil society – the glue that can build social cohesion within communities – has become fragmented. In fact, many of the measures of the quality of community life (e.g., successful schools, active local governments, trust in neighborhood safety, citizen participation in community activities, etc.) have signaled a deterioration of community well-being over the past few decades.

A GLIMPSE OF CHANGES IN OUR COMMUNITIES

- Since 1965, citizens' time spent in memberships in clubs and organizations has decreased by almost 50%.
- Between 1973 and 1993 there was a 36% decrease in measures of collective political participation, including attending a rally or speech.
- Participation in conventional voluntary associations (e.g. PTA, the Elks club, the League of Women Voters) has declined by 25-50% over the last two to three decades (Putnam, 1996: 35).

The transformation of community life has, in turn, profoundly affected business practices because:

- (1) Communities (in their many different forms) are important to the business environment.
- (2) The availability of community supports, programs, and services affects the extent to which employees come to the workplace "ready to work."
- (3) Community supports, programs and services have a direct impact on the well-being of today's children and, consequently, affect the preparedness of the future workforce.
- (4) Changes in community life have had an impact on the relationships between communities and businesses. In many situations, new rules have emerged which govern these relationships and which have affected the extent to which communities are willing to extend to companies a "license to operate" (both literally and figuratively).

The sustainability of different types of community resources (e.g., economic, social, cultural, environmental, etc.) is related to corporate profitability and longevity. Indeed, there is growing awareness about the interdependence of community health and business outcomes.

Changes: Prompting a Corporate Re-Examination of Stakeholder Relationships

In order to survive and thrive in today's highly competitive global environment, corporate leaders have needed to develop innovative strategies to manage their relationships with multiple stakeholders. Figure 1 depicts the relationships between businesses and four critical stakeholder groups: investors, customers, employees/families and communities.





Organizational studies have documented how changes in the business environment can have a powerful impact on corporate relationships with key stakeholder groups. The quality movement offers a vivid example. The success of Japanese management techniques encouraged large numbers of companies to embrace the quality strategy. With an emphasis on the importance of reducing "errors" in business processes, the quality approach required the institutionalization of flexible business practices capable of producing tailor-made goods and services (Csoka, 1995: 11). The concept of "quality" was particularly appealing because the business practices associated with this approach have the potential to decrease costs and improve employee morale. The quality movement motivated American businesses to adopt a new customer orientation that reframed business priorities to reflect the customers' desire for product quality. Loyalty to the customer supplanted loyalty to the company as a means to ensure growth and survival (Eskildson, 1995).

Time and time again, businesses have re-prioritized their relationships with particular stakeholder groups in response to changes that have occurred either at the workplace, with employees and their families, or within neighborhoods and communities. For instance:

- The tight labor markets that emerged in the 1990s have augmented the importance of enhanced relationships with current and potential employees.
- The need to leverage technological advances has motivated many companies to create business-school partnerships (important corporate-community relationships) focused on educational reform.
- New family roles, such as the increased involvement of working adults in the care of dependent elders, have reshaped some dimensions of the relationships between companies, employees and their families.
- Social movements emphasizing ecological conservation and corporate social responsibility have altered companies' relationships with investors, customers, employees, and community groups.

UNUM Corporation's commitment to systemic educational reform was recently documented in a case study prepared by two Boston College researchers, "Looking Within to Build Coalitions for Education Reform: The UNUM Corporation's Experience." Highlights of this case study follow.

UNUM Corporation: Education Reform

UNUM Corporation is an insurance firm headquartered in Portland, Maine. UNUM has provided notable leadership in the area of school/business partnerships. One of UNUM's first steps was to introduce a school-release policy. UNUM employees may take paid time off during the day for conferences with teachers, field trips, or simply joining their children in the classroom.

The school release policy contributed to UNUM's reputation for commitment to education, earning it credibility for bringing together multiple stakeholders interested in systemic action. Maine had experienced many of the national problems which were documented in the 1983 seminal report about educational needs, *A Nation at Risk.* UNUM CEO, James Orr, took the lead in fostering a major shift in the state's educational policy.

UNUM addressed its educational initiatives in the same way it would launch new insurance products, and approach education reform as a business objective. The company discovered that effective reform would have to be driven by the stakeholders: parents, educators, and public-policy makers. UNUM brought the stakeholder groups together for a symposium in 1990 and provided leadership for building consensus about the need for systemic education reform in Maine.

The coalition created by UNUM codified standards for school and pupil performance, which were adopted by the Maine legislature in late 1997. CEO Orr introduced further initiatives at UNUM to support the reform program, including requiring proof of adequate academic performance by new hires.

UNUM has set a standard for continuous improvement in Maine's schools.

Although some companies have long recognized employees/families and communities as corporate stakeholders, the emphasis on these two stakeholder groups has recently been heightened, in part due to shifts in the business environment. These changes have forced companies to consider the strategic dimensions of their relationships with employees and communities so that the firms can access new forms of capital (human, social, and reputational) that significantly affect corporate profitability and viability.

- The advent of the information age has increased corporations' need to invest in their human capital. Human capital refers to the capabilities of an organization's employees (Saint-Onge, 1996: 10). The clear connection between human capital and business performance convinced many decision makers to reassess key aspects of their strategic relationships with employees.
- (2) The need to increase social capital has motivated some business leaders to reconsider the importance of their strategic relationships with communities. Social capital refers

to the assets associated with positive relationships, norms, and trust which facilitate the formation of partnerships and promote shared action that is beyond the capacity of any one organization (Putnam, 1996: 34). Connections or partnerships are flexible assets that help to open doors to new opportunities in today's competitive market.

(3) Human and social capital both have the potential to increase a company's reputational capital. Reputational capital is the knowledge that people have about the persistent character of a company, demonstrated both in its "words" and its actions. Reputational capital is a form of intangible wealth that allows a corporation to charge premium prices, achieve lower marketing costs and benefit from greater freedom in decision making (Frombrun, 1996: 11). Being able to cultivate a good name in the marketplace is a resource that can contribute to the bottom line, much like cash flow and other conventional assets.

Changes in fundamental social structures have cast work-family and community issues in a new light and have motivated corporations to refocus their attention to employee/family and community stakeholder groups. During the past two decades, companies have found that they may risk losing a competitive edge unless they can respond to the needs of these two critical stakeholder groups.

A New Look at Employees/Families - The re-focus on employees has prompted changes in the conventional conceptualizations of the employer-employee relationship. In an attempt to attract, engage, and retain human capital, corporations have begun to pay attention not only to employees but also to employees' families. Increasingly, companies are offering services and benefits to family members of employees. For instance, employees' families may be allowed access to wellness programs and fitness facilities that were previously available to employees only. Similarly, flexible benefits (e.g., health care coverage for same sex partners or for extended families such as "grandparent families") have been introduced by some companies as a way to respond to diverse family structures.

A New Look at Communities - The term community is no longer restricted to the immediate geographic neighborhood, but now includes different types of communities and networks of affiliation. Business operations can be influenced by as many as six different communities:

- 1. The site community is the city or town in which the company is located.
- 2. The **employee community** is the geographic area where a majority of company employees live.
- 3. The fenceline community is the company's immediate neighbors.
- 4. The **impact community** is the area which lies outside the site and employee communities but is still affected by and concerned about the company's operations (e.g., communities affected by the move of a worksite into or out of a community, etc.).
- 5. The **functional community** is composed of people and organized groups sharing common interests and needs.

II. Breaking the Traditional Stakeholder Mold

"...how well an individual, an organization, an industry, a country, does in acquiring and applying knowledge will become the key competitive factor." (Drucker, 1994: 67) 6. The cyber community is the result of relationships created through computer networks (Burke, 1995a: 4).

Corporate need for human capital, social capital and reputational capital have spawned innovative perspectives about strategic relationships with stakeholder groups. Work-family initiatives and community relations strategies have become important tools for minimizing unwanted turnover, promoting respectful relationships, and strengthening corporate reputation. Poorly managed, relationships with these stakeholder groups can threaten the achievement of corporate goals.

Becoming a Company of Choice

Companies which are consistently "chosen" by investors, customers, employees, and communities have achieved a high mark of excellence. However, it is clear that most companies find it difficult to develop and implement thoughtful strategies that promote dynamic relationships between the company and each of the four principal stakeholder groups.

Once "chosen," companies usually discover that the stakeholder groups begin to articulate different sets of expectations for corporate roles. It is a challenge to respond to these expectations (which may change unexpectedly over time) because becoming a company of choice requires more than creating new programs or organizing a new department. The company of choice orientation demands that firms consider the impact that all business decisions may have on each of the principal stakeholder groups.

If they are to be effective, company of choice strategies must be able to:

- (1) fulfill the promise of solidifying mutually beneficial relationships between the corporation and its stakeholder groups; and
- (2) support the investment which the company and its stakeholder groups have in these relationships.

The salient goals and objectives of business strategies designed to respond to each of the four principal stakeholder groups are presented in the following table.

TABLE 1

<u>Stakeholder</u> <u>Group</u>	Firm Strategy	<u>Goal</u>	<u>Objective</u>	<u>Priorities</u>
Investors/ Shareholders	To become an "Investment of Choice"	To increase firm income and expand <i>financial capital</i>	To attract investors who provide capital	To increase shareholder wealth
Customers	To become a "Provider/ Supplier of Choice"	To increase <i>transactional</i> <i>capital</i> by expanding the circle of loyal customers	To encourage customers to purchase goods and services	To maintain high customer satisfaction
Employees	To become an "Employer of Choice"	To strengthen the company's <i>intellectual</i> <i>capital</i> by attracting and retaining competent employees and by engaging them in meaningful work	To increase employee contributions to the work and augment the level of productivity	To strengthen employee performance and commitment to the job and to the company by developing policies, programs, practices, and workplace values that respond to employees' career/ family/personal priorities
Communities	To become a "Neighbor of Choice"	To strengthen the firm's <i>social capital</i> which gives it license to operate in the business environment	To effectively manage and enhance the relationships between the company and its communities	To maintain and expand the firm's reputation as a community partner which invests tangible and intangible resources in the community

Strategic Relationships with Stakeholder Groups

As the importance of employees/families and communities has become more apparent to businesses during recent years, corporate leaders have acknowledged the urgency of reestablishing relationships with the members of these groups (see Gilbert, 1992: 115; Somaya, 1996: 32). Many leading-edge companies have focused on two strategies: becoming an employer of choice and becoming a neighbor of choice.

