In a 1970 *New York Times Magazine* article, the notable contemporary economist Milton Friedman stated that the number one priority for corporate executives in business is to create profits for the company, and ultimately a direct benefit to the shareholders of the company\(^1\). While Friedman still holds his views close to heart, the rest of the corporate world has embraced the latest trend in global business: corporate social responsibility. It is currently estimated that over 7,500 companies worldwide have now voluntarily begun accounting for their social behavior\(^2\). The concept of corporate social responsibility is that the corporation should seek to balance its strategic operations and quest for profits with a duty of responsibility to the communities it operates in and society as a whole. But what are the implications of corporate social responsibility and its various incarnations for corporations that are engaged in the practice of engineering design? The purpose of this research is to determine what facets of corporate social responsibility apply to the engineering design practice, what forms they might take, and what major design firms are involved with what types of social initiatives. The research will not only investigate the application of corporate social responsibility in the engineering design practice, but conduct a basic survey of major engineering design firms’ websites to determine what social initiatives firms are engaged in.

**What is Corporate Social Responsibility?**

Corporate social responsibility is defined in many ways. In general, corporate social responsibility refers to the obligations of a firm to its stakeholders, especially those affected by its policies and practices\(^3\). The practice of corporate social responsibility is typically done through corporate social initiatives funded by a company’s profits. There are five basic elements of socially responsible behavior by businesses, as depicted in Figure 1 below\(^4\):
The first element of socially responsible behavior is ethical operations. While other businesses may struggle with maintaining high standards of ethical behavior, engineers are considered among some of the most ethical professionals in business. A 1990 survey of 200 executives of America’s largest companies ranked engineering as the “most ethical” profession\(^5\). Codes of ethics adopted by firms, design professionals, and industry organizations assure the highest level of ethical standards for engineering design firms.

The second element of socially responsible behavior is the charitable activity of a company. Charitable work performed by a company can range from philanthropic contributions to volunteering employees for community service. Community service is quickly becoming one of the most popular forms of corporate social initiative because it increases employee morale and teamwork, as well as improves a firm’s reputation within their community. In 2004, the Home
Depot Corporation’s 325,000 employees donated over 2 million hours of community service. Philanthropic contributions can come from a company’s own foundations as well as through matching employee contributions to charity.

The third element of socially responsible behavior is actions to protect or enhance the environment, above and beyond what is required by law. Not only does this include creating designs with concepts of environmental protection and sustainability, but it also includes selecting environmentally-friendly suppliers for office supplies such as paper and ink, as well as recycling where possible.

The fourth element of socially responsible behavior is actions to enhance employee well-being and make the company a great place to work. This can be accomplished through employee training programs, extra workplace facilities such as child care and exercise facilities, and benefits packages. These “extras” can be used to recruit and retain the best and brightest employees that are looking for something more at work.

The final element of socially responsible behavior is actions to promote workplace diversity. Most large companies in the United States have established programs to encourage workforce diversity and to make workplaces attractive for minorities. In the engineering design trade, organizations such as the Society of Women Engineers, the National Society of Black Engineers, and the Society of Hispanic Professional Engineers are professional societies that work closely with employers and students to promote minorities in the engineering workforce.

**Why Engage in Socially Responsible Behavior?**

At the present time, it is very difficult to directly tie the socially responsible activities of a firm to its bottom line. With no direct ties to financial performance, what are the motivating factors behind companies jumping on the corporate social responsibility bandwagon? Three
broadly-defined categories of drivers behind social initiatives have been identified: the competitive advantage factor, the new moral marketplace factor, and the comparative advantage factor. The competitive advantage factor stems from the desire of senior management to set the company apart with new, hard-to-copy sources of competitive advantage over rival firms. Building this competitive advantage through corporate social initiatives can increase the reputational assets of a company, increase the firm’s public image, and increase public goodwill for a firm. Corporate social initiatives can also be used to increase a firm’s public goodwill when expanding internationally or to new markets. The new moral marketplace factor is based on the fact that morality exists within the markets that companies serve, and consequently, businesses have a basic duty to serve society beyond their own bottom line. Finally, the competitive advantage factor is based on the advantage that private companies have over government or non-profit organizations in solving certain social problems. For example, engineering firms that allowed their employees to participate in Hurricane Katrina recovery and investigations are volunteering their competitive advantage to solve the problems that existed on the Gulf Coast in late summer 2005.

