



# Stay True to Your ESG Strategy: How Employee Perceptions on Organization Mission, Values & Culture Affect Success

Times are changing. Now more than ever, employees, consumers and investors are challenging companies to improve and increase transparency of their environmental, social and governance (ESG) efforts.

**92%**

of consumers are more likely to trust a company that supports social or environmental issues

—WILLIS TOWERS WATSON

**55%**

of employees would choose to work for a socially responsible company, even if the salary offered was lower

—WILLIS TOWERS WATSON

**68%**

of investors have integrated ESG into their investment decision-making

—WILLIS TOWERS WATSON

These demands are propelling ESG strategy as a corporate priority. In [Gartner's Board of Directors Survey](#), 31% of respondents cited ESG strategy among their top three emerging risks (up a staggering 100% year-over-year). Additionally, executive compensation is increasingly tied to ESG performance, with the most dedicated firms appointing sustainability officers.

The three components of ESG—environmental, social and governance—are the foundational pillars for corporate sustainability efforts. All three work together to create a successful company culture, which we define as the actively and passively encouraged norms and behaviors of employees.



**ENVIRONMENTAL**

How company choices impact energy/resource usage and waste



**SOCIAL**

How company actions affect wellbeing of employees, suppliers and communities



**GOVERNANCE**

How the company makes decisions, including purpose, ethics and transparency

Despite this trend, many ESG efforts have primarily focused on surface-level measures, over-emphasizing environmental criteria because they're easier to measure. In the future, a singular focus won't be enough. To support the emerging demand for sustainability, companies need to balance and follow through on their commitments within all three ESG components.

# Sustainability's Impact on Employee Experience & Retention

In 2018, ITA Group fielded a landmark study that identified what organizations need to do to motivate and keep their employees. The research confirmed traditional offerings (e.g., compensation, benefits and perks) were still important to workers, but supporting their psychological needs (e.g., sense of purpose, self-esteem and belonging) was more important.

In late 2021, we updated the study and learned workers are more concerned about the authenticity of the organization's mission and values than in 2018. This finding underscores the importance of the sustainability movement because an organization's mission and values guide the norms, behaviors and purpose that form its cultural foundation.

And when mission and values are perceived as authentic by employees, it reinforces an innate human need to know what they spend time on matters.

This increased need for authenticity extends to sustainability efforts as well. Employees can sense when an organization's sustainability claims are at odds with the culture.

A lack of authenticity, when egregious enough, can result in employees experiencing what's known as "[moral injury](#)," which Harvard Business Review defines as "a trauma response to witnessing or participating in workplace behaviors that contradict one's moral beliefs and have the potential of harming others physically, psychologically, socially or economically."

These moral injuries are more common than many would like to believe, and in recent months, companies have increasingly seen moral injuries drive employee turnover as "The Great Resignation" takes root.

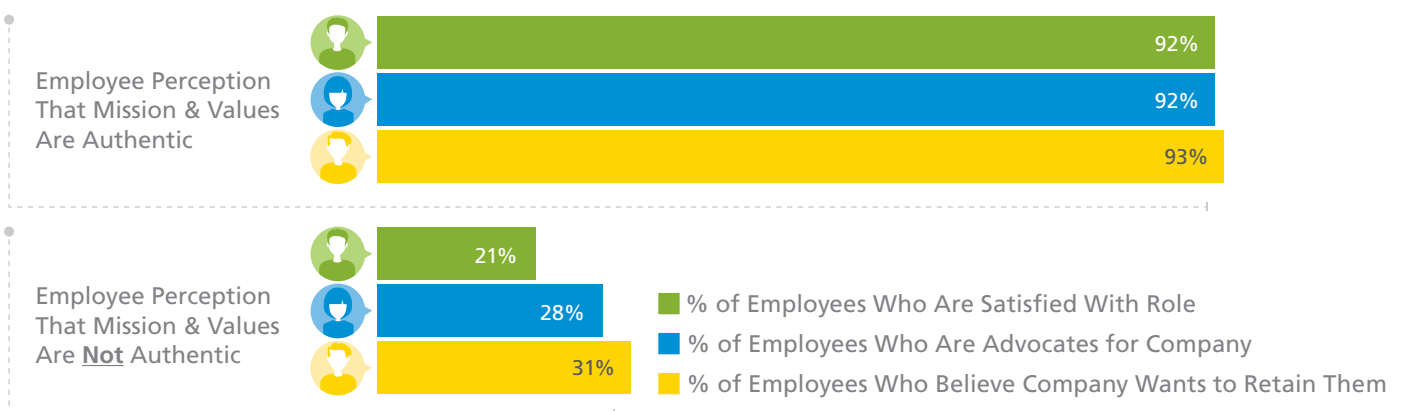
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**The takeaway: Employees won't tolerate questionable workplace practices at the expense of their own value systems.**

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On the flip side, our latest research revealed when employees do believe in the authenticity of their company's mission and values, they're more likely to be satisfied in their roles, speak positively on behalf of their company and believe the organization wants to retain them.