Becoming an Employer of Choice - As an employer of choice, the corporation seeks to: (1) attract the "best" employees, (2) engage employees' talents, skills, and experiences, and (3) retain valued people. Employers may attempt to become an employer of choice with strategies such as offering competitive compensation and benefits, providing challenging work assignments, creating a supportive work environment, and developing innovative opportunities

for career development. Work-family initiatives that help companies to become "family-friendly" workplaces are recognized as being one set of key indicators of being an employer of choice. Companies which are responsive to work-family issues attempt to help employees meet their work responsibilities, respond to family needs and priorities, and pursue opportunities for personal fulfillment.

Becoming a Neighbor of Choice - As a neighbor of choice, the corporation acknowledges the interdependence of its profitability and community well-being. A neighbor of choice recognizes that preserving social capital is a foundation for achieving business success. Corporations that strive to become a neighbor of choice view their investments in community relationships as important business strategies. Furthermore, being a neighbor of choice can enable companies to exercise their citizenship and contribute to strong and healthy social environments.

A Mark of Excellence - The employer of choice and neighbor of choice strategies each have the capacity to expand reputational capital with more than a single stakeholder group. For instance, a company which offers flexible benefits to its employees may find that it is favorably viewed by members of its community stakeholder groups (some of whom might also be employees, customers and/or investors). Similarly, a company which encourages employees to participate in community volunteer work may gain reputational capital in the eyes of the community, socially conscious investors and customers, as well as its employees.

Leveraging Strategic Stakeholder Relationships

Having a strategic plan for building stakeholder relationships has become a hallmark of successful business organizations. For most corporations, redefined relationships with employees/families and communities require that the company considers adopting new roles and grappling with new sets of expectations.

The development of an effective strategic plan for building relationships with the members of stakeholder groups can be particularly challenging. One difficulty is the reconciliation of the fact that stakeholder groups are often inter-connected. For instance, it is not uncommon that employees are also members of one or more different stakeholder groups – an employee may also be a customer, a shareholder, and a member of a community group which is impacted by business activities.

As a consequence of this interconnection, the strategies designed to address the concerns of one stakeholder group often affect the members of another stakeholder group. It is interesting to note for example, that surveys conducted by advertising and marketing firms have found that consumers are influenced by a company's community reputation (Burke, 1997: 37). The results of some studies also suggest that cause-related marketing (commercial activities which link a corporation with a 'cause' by establishing a relationship with an image, product, or service) - increases customer loyalty and enhances corporate reputation in the community (Business in the Community, 1996: 1).



Figure 2: The Web of Stakeholder Group Relationships

The importance of considering the interrelationships among different stakeholder groups is reinforced by the presence of stakeholder statutes which have been established in states across the nation. Approximately half of the 50 states have established statutes which permit (and in Connecticut, require) boards of directors to consider the interests of groups *other than* the corporation and its stockholders in performing their duties. These statutes reinforce the importance of businesses considering the interests of employees, suppliers, creditors, customers, and local communities. In an effort to diminish the possibility of hostile take-overs, the statutes gave boards of directors new reasons to reject takeover bids that may have otherwise been attractive to stockholders. Statutory language frequently authorizes directors to consider generalized factors such as national and local economics, societal considerations as well as other topics thought to be pertinent by corporate directors (Hanks, 1996: 6). Since the wave of hostile takeovers slowed in the late 1980s, attention to the stakeholder statutes has lessened. However, during the past couple of years companies have confronted a new wave of takeover bids, and business leaders have become re-engaged in questions about "what" responsibilities the corporation has to "whom." There are indications that stakeholder statutes will once again provide a framework for strategic decision making.

Some leading companies – those on their way to becoming companies of choice – have recognized that they can strengthen their relationships with different stakeholder groups if the strategies are thoughtfully linked. In particular, these corporations are thoughtfully considering the interplay between employees' lives at home and at work, community vitality and companies' profitability, employees' work-related competencies and leisure pursuits, and the well-being of families and corporate productivity (see Frombrun, 1996: 69). Additional progress toward business objectives can be made by linking the "Employer of Choice" and "Neighbor of Choice" strategies. If a synergy between these strategies can be realized, companies can develop partnerships with these stakeholders that maximize the potential for being successful business enterprises.

BankBoston is one company which has started to address the strategic relationships between its internal and external stakeholders: employees/families and communities. The following mini case study illustrates this company's investment in these two stakeholder groups.

BankBoston: Linking Employee and Community Strategies

BankBoston has actively sought opportunities to link business strategies designed to respond to two of its stakeholder groups: employees and communities. In fact, the bank has demonstrated that communities can derive benefits from strategies originally developed for employees.

In 1996, Bank of Boston merged with Baybank. Needing to respond to pressures for cost-cutting, the new bank had to confront the challenges associated with extensive downsizing. Recognizing the difficulties that would be faced by employees affected by the lay-offs, BankBoston established a transition assistance program (TAP). This program was designed by the human resources department with assistance from the community relations department. The involvement of the community relations staff was critical, making it possible during the planning phases of TAP for the bank to continue to focus attention on its commitment to community programs such as its work with the Boston public schools, support for City Year (a very successful youth community service program), and sponsorship of the AIDS pledge walk.

Through TAP, BankBoston offered employees affected by the downsizing a creative package of benefits which went beyond severance. TAP was developed to help employees find new careers by offering options such as:

- tuition assistance;
- intern opportunities working for a non-competitor where BankBoston paid the first three month's salary; and
- a community service stipend where BankBoston paid the employee for community service at a not-for-profit for up to six months, twenty hours a week at ten dollars an hour.

TAP was developed as a new business strategy which responded to the changes in the business environment. Amidst the demands of restructuring, the priorities of each of BankBoston's critical stakeholders – employees, shareholders, customers and community members – were considered.

Employee feedback about TAP was positive. The company reports that its reputation among employees, customers, shareholders, and community residents was enhanced because the bank was perceived as being an organization which handled a difficult situation with sensitivity.

BankBoston has continued to weave its values relevant to each stakeholder group into the fabric of its culture. Topics such as employee satisfaction and customer expectations are discussed both in and out of the board room. For instance, senior managers from the bank are on boards of not-for-profit organizations in the community, the CEO of the bank is the Chairman of a community not-for-profit, and the CEO of a large work-family consulting firm is on the bank's board of directors.

Bank managers report that the dual emphasis on external and internal customers has allowed the employer to capture some of the employees' discretionary energy. In addition, by concentrating efforts on programs which contribute to the community and increase employees' abilities to reconcile work/family tensions, the bank has enhanced it reputation among employees, customers, shareholders, and community residents.

FOR THE CORPORATE READER

What stakeholder groups are explicitly recognized by your company? Are there other less visible stakeholder groups?

What strategies have been developed by your company to strengthen its relationships with these stakeholder groups?

To what extent does your company strive to be an employer of choice? A neighbor of choice? What are the key elements of these business strategies?

How do your investors, customers, and community groups view your company's employee policies and programs such as work-family initiatives? Does your company assess the impact of its work-family initiatives on these other stakeholder groups? Does your company assess the impact of its business practices (e.g., increased expectations for "just in time" product delivery, outsourcing, etc.) on employees' work-family experiences?

How do your investors, customers, employees, and employees' families view your company's community-oriented activities? Does your company assess the impact of its community activities on these other stakeholder groups? Does your company assess the impact of its business practices (e.g., manufacturing operations, opening and closing worksites, etc.) on different aspects of community life?

III. BECOMING AN EMPLOYER OF CHOICE: THE WORK-FAMILY APPROACH

Employer of Choice

The employer of choice strategy is primarily driven by companies' need to attract, engage and retain high quality employees. Employees, the company's internal stakeholder group, therefore become the focal point for the employer of choice strategy. Companies that have adopted the employer of choice strategy believe that the success of their business depends on the investments which the company makes in its employees. The value of the employer of choice strategy has been apparent for quite some time. In fact, in 1988, the Secretary of Labor offered the following advice to employers, "Business will simply have to get serious about investing in its workforce. The effort will not be born of altruism, but out of strenuous competition for employees, and the need to maintain a high level of productivity in increasingly tough markets." (Secretary of Labor, Ann McLaughlin, Remarks to the Carter Center, Consultation on Competitiveness, 4/25/88 in Johnston, 1988).

Recently, the employer of choice strategy has regained prominence as a result of the confluence of a two key emergent trends: (1) the increased premium placed on human capital as a critical factor for profitability; and (2) the shifting psychological contract between employers and employees.

Employer of Choice: A Path to Human Capital - In today's information era, most companies acknowledge that human capital is the most critical asset that they have. In contrast to the industrial era when machines were the principal asset, today the minds and capabilities of employees virtually determine company profitability.

