Analytics for Strategic Corporate Social Responsibility

By

Ponce Ernest Samaniego

Master of Business Administration, Asia School of Business, 2018
B.S. Business Administration, University of the Philippines, 2011

SUBMITTED TO THE MIT SLOAN SCHOOL OF MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF SCIENCE IN MANAGEMENT STUDIES
AT THE
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

MAY 2020

©2020 Ponce Ernest Samaniego. All rights reserved.

The author hereby grants to MIT permission to reproduce and to distribute publicly paper and electronic copies of this thesis document in whole or in part in any medium now known or hereafter created.

Signature of Author: ________________________________
MIT Sloan School of Management
May 8, 2020

Certified by: ________________________________
Jacob Cohen
Senior Associate Dean for Undergraduate & Master's Program
MIT Sloan School of Management

Accepted by: ________________________________
Jacob Cohen
Senior Associate Dean for Undergraduate & Master's Program
MIT Sloan School of Management
Analytics for Strategic Corporate Social Responsibility

By

Ponce Ernest Samaniego

Submitted to MIT Sloan School of Management on May 8, 2020 in Partial Fulfillment of the requirements for the Degree of Master of Science in Management Studies.

ABSTRACT

Often organized as disconnected philanthropic activities independent from core corporate strategy, the potential that Corporate Social Responsibility (CSR) can play in gaining competitive advantage for firms have largely been untapped. One of the challenges in unlocking the strategic advantages of CSR lies in measuring results and connecting outcomes to key business priorities. The application of data analytics can support CSR practitioners in overcoming this challenge. By adopting CSR analytics, practitioners can more transparently measure the impact of their activities, identify underlying relationships with business goals, and utilize data to make strategic choices that contribute to corporate strategy.

This research focuses on the case of Wayfair, one of the largest e-commerce companies in the world. In support of the firm’s corporate goal of improving human resource outcomes, analytics strategies have been developed to describe, predict, and prescribe CSR interventions. These strategies impact the five dimensions of employee engagement: employee satisfaction, employee identification, employee commitment, and employee loyalty. This research study aims to encourage firms to increase focus and investments on the adoption of analytics in CSR. By doing so, firms can achieve business goals and contribute to sustainable development.

Thesis Supervisor: Jacob Cohen
Title: Senior Associate Dean for Undergraduate & Master's Program
# TABLE OF CONTENTS

I. **INTRODUCTION** 1

II. **LITERATURE REVIEW** 1

   A. What is Analytics? 1
      • Business Analytics 1
      • Business Intelligence 2
      • Data Mining 3
      • Machine Learning 3
      • Artificial Intelligence 3
   B. How is Analytics Changing Business? 4
   C. Are all departments affected by the analytics revolution? 5
   D. How can we encourage analytics adoption in different parts of a company? 5
   E. What is Corporate Social Responsibility? 6
   F. How did companies respond to the launch of SDGs? 9
   G. Why is improving approaches to CSR important? 10
   H. How can we improve alignment of CSR with business goals? 12

III. **METHODOLOGY** 13

   A. Case Background 14
   B. About Wayfair 14
   C. Beginning of CSR at Wayfair 15
      • Charitable Partnerships 15
      • Charitable Giving 15
      • Emergency Response 15

IV. **ANALYSIS** 15

   A. Why is employee engagement important? 15
   B. What is employee engagement? 16
      • Employee satisfaction 16
      • Employee identification 16
      • Employee commitment 16
      • Employee loyalty 17
      • Employee performance 17
   C. Why is CSR a good predictor of employee engagement? 18

V. **RECOMMENDATIONS** 18

VI. **CONCLUSION** 26

VII. **WORKS CITED** 27
I. INTRODUCTION
While data analytics has become a common path to generating business value in recent years, analytics-driven innovation in the CSR function within corporations continue to fall behind. Highlighting the unequal pace of analytics practice diffusion, the article The Analytics Mandate by MIT Sloan Management Review highlights, “pockets within organizations are finding ways to innovate with analytics, yet those abilities are not extending across organizations to the same extent” (Kiron, Ferguson, & Prentice, 2013).

Using Wayfair, one of the world’s largest e-commerce firms, as a case study, this research examines the evolution of CSR approaches, explores current barriers and opportunities to analytics adoption in the CSR function in practice, and recommends concrete analytics strategies and tactics. By utilizing Wayfair’s case as a real-world example, this research aims to advocate for increased investments in CSR analytics by demonstrating how increased emphasis and investment on capabilities can unlock both firm value and potential contributions to social, economic, and environmental goals.

II. LITERATURE REVIEW

A. What is Analytics?

Business Analytics (BA), or more generally analytics, can be described as the science and art of applying quantitative data approaches to decision-making (Shmueli, Bruce, Yahav, Patel, & Lichtendal Jr., 2018). Another definition comes from SAS Institute, one of the most prominent analytics software company in the world. They describe analytics simply as: using data and math to answer business questions, discover relationships, predict unknown outcomes and automate decisions (SAS Institute, 2020).

As a rapidly evolving practice in business, BA is understood and practiced differently among different businesses and organizations. This is evident as businesses, and their respective internal units, have different levels of sophistication in their use of data and technology. To further understand how businesses, understand, process, and practice BA, it is important to define analytics. A basic application of analytics includes counting, rule-checking, and basic arithmetic which can have simple applications such as projecting sales, data-driven customer segmentation, and cost analysis.

Analytics can be categorized into three types (Davenport, 2013):

1. Descriptive Analytics uses historical data to describe, report, and give insight on the past and/or current state of a business or its parts. Focusing on addressing ‘what happened and why?’, some examples of business applications that can be addressed by this type of
analytics include ‘who are our most valuable customers?’, ‘what are our best-selling products?’, and ‘what are the results of our campaigns?’.

Often associated with *business intelligence*, most business functions in a company are already using descriptive analytics in the form of data reporting. However, with computer science and other technological tools, businesses can take descriptive analytics to another level by taking advantage of vast amounts of data and improving reporting speed through *data mining* approaches. The latest application of advanced tools for descriptive analytics also allows users to interact and explore live or up-to-date data through dashboards which was previously impossible with traditional static reporting approaches.