## The Importance of Mission & Values to Employee Engagement



# What's Eroding Employee Confidence in Company Sustainability & ESG Strategy?

We set out to uncover the root of the difference between those who do and don't believe in their organization's sustainability efforts. To do so, data was segmented using demographics (e.g., employee tenure, gender, age and income level) and factors specific to where and how respondents worked (e.g., industry, primary job location and type of role).

Through our analysis, we observed four factors impacting employee confidence in their organization's sustainability and ESG strategy:



Less-tenured employees are highly engaged in ESG-specific efforts but don't stay that way



Many employees struggle to relate to senior leadership, the figureheads of organizational sustainability efforts



Generation and industry affect perceived impact and purpose of work being done



The work an employee does impacts perceived authenticity of company mission and values



## Less-Tenured Employees Are Highly Engaged in ESG-Specific Efforts but Don't Stay That Way

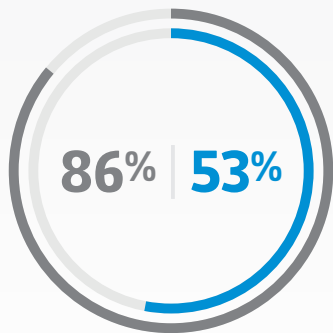
Employees with less than one year of tenure exhibit exceptionally high levels of engagement, including their belief in the culture, emotional connection to their work and shared sense of purpose with their coworkers. The engagement occurs regardless of factors like generation, income level or seniority in the organization.

But things change after the first year because employees with 1–2 years of tenure are consistently the least engaged tenure range.

It's tempting to dismiss the trend as the struggle of being a new hire during the pandemic, but the decline is consistent with a trend we coined "[The Reality Slump](#)" in our 2018 study.

The disengagement affects social and governance components of ESG as evidenced by significant declines in employee perceptions of the **appeal of company culture, relatability of senior leaders** and **authenticity of the company's mission and values**.

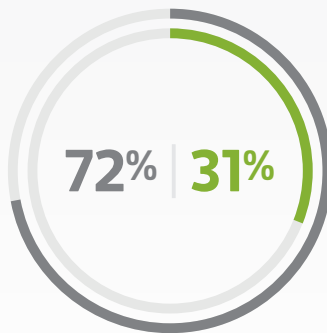
### How Tenure Affects Cultural Appeal



Employees Who Agree They Like Company Culture

■ <1 Year ■ 1-2 Years

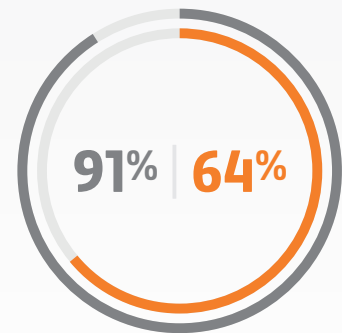
### How Tenure Affects Relatability of Senior Leaders



Employees Who Agree They Are Fairly Similar/Have a Lot in Common With Senior Leaders

■ <1 Year ■ 1-2 Years

### How Tenure Affects Perceived Authenticity Of Mission & Values



Employees Who Agree Company Lives Out Mission & Values

■ <1 Year ■ 1-2 Years

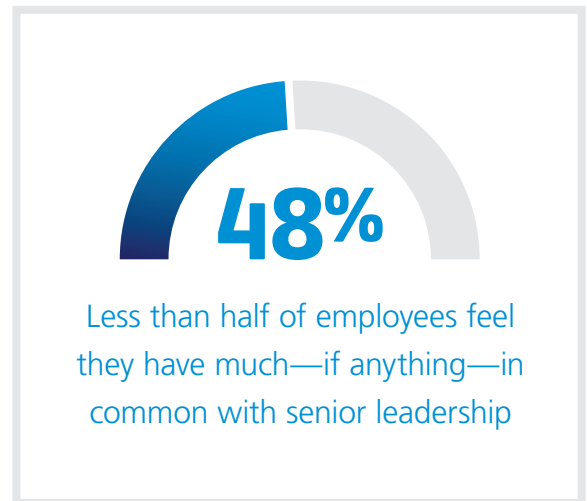


## Many Employees Struggle to Relate to Senior Leadership, The Figureheads of Organizational Sustainability Efforts

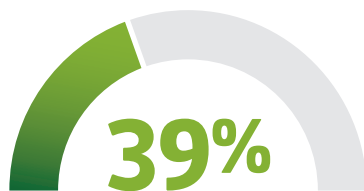
Your senior leadership team's action (or inaction) signals to your employees what your organization values and the behaviors employees are expected to emulate, both of which drive ESG outcomes.