During the recent economic boom, businesses have considered how to attract the "best and the brightest," how to encourage them to commit their talents and skills to the work which needs to get done, and how to retain them as long as their skills match key business tasks. Clearly, companies compete with one another to hire the most talented applicants in the labor pool and attempt to lure potential employees not only with salaries, but also with policies, programs and benefits which address specific work-family priorities. Although the presence of work-family policies alone may not be sufficient to position a company as an employer of choice, the absence of work-family initiatives raises serious questions concerning a company's commitment to being an employer of choice. It has become widely recognized that work-family policies, programs and practices help keep employees "connected" to the business and are, therefore, a worthwhile investment.

"Calculative commitment – pay and benefits – gets people to continue to show up for work. But without the attitudinal commitments of job fulfillment, growth opportunities, (and) recognition ... employees won't stay long."

(Thomas O. Davenport, Sr. Practitioner, Towers Perrin in Ettorre, 1997: 2)

The new employee priorities which have emerged during the past two decades include:

- feeling valued,
- having opportunities to make meaningful contributions to work tasks and activities,
- achieving a desired state of work/life balance, and
- attaining a sense of pride in the work being done (Dunn, 1993: 9).

The Changing Nature of the Employer/Employee Contract - Some companies have adopted the employer of choice strategy as one way to help them re-construct a new psychological contract with their employees. The framing of this new contract has been precipitated, in part, by the pervasive corporate redesign and restructuring that has made the old contract of "life long" employment obsolete (see Rose, 1996: 1-28). Given today's dynamic market, companies are unable to promise long term employment; furthermore, employees are learning that their own career advancement often requires that they move from company to company (Esty, 1990: 10).

In essence, the new employer/employee contract has substituted more challenging work and meaningful learning opportunities for employee security ("Work/Life Programs: Supporting a New Employer/Employee Deal," 1994: 3). As part of this "deal", employees have exchanged loyalty for their jobs and to their companies for an intense investment in their profession and their careers. These profound changes in the meaning of employment have altered some basic aspects of compensation and benefits. For instance, the now popular mobile pensions allow employees to leave a company without losing vested funds.

Key characteristics of the old and new employer/employee contract are compared in Table 2.

TABLE 2

The Psychological Contract- A Comparison of the Old and New Employer/Employee Relationships					
Old Contract	New Contract				
 Employment provided virtual lifetime job security. Employees were "fit" to work tasks needed by company. Employers offered a structure for career opportunities. Employers offered advancement within the company to employees' with good/ acceptable performance. Companies provided clear firm guidelines about the demands of particular job experiences, and expectations for performance/ advancement. Job performance was closely directed/ supervised. Decisions were made in a paternalistic manner. Begular (if not predictable) pay increases 	 Employment is project-limited; work is defined for a specified time period. Challenging work is offered to those whose skills match the demands of the task. The company offers work experiences that increase employees' employability. Employees are expected to seek out opportunities at the workplace for skill development. Employees are expected to demonstrate initiative on the job and self management of career development. Employees are expected to fully engage in opportunities for workplace empowerment. Employers encourage participative decision making in a partnership manner; teamwork is encouraged. Individual performance is linked to 				
 Regular (if not predictable) pay increases were given. 	teamwork is e				

III. Becoming an Employer of Choice: The Work-Family Approach

A Hallmark of the Employer of Choice Strategy

The employer of choice concept is a multi-faceted construct. There is no consensus about the specific indicators that characterize a company recognized as being an employer of choice. In this paper, we examine the employer of choice business strategy through a work-family lens.

Numerous authors have cited the web of connections between life at work and life at home and the relationship of this connection to the employer of choice strategy. The work-family dimension of the employer of choice strategy recognizes the importance of creating organizational environments which value employees and help them to meet their work and family/home responsibilities.

When they are strategically designed, work-family initiatives can remove barriers that impair employee productivity, making it possible for employees to more effectively contribute to business objectives ("Work/Life Programs: Supporting a New Employer/Employee Deal," 1994: 4). Increases in employee loyalty, improvements in morale, and enhancement of the corporate public image have been associated with the availability and utilization of work-family programs (Johnson, 1995: 55; Googins et al., 1996: 1).

Work-family initiatives have become an important selling point for companies when they attempt to recruit and retain highly skilled employees, and increasingly, family-friendly policies and programs are placed high on employees' lists of desired workplace supports. Employers and employees alike realize the value of work-family polices and programs. Left unaddressed, workfamily conflicts make it difficult for employees to make the maximal contributions to their work responsibilities. As a consequence, the development of strategic work-family programs help businesses to achieve two goals: 1) to become an employer of choice; and 2) to remove barriers which inhibit employee performance.

It was not that long ago that the separation of work and home was viewed as essential to the smooth functioning of each of these domains of life. During the past two decades, the myth that work and family experiences constitute two non-overlapping worlds, with distinct functions, territories and behavioral rules has been dispelled. Several social changes such as the increased participation of women in the paid labor force and the augmented interest in quality-of-life issues have focused attention on work-family issues and have closed the conceptual gap between work and family lives (Kanter, 1977).

As the myth of separate worlds has been fading, the theory of spillover between different aspects of life has gained force. This theory suggests that experiences in one sphere (e.g., home) may moderate the experiences in another sphere (e.g., work) (Barnett & Marshall, 1992a, 1992b; Kirchmeyer, 1992; Barnett, 1994). Originally, studies suggested that home to work spillover was more prevalent among men than women; however, subsequent research has found that work schedule rigidity, not gender, accounted for the presence or absence of negative spillover effects from home to work (Barnett, 1994).

III. Becoming an Employer of Choice: The Work-Family Approach

Charles Gifford, CEO, BankBoston (Stein, 6/14/96)

Good for the Company, Good for the Employee, Good for the Employee's Family:

Employers who have established work-family initiatives are aware that they can contribute to improved employee effectiveness (Greenfield & Terry, 1995: 1). Several studies have examined relationships between valued work-family initiatives and positive outcomes for the workplace (see Pitt-Catsouphes et al., 1995; Kirchmeyer, 1995). For instance:

- A majority of companies that participated in a recent Families and Work Institute study felt that the benefits of work/life practices, such as flexible work arrangement policies, are either greater than the costs or are "cost neutral" (Galinsky & Bond, 1998).
- Research conducted by Northwestern Mutual Life found that employees who worked for companies that did *not* have supportive policies were twice as likely to report burnout and stress (Johnson, 1995: 55).
- A collaborative study conducted by The Levinson Institute and the Center for Work &
- Family found that respondents who reported a low rate of satisfaction regarding work and family balance were also less committed to their employing organization than respondents with a satisfactory balance between their work and family roles (Googins et al., 1996: 1).

The goals and objectives of work-family programs could be interpreted as an implicit acknowledgment of employees' families as "stakeholder partners." This expansion of the work-family focus has been subtle, but it is indicated by employers' increased interest in the impact of work-family supports on family well-being.

Beyond Policies and Programs: Despite the emphasis on the implementation of familyfriendly policies and programs, companies have discovered that managers' attitudes and the overall work environment can be as important to work-family balance as specific benefits (Johnson, 1995: 55). The Baxter Healthcare experience illustrates this point. In this study, employees underscored the significance of being treated with dignity and respect.

In response to these findings, Baxter Healthcare has developed a new work/life paradigm encompassing a broader strategic perspective. This new paradigm, Baxter's Work and Life Pyramid of Needs, is based on values of respect and balance, flexibility, and programs. As depicted in Figure 3, the components of the Work and Life Pyramid have a hierarchical and relational connection to each other. Employees were found to view respect and balance as entitlements in contrast to flexibility and programs which were viewed as benefits.



Source: Campbell & Koblenz, The Work and Life Pyramid of Needs, 1997: 69

This study found that a company which does not address the work and life needs at the base of the pyramid risks deleterious consequences not only for employees, but also for the workplace itself (e.g., unwanted turnover, apathy, low productivity, vandalism and/or sabotage) (Cambpell and Koblenz, 1997: 77). Other studies have found that respectful practices by managers were positively correlated with organizational commitment (Kirchmeyer, 1995).

There is an abundance of evidence that successful work-family initiatives go beyond policies and programs; workplaces which are truly "family-friendly" attempt to create an environment that encourages employees and their supervisors to effectively use work-family options. It is virtually impossible for a single work-family program, such as seminars designed for working parents, to increase performance or augment employees' positive perceptions about the workplace unless the work-family program is supported by a congruent organizational culture (Greenfield & Terry, 1995: 80). The benefits of work-family programs can be realized only when they reflect organizational values, goals and practices that value employees. Companies introducing specific work-family programs just to keep up with a competitor will not reap the same positive outcomes as those businesses which strategically choose programs to match employees' needs and company priorities (Greenfield, & Terry, 1995: 78).

Assumptions About Work: Some work-family leaders are beginning to tackle deeper work and family issues; they are starting to challenge some of the most basic assumptions about how work gets done. A study supported by the Ford Foundation is illustrative. This research project, which was implemented at three different corporations, found that cross-functional collaborations resulted in improvements in the organization's ability to serve customers, reduced stress, increased sense of control, and enhanced perception of support in the work environment (Rapoport & Bailyn; 1996: 32).

Other work-family leaders are trying to determine how their corporations can mount cultural change campaigns to get at some of the more intractable value-based issues which can create work-family tensions, such as face time at work and informal sabotage of flexibility.

Work-Family Challenges: The ability of work-family initiatives to add value to the employer of choice strategy depends, in part, on the extent to which work-family policies, programs, and practices are linked to corporate goals. Unless this linkage is explicit, the work-family agenda risks being marginalized as either another set of benefits, a superficial employee relations strategy, or a public relations slogan.