2. **Predictive Analytics** uses models based on past data to predict future scenarios for businesses. By applying statistical techniques using historical data, predictive analytics can provide a simulation of what is likely to happen in the future. Some tools under this type of analytics include: Time series models which can be used to predict expected number of customers. Classification models which can predict customers most likely to churn. Lastly, forecasting models which can be used to predict growth rates, costs, demand, sales, and others. These tools can be applied in macro issues such as industry trends or economic indicators in more specific business challenges such as predicting revenue or profit.

3. **Prescriptive Analytics** takes analytics even further by using data and models to recommend or prescribe optimal behaviors and actions. This approach is seen as more advanced than descriptive and predictive analytics as it quantifiably recommends the best option from a potentially impossibly large number of possible combinations. Common benefits of utilizing prescriptive analytics include increased efficiency and efficacy in decision-making. This saves time and achieves optimum outcomes such as minimizing expenses when applied to cost reduction problems or increasing revenue when applied to sales optimization.

Some applications of prescriptive analytics include the following supply chain related decisions: optimizing planning, sourcing, production, and inventory. The use of prescriptive analytics helps in deciding which marketing channels to utilize, which would maximize sales despite a limited advertising budget.

Analytics also covers related concepts such as:
**Business Intelligence** (BI) which generally focuses on the descriptive application of analytics. BI refers to data visualization and reporting which is used to aid in enhancing understanding of historical data to ascertain trends or root causes. BI typically uses charts, tables, and dashboards to make data easier to examine and explore.

Previously consisting mainly of generating static reports, BI has evolved into savvier and more sophisticated application of user-friendly tools for increased user interface. This includes creating interactive dashboards that simplify complex and evolving data. This allows users to access, interact with, and make sense of often large amounts of real-time data. These dashboards may also utilize sophisticated data analysis methods such as statistical models and data mining algorithms that quantify and explain relationships between measurements, and predicting scenarios.

**Data Mining** (DM) “stands at the confluence of the fields of statistics and machine learning (also known as artificial intelligence)” as described by the authors of Data Mining for Business Analytics (Shmueli, Bruce, Yahav, Patel, & Lichtendal Jr., 2018). While tools used come from the fields of statistics such as linear regression, logistic regression, and discriminant analysis, DM was born through developments in technology and the digital economy. DM applies statistical methods through immense computing power and vast amounts of data unseen in classical statistics.

**Machine Learning** (ML) refers to the use of statistical algorithms to find patterns and “learn” directly from data (numbers, images, words, actions, etc.) often in an iterative process. ML algorithms come under three types:

- **Supervised** – The most prevalent of the three, data is labeled to tell the model exactly what patterns it should look for. A common application are recommendation algorithms where models recommend what to watch or buy based on your previous actions in the platform.
- **Unsupervised** – In contrast to supervised, data has no labels in this application and the model looks for patterns without previous guidance. This is applied in cybersecurity and fraud detection when behaviors are unpredictable.
- **Reinforcement** – The latest of the three, the machine learns through trial and error to achieve a clear objective such as maximizing payoff (revenue, clicks, views, etc.) in this approach. The multi-armed bandit algorithm which is increasingly widely-used in A/B testing and marketing applications is a type of reinforcement ML (Hao, 2018).

**Artificial Intelligence** (AI) refers to machines that emulate the human abilities of learning, reasoning, and deciding. Presented with an unfamiliar environment or situation, AI can assess, learn, and act on their own. As most developments are currently seen as aspirational and still in
their early development, AI remains far from the grand vision of emulating human intelligence. Thus, most AI-labeled applications fall under machine learning as opposed to strictly AI (Hao, 2018).

B. How is Analytics Changing Business?
Studies conducted by MIT Sloan Management Review, in partnership with SAS Institute Inc., highlights how businesses and the environment they operate in has changed over the past decade because of a data revolution. Their insights, gathered from 2,037 business executives, managers, and analysts from 100+ countries and 25 industries, highlighted the growing investment in analytics overall despite limited growth on IT spending. From 2009 to 2013, the annual average growth rate of analytics spending is 8.5%. Indeed, “how organizations capture, create and use data is changing the way we work and live” (Kiron, Ferguson, & Prentice, 2013).

However, as more companies invest in analytics to gain a competitive advantage, it is increasingly more difficult to obtain and maintain an analytics-driven edge. By 2014, the MIT and SAS study found that the portion of companies reporting that they gained a competitive advantage from analytics is beginning to level off as highlighted in Diagram 1. In 2011, 37% reported gaining competitive edge from analytics. This peaked in 2013 at 67% of companies. However, by 2014, a decline to 66% suggests that companies’ perceptions are beginning to plateau. This has led the authors to identify analytics as an increasingly more “common path to value”.

Diagram 1: Competitive Advantage from Analytics Levels Off

C. Are all functions affected by the analytics revolution?

The Analytics Mandate report uncovered that the adoption and innovation in analytics is happening not at the same level across organizations. Only 50% of managers believe that their organization’s ability to innovate has been improved by analytics with 16% saying they strongly agree while more at 34% just somewhat agree.

Within those organizations that do innovate, they happen in parts of companies or what the report referred to as “pockets of analytics innovation”. Analytics innovation is more widely seen in areas such as operations and marketing, and finance. There is a general perception from managers and executives that their organizations still need to improve their use of analytics. Across the board, 87% of managers believe their organizations are still underutilizing analytics and need to improve their utilization. As highlighted by Diagram 2 below, only 65% of managers agree that their functional areas’ ability to innovate have been improved by analytics with 36% saying they strongly agree while 29% somewhat agree.

![Diagram 2: Pockets of Analytics Innovation](source: The Analytics Mandate (2013) by MIT Sloan Management Review and SAS Analytics Inc.)