Increasingly employees expect their organizations' leaders to speak publicly on ESG-related issues.

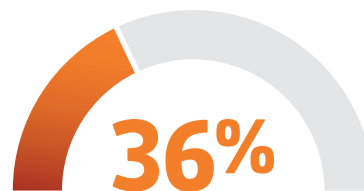
In a [recent Gartner study](#), 65% of employees said they would like to work for an organization with a strong social and environmental conscience, which includes making statements about and taking action on social and political issues. The growing pressure is because employees want to work with leaders who share their beliefs, and yet, our research reveals that only 48% of employees feel they have a sense of commonality with senior leadership at their organization.



The data indicates the disconnect is not an issue of competency but an issue of leadership's inability to connect on a human level with employees. **For example, the most common attributes for senior leaders were:**

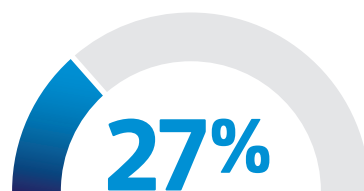


Smart & Intelligent

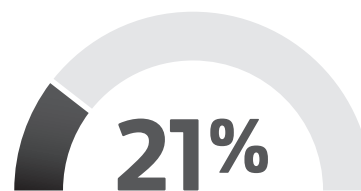


Expert & Knowledgeable

This indicated employees believe their leaders are competent. **However, significantly fewer employees cited the following greater degree of concern for the wellbeing of others:**



Genuine & Trustworthy



Kind & Considerate

The lack of personal connection was confirmed when employees ranked what they perceived as the priorities of the typical senior leader at their organization.

**The top 10 most frequently cited responses are listed on the right.**

While the priorities listed are positive, most focus on the organization’s or leader’s performance. This is notable because a core tenant of sustainability is an external focus on the impact an organization has on the local community, global society and the environment.

**Consider the priorities cited less frequently:**

- > Ability to make a difference to people outside of the organization (e.g., communities, customers)
- > Supporting good causes (e.g., charities, non-profit organizations)

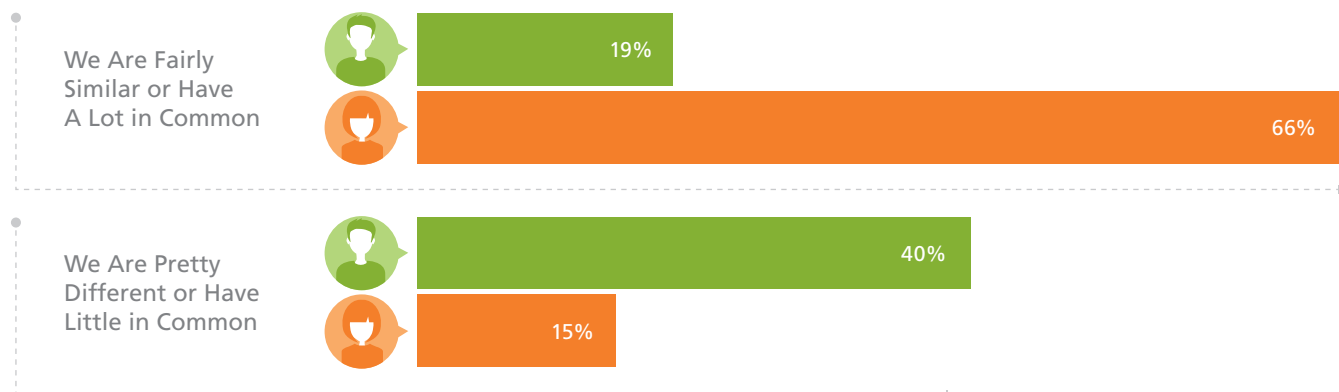
Given the importance of sustainability, senior leadership has an opportunity to present a more balanced view of internal and external priorities. We are confident this is possible to achieve because we also saw more favorable perceptions of senior leadership from self-identified managers, indicating increased visibility into the inner workings of an organization increases positive perception and commonality with senior leadership.