Beyond business theories, there are more practical and direct benefits of corporate social initiatives. These benefits include: improved corporate reputation, increased employee morale and teamwork, and the ability to recruit and retain the best employees that can afford to choose between companies that are identical with the exception of their social involvement.

**Design of Corporate Social Initiatives**

Presently, the design of corporate social initiatives is in its infancy; that is to say, there is no set pattern and it’s nearly impossible to determine what will work and what will not work unless it is tried. However, there are some guidelines that have been identified for designing
corporate social initiatives to maximize the investment of the firm. First, a firm’s corporate social initiatives must be aligned with the firm’s core values. A social initiative that is consistent with the company’s values will not only gain the support of employees and managers who embrace the corporate values, but reinforce the company values by presenting a consistent view of how company profits are being spent. For engineering firms, the financial support of a program for high school students that develops ethical decision-making skills would be aligned with that firm’s core values. A second guideline for the design of corporate social initiatives is the alignment of the social initiatives with the core competencies and key resources of the firm. Aligning social initiative strategy with a firm’s core competencies allow that firm to link their capabilities with opportunities presented in the external environment to nurture those competencies in a form that builds corporate reputation and goodwill⁷. For example, an engineering company donating money or expertise to a University-sponsored project would be aligned with the core competencies of the firm and benefit both the company and the school. In some cases, large companies execute their social strategies through non-profit foundations that are funded primarily through a percentage of corporate profits.

**Social Initiative Reporting**

One of the most important elements of a corporate social responsibility strategy is the concept of social reporting. The reputation of the business in association with its corporate social responsibility strategies is only as good as how much the public knows about what social initiatives that firm is involved with. Thus the concept of social reporting, an annual report of what a company has done in the past year from a social initiative and corporate responsibility standpoint. While there are no legal requirements for producing such a document, pressure from stakeholders has raised the level of importance of the social initiative report to that of the
company’s annual report to the stockholders. There is significant pressure on firms to increase their reporting of the social impact of all their activities, not just the ones that are direct byproducts of specifically-designed social initiatives.

**Web Survey & Methods**

Now that all of the vital elements of the corporate social responsibility phenomenon have been defined, the question posed at the outset of this paper must now be considered: in the engineering design business, what forms does corporate social responsibility take? Furthermore, of the 25 best design firms in the United States, what social priorities exist and how are they reported?

The five elements of corporate social responsibility referenced in Figure 1 combine to form a firm’s social responsibility strategy. Which of those elements are directly applicable to the practice of engineering design? While ethical operations, protection of the environment, actions to enhance employee well-being, and actions to promote workplace diversity are all important facets of corporate social initiatives, a full investigation of those factors is well beyond the scope of this report. Instead, the web survey focused primarily on the philanthropic and charitable activities of the firms investigated.

For this report, the websites of the 25 largest firms from the publication *Engineering News-Record* and their annual list of “The Top 500 Design Firms” were surveyed for any information related to corporate social responsibility and specifically, charitable and philanthropic initiatives. The survey was limited to information found on the company’s main web page, or information gathered directly from hyperlinks on the main web page. It was determined that a comprehensive search of each website would not be conducted because the research criteria were established in such a way that if the information about that firm’s social
initiatives was easily accessible from the firm’s homepage, then one could argue that the information was intended to be seen by the general public, therefore reflecting the priority that the respective firm gives its social initiatives and reporting of those activities.