D. How can we encourage analytics adoption in different parts of a company?

Compared to other aspects such as analytics skills and data management technologies, the most important factor culture. Culture encourages companies to harness the benefits of analytics to gain a competitive advantage. A strong analytics culture is a prerequisite in moving the other areas critical to driving analytics transformation such as talent, management, and processes.
There are three aspects of an analytics capability:

1. Culture – this includes how analytics inform strategy and planning (of technology, talent, and training) as well as how analytics is used in both. Culture also covers attitudes and behaviors such as how management enforces and rewards analytics-driven decisions, promotion of analytics best practices, and the weight of data in decision-making.

2. Data Management pertains to the processes for access, capture, collection, generation, utilization, and sharing of data in the different functions within the organization. This covers how analytics and data is applied to the whole organization as well as its different parts and their ongoing integration of analytics into the different organizational processes.

3. Skills include the different members and levels of the organization (not just the analytics department or unit) and their capabilities in effectively utilizing data in their jobs. Different analytics expertise is needed at different levels of the organization such as executives who make decisions using data, customer-facing staff who use data to better engage their clients, and data analysts and scientists themselves who develop insights and models for the organization.

E. What is Corporate Social Responsibility?

American economist Howard R. Bowen is credited to have given the first modern definition of CSR. In his book Social Responsibilities of the Businessman, published in 1953, he defined the term “social responsibilities of businessmen” as “the obligations of businessmen [and businesswomen] to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society (Beal, 2014).

Since this first definition appeared in publication, numerous other definitions based on a wide range of perspectives have emerged which can be classified into four groups of theories (Garriga & Melé, 2004):

1. Instrumental Theories – this group focuses on the role of businesses as solely an instrument of wealth creation. This group argues that the social responsibility of businesses is to focus on creating wealth and that social activity is accepted if it’s consistent with that goal. In this regard, CSR is a means for profit.

2. Political Theories – this group highlights the political and social power of businesses. Given their size and influence, especially large and modern corporations, this group
argues that businesses have responsibilities and duties to participate and cooperate in the political and social arena.

3. Integrative Theories – this group argues that because businesses depend on society for its growth and continuity, they must focus on responding to social demands. By doing so, businesses achieve social legitimacy, greater acceptance, and prestige.

4. Ethical Theories – this group sees CSR from an ethical perspective. Arguing that the relationship between business and society has ethical implications, a business’ social responsibility is a matter of ethical obligation.

Alternatively, Michael E. Porter and Mark R. Kramer identified four schools of thought practitioners and proponents use to justify CSR (Porter & Kramer, 2006):

1. Moral appeal – this argument focuses on encouraging companies to pursue CSR out of a “duty to be good citizens” and to “do the right thing”. However, determining morality of decisions undertaken by a firm is often complex in practice due to conflicting values and ethics of individuals and societies especially for international companies who operate in territories with different laws. Firms often face challenges in ascertaining whether to impose their own values, their stakeholders’ values, or follow the local regulations.

2. Sustainability – this predominant view on CSR focuses on environmental stewardship and more recently, balancing the three pillars of sustainable development: economic, environmental, and economic (United Nations, 2020). Especially with increased awareness of humans’ impact on the environment such as climate change, CSR’s focus on environmental sustainability is increasingly becoming more prevalent especially in western economies. By balancing the three pillars of sustainable development, this view appeals to “enlightened self-interest” as sustainability encourages long term thinking by avoiding short-term behaviors that are environmentally wasteful and socially-detrimental. This shift in view is highlighted by the mission of Business for Social Responsibility, a global nonprofit organization “that works with its network of more than 250 member companies and other partners to build a just and sustainable world.” It states its mission as “to work with business to create a just and sustainable world. We envision a world in which everyone can lead a prosperous and dignified life within the boundaries of the Earth’s natural resources” (Business for Social Responsibility, 2020).

3. License to operate – A practical approach, the license to operate perspective uses CSR as a way for the company to comply with regulations, work harmoniously with stakeholders,
and earn the tacit or explicit permission from governments, communities, and other stakeholders. Prevalent in highly regulated industries such as mining, chemical manufacturing, and natural resources extraction, this approach enables companies to manage risks and have a constructive relationship with affected stakeholders, advocacy groups and activists, and regulators. However, companies with this approach is seen as passive and with “minimal value to society and the business strategy” as CSR is used as a defensive strategy to placate potential negative backlash from stakeholders.

4. Reputation – Using CSR as a means to strengthen the company’s brand, enhance image, and increase employee morale, this perspective often highlights the impact of CSR with consumer purchasing preferences, employee engagement, or on stock market performance (which has been difficult to measure in practice). Many companies taking this perspective put CSR under their public relations and branding efforts. Porter and Kramer notes that this approach often result into a ‘hodge-podge’ of unrelated philanthropic activities responding to a few pressure points from stakeholder groups and “risks confusing public relations with social and business results”.

In practice, companies and their CSR practitioners take a combination of the four schools of thought to justify their activities. For example, some companies may approach CSR both as a reputation enhancer while focusing on sustainability issues as it’s increasingly becoming a popular differentiator for consumers or a company that both take the moral appeal perspective while also pursuing CSR to appease its critics and stakeholders.

**Corporate Strategy and CSR is Fragmented**

Porter and Kramer criticizes the four justifications. They argue that “the prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society.” Many of the current examples of CSR in practice fall into this trap where CSR is seen as separate or disconnected from core business strategy and activities. It is often seen as a “nice to have” and would become one of the first activities to get cut when budgets need to be reduced. They highlight that “If, instead, corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed– it can be a source of opportunity, innovation, and competitive advantage” (Porter & Kramer, 2006).
CSR and the Sustainable Development Goals

Rethinking the way firms approach CSR provides an opportunity for firms – both for competitive advantage as well as for enhanced impact in addressing the world’s social, economic, and environmental challenges.

After two years of negotiations with different stakeholders including the private sector, 193 countries, all United Nations Member States, adopted the 2030 Agenda for Sustainable Development in 2015. A core component of this Agenda is the 17 Sustainable Development Goals (SDGs), a shared, universal, and interrelated set of goals with 169 accompanying targets that all countries (developed and developing) commit to achieving in 2030. While not a legally-binding commitment, the SDGs provide a framework for national plans and organizational strategies. Through monitoring and international pressures, the SDGs provide an additional incentive for stakeholders to see them succeed.