**Employee Ranking on Perceived Priorities Of Senior Leadership at Their Organization**

1. Work/professional advancement
2. Ability to make a difference in the organization
3. Working with people who are good at their jobs
4. A respectful work environment
5. Clear roles, responsibilities and processes
6. Helping others (e.g., teaching, mentoring)
7. Having a good work/life balance
8. Benefits (e.g., health benefits, vacation days, sick days)
9. Ability to innovate, experiment or take risks
10. Stability

**Impact of Management Role on Perceived Commonality With Senior Leadership**

■ Individual Contributor ■ Manager





## Generation & Industry Affect Perceived Impact & Purpose of Work Being Done

An organization's sustainability efforts can either enhance or detract from the sense of purpose employees draw from their work. This is important because a wide body of research revealed employees who find a sense of purpose in the work they do (and their organization does) are more likely to stay engaged and be retained. What is less well-researched is what specifically contributes to workers' sense of purpose.

To analyze employee perception of purpose, we evaluated respondents' agreement with the following statements:

- > I know the work I do matters to others
- > I draw a sense of purpose from the work I do
- > I am proud to tell people I work for my company
- > Working at my company helps me live up to my ideals for the kind of person I want to be

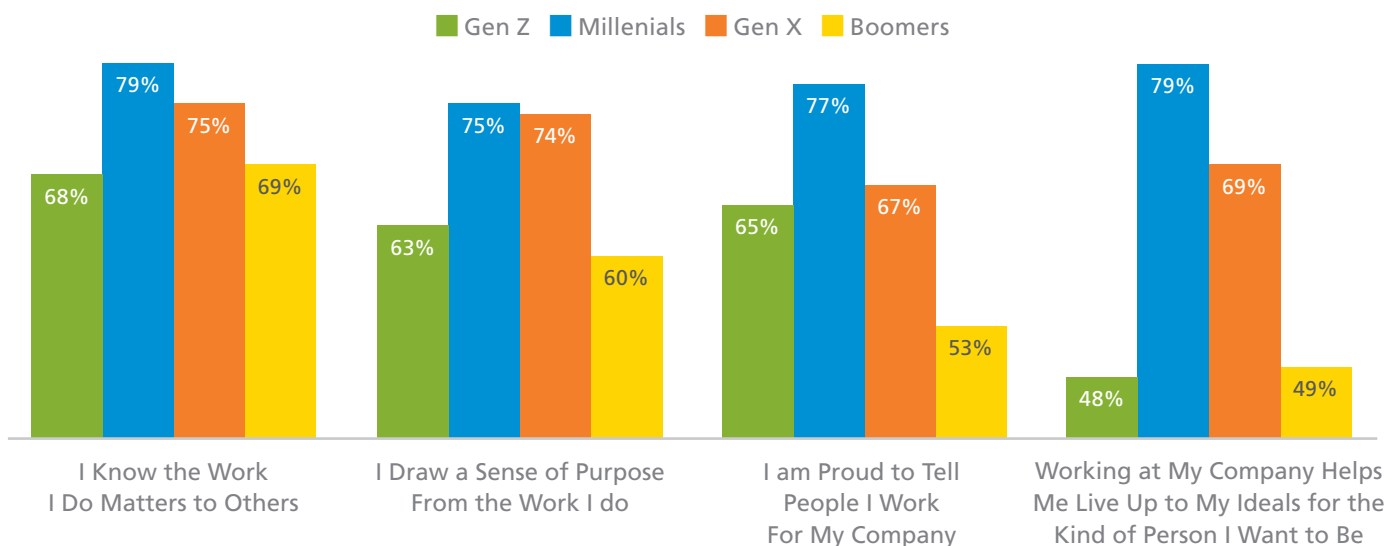
While entry-level jobs tend to have higher turnover, less than half (48%) of Gen Z working adults agreed that working at their current employer helps them live up to their ideals.

While many variables affect a person's perception of their work and their organization's impact, the generation and industry categories yielded particularly interesting results.

### Generation

We found Millennials (age 25–40) consistently led other generations in having a positive perception of the impact of their work. Gen X (age 41–56) trailed by anywhere from 1–10 percentage points while Boomers (age 57+) and working adults from Gen Z (age 18–24) consistently trailed by at least 10 percentage points.

How Generation Affects Perceived Impact of Work





The generational difference is a key finding because of how important sustainability is to Gen Z. Their pursuit of companies with strong ESG practices (even at their young age) is well documented:

**31%**

of Gen Z surveyed would turn down roles in companies with poor ESG credentials

**56%**

of Gen Z workers believe companies must put society ahead of profits

**80%**

of Gen Z investors say they factor ESG issues into their financial decision-making

Additionally, restlessness among Gen Z employees is growing. [LinkedIn's recent research](#) revealed 25% of Gen Z respondents hope or plan to leave their employers within the next six months.