One of the immediate challenges faced by many companies is the difficulty of measuring outcomes that are directly relevant to business objectives. A company which views work-family excellence as a business advantage would specify the business objectives connected to work-family strategies (e.g., for recruitment and retention), and then would measure the impact of work-family initiatives on those objectives. For example, it is possible for business leaders to consider:

- How do the turnover rates of a family-friendly firm compare to the industry average?
- Are changes in the company's work-family policies and programs associated with changes in employee attitudes?
- Do job recruits "factor in" the strength of the company's work-family initiatives when considering a job offer?
- Do supervisors and managers feel that work-family policies and programs are useful management tools for reducing unwanted turnover?
- How do the work-family initiatives affect the firm's relationships with other stakeholder groups (e.g., customers, investors, and community residents)? Has the company's reputation been affected by its efforts to be an employer of choice? (see Csoka, 1995: 8)

Without such measures, it is impossible to gauge the impact which work-family initiatives have on the employer of choice strategy and, in turn, the contributions which the employer of choice strategy have on the bottom line (see Ettorre, 1997: 5). Unless decision makers have documentation of the outcomes of work-family initiatives, it is also difficult to educate managers about their importance and it is difficult to hold managers accountable.

Work-Family Excellence: A Foundation to Being an Employer of Choice

Practitioners in many fields have developed principles or standards of excellence as a way to express their perspectives about quality and strategy. The Principles of Excellence in Work and Family were developed in 1995 by a subcommittee of the Work and Family Roundtable, a national membership organization of leaders in the field, convened by the Center for Work & Family at the Boston College Wallace E. Carroll School of Management. These principles reflect a belief that work-family initiatives can (and should) be at the core of any employer of choice strategy.

As indicated below, the key concepts identified in the Principles address: 1) strategic value, 2) work environment, 3) shared responsibility, and 4) external partnerships.

PRINCIPLES OF EXCELLENCE IN WORK & FAMILY

- 1. The employer recognizes the strategic value of addressing work and personal life issues.
 - Business is practiced with sensitivity to employees' personal life needs.
 - Work/personal life solutions are aligned with business goals.
 - The employers' commitment to addressing work/personal life issues is viewed as a long-term investment.
 - Work/personal life strategies are flexible to meet changing organizational and employee needs.
- 2. The work environment supports individual work and personal life effectiveness.
 - The employer's informal culture supports healthy work/personal life balance.
 - The employer provides meaningful work/personal life programs and policies.
 - The employer is committed to ongoing education of key stakeholders employees, management, and the community.
 - The employer strives for continuous improvement through ongoing evaluation and assessment.
- 3. The management of work and personal life effectiveness is a shared responsibility between employer and employee.
 - Managers and employees are empowered to develop solutions that address both business and personal objectives.
 - Managers and employees are held accountable for their behavior in support of these objectives.
- 4. The employer develops relationships to enhance external work and personal life resources.

Partnerships are formed to maximize the value of employer and community resources available to employees and community members.

- The employer serves as an active role model.
- The employer is open to working with the public sector to strengthen policy that benefits both employers and individuals.

The following mini case study of Texas Instruments - Materials & Controls Group provides summary information about a company which is making progress toward becoming an employer of choice. Highlights are provided about their efforts to incorporate family-friendly policies into the workplace culture.

Texas Instruments, Materials & Controls Group

"We recognize that work/life programs are about committed employees producing exceptional business results. We want TI to be a "family-friendly" environment. We're providing our employees with several resources to help them keep a healthy balance between work and family."

Texas Instruments, Annual Report, 1996

Primarily driven by a corporate need to retain and attract high quality employees, Texas Instruments, Materials & Controls Group strives to provide all employees with programs and tools to help Tlers (i.e., employees of Texas Instruments) manage their work life and home life and remain resilient and productive to achieve Texas Instrument's business goals. These tools include: competitive pay, benefits, profit sharing, and tools/ technologies of the industry.

The development of work/life programs at Texas Instruments began with a grassroots effort in 1992. While driven at first by the energy of a single employee, the company embraced the idea out of corporate competition. The following goals were identified for the work/life programs:

Helping Tlers balance the demands of work and family by providing options; Increasing Tler productivity; and Improving Tl's ability to retain and recruit valuable contributors.

Recently, there has been a concerted corporate effort to bring work/life issues to the forefront of discussions and to listen to individual employees. TI has provided guidance to the site management team for the development and implementation of work/life programs. The work/life quality improvement team brings work/life issues to that group. Employees are encouraged to feel that work/life issues are discussible at the workplace. For instance, one employee has had elder care as a personal concern. He formed an electronic eldercare network and a lunch time networking group.

At Texas Instruments, Materials & Controls Group work/life strategies are being expanded to include family members. Employees family members are invited to participate in support groups, day long events such as an eldercare fair, and events at the activity center around wellness and reducing stress.

A Challenge to the Traditional Stakeholder Perspective

Work-family initiatives have come a long way. Rather than being seen as just the latest fad in compensation and benefits, work-family issues are now recognized as being an important component of a successful employer of choice strategy. The re-framing of work-family initiatives is evident by the level of publicity in both the popular media and professional literature. For instance, *Business Week* has published its second semi-annual Work and Family Corporate Ranking. The *Wall Street Journal* and the *Boston Globe* as well as other renowned newspapers have assigned reporters to address work-family issues. In addition, many decision makers within corporations are beginning to see the business and the social value of strategically designing work-family programs.

It should be recognized, however, that organizational priorities will not always be consistent with the priorities and preferences of employees and their families. In fact, it is virtually guaranteed that there will be some conflicts. However, companies that are committed to making progress on their employer of choice strategies will periodically assess the strategic goals and objectives for the work-family arena, to be sure that the possibilities for the "win-win" are maximized. A re-examination of goals and objectives can help clarify how the company might balance its desire to meet the needs of the employees and their families with business demands.

Changes which have occurred "inside" and "outside" of the company have made it necessary for business leaders to confront formidable challenges such as declines in employee loyalty to the company, decreases in employee commitment to the work, and plummeting morale. It is clear that there are high costs if corporations fail to address these problems and do not develop a strategic plan for responding to employee needs. In order to remain competitive, it has been increasingly necessary for companies to be able to anticipate, understand, and respond to the shifts that have taken place in the corporation's internal and external environments. Armed with these insights, corporate decision makers can be in a position to become an employer of choice.

FOR THE CORPORATE READER

- What is the business case for developing an employer of choice strategy?
- Which business goals and objectives adopted by your company could be addressed by the employer of choice strategy?
- How does your company measure the progress it makes toward meeting business goals and objectives?
- Could your company measure the extent to which its work-family initiatives add value to the employer of choice strategy? Could it measure the extent to which the employer of choice strategy contributes to business goals and objectives?
- How could you gather information to determine how other stakeholder groups (e.g., investors, customers, communities) view your company's employer of choice strategy?

IV. BECOMING A NEIGHBOR OF CHOICE[™]: BUILDING CORPORATE AND COMMUNITY RELATIONSHIPS

Moving Toward Strategy

Corporate image: an impression of one or more characteristics of a company which are assumed to represent a core value of the company. Something that the company wants to be "known for." Business leaders have long recognized the importance of positive company-community relationships.² In fact, workplaces began to pay attention to their neighboring communities during the early days of industrialization. At that time, these relationships were largely paternalistic and were essentially defined by charitable donations, such as company support for hospitals and libraries. Although the goals of the early corporate philanthropy were sometimes complex, in general these community-oriented activities were developed as a way to enhance the image of the corporation as an institution which wanted to "do the right thing."

Until recently, corporations have related to communities primarily through a series of programs such as grants to capital campaigns, small donations to community groups, and involvement in community volunteer drives. Anecdotal evidence suggests that the decisions about company support for particular programs were rarely viewed from a strategic perspective. In the past, corporate contributions were often tied to the favorite issues championed by the CEO and tended to favor the mainstream United Ways or hospital fundraising. Volunteer programs were established to spread more of the corporate largess. Many of these programs have been highly visible, and some have had remarkable impact on community well-being. However, conventional community relations activities were grudgingly tolerated by the corporation and were usually marginalized within companies because the link to core business operations was unclear (Burke, 1996).

New Times, New Perspectives: During the past thirty years, there has been a remarkable shift in the power structure which makes decisions about the company's "license to operate." In the past, federal legislation detailed most of the significant requirements concerning the company's relationships with the external world. The federal government assumed responsibilities for the laws and regulations governing health and safety standards, provisions for environmental protection, and wages. Corporations that wanted to influence the federal decisions which affected the "license to operate" typically established external affairs departments focused on the legislative and regulatory processes.

Today, companies are discovering that their "license to operate" is affected by decisions made at the community as well as the state and federal levels. The "license to operate" is no longer assured if a business focuses exclusively on compliance with federal laws and regulations.

² Communities are broadly conceived to include citizens, community institutions, government, intermediary agencies such as not for profit organizations, and organized constituencies.

IV. Becoming a Neighbor of Choice: Building Corporate and Community Relationships

Companies that neither consider and nor respond to the expectations of community and advocacy groups are likely to have their business success constrained. These realities propelled the need to create strong community relations departments.