The SDGs are often grouped under the larger categories of “5 Ps”: People, Planet, Prosperity, Peace, and Partnerships (United Nations Foundation, 2020). As they cover wide range of issues such as poverty, hunger, climate change, and gender equality, both developed and developing countries along with stakeholders from the private sector and civil society, need to work together in partnership (United Nations, 2020).

F. How did companies respond to the launch of SDGs?

As a response, businesses have aligned their CSR agendas to the SDGs. A few months after the launch of the SDGs, PwC, a network of firms in 157 countries providing professional services in assurance, tax and advisory services, conducted a survey to understand how companies are adopting the SDGs. While respondents were generally limited to PwC clients, United Nations Global Compact (UNGC) members and Global Reporting Initiative (GRI) members, the results provide an insight to how firms responded to the global goals in 2015 (PwC, 2015). Some of the insights include:

- 71% of businesses say they are already planning how they will engage with the SDGs
- 41% of businesses say they will embed SDGs into strategy and the way they do business, within five years
- 92% SDG awareness amongst the business community is high
- While businesses remain actively engaged, government is seen as having prime responsibility to achieve the SDGs by 49% of businesses

The World Business Council for Sustainable Development (WBCSD) a global, CEO-led organization of over 200 leading businesses “working together to accelerate the transition to a sustainable world.” Established in 1995, the WBCSD’s six main programs have been specifically aligned to
achieve systems transformation towards the realization of the SDGs, reflecting its members’ support for the new global agendas (World Business Council for Sustainable Development, 2020).

In January 2016, the Business and Sustainable Development Commission (BSCD), a two-year initiative driven by leaders in business, finance, civil society, labor, and international organizations was established. Launched in Davos at the World Economic Forum, the commission’s goal is to make the business case for the SDGs. These global leaders include Jack Ma (lead founder and chairman of Alibaba Group), Daniel Pinto (CEO of JP Morgan’s Corporate and Investment Bank), and Paul Polman (CEO of Unilever). In 2017, BSCD released the report “Better Business, Better World” which highlights the need to “strike out in new directions and embrace an economic model which is not only low-carbon and environmentally sustainable, but also turns poverty, inequality and lack of financial access into new market opportunities for smart, progressive, profit-oriented companies” (Business and Sustainable Development Commission, 2017).

The UNGC, with more than 10,000 member companies representing every sector from 166 countries, claims to be “the world’s largest corporate sustainability initiative” and a global movement. They support companies, through collaboration and innovation, to take strategic actions and align their strategies and operations with development goals such as the SDGs. An organization recognized by the United Nations (UN), they also support the UN in improving its working relationship with the private sector (UN Global Compact, 2020).

G. Why is improving approaches to CSR important?
Improving the way companies approach CSR allows firms to reach parts of the global economy previously left largely to public aid. There are three main reasons why improving CSR creates value for both business and society:

1. It will enhance impact on the SDGs.

Transforming CSR provides an opportunity to harness the innovativeness, creativity, and scalability of the private sector to solve society’s greatest challenges. The 17 SDGs are ambitious, universal targets that require the involvement of all stakeholders. Some of these targets include:

- SDG 1: End poverty in all its forms everywhere.
- SDG 5: Achieve gender equality and empower all women and girls
- SDG 10: Reduce inequality within and among countries
- SDG 13: Take urgent action to combat climate change and its impacts
• SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Ending poverty, achieving gender equality, reducing inequality, combating climate change, and promoting peace require not just all developed and developing countries to work together but also all stakeholders, especially the private sector. Companies generate efficiencies, innovate, and provide access to essential services. Especially in the long term, no current approach is seen as more effective than the business sector in improving standards of living over time.

Another important role of companies is job creation. With private companies creating 90% of employment in developing economies, the ability of companies to lift people out of poverty is evident. Job creation is seen as the most effective way to lift people out of poverty in the developing world (Mohieldin & Klimenko, 2020).

2. It will increase much needed funding and resources for sustainable development.

As countries align their national strategies with the SDGs, trillions of dollars of funding are required to achieve these plans. The gap for resources is especially dire in developing countries where the main source of development funding come from developed countries. Referred to as International Development Assistance (IDA), global IDA is at around USD 140 billion per year (Mohieldin & Klimenko, 2020).

By improving CSR approaches, resources from the private sector will be better utilized for development impact. Additionally, if CSR can generate value for the firm, a self-reinforcing positive cycle will emerge to further reinforce wealth creation and sustainable development.

3. It will unlock value for firms.

Achieving the global goals provide opportunities in areas such as green energy, sustainable agriculture, and smart cities. In a study conducted by McKinsey Global Institute (MGI), if the full potential of women to participate in the economy compared to men in their countries was unlocked, USD 28 trillion or equivalent to 26% of the annual global Gross Domestic Product (GDP) by 2025 will be generated. Another scenario is if gender parity in a given country matches the progress of the fastest-improving country in their region, MGI estimates USD 12 trillion in annual 2025 GDP will be achieved – equivalent to the 2015 GDP of Germany, Japan, and the United Kingdom combined (Woetzel, et al., 2015).
In their report, BSCD calls on companies to unlock value for their firms and society by pursuing social and environmental goals as actively as social value: “We must have the courage to strike out in new directions and embrace an economic model which is not only low-carbon and environmentally sustainable, but also turns poverty, inequality and lack of financial access into new market opportunities for smart, progressive, profit-oriented companies. To capture these opportunities in full, businesses need to pursue social and environmental sustainability as avidly as they pursue market share and shareholder value. If a critical mass of companies joins us in doing this now, together we will become an unstoppable force. If they don’t, the costs and uncertainty of unsustainable development could swell until there is no viable world in which to do business.”

**H. How can we improve alignment of CSR with business goals?**

CSR will flourish when companies recognize that businesses and society are interdependent and when done strategically, CSR can also be about return on capital and not just ethics or morality. By strategically reconciling business strategy and CSR, firms support both their communities and their business goals.