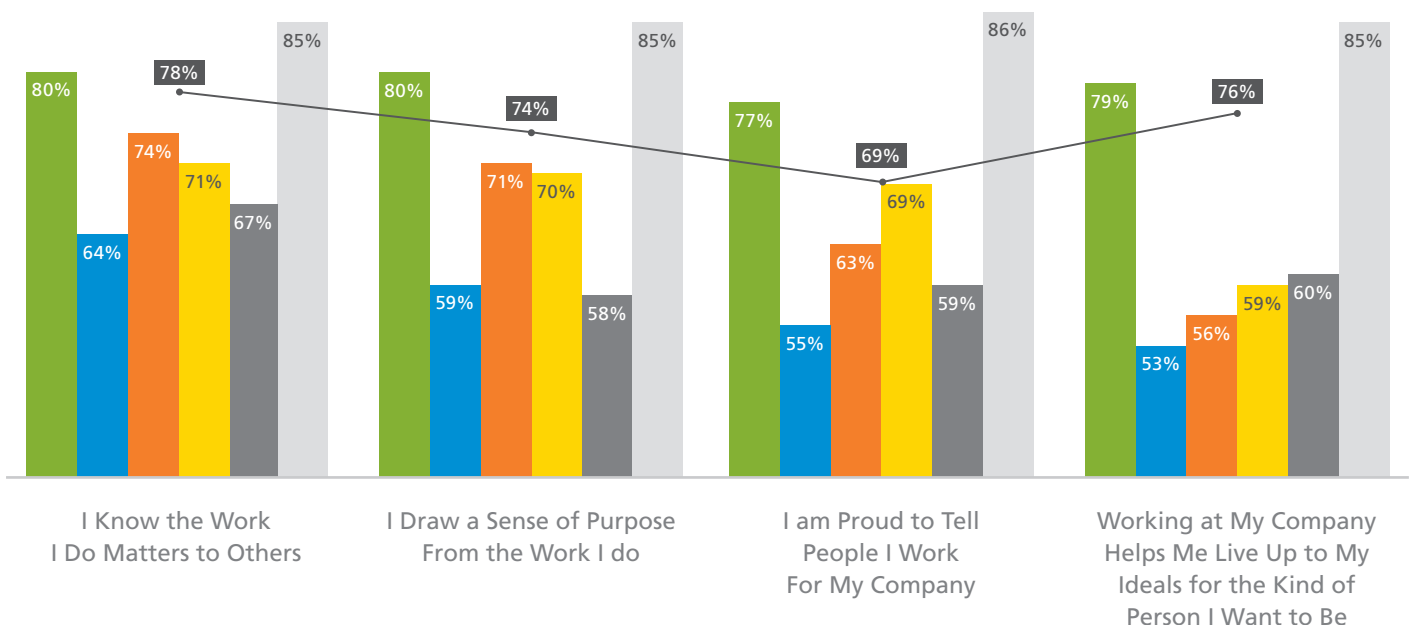
Combined, Millennials and Gen Z will make up most of the global workforce (72%) by 2029. And while ESG efforts to affirm and reinforce the purpose and impact of their work appear to be influencing Millennials, our data validates room for improvement exists among Gen Z.

Industry

Across the six industries analyzed, workers in technology led the other industries in having a positive perception of their work's impact. The finance sector followed, trailing by 5–9 percentage points. The remaining industries varied, but retail and insurance frequently lagged healthcare and manufacturing.

How Industry Affects an Employee's Perceived Impact of Their Work

■ Finance ■ Insurance ■ Healthcare ■ Manufacturing ■ Retail ■ Technology — Average