Several key historical events and social circumstances have changed business leaders' perspectives about the value that solid corporate-community relationships can add to core business objectives. For example:

- (1) There was a rise in the number and the intensity of conflicts between some businesses and constituency groups during the 1960s and 1970s. At that time, there was a notable increase in the number of publicly-aired grievances directed toward specific business firms. Many single issue special interest groups emerged, and over the years some of them have had a notable impact on the policies and practices of big business and government (Sethi & Steidlmeier, 1995: 10). For instance, Ralph Nader's efforts to prevent the production of unsafe motor vehicles resulted in the passage of the 1966 National Traffic and Motor Vehicle Safety Act, which ultimately gave power to the government to enact safety standards for all automobiles sold in the United States. Nader's Center for Auto Safety remains an influential consumer advocacy group today. Corporations around the world became quickly aware that they could face significant costs unless they built solid relationships with communities that could help them address and resolve conflicts. It became clear that corporations would court disaster unless they built positive working relationships with local communities, so business leaders began to place a new premium on social capital.
- (2) Public demand for a more decentralized federal government has continued to grow (see Somaya, 1996: 38; Burke, 1991: 2-3). One of the unanticipated consequences of this decentralization has been expectations for increased corporate accountability to local communities. In part, this change has resulted from legislation passed at the local, state and federal levels that affect corporate governance and business activities (e.g., requirements for community space tied to the licensing of new buildings). Many cities and towns have passed regulations that require companies which want to do business with them to meet certain standards of behavior. For example, the Community ReInvestment Act requires that banks get involved with community-economic development.
- (3) A few visible and powerful advocacy groups (such as consumer activist and environmental organizations) began to voice new expectations for the roles and responsibilities of corporations. Some community groups have been successful in launching "good neighbor campaigns" and have obtained "good neighbor agreements" that provide structures that ensure greater corporate responsibility and increased accountability of business leaders.

A new paradigm began to unfold with relationships of "good faith" being placed at the center. To be sure, the fabric of these relationships still reflects some of the fundamental differences between corporate interests and community interests. However, it became clear that community groups expected that these relationships would go deeper than paternalistic philanthropy. Corporations recognized that an investment in new forms of community relationships could contribute to their reputational capital.

IV. Becoming a Neighbor of Choice: Building Corporate and Community Relationships

Reputation people's knowledge and understanding of the persistent character of a company which is manifested in both words and in action. By the 1990s, changes in the business environment and the emergence of new business priorities convinced business leaders that they needed to develop fresh perspectives about corporate-community relationships. These new perspectives challenged many of the old assumptions made about communities as business stakeholders and has forced a re-negotiation of the psychological contract between corporations and communities. These shifts are highlighted in the following table.

TABLE 3: THE PSYCHOLOGICAL CONTRACT -

The Evolution of Communities as Business Stakeholders

Old Contract New Contract The business world and community life were Business leaders acknowledge that: 1) the conceived as being virtually separate domains community system includes the corporation; and of activity. 2) communities are important business stakeholders. Expectations for corporate roles focused primarily Expectations for corporate roles in society have on providing employment opportunities and expanded and may reflect values associated with conducting business in an ethical fashion. corporate citizenship, community relations, and corporate social responsibility. Community relations activities are closely aligned Community relations programs were essentially peripheral to core business activities. with key business strategies. Business leaders focused on minimizing negative Companies proactively encourage positive and open attitudes toward company policies and business interactions between the workplace and the practices. community. In general, companies responded to different Businesses consider a range of alternative community priorities through philanthropic grants. approaches to supporting and responding to community priorities. Community relations activities were considered Companies recognize that positive relationships "nice things" for the company to do. with communities can add significant value to business goals and objectives. Minimal attention was paid to the impact of The linkages between profitability and the quality of community well-being on the bottom line. community life are articulated. Community relations activities were viewed as Community relations activities are seen as making a having the potential to bolster the company's vital contribution to the company's reputational local image. capital.

Toward the Business Case - The changes which have occurred in the community relations field have prompted business leaders to "make the case" that strategically developed corporatecommunity relationships have the potential to help companies meet some of their bottom line objectives. There is a growing recognition that:

• Community well-being can affect the success of key business strategies. The social and economic vibrancy of a community can have direct and indirect impacts on the ability of a company to meet its business objectives. For example, most companies recognize that the success of their recruitment strategies is affected by the presence of cultural opportunities, the vibrancy of the local economy, the quality of educational institutions, and access to important services such as health care. Companies are beginning to recognize the interde

pendence between company profits and sustainable communities, as highlighted in the following mini case study of Merck & Company.

Merck & Company in Central Europe

Merck's Vice President of International Operations has described that Merck uses good community relations as a way to enter emerging markets and to promote community health.

Merck is establishing partnerships with hospitals, doctors, and university and provides supporting cash contributions to health institutions. Merck has also created partnerships to develop community health clinics for elder care, family care, and at-risk populations in socio-economies where the state used to provide most health services. Merck is using these strategies to familiarize health care providers with the company and its products. So far the response has been positive and Merck has enjoyed increased business in those transitioning societies.

Merck Sharp Dohme, the name Merck is known by internationally, demonstrated its commitment to Central European communities in the summer of 1997. The company contributed healthcare products in the wake of massive flooding which contaminated water supplies and precipitated mosquito outbreaks, straining the abilities of the German, Czech, Polish and Hungarian governments to protect the health of the affected populace.

- Community decision makers have the power to expand or contract the companies' license to operate in the community. Business leaders can no longer take it for granted that local decision makers will "automatically" process requests that are essential for business operations. The promise of local employment is often not a sufficient lure for approving business requests such as building permits. Businesses in virtually every industry find that community officials often consider how proposed business plans could affect the community's local economy (e.g., impact on existing small businesses), natural resources, and existing life style (e.g., impact on local transportation patterns). For example, in 1994, the citizens of Prince William County in Virginia were successful in blocking the development of a new historical theme park. It has been estimated that the loss to Disney amounted to \$20 million. Community decisions which deny business requests even when they have been thoughtfully conceived can be extremely costly; company reputation is often the determining factor for these important decisions.
- A company's reputation pertaining to the quality of its relationships with communities affects the decisions of other stakeholder groups, such as customers and investors. During the past decade, companies have realized that consumers and investors can be affected by their awareness of relationships with communities and with community issues. This new understanding has fueled the recent flurry of cause related marketing which ties brand recognition to company support for a selected issue. Strategic investments in community relationships can bolster company profits.

The emergent business case for strategic corporate-community relations has heightened the salience of communities as a true business stakeholder.

IV. Becoming a Neighbor of Choice: Building Corporate and Community Relationships

"What is important about external relationships is not their permanence but the new possibilities they constantly present leaders, reinforcing a culture open to challenge, learning, and change."

(Kanter, 1997: 25).

Dimensions of the Neighbor of Choice Strategy

Having recognized the connection between business success and corporate-community relationships, many companies now strive to become a "neighbor of choice" in addition to being an investment of choice, a provider/supplier of choice, and an employer of choice (Googins, 1997: 7).

The Neighbor of Choice concept, developed by the Boston College Center for Corporate Community Relations, is defined as being "a social investment strategy to manage the company's relationship with its external stakeholders in order to achieve mutual benefits, preserve the 'license to operate,' and build a legacy of trust." This concept is complex, but has five important dimensions:

- The Neighbor of Choice strategy links business success to corporate citizenship.
- The Neighbor of Choice perspective recognizes that investing in community well-being is a proactive strategy which can result in mutual gains for the corporation and the community.
- At its core, the Neighbor of Choice strategy depends on developing and maintaining relationships built on trust.
- Being a Neighbor of Choice requires that the company consider its involvement in community activities primarily from a strategic rather than a programmatic perspective. Viewed strategically, social investment activities are integrated with overall business strategies. Additionally, the strategic approach links community relations activities to the interests of other business stakeholder groups: employees, customers, suppliers, and investors (see Redefining Corporate Responsibility, 1996 : 12).
- Like other corporate strategies, the Neighbor of Choice strategy can be truly effective only if it is consistently woven into the prevailing corporate philosophy. The Center for Corporate Community Relations recommends that the core of a successful Neighbor of Choice strategy rests with a clearly articulated corporate social vision.

The neighbor of choice strategy is designed to establish and expand the community's goodwill toward business activities. The community's positive attitudes toward a company provides the business with a "social license to operate." In large measure, the level of this goodwill reflects the extent to which companies have successfully managed and enhanced their relationships with (and their reputations in) the community.

The neighbor of choice construct provides a coherent framework for developing, implementing and institutionalizing the organization's orientation to their community investment activities. Once the strategic links between corporate-community relations activities and business objectives have been articulated, the company can begin to take steps toward becoming a neighbor of choice.

Key Elements

There are four essential elements to becoming a neighbor of choice: (1) building relationships of understanding and trust; (2) creating and sustaining processes that help the company understand and respond to issues, concerns and needs which are priorities for the community,

(3) implementing strategies that achieve mutual benefits for the company and its communities; and (4) measuring the impact of these activities on the company (and its various business stake-holder groups) and on the community (and its constituents).

IV. Becoming a Neighbor of Choice: Building Corporate and Community Relationships

The Neighbor of Choice Strategy

 Develop positive and sustainable relationships in communities

 Identifying emerging issues, needs, and concerns

 Design community programs that respond to company goals and community needs.

Building relationships of understanding and trust.

Companies interested in becoming a neighbor of choice must first establish (and then nurture) sustainable relationships which create a legacy of trust (Googins, 1997: 9). Workplaces that invest corporate resources in building positive relationships with key individuals and organizations hope to gain the trust of the community and legitimacy (Burke, 1997: 36). As suggested by Figure 4, the legacy of trust is the result of investments made by corporate and community leaders. Once established, the "trust fund" can be used as a resource to support positive corporate-community interactions.





The legacy of trust increases the effectiveness of on-going relationships between the corporation and the community. In addition – and perhaps more importantly – companies and communities can draw from their legacy of trust to diminish consequences of any strains or crises that might arise. The legacy of trust will affect community receptivity to company priorities such as requests for plant expansion, construction of parking lots, or relocating facilities. In addition, the legacy of trust affects the media coverage of company decisions and activities.

Creating and sustaining processes that help the company understand and respond to issues, concerns and needs which are priorities for the community.

A successful neighbor of choice strategy requires that companies are familiar with existing and emergent community priorities. Consequently, companies must first create processes and structures for on-going two-way communication. Then, the company needs to engage in activities that enable it to identify community issues, concerns and needs.