A concept that focuses on the interdependence of business and society that has grown in popularity in the recent years the principle of *shared value*. First described by David Grayson and Adrian Hodges in 2004, the shared value principle highlights CSR as an opportunity as opposed to the prevalent view of the time seeing CSR merely as a cost center (Porter & Kramer, 2006).

A company that defines their business approach in this regard is Nestlé S.A., one of the largest foods and beverages companies in the world. Describing its approach to business as Creating Shared Value (CSV), Nestlé highlights that the CSV approach is a strategy focused on the long term. By creating value for both the firm’s shareholders and for society, they believe their activities and products “make a positive difference to society while contributing to Nestlé’s ongoing success” (Nestlé, 2020).

In 2017, Nestlé in partnership with Ernst & Young, conducted and published a study that measured both the business value and social impact of its CSR program – the Global Youth Initiative (GYI). Aligning their strategy with the SDGs, GYI aims to create 10 million opportunities for young people in the next 10 years in areas that create business impact across Nestlé’s value chain (Nestlé, 2020). In the first of its kind study, what Nestlé observed as measurable impact to its business on the initiative’s three focus areas:
• **Agripreneurship** – By working with young “agripreneurs” (or young farmers) and providing them training to manage their farms, there was a 2% cost reduction over sourcing costs over a 1-year period. Over 5 years, this has a Net Present Value (NPV) of 8%.

• Employment and employability – By hiring young people and providing them the necessary training, coaching, and apprenticeship, hiring costs have gone down. Additionally, retention rate went up with 50% of apprentices deciding to stay and work for Nestlé.

• Entrepreneurship – Through investment in microenterprises and young social entrepreneurs, an NPV of 8% within 5 years have been generated (Vionnet, 2018).

Using shared value as a fundamental perspective, Porter and Kramer created a framework for Strategic CSR. The framework enables firms to visualize CSR activities in the three categories of Generic Social Impact, Value Chain Social Impacts, and Social Dimensions of Competitive Context. Using this framework, the steps towards aligning business and society’s goals recommended include:

- Identifying points of intersection
- Choosing which social issues to address
- Creating a corporate social agenda
- Integrating inside-out and outside-in practices
- Creating a social dimension to the value proposition.

### Diagram 3: Strategic CSR by Porter and Kramer

<table>
<thead>
<tr>
<th>Generic Social Impacts</th>
<th>Value Chain Social Impacts</th>
<th>Social Dimensions of Competitive Context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good citizenship</td>
<td>Mitigate harm from value chain activities</td>
<td>Strategic philanthropy that leverages capabilities to improve salient areas of competitive context</td>
</tr>
<tr>
<td>Responsive CSR</td>
<td>Transform value chain activities to benefit society while reinforcing strategy</td>
<td><strong>Strategic CSR</strong></td>
</tr>
</tbody>
</table>

Source: Strategy and Society by Michael Porter and Mark Kramer
III. METHODOLOGY

This research uses Wayfair as a case study to demonstrate the approach of leveraging CSR analytics to strengthen a firm’s competitive advantage. Working with Wayfair’s CSR team, the author develops and recommends CSR analytics strategies which improve the five dimensions of employee engagement based on research by V. Kumar and Anita Pansari (employee satisfaction, employee identification, employee commitment, employee loyalty, and employee performance).

The following steps have been undertaken:

1. Understand Wayfair’s context and business goals
2. Review academic research and best practices that link CSR strategies with HR outcomes
3. Identify a list of potential strategies for adoption based on research and best practices
4. Develop a framework and selection criteria based on Wayfair’s business goals, CSR resources, and core competencies
5. Utilize framework in evaluating which recommendations to prioritize
6. Finalize recommendations

A. Case Background

In November 2019, Derek Oliver (MIT MBA 2012) assumed the role of Director of Government Affairs, Corporate Social Responsibility, and Sustainability at Wayfair. In this new role, he aimed to embark on a journey of transforming Wayfair’s social responsibility approach from mainly focusing on corporate philanthropy into a more strategic and value-creating function. Through a lens that combines his MBA and analytics background, he is developing strategies and activities that enhance the business and social impact of Wayfair’s CSR activities through leveraging on the firm’s resources, utilizing core competencies, and using data-driven approaches to connect human resource outcomes. Prior to leading the CSR team, Derek Oliver led People Analytics at Wayfair as Associate Director, People Analytics & Talent Strategy.

B. About Wayfair

Founded in 2002 by Niraj Shah and Steve Conine who met as engineering students at Cornell University, Wayfair is presently one of the world’s largest online retailers for the home category (Wayfair, 2020). It has grown from 250 standalone sites on various home furnishings and décor before consolidating into a central online destination. Wayfair sets itself apart through its extensive selection of products, a rich, multimedia experience (in an effort to translate the unique home décor shopping experience online) and the ability to reliably and consistently deliver most US locations in 2 days.

By 2019, Wayfair is headquartered in Boston, Massachusetts and has operations in United States, Canada, Germany and United Kingdom (Wayfair, 2020). It generated $9.1 billion in net revenue.
Employing more than 16,900 people, Wayfair offers over 18 million products from 12,000 suppliers and five distinct brands:

- Wayfair – “Everything home for every budget.”
- Joss & Main – “Stylish designs to discover daily.”
- AllModern – “The best of modern, priced for real life.”
- Birch Lane – “Classic home. Comfortable cost.”
- Perigold – “The widest-ever selection of luxury home furnishings.”