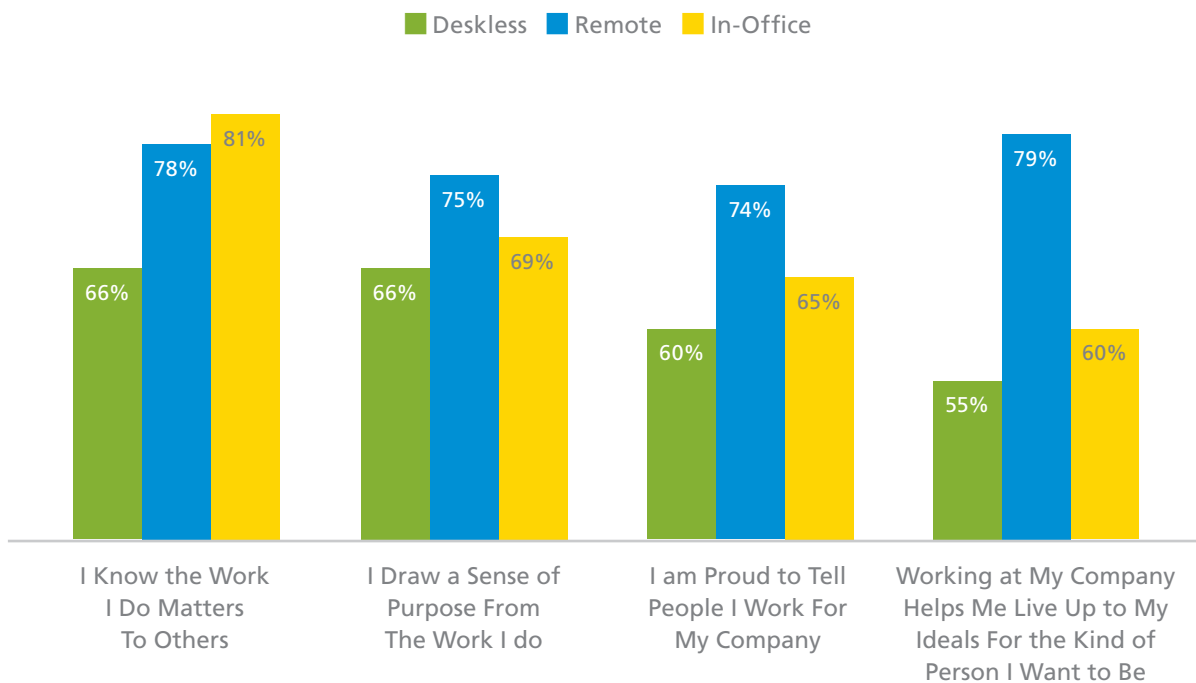


Finance and technology respondents primarily work in desk-based roles (96% and 92%, respectively). Given the similarities in how workers in these industries perceive their work's impact, we explored the relationship between perceived impact and where work gets done.

**Across all industries, remote desk-based workers outperformed their desk-based in-office and deskless worker counterparts in nearly every measure of the perceived impact of their work.**

The subsequent analysis likely explains some differences we evaluated by industry because retail, healthcare and manufacturing industries have lower percentages of desk-based workers (44%, 58% and 70%, respectively). Given the consistency of the disconnect, organizations should focus on reinforcing a sense of purpose and impact for workers in deskless roles.

Impact of Where Work Gets Done on Perceived Impact of Work (All Industries)



The insurance industry's lagging performance is different. Although 97% of respondents self-identified as desk-based workers, respondent needs were largely underserved—the insurance industry lagged 10–37 percentage points behind the average respondent's performance.

Given the widespread engagement issues identified, these employees are likely struggling with culture, self-esteem, social connection and traditional benefits offered and, as a result, are at a high risk of turnover.



## The Work an Employee Does Impacts Perceived Authenticity Of Company Mission & Values

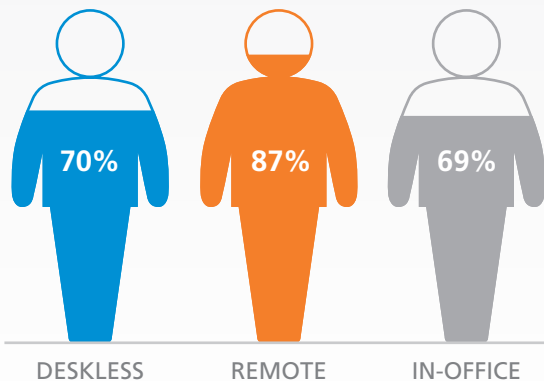
An organization's mission sets the aspirational tone for why work is being done; its core values guide the behaviors and norms for how that work gets done. Taken together, mission and values establish expectations for employees. As a result, getting your people to buy-in to your mission and values is key to the successful implementation of a sustainability strategy and the achievement of your ESG-specific goals.

Show employees there is clarity and consistency in how your organization's mission and values work together. Share your story of making a positive impact on the world and illustrate how employees' individual work translates into behaviors that help accomplish the organization's broader objectives.