Corporations can develop a number of core competencies associated with sensing and understanding community issues. Most companies already have the skills and capacities for this type of external environmental scanning. For instance, the marketing department routinely scans the customer community to identify shifting trends and demographics. Similarly, effective community relations departments can develop processes for routinely capturing changing community dynamics, emergent issues, the concerns of constituent groups, and the needs of particular populations. Once this information has been collected, the community relations specialists can analyze the data and ascertain the connections to business goals and objectives. This scanning process can help the company to assume the role of an informed and involved corporate citizen (Burke, 1995b: 4).

Throughout the community scanning process, business leaders will want to consider questions about the links between community perceptions and the company's reputation with other key business stakeholders, such as:

- What community issues or attitudes might affect (e.g., interfere with or support) the company's ability to become an investment of choice?
- What community issues or attitudes might affect the company's ability to become a provider/supplier of choice?
- What community issues or attitudes might affect the company's ability to become an employer of choice?

The neighbor of choice strategy is not a template which can be replicated in exactly the same way at different firms. Indeed. diversity of neighbor of choice strategies developed by different companies reflects the unique combinations of business priorities, community priorities, and characteristics of corporatecommunity relationships. Knowledge about community issues, needs, and concerns forms a critical foundational building block upon which the neighbor of choice strategy is constructed. Once community priorities have been identified, it is then possible for the company to develop a comprehensive community relations plan and communicate the plan to the general public.

Implementing strategies that achieve mutual benefits for the company and its communities.

The implementation of strategies that produce mutual benefits for the company and the community represents the action phase of the neighbor of choice strategy. The development of community programs – philanthropy, voluntarism, and community partnerships – are the most visible form of community relations involvement. However, the company's community involvement activities will help the firm achieve neighbor of choice status only if the programs are *meaningful* to the community and *linked* to core business objectives.

A company which strives to become a neighbor of choice usually considers a number of different alternatives to increase its involvement in and support of community activities. For example:

- Many companies have found that plant tours literally and symbolically "open the doors to the community" and, therefore, can be important relationship building activities.
- Corporations often identify a limited number of community issues which are related to their business operations and design a comprehensive approach those issues. For instance, a company which has selected education reform as a focal point might coordinate a set of community-relations activities such as an executive loan program, employee voluntarism, equipment donations, participation in school councils, and teacher grants.
- Some businesses make company facilities available for community meetings and events.
- Increasingly, companies are sharing their executive expertise with community organizations and provide management training for the directors of charitable agencies.
- A number of firms have supported community activities by publicizing special programs and events.
- Many businesses have developed community advisory panels, which typically are comprised of 12-15 community residents. These advisory panels provide information about different community experiences, give advice concerning the operations of a company that might affect the community, and make recommendations about the company's philanthropic activities (Burke, 1997: 36).

The benefits of a sound community relations strategy are becoming obvious to companies of all sizes, particularly because it is becoming apparent that there are many ways for businesses to offer support to their communities without being financially burdened. For example, thoughtful business decisions about facility location, job creation and training programs, workforce composition, and procurement practices can give economic and social gains to both corporations and communities (Somaya, 1996: 32).

Measuring the impact of these activities on the company (and its various business stakeholder groups) and on the community (and its constituents).

It is a truism, "We measure what we value." Companies with a commitment to the neighbor of choice strategy develop formal and informal ways to evaluate the intended and unintended outcomes of their community relations activities. The sheer act of implementing an assessment process underscores that fact that the company expects community relations activities to add value to business objectives.

The strategic perspective of neighbor of choice dictates that the assessment of community relations activities will gather information about the impact which specific policies and programs have had on community well-being and business operations. As a consequence, companies need to develop measurable indicators of both community and workplace outcomes that are directly or indirectly related to community relations initiatives.

Although each assessment needs to be tailored to the particular company and community, the neighbor of choice strategy helps corporate decision makers examine complex questions such as:

- How has the company's community relations strategy affected community well-being?
- How has the company's community relations strategy affected the firm's progress toward specific business goals and objectives?
- How has the company's community relations strategy affected community perceptions that (in turn) have an impact on the company's ability to become an investor of choice?
- How has the company's community relations strategy affected community perceptions that (in turn) have an impact on the company's ability to become a provider/ supplier of choice?
- How has the company's community relations strategy affected community perceptions that (in turn) have an impact on the company's ability to become an employer of choice?

Community relations experts have long noted the need for reliable outcome measures. However, the success of community relations activities is typically gauged by process measures such as the number of positive media "hits" during a specified time period or the number of permits granted by a particular community. In some cases, these process indicators can be extended so that they are "outcome measures." For example, it may be possible to place a monetary figure on the dollar value of some contracts awards which were realized (at least partially) as a result of the positive relationships maintained between the company and the community.

Cost avoidance is another approach to measure. Companies can calculate the average time period for processing certain requests which the company may make of the community. If the firm's
community relations activities have effectively reduced the processing time period (e.g., decreased the number of days a project is delayed), it may be possible to assign a dollar amount to the cost savings.

Standards of Excellence in Community Relations

The Standards of Excellence, developed by the Boston College Center for Corporate Community Relations in 1994, identify management principles and practices that can help drive the neighbor of choice strategy. The Center for Corporate Community Relations has also created the Self Assessment and Planning Tool (SAPT) which is an assessment tool that reflects the framework of the Standards of Excellence. Corporate-community relations practitioners can use the Standards of Excellence either for developmental planning or for benchmarking.

The Center for Corporate Community Relations is currently working to secure the adoption and endorsement of the Standards of Excellence from CEOs.

STANDARDS OF EXCELLENCE IN COMMUNITY RELATIONS

1. Formal commitment to a social vision

Formal commitment is exhibited through written documents. The formal commitment is demonstrated by example and leadership of senior management.

2. Designated responsibility for managing community relations

Community relations is viewed as an essential and integral core function of the company. The CR professional counsels management in balancing business needs with community needs, and is the driving force in shaping and carrying out the social vision.

3. Internal structures, policies and practices

Key internal stakeholders are involved in development and implementation of CR programs. An understanding of programs and support for participation is fostered through company policies, training, and communications.

4. Community relations programs reflect company and community concerns

Community relations programs are strategically planned and managed. Programs emphasize coordination, collaboration and communication.

The following mini case study of Phillips Petroleum highlights some of their successes as they have made progress toward becoming a neighbor of choice.

Phillips Petroleum

"The goal of our community outreach is to make Phillips the 'neighbor of choice' among key communities and constituencies."

Annual Report, 1996: 31

As Oklahoma's largest firm, Phillips Petroleum's community relations programs have the potential to have a tremendous impact on the community. The company has defined its community broadly to include:

- people living near company facilities;
- area residents who may be affected by Phillips' operations;
- groups that share a common interest with the company, such as a concern for education and the environment; and,
- Phillips' employees, who directly affect company performance.

Phillips has been determined to learn about the community's awareness of and attitudes toward their business operations and practices. Phillips recently conducted an expansive survey of twelve key communities. Education was identified as the primary concern for the community. In response, Phillips made increases in the level of its contributions to educational programs. Currently, approximately one half of the company's current annual contributions budget is devoted to various learning programs.

Safety was also identified as a concern for some community constituencies. Safety has long been a priority for Phillips where safety indicators have been integrated into employee performance appraisals and compensation programs. For example, a safety pay incentive program includes a self-assessment rating which asks employees to evaluate their own safety performance on a scale which ranges from: "I adhere to the regulations." to "I partner with the community and establish routine sharing of information."

While Phillips Petroleum has long recognized that the community is a business stakeholder which is interested in the company's safety standards, communications about these areas has been a challenge. It has been necessary for the firm to initiate education and awareness activities so that legislators, who were not fully informed about Phillips' presence, would have a better understanding about the company's operations and the priority placed on safety. The Phillips information network regularly sends information about the company to community organizations via fax and e-mail. In addition, an ongoing effort is made to educate company employees about Phillips involvement with its communities.

Phillips follows three guiding principles so that it can achieve the status of being a neighbor of choice: 1) partnering with others; 2) aligning with Phillips business objectives; and 3) looking at long term solutions.

Reinventing Community Relations

The corporate-community relations field has experienced a virtual transformation. As recently as 15 years ago, community relations departments were characterized as the "balloons and T-shirt" function. At that time, there were few expectations that corporate-community relations would add much value to core business activities.

Times have changed, and community relations leaders have re-conceptualized the purpose of community relations, re-aligned community relations with business goals and objectives, and re-invented the focus and desired outcomes of community relationships. The field has matured and has moved from the periphery of business operations toward a strategic vantage point.

The changing nature of communities themselves portends yet another shift that may occur in the field. Communities, in all of their diverse forms, are increasingly fluid. This makes the development of relationships with community leaders much more challenging. However, regardless of the new configurations of communities which are bound to emerge in the decades to come, committed community relations practitioners will continue to query:

- "Do our community relations activities contribute to the well-being and sustainability of our communities?"
- "Have our community relations activities contributed to the short- and long-term effectiveness of our company?"

FOR THE CORPORATE READER

- What is the business case for developing a neighbor of choice strategy?
- Which business goals and objectives adopted by your company could be addressed by the neighbor of choice strategy?
- How does your company measure the progress it makes toward meeting business goals and objectives?
- Could your company measure the extent to which the neighbor of choice strategy contributes to core business goals and objectives?
- How could you gather information to determine how other stakeholder groups (e.g., investors, customers, employees) view your company's neighbor of choice strategy?

V. LINKING EMPLOYER OF CHOICE AND NEIGHBOR OF CHOICE STRATEGIES

Corporate leaders responsible for the development of the employer of choice and the neighbor of choice strategies are beginning to consider how the web of stakeholder relationships could be used as a framework to leverage the synergy between the strategies. Although each of these strategies can be established in an independent fashion, there is an increasing rationale for examining the two within a more integrated framework.