C. Beginning of CSR at Wayfair
In 2004, CSR at Wayfair started with a mission “to make home a reality for more of the many people in need of safe shelter and basic household items that help make a home” (Wayfair, 2020). Focusing on philanthropic giving as a corporate entity, Wayfair’s activities have been focused on addressing homelessness, support to veterans, and supporting disaster resilience. The activities can be divided into three categories:

Charitable Partnerships
Wayfair provides funds, product donations, and volunteer mobilization to different international and local nonprofit organizations such as:

- Habitat for Humanity International (HHI) – Wayfair provided direct funding to HHI’s activities particularly for disaster resilience. They enabled Wayfair customers to donate during checkout, and donated furniture to be sold in HHI’s 900 Restore resale outlets across the US and Canada. To date, customers have donated over USD 600,000 and Wayfair has enabled HHI to raise more than USD 110 million through its furniture donations.
- Travis Mills Foundation – Wayfair supports veterans through enabling its hundreds of employees to style and furnish the Travis Mills Retreat which is a vacation home for combat-injured veterans and their families (Travis Mills Foundation, 2020). Wayfair donated 800 pieces of furniture and décor which the company’s employees assembled, unpacked, and installed.
- Other nonprofits include Cradles to Crayons (working with homeless and low-income children below aged 12), Family Aid Boston (addressing homelessness “one family at a time”), and More Than Words (supporting youth in disadvantaged situations).

Charitable Giving
To encourage involvement in their communities, Wayfair supports its employees to give back to charitable organizations. They do this through sponsoring each employee with one paid day off each year to participate in community service. If an employee decides to raise funds for charitable
causes, then Wayfair automatically contributes 20% towards the fundraising goal. These activities would include running a marathon and hosting a fundraiser.

Emergency Response
To respond to an extraordinary emergency, Wayfair and its employees contribute donations and resources to organizations addressing the crises. In February 2013, to support communities affected by Hurricane Sandy, Wayfair provided home furnishings to Habitat ReStore to raise funds for disaster response efforts and home re-builds in the Coastal New Jersey region. In April 2013, Wayfair donated to Technology Underwriting Greater Good to assist victims and families of the Boston Marathon bombing. In turn, Wayfair employees also raised funds for a local organization, One Fund Boston, to help the people most affected by the attack.

IV. ANALYSIS

A. Why is employee engagement important?
Employees feel engaged, satisfied, and motivated when they play a positive role in society through their work (May, 2008). Social and psychological studies highlight how employees, especially those working in roles that require a high degree of knowledge and expertise, are motivated more by intrinsic rewards. Thus, relying on external rewards for compliance, commitment, and engagement is ineffective at best and detrimental at worst. This is because it diminishes the enthusiasm that these individuals can bring in their jobs (Baron & Kreps, 1999).

Firms have a large stake in ensuring high employee engagement as high levels of employee engagement are correlated with higher rates of profitability growth (Kumar & Pansari, 2015). According to American analytics and advisory company, Gallup Inc., organizations and teams with higher employee engagement and lower active disengagement perform at higher levels (Harter, 2020). Some of the results of their study include:

- organizations that are the best in engaging their employees achieve earnings-per-share growth that is more than four times that of their competitors.
- Firms on the top quartile of engagement (compared to the bottom quartile) realize substantially better customer engagement, higher productivity, better retention, fewer accidents, and 21% higher profitability.

B. What is employee engagement?
V. Kumar and Anita Pansari defined employee engagement as “a multidimensional construct that comprises all of the different facets of the attitudes and behaviors of employees towards the organization.” Based on their qualitative research with more than 200 HR and marketing managers from 52 companies in industries such as hotel, telecommunications, airline, retail, and
banking conducted in North America, South America, Africa, Asia, and Europe, employee engagement has five dimensions:

1. **Employee satisfaction** is defined as “the positive reaction employees have to their overall job circumstances, including their supervisors, pay and coworkers”. Satisfaction is linked to recognition an employee feels for doing his or her job, personal and professional relationships at work, job security, and the overall feelings towards management and affiliation with the organization.

2. **Employee identification** is defined as “the emotional state in which employees identify as part of the organization.” Being part of an organization and one’s job in it is an important component of a person’s identity. This component measures an employee’s feelings of affinity towards the organization in areas such as sense of ownership, pride with being affiliated with the organization, and sense of ownership.

3. **Employee commitment** is driven by the knowledge, understanding, and connection of the employee with the mission and brand of the organization. A reflection of a strong employee commitment is the performance of tasks that are beyond what’s in their job description.

4. **Employee loyalty** pertains to the intention, willingness, and contentment to stay employed with the organization.

5. **Employee performance** refers to both the actual performance of the employee based on their appraisal but also the belief, optimism, and aspiration to do and achieve more to fulfill the mission of the organization.

To measure, track, and create actionable interventions along the five dimensions of employee engagement, Kumar and Pansari created the Employee Engagement Scorecard which pulls the different dimensions together into a comprehensive tool (Image 1). 20 indicators are divided into the five dimensions, each scored in a one to five scale (one being the lowest and five being the highest). This leads to a total possible of 100 points and a minimum of 20 points.
### Employee Engagement Scorecard

<table>
<thead>
<tr>
<th>Number of items</th>
<th>Employee Satisfaction</th>
<th>Employee Identification</th>
<th>Employee Commitment</th>
<th>Employee Loyalty</th>
<th>Employee Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items used to measure concept</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Receives recognition for a job</td>
<td></td>
<td></td>
<td>Commitment to deliver the brand promise increases along with knowledge of the brand</td>
<td>Content to spend the rest of his/her career in this organization</td>
<td>Performance in the last appraisal exceeded expectations</td>
</tr>
<tr>
<td>Feels close to people at work</td>
<td>Feels a sense of ownership</td>
<td>Very committed to delivering brand promise</td>
<td>Does not have intention to change to another organization</td>
<td></td>
<td>Believes there is increased opportunity for improved performance in this organization</td>
</tr>
<tr>
<td>Feels good about working at this company</td>
<td>Feels a sense of pride</td>
<td>Feels like the organization has a great deal of personal meaning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feels secure about job</td>
<td>Views the success of the brand as his own</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Believes that the management is concerned about employees</td>
<td>Treats organization like family</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Says &quot;we&quot; rather than &quot;they&quot;</td>
<td>Feels like it's a personal compliment when the brand is praised</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Minimum score | 5 | 7 | 3 | 3 | 2 |
| Maximum score | 25 | 35 | 15 | 15 | 10 |

Total 100

Source: Kumar and Pansari (2015)

**C. Why is CSR a good predictor of employee engagement?**

Utilizing the underlying relationship between CSR involvement and HR outcomes provides an opportunity to describe, predict, and prescribe interventions for enhanced employee engagement in an organization.