Those behaviors vary based on the work being done, and our data revealed the type of work an employee does impacts how authentic they perceive these messages. **When asking employees whether they agree their company lives its claimed mission and values, we found the following:**

Desk-based remote employees are far more likely to agree than their desk-based in-office or deskless counterparts

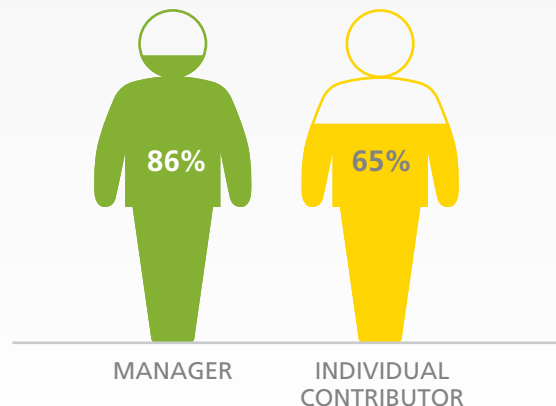
### How Where You Work Impacts Perceived Authenticity of Mission & Values



% Employees Who Agree  
Company Lives Out Mission & Values

People managers are significantly more likely to agree than individual contributors

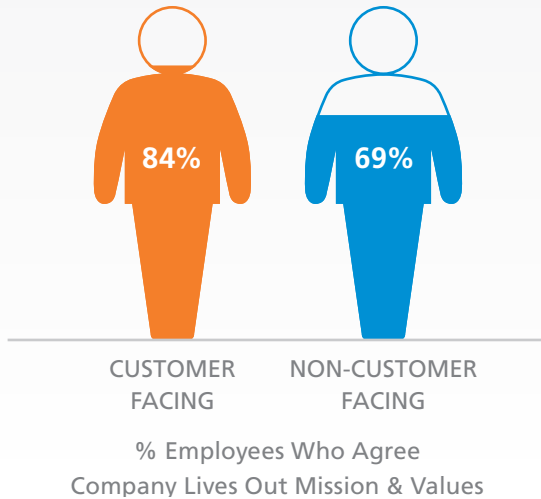
### How Being a Manager Impacts Perceived Authenticity of Mission & Values



% Employees Who Agree  
Company Lives Out Mission & Values

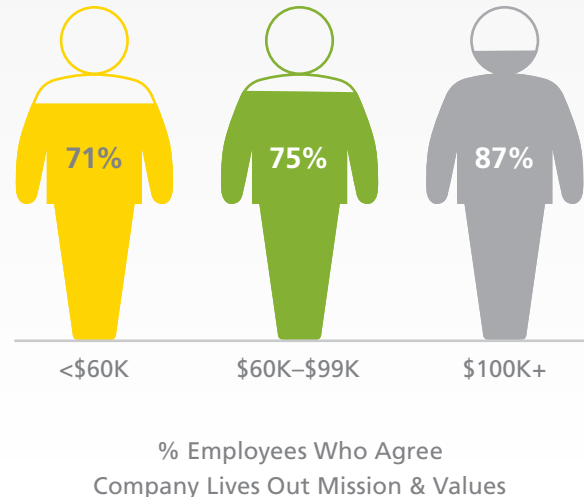
Those working in customer-facing roles are more likely to agree

### How Being Customer Facing Impacts Perceived Authenticity of Mission & Values



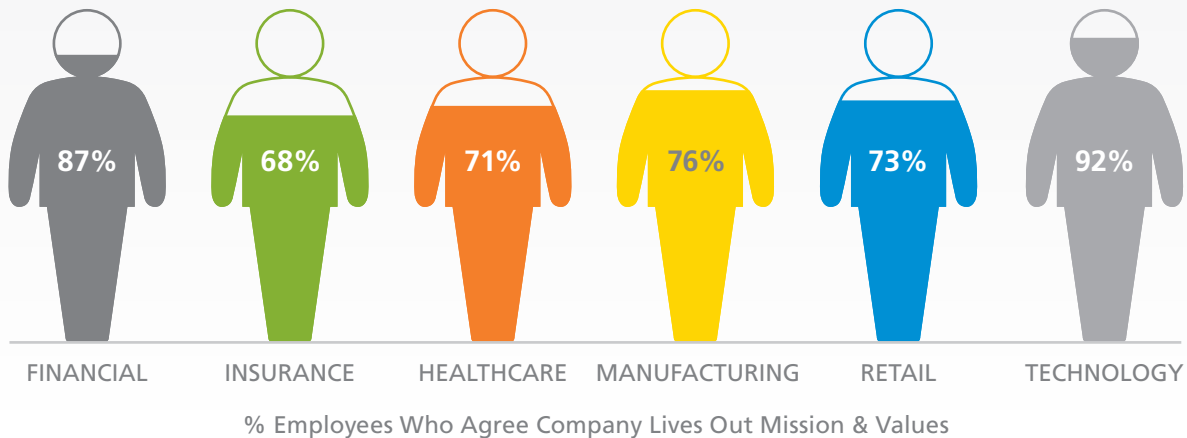
High income employees are more likely to agree than those in lower income ones

