

Corporate Social Responsibility & Human Resource Management

Balu.L

Assistant Professor,
Department of