If used as an indicator, CSR involvement can help overcome limitations of measuring employee engagement through traditional measures such as surveys (as surveys rely on perceived engagement as reported by employees). Additionally, the frequency of CSR activities can complement the data collection of surveys are typically done annually (or at most a few times a year) which means collecting these surveys produce measurements that are quickly outdated.

**V. RECOMMENDATIONS**

Having specified and elaborated aspects of Employee Engagement that connect with CSR, the following recommendations are identified as next steps that Wayfair may take. These recommendations would help to operationalize leveraging CSR for HR outcomes summarized as CSR Engagement Strategy in Diagram 4.
1. **Align with corporate strategy**

Wayfair’s CSR team has identified that improving employee engagement is a priority for senior management and the overall corporate strategy. Therefore, the CSR’s succeeding approaches lie at the intersection of CSR, HR, and analytics. By aligning CSR with HR outcomes, the CSR department increases their relevance to the current corporate strategy. Analytics will serve as an enabler that allows managers to understand impact, refine further strategies, and aid in decision-making. Diagram 5 depicts the intersection between the three.

2. **Identify indicators**

Having clear indicators will allow Wayfair’s CSR team to improve the design of their programs and track the impact of these initiatives. Using the Employee Engagement Scorecard as a framework, an analysis of each of the indicators show that 17 out of the 20 items that measure employee engagement can be impacted by CSR initiatives. CSR impacts all the five dimensions...
(Employee Satisfaction, Employee Identification, Employee Commitment, Employee Loyalty, Employee Performance). Diagram 6 shows the identified 15 metrics in green.

<table>
<thead>
<tr>
<th>Number of items</th>
<th>Employee Satisfaction</th>
<th>Employee Identification</th>
<th>Employee Commitment</th>
<th>Employee Loyalty</th>
<th>Employee Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items used to measure concept</td>
<td>Receives recognition for a job</td>
<td>Proud to tell others about employment</td>
<td>Commitment to deliver the brand promise increases along with knowledge of the brand</td>
<td>Content to spend the rest of his/her career in this organization</td>
<td>Performance in the last appraisal exceeded expectations</td>
</tr>
<tr>
<td></td>
<td>Feels close to people at work</td>
<td>Feels a sense of ownership</td>
<td>Very committed to delivering brand promise</td>
<td>Does not have intention to change to another organization</td>
<td>Believes there is increased opportunity for improved performance in this organization</td>
</tr>
<tr>
<td></td>
<td>Feels good about working at this company</td>
<td>Feels a sense of pride</td>
<td>Feels like the organization has a great deal of personal meaning</td>
<td>Intention to stay is driven by competency in delivering the brand promise</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Feels secure about job</td>
<td>Views the success of the brand as his own</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Believes that the management is concerned about employees</td>
<td>Treats organization like family</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Says &quot;we&quot; rather than &quot;they&quot;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Feels like it's a personal compliment when the brand is praised</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum score</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Maximum score</td>
<td>25</td>
<td>35</td>
<td>15</td>
<td>15</td>
<td>10</td>
</tr>
</tbody>
</table>

Understanding the connection between CSR and HR outcomes
To understand each indicator, Table 1 below describes and elaborates the connection between each of the highlighted item on Diagram 2 with the corresponding explanation of why these are connected with CSR as well as potential CSR interventions.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Indicator from Employee Engagement Scorecard</th>
<th>Connection with CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Satisfaction</td>
<td>Feels close to people at work</td>
<td>CSR activities may facilitate bonding among employees</td>
</tr>
<tr>
<td></td>
<td>Feels good about working at this company</td>
<td>CSR generates positive feelings towards the organization and its role in society</td>
</tr>
<tr>
<td></td>
<td>Believes that the management is concerned about employees</td>
<td>CSR activities centered around needs of lower wage employees would improve</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Employee Engagement Metric and CSR
<table>
<thead>
<tr>
<th>Employee Identification</th>
<th>Proud to tell others about employment</th>
<th>Generating good publicity from CSR activities will morale among employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feels a sense of ownership</td>
<td>Influencing CSR’s activities and creating impact towards society will improve sense of ownership among employees</td>
<td></td>
</tr>
<tr>
<td>Feels a sense of pride</td>
<td>Employees feel pride towards the positive impact of the organization’s work for society</td>
<td></td>
</tr>
<tr>
<td>Views the success of the brand as his own</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treats the organization like family</td>
<td>CSR provides an opportunity to involve employees’ families and communities</td>
<td></td>
</tr>
<tr>
<td>Says “we” rather than “they”</td>
<td>CSR can impact cohesion and affinity with the brand through the employee’s personal mission</td>
<td></td>
</tr>
<tr>
<td>Feels like it’s a personal compliment when the brand is praised</td>
<td>CSR improves connection between personal mission and mission with corporate mission</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee Commitment</th>
<th>Commitment to deliver the brand promise increases along with the knowledge of the brand</th>
<th>CSR improves understanding of corporate impact on communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very committed to delivering brand promise</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feels like the organization has a great deal of personal meaning</td>
<td>CSR connects personal values with brand promise</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee Loyalty</th>
<th>Content to spend the rest of his/her career in this organization</th>
<th>CSR activities with families and communities can enhance personal connection with the company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does not have the intention to change to another organization</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Gather data
Wayfair’s CSR team must assess the current sources of data on CSR activities and HR outcomes. This may include data held by the team such as attendance in CSR events, membership in community organizations, and data held by HR such as employee performance and employee engagement surveys.

Complementing survey data, other data sources could also provide objective measures of engagement (Fuller, 2014). Some of these data sources could be:
- Amount of work that occurs outside of normal working hours (e.g., evenings and weekends) as a measure of discretionary effort
- Measure of networks based on connections and time spent with people outside of immediate team
- Participation in ad-hoc meetings and initiatives
- Time spent with manager
- Time spent with team

Once data sources have been assessed, the remaining gaps can be addressed by a CSR Engagement Survey which aims to establish a baseline on the indicators defined by the CSR team and senior management.