### How Pay Impacts Perceived Authenticity of Mission & Values



Technology and finance workers agreed to a strong degree (which is consistent with industry variation trends discussed in the previous observation)

### How Industry Impacts Perceived Authenticity of Mission & Values



The variation in employee perceptions underscores the importance of identifying personally relevant ways to express company brand messages. This is needed in identified segments struggling to reconcile the aspirational messages they're told with their day-to-day work experiences, including:

- > On-site workers (both desk-based and deskless)
- > Non-customer facing roles
- > Individual contributors
- > Lower-earning employees

# 5 Keys to Engaging Employees in Your ESG Strategy

Now that we've examined the data on why employees do and don't believe in their organization's sustainability efforts, let's look at five ways to keep your people engaged in your ESG strategy.

## 1

### Source Feedback From Employees to Validate (or Change) Internal & External Brand Messages

Helping employees see how they contribute to the ESG strategy is an effective foundational step. Too often, executive and board-level discussions determine what a company plans to communicate about sustainability efforts.

But employees are more willing than ever to give feedback and involving them in discussions increases their engagement. Not only are employees a great sounding board on your current efforts' effectiveness, but they also can inspire new sustainability goals.

To get started, ask questions to uncover what drives them, what they believe is unique about the organization and how the work they do gives them a sense of purpose. Then use the feedback to evaluate your sustainability messaging.

## 2

### Articulate ESG-Specific Messages in Personally Relevant, Role-Specific Ways

The average organization in 2021 spent [nearly 12% of their total budget on marketing](#). But if you're like most brands, a mere fraction of that budget was spent on marketing to your own employees.

To create awareness of ESG goals and how your mission, values and actions are supporting them, start promoting them to employees. Storytelling is an important tool for creating employee buy-in for your sustainability efforts. Relevant messaging connects with every worker by showing how they contribute to the goals, so be sure to share what makes the organization great and the achievements—big and small—toward your ESG outcomes.

Finally, source influencers who explain relevant details to peers in ways that reinforce what your mission and sustainability efforts mean to different job functions, departments and people at the local level.

# 3

## Lead By Example at Every Level of The Organization

No matter how much you market the strategy to employees, the strategy will fall flat if leaders don't emulate the behaviors your organization values. And, [as mentioned earlier](#), when employees don't believe in the message's authenticity, it impacts their job satisfaction, willingness to talk positively about the brand and even their belief that you care about them.

# 4

## Reinforce Behaviors that Contribute to ESG Goals

You've likely heard the saying "what gets rewarded gets repeated" and the same is true here. While tying executive compensation to ESG outcomes is a step in the right direction, it's not a big enough step.

To rally the entire organization around the ESG strategy, demonstrate the impact each employee has on achieving the objectives. Start with simple promotions, then add emphasis by recognizing and rewarding your people for achieving the goals.

For example, when you align the reasons why employees are recognized to the core values, you reinforce the importance of the desired behaviors daily. The behaviors should complement the ESG strategy and ensure the entire organization is working toward common outcomes.

Special recognition is another tactic to consider. By spotlighting top performers who have been instrumental in supporting sustainability efforts, you reinforce the commitment to sustainability while improving the employee experience for those recognized.

# 5

## Assess the Impact of Your Efforts & Optimize Your Strategy

With an initiative as important as sustainability, it's crucial to adopt a "continually improving" mindset. The rate at which the workforce is evolving—and the rate at which Gen Z is coming into the workforce and changing perspectives—is only going to keep accelerating. Ongoing strategy evaluation will help you adapt.

Incorporate touchpoints in your employee listening strategy intended to uncover perspectives on the authenticity and efficacy of the sustainability messages and ESG goals. At times, surveys feel surface level when you need deeply candid feedback, so consider sourcing feedback from focus groups, site visits or workshops to uncover employee perceptions.

Finally, measure the impact of what you're doing. *Everything* you're doing. By quantifying the impact of your ESG goals, you can determine whether the organization is following through on its commitments and recognizing potential opportunities. As brands change, so does their impact on stakeholders. Remember it's ok to change goals as your business model changes.

## Ready to Engage Your People to Make ESG Strategy a Success?

ITA Group believes every organization has an amazing story to tell about how they're making the world a better place. But a lot of organizations struggle to find, share and reinforce that story. As experts in improving employee experience, we source the compelling story, communicate it to your people and reinforce it day in and day out by motivating, recognizing and celebrating employees.

Let's Talk—[itagroup.com](https://itagroup.com)