*Engineering News-Record* annually ranks the largest design firms in the United States based on 2005 revenues. The 25 largest of the “Top 500 Design Firms” are listed below:

- Earth Tech Inc
- The Louis Berger Group
- Black & Veatch
- The Shaw Group Inc
- HDR
- Foster Wheeler Ltd
- CDI Business Solutions
- ARCADIS
- ABB Lummus Global
- PBS&J
- CDM
- ERM Holdings Ltd
- HNTB Cos
- URS
- AECOM Technology Corp
- Jacobs
- Fluor Corp
- CH2M HILL COS
- KBR
- Bechtel
- Tetra Tech Inc
- Parsons
- Parsons Brinckerhoff Inc
- AMEC Americas
- MWH

Of the Top 25, 15 are publicly owned and traded. This is a significant measurement, as those firms that are publicly held owe a responsibility to the company shareholders to make profits and returns on investment, as well as balance whatever social agenda the company determines is necessary.
Survey Results

The results of the web survey indicate a nearly 50/50 split among the Top 25, with 48 percent reporting corporate social initiatives and 52 percent not having any material readily accessible to users of their website.

![Survey Results Chart]

**Figure 2: Corporate Social Initiative Reporting (All EN-R Top 25 Firms)**

Of the 15 publicly-owned engineering firms in the Top 25, only five of them (33 percent) had information about their charitable and philanthropic activities on the web. Of the 10 privately or employee-held engineering firms in the Top 25, six of them (60 percent) indicated on their websites that some corporate social initiatives were being undertaken within the company.

Survey Highlights

Several companies that were surveyed had significant amounts of information about their corporate social initiatives and policies. AECOM Technology Corporation (#2 of Top 25), is
one of several companies in the Top 25 that have established Foundations to coordinate their
corporate social initiatives, philanthropic activities, and community service. AECOM
Technology Corporation’s 2005 Annual Report includes a section about the activities of
AECOM Foundation, including a statement that the Corporation is committed to funding its
Foundation with 2 percent of its annual profits⁹.

Fluor Corporation (#4) also has a Foundation in its name, which was created in 1952 and
has donated $110 million dollars to educational and community organizations throughout the
world. The Fluor website has a very extensive section devoted to informing the public of its
corporate social initiatives and its “Fluor Employee Volunteer Program,” which it claims to be
the first of its kind, established in 1976¹⁰. In 2004, CH2M Hill Companies (#5) released its
“Sustainability Report,” which reports on the social impacts of all the company’s activities
ranging from sustainable designs to environmentally-friendly suppliers of office cleaning
equipment to planning company travel to reduce impacts on the environment¹¹.

One privately held company showing significant social initiative is Parsons Brinkerhoff,
Incorporated (#10). In 2002, the company introduced the Community Involvement Challenge, a
competition between its U.S. offices to reward good corporate citizenship. The first Community
Involvement Challenge resulted in over $85,000 dollars worth of donations, over 11,000 hours of
community service, and over 200 pints of blood donated. The program is currently being
expanded to Parsons Brinkerhoff’s global offices¹².

Conclusions & Future Research

Corporate social responsibility is the recent trend in global business that forces
companies to look past the bottom line and incorporate awareness of society and the
communities they serve into their strategies. Although the value chain and core processes of
firms engaged in the practice of engineering design are fundamentally different than other types of businesses, they are still bound to the commitment to serve the good of society as well as make a profit. A survey of the 25 largest engineering design firms in the United States indicates that roughly half feel that corporate social initiatives, specifically, charitable and philanthropic activities, are important enough to include as a prominent portion of the company’s website. There are a few companies in the Top 25 that show thorough and accurate reporting of their social initiatives on their websites, and those companies should be benchmarked by other engineering firms for excellence in social reporting. Future research on this topic could include a more in-depth survey being distributed to the companies about all types of corporate social activities, as well as expanding the number of companies surveyed.

9 AECOM Corporation, “AECOM Corporation 2005 Annual Report,” Los Angeles, California
10 Fluor Corporation Website, http://www.fluor.com
12 Parsons Brinkerhoff Incorporated Website, http://www.pbworld.com