Figure 5: An Integrated Framework



There are important reasons for practitioners to explore the linkages between their employer of choice and their neighbor of choice strategies.

- (1) The members of the employee and community stakeholder groups are not always different nor distinct. In fact, many companies target their community relations strategies to those communities with which their employees affiliate. Corporate investment in health, education and social service programs often benefit today's and/or tomorrow's employees.
- (2) Successful employer of choice and neighbor of choice strategies may actually enhance the company's relationships with members of both stakeholder groups. For example, although corporate-sponsored volunteer programs are designed to promote positive relationships with communities, it has been found that the company's relationships with employees can also be strengthened because employees appreciate having the workplace support their desire to perform community service (Kanter, 1997: 22). Similarly, treating employees with respect and dignity through empowerment and work-family programs can boost a corporation's reputational capital which can enhance the company's relationships with community groups.
- (3) Companies which focus exclusively on either the neighbor of choice strategy or the employer of choice strategy may find that their efforts do not result in the desired increase in reputational capital. There have been many examples of companies that have fostered positive relationships primarily with one or the other stakeholder group (e.g., employees)

V. Linking Employer of Choice and Neighbor of Choice Strategies

To see problems and opportunities integratively is to see them as wholes related to larger wholes, rather than dividing information and experience into discrete bits assigned to distinct separate categories that never touch one another.

(Kanter, 1997: 117)

or communities). Oftentimes, the credibility of the established relationships is called into question if the relationships with other stakeholder group does not seem to be similarly valued by the company.

For instance, companies may find that it "rings hollow" if they invest in community relationships through programs such as support for minority college students but do not establish parallel strategies with their own employees, such as holding managers accountable for objectives related to valuing diversity. Similarly, community groups may feel disenfranchised if a company established an on-site child care center which is not fully enrolled but the extra slots are not available to community members seeking quality child care.

(4) A framework developed by the Center for Work & Family suggests that the impact of work-family initiatives can be enhanced if strategies are developed along two dimensions:a) focus (e.g., internal to external) and b) approach (e.g., programmatic to strategic) (Bankert, 1996). Although these dimensions are, in reality, experienced as a continuum, the concept is illustrated in the following figure.



Figure 6: Pushing the Boundaries of Focus and Approach

Source: Bankert, 1996

By creating linkages between the neighbor of choice and employer of choice strategies, it is possible to increase the strategic value of both because each strategy then becomes relevant to two stakeholder groups rather than one. Furthermore, the linkage creates new opportunities for programs and policies to be integrated into strategies which are more clearly connected to business objectives.

It should be acknowledged that work-family and corporate-community relations initiatives are often perceived as being fundamentally different.

- Most work-family policies and programs have reflected a human resource tradition, and many of these initiative remain rooted in that arena. However, there are examples of companies (such as DuPont) where the work-family initiatives initially emerged in the public affairs or community relations departments and, as a result, have a partnership and community orientation to them.
- The practice of corporate-community relations, on the other hand, is tied into a different tradition and is nearly always located in a different organizational unit, usually corporate affairs or community relations. However, there are examples of companies where exciting community initiatives have been championed by work/life practitioners. For instance, Eli Lilly has provided significant leadership for the development of child care resources in Indiana.

In most companies, there has not been a great deal of interaction between work-family practitioners and community relations practitioners. Oftentimes, their work remains separate, both in basic concepts and in practice.

It is the contention of this paper that not only are the two interrelated, but keeping them in isolation results in missed opportunities for the corporation, the employee/family, and the community. This thesis will be considered first from the perspective of work-family practice and then from the perspective of corporate-community relations practice.

Linking Work-Family Initiatives to Neighbor of Choice

The focus of an employer of choice strategy is to create workplace environments where employees (and by extension, their families) are valued and are treated as critical business stakeholders. Issues such as benefits, pay, working conditions, corporate culture, and work-family programs are some of the corporate responses to employee needs and provide some indicators of the employer of choice strategy.

Many workplaces have encountered challenges if their employer of choice strategy is restricted to policies, programs, and practices which are implemented at the workplace. Some leading companies have found that the effectiveness and the efficiency of their work-family initiatives is enhanced if the issues are also approached from a community relations perspective.

Why?

(1) The nature of some work-family issues makes it difficult for them to be addressed at the workplace. Employees make daily transitions between home and work, between community and workplaces. This reality makes it complicated to find the most appropriate locations for supports needed by working families.

The problems which many working parents face related to before and after school care illustrate this point. For many workplaces, it would be inadvisable and highly impractical to consider establishing before and after school programs at the workplace. However, companies could provide important supports using a community development approach (e.g., providing grant support for employees interested in starting or strengthening programs in their own communities).

- (2) The development of community-based options as part of a company's work-family initiatives might complement the organizational structure of some companies. For example, companies which have a number of small satellite worksites may find that community supports (e.g., training for elder care providers which can be offered at a community college) better meet the needs of their workforces than supports offered at the workplace.
- (3) The effectiveness of some types of work-family programs depends on the availability of community services. The work-family initiatives at many companies include information and referral service for dependent care services (e.g., child care, care for dependent elders and adults, care for disabled family members, etc.). However, these services are of bene-fit only if employees can be referred to existing community-based service providers who offer quality service at "reasonable" fees. Many workplaces have been challenged by the uneven availability of services among the communities where their employees live. Some companies, such as AT&T and corporate members of the ABC Collaboration, have used community development strategies and have invested millions of dollars to strengthen the infrastructure of the community-based social services needed by employees
- (4) The efficiency and cost/benefit of some work-family initiatives can be enhanced if they are developed in collaboration with community-based organizations or with other companies, and then delivered in the community. For instance, Marriott International recognized that it needed to address a critical child care issue in Atlanta if it wanted to attract and retain employees in that highly competitive community. However, Marriott knew that it could not assume the full financial costs associated with employees' child care needs. As a consequence, Marriott developed an innovative community-based strategy that involved leaders from the private and public sectors in the community to address Atlanta's child care needs.
- (5) Maintaining community connections has emerged as one of the "new" work/life challenges facing today's employees. Human resource directors are reporting that employer-sponsored volunteer opportunities have become a new indicator of being an employer of choice. Furthermore, research suggests that there is a relationship between strong employee volunteer initiatives and employee commitment, job satisfaction, and morale (Googins, 1997: 10).

The American Business Collaboration for Quality Dependent Care has developed a range of innovative community-based strategies for supporting the family needs of today's employees. The SOS program described on the next page highlights one of these programs.

Summer of Service

Summer of Services (SOS) is a community-based service learning program specifically designed to meet the needs of early adolescents and working parents. Piloted in the Denver area in 1995, Summer of Service has increased its capacity and gone into new communities every year. The program has been adopted into a national model by the American Business Collaboration for Quality Dependent Care, which enabled SOS to be offered in 20 communities across the country in 1998.

The program provides working parents with peace of mind, companies with more focused and productive employees, adolescents with stimulating summer projects, and communities with new resources and stronger partnerships between organizations and individuals. Summer of Service is customized for each community, though there is an effective template for providing quality care for young people, substantive community supports, and a unique opportunity for corporate community investment.

Working parents with children between the ages of 11 and 15 struggle to find quality supervised programming for their children during the summer vacation. There is a shortage of programs for this age group. Parents worry about their children's safety, as well as their social and intellectual development. At work, parents of adolescents often try to supervise their children over the telephone, which is time-consuming and stress-inducing. It is also lost time to the employers.

Summer of Service helps fulfill these needs. Youth participate in activities that help them explore their independence, guide them through decision-making opportunities, provide structure and supervision, promote team-building, and enhance their sense of productivity and usefulness in the community. The teens work on service projects in groups of 10 or 12 with a team leader. Young people choose among activities such as assisting zoo keepers, recycling projects, mentoring special needs youth, leading activities at senior centers, tutoring young children, beautifying urban parks, among other things.

Community service sites consistently give high rating to the program because the young people provide much needed volunteer assistance. As the young people participate in the service activities, they develop a greater appreciation for their communities and their value of "giving back." The program helps to enhance the overall quality of life in communities where it is offered, and presents a creative and substantive corporate community relations opportunity to businesses.

Strategic investments in the community have the potential to bolster corporate efforts to create healthy workplace environments. In fact, companies which contribute to the development of "family-friendly" schools, "family-friendly" governments, "family-friendly" social service agencies, and "family-friendly" communities may find that it becomes easier for them to create family-friendly workplaces. There is currently much speculation that community-based models of supports for working families will continue to evolve during the next decade, and will take its place alongside of the existing corporate model of the family-friendly corporation. Redmond, Washington (home to corporations such as Microsoft) has made significant progress in its efforts to create a community to live, learn and work. The experience of this city offers much promise to companies interested in collaborating to create a family-friendly community.

The linkages of workplace-based and community-based work-family initiatives can contribute to the development of a more robust employer of choice strategy. Connecting the employer of choice strategy with the neighbor of choice strategy will provide additional flexibility in approaches and will offer new opportunities to tie the employer of choice strategy to business goals.

Linking Community Relations Initiatives to Employer of Choice

Community affairs, public affairs and similar organizational units have been generally structured under a corporate affairs umbrella. When they are successful, these departments provide vital links between the corporation and its external communities. Traditionally, community relations activities have been embedded in a relatively paternalistic model which espoused a "good citizens" approach to the broader community and also promoted good relationships with the regulators in the public sector.

To date, few community relations practitioners have made explicit connections with their corporations' internal community - employees and their families – despite obvious connections between external and internal environments. However, there are several powerful driving forces that would argue for stronger links between the two strategies.