4. Analyze data
Taking the various data sources and the CSR Engagement survey, the results can be used to identify:
1. Champions (high CSR engagement scores) and
2. Targets (low CSR engagement scores)

Champions can be utilized as ambassadors of CSR and act as mentors in programs. On the other hand, the Targets will be the individuals where CSR activities will be focused towards with the aim of increasing their engagement.
The Targets will be further categorized into five groups by identifying which dimension they need to improve based on their score: (i) employee satisfaction, (ii) employee identification, (iii) employee commitment, (iv) employee loyalty, and (v) employee performance.

5. Design programs
CSR programs should be designed to address specific dimensions of employee engagement with the appropriate Targets as participants and Champions as mentors and leaders. The following provide an example of potential CSR activities that may address the dimensions and impact the corresponding indicators.

A. Employee Satisfaction

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Potential CSR Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feels close to people at work</td>
<td><strong>Objective:</strong> This program aims to increase camaraderie and belief that management supports the company’s employees.</td>
</tr>
<tr>
<td>Feels good about working at this company</td>
<td></td>
</tr>
<tr>
<td>Believes that the management is concerned about employees</td>
<td></td>
</tr>
</tbody>
</table>

One Wayfair Program: A program that bring Wayfair employees together to support fellow employees who are facing challenges. Employees can organize activities and nominate causes in support of another employee who might be facing a health challenge, natural disaster, or economic challenges.

B. Employee Identification

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Potential CSR Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proud to tell others about employment</td>
<td><strong>Objective:</strong> To promote a sense of ownership, pride, and personal affiliation with the Wayfair brand and its CSR activities among employees.</td>
</tr>
<tr>
<td>Feels a sense of ownership</td>
<td></td>
</tr>
<tr>
<td>Feels a sense of pride</td>
<td></td>
</tr>
<tr>
<td>Views the success of the brand as his own</td>
<td></td>
</tr>
<tr>
<td>Treats organization like family</td>
<td></td>
</tr>
<tr>
<td>Says &quot;we&quot; rather than &quot;they&quot;</td>
<td></td>
</tr>
<tr>
<td>Feels like it’s a personal compliment when the brand is praised</td>
<td></td>
</tr>
</tbody>
</table>

Program Idea: With the belief that Wayfair’s CSR agenda should reflect the values and aspiration of its employees, the MyWayfair initiative aims to inclusively gather Wayfair employees’ inputs and views to transform the firm’s CSR activities. Through an annual
online vote, employees will be invited to advocate for the issues they care about the most (for example, youth issues, women’s issues, etc.).

This is inspired by the MyWorld Survey that United Nations undertook which influenced the development of the 17 Sustainable Development Goals: https://myworld2030.org.

The CSR department will then release the results and the new focus of Wayfair’s CSR agenda to the employees.

### C. Employee Commitment

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Potential CSR Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment to deliver the brand promise increases along with knowledge of the brand</td>
<td>Objective: To align incentives and rewards which encourage engagement in CSR activities</td>
</tr>
<tr>
<td>Very committed to delivering brand promise</td>
<td>Activity: Given that CSR engagement allows for increased knowledge of Wayfair’s values and mission, the CSR department must formally encourage the inclusion of CSR activities in performance evaluation.</td>
</tr>
<tr>
<td>Feels like the organization has a great deal of personal meaning</td>
<td>By working with senior management and the HR department, CSR engagement can be included in the items measured for certain employees that need increased employee commitment levels.</td>
</tr>
</tbody>
</table>
### D. Employee Loyalty

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Potential CSR Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content to spend the rest of his/her career in this organization</td>
<td><em>Objective:</em> To extend and deepen employee’s relationships with their fellow employees by developing extracurricular activities for families.</td>
</tr>
<tr>
<td>Does not have intention to change to another organization</td>
<td><em>Program Idea:</em> <em>MyWayfair Family</em> brings the employees’ families together to undertake outreach activities with NGO partners in the communities. By involving the employees’ families, the program teaches employees’ kids about Wayfair values and enhances the personal connections</td>
</tr>
</tbody>
</table>

### E. Employee Performance

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Potential CSR Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance in the last appraisal exceeded expectations</td>
<td><em>Objective:</em> To utilize CSR activities as a way for employees to obtain training, enhance performance, and increase exposure while serving communities</td>
</tr>
<tr>
<td>Believes there is increased opportunity for improved performance in this organization</td>
<td><em>Program Idea:</em> <em>Wayfair Impact Initiative</em> is a training and CSR platform that pairs teams of employees with partner communities and nonprofit organizations to solve their problems using their core competencies such as technology, engineering, marketing, and project management. This strategy allows employees to build their technical and people skills by applying them to real challenges faced by partner communities. This is inspired by a CSR best practice implemented by IBM called the Corporate</td>
</tr>
</tbody>
</table>
Service Corps program where employees serve as consultants for an entrepreneurial company based in an emerging market (IBM, 2020).

6. Track results and refine
After programs are implemented, data should be collected again to analyze the activities’ impact. Using program evaluation data, programs should be assessed on effectiveness in increasing the employee engagement indicators.

However, caution is recommended in collecting and assessing new CSR data as the Hawthorne Effect might be observed. Described as the inclination of subjects to change or improve their behavior due to knowledge that they are being observed, the Hawthorne Effect might make it more complicated to truly uncover the underlying relationship between CSR and employee engagement (Kenton, 2020).

VI. CONCLUSION
The case of Wayfair demonstrates the potential of investing in and prioritizing CSR analytics to unlock value for firms and for society. The application of analytics in CSR can be one of the remaining sources of analytics-driven competitive advantage in the coming years. In the past decade, global firms have successfully created competitive advantage by applying data analytics in functional areas such as operations management, marketing, and finance. However, as more firms integrate analytics in different business functions, benefits from analytics investments is levelling off. Observing that analytics adoption in the CSR function remains low, this paper argues that Strategic CSR remains one of the few functional areas where the application of analytics strategies can allow organizations to make substantial competitive gains.
VII. Works Cited