- (1) *Employee volunteerism is a cornerstone initiative at many companies.* Firms with successful employer of choice strategies can contribute to the recruitment and retention of highly skilled employees who are interested in volunteer opportunities. In this way, the employer of choice strategy can support the objectives of the community relations department.
- (2) Company reputation in the broader community is linked to employees' perception of the company. Employees are often the most effective "ambassadors" to the community. When companies link their neighbor of choice initiatives to issues that reflect employees' concerns, employees are likely to share their positive attitudes about the company with other members of their community. As a consequence, the company's reputational capital is enhanced at the same time that the company improves the community infrastructure and builds the community's capacity for sustainability.

Conversely, companies may find that they may sacrifice some of their reputational capital if insufficient attention has been paid to their employer of choice strategy, even if a strong neighbor of choice strategy has been delineated. The recent example of Sears Roebuck retirees picketing their stores over reductions in health and pension benefits provides a poignant reminder of the delicate linkage between internal stakeholders and their potential to negatively impact the external reputation of the corporation. Similarly, a business which develops relationships with the community in a thoughtful manner may find that its reputation is damaged if it thoughtlessly implements a downsizing strategy or flouts exorbitant executive compensation.

- (3) Employees have a bird's eye view of many community issues. Effective communication is at the heart of successful relationships developed between companies and communities. Employees oftentimes have "insider" knowledge about the community. Employees may:
 a) be aware of community priorities, b) know how to identify community opinion leaders, and c) be able to assess what types of community outreach efforts are most likely to succeed. Employees who view their companies as an employer of choice may be more willing to contribute to corporate-community dialogues.
- (4) Employees may be able to help community relations departments establish new relationships with communities. The community relations department is often among the first corporate trail blazers when companies initiate new relationships. For example, companies may need to forge new relationships when they are interested in opening up new worksites or want the members of a particular community groups to support requests for variances. The importance of establishing relationships with new community groups becomes very visible when companies enter into new global markets. The work of the community relations department may become more successful if its strategies are linked to an employer of choice strategy which encourages community members to consider becoming employees.

A Framework for a Strategic Alliance

Work-family initiatives and corporate-community relations initiatives will, in all likelihood, continue to embrace different goals, develop different sets of programs and policies, and contribute to the success of the business in different ways. At first glance, it appears as if the two strategies which pertain to work-family and corporate community relations (employer of choice and neighbor of choice) are targeted toward different stakeholder groups, yet we know this is only a partial reality.

It is our contention that the strategic value of the employer of choice and the neighbor of choice perspectives can be enhanced if the two are developed and implemented in a coordinated fashion. As indicated by Table 4, a strategic alliance opens the possibilities for re-positioning both as being closer to core business objectives. Over 50% of Community Relations Departments are developing cross functional linkages with the Human Resource Department.

(A Trend Report, The Center for Corporate Community Relations, 1996)

TABLE 4: FRAMEWORK FOR ASTRATEGIC STAKEHOLDER ALLIANCE

Employer of Choice Strategy

- Has roots in human relations.
- Traditionally focuses on employees/families as internal stakeholders.
- Develops and implements policies, programs, practices and strategies designed to promote a responsive work environment which supports the well-being of employees/families.
- If successful, increases the company's human and reputational capital.

Neighbor of Choice Strategy

- Has roots in community relations departments.
- Traditionally focuses on. communities as external stakeholders.
- Develops and implements policies, programs, and practices designed to contribute to community well-being.
- If successful, increases the company's social and reputational capital.

Strategic Stakeholder Alliance

- Has rooted in integrated business strategies.
- Expands the focus to include the fluidity of members' affiliations with both internal and external groups.
- Considers innovative approaches to supports that can address a new "triple" agenda: promoting the quality of life and success of employees at work, home and in the community.
- If successful, increases the company's human, social, and reputational capital.

Kodak is one company that has begun the process of integrating their employee of choice and neighbor of choice strategies. As illustrated in the following mini case study, the company is striving to develop a business strategy that addresses the needs of their internal and external stakeholder groups.

Kodak

"In our view, doing well financially as a business and doing good in the social sense are not separate concerns."

Eastman Kodak is market leader in the amateur photography business and has a strong presence in the imaging, chemical, and information industries. George Eastman (1854-1932), the founder of Kodak blended human and democratic qualities into the building of his company with remarkable foresight. He believed employees should have more than just good wages and recognized that the success of his business depended upon the vitality of the society in which it was situated ("From Glass Plates to Digital Images: The Kodak Story"). Kodak's historical emphasis on employees and community as well as the integrative style with which George Eastman conducted business remains visible today.

Kodak's stakeholders - its employees, shareholders, public opinion leaders, special interest groups, and suppliers - are recognized and brought to the forefront of discussions regarding business strategy. It is important to Kodak's principles of operation, leadership, strategy and productivity that different business departments do not operate in silos. Kodak takes full advantage of cross functional teams. There is a concerted effort to reach out, connect and work across business unit lines. For in-

stance, the corporate contributions council, which reviews all corporate contributions, has world-wide representation from public relations and includes a number of business units such as Human Resources and Research.

Essie Calhoun, the Director of Community Relations and Contributions at Kodak, emphasizes the value of an integrated approach. It is her opinion that it makes business sense to speak with one voice and all head out in the same direction in the most strategic way that is possible. Ms. Calhoun also feels an integrative approach allows for the most coordinated and a best utilization of one's resources. For instance, recently it was discovered that despite the company's large donations to the University of Rochester, the institution was not purchasing their products. After a session between community relations and sales, communications were improved and a contract obtained.

Since his arrival in 1994 the CEO, George M.C. Fisher, has worked to increase employee morale by challenging managers to keep employees energized, fulfilled and productive. In 1997, Kodak began to focus on rebuilding employee morale. The community relations department has helped address employee morale by emphasizing its internal customer: employees. In response to this challenge, several programs have been developed and implemented. The programs have been designed to seek employee input and enhance employee satisfaction. Employee input is gathered in a number of ways. For example, Kodak employees sit on a review panel for grant applications to the Dollars for Doers Program. Also, in an effort to increase the connection between the community relations department and the employees, there is an employee communications person at each of the plant sites. The company conducts comprehensive employee throughout the world gets the survey at least once a year. Finally, but not least, all employees have direct access, through e-mail, letters or personal contact to both the CEO and the Community Relations Department.

A few select programs which demonstrate the integrative style of this company are detailed below:

The Kodak Learning Challenge involves over 700 employees who provide hands-on teaching in mathematics and science at public schools in Rochester. Employee volunteers typically devote a couple of hours of company time weekly. Kodak gives them paid release time from their jobs for their classroom hours.

Dollars for Doers program is part of international program in which Kodak allows an employee volunteering at a charitable agency to request a small grant up to \$500 from Kodak for that charity. In 1997, \$50,000 will be awarded through this program.

World of Difference Day is conducted in partnership with USA Weekend Magazine and the Points of Light Foundation. Kodak volunteers worldwide gather to provide assistance to local communities and organizations by working on various projects.

FOR THE CORPORATE READER

- To what extent are representatives of your company's community relations department involved in discussions about human resource strategies?
- To what extent are representatives of your company's human resources or work/life departments involved in discussions about community relations strategies?
- How might your company's employer of choice strategy affect community stakeholders?
- How might your company's neighbor of choice strategy affect employees?
- What are the barriers to a strategic linkage between your company's employer of choice strategy and its neighbor of choice strategy? What are the facilitators?

The growing complexity of our business and social environments has precipitated a shift away from the more traditional shareholder model toward a stakeholder model which recognizes employees/families and communities as critical stakeholders to corporate success. In part, the new stakeholder model is more congruent with our realization that the well-being of families, communities and businesses are considerably more interdependent with each other than previously recognized. Consequently, each will increasingly have a stake in one another's future.

Traditional functional areas such as human resources, community relations and public affairs will have to reinvent themselves if they are going to be able to capitalize on the possibilities afforded by the new stakeholder model. A form of integration will need to occur that can promote linkages between stakeholder groups and can better connect these areas to the business of the corporation.

Given the increased role that employees, families and communities have in ensuring business success, it is not surprising that many companies are making efforts to become both an employer of choice and a neighbor of choice. Perhaps in a fashion similar to the quality movement where the customer was seen as a key stakeholder, the adoption of these two strategies will require considerable reshaping of current attitudes and practices.

Some employers may have difficulty realizing that business success is affected by the extent to which the company demonstrates its respect for employees' and families' needs. In many cases, the implementation of a successful employer of choice strategy will necessitate radical new thinking. Companies may be challenged as they attempt to acknowledge employees/families as a critical stakeholder group and then design strategies to maximize mutual gain.

Implementing a neighbor of choice strategy is equally as demanding. The new concepts of corporate citizenship require that companies begin to recognize the value of the organization's reputation among all of its stakeholder groups. Furthermore, companies will need to view the outcomes of successful community relations activities as business investments. The neighbor of choice strategy will be seen as a competitive edge that will require corporations to move beyond a focus on corporate image to the more complex process of reputation building.

Some innovative business leaders have already started to link these important strategies, and they show early signs of success because they are masters of the foundation posts which support both the employer of choice and neighbor of choice strategies: relationship building.

Perhaps most importantly these new strategies will have to be connected to other business strategies such as being an investment of choice and provider/supplier of choice. By themselves, the employer of choice, neighbor of choice, investment of choice, and provider/supplier of choice strategies are necessary but insufficient for the modern corporation to achieve successes. In order for each of them to achieve maximum success, they need to be held together by a consistent vision and set of corporate values which define the company and explain what it stands for.

Core values of respect, trust and authenticity will be the essential building blocks for creating a corporate culture and workplace environment that engender sustainable relationships with customers, investors, employees, and communities.

VI. Summary and Conclusions

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- To articulate alternative response options available to employers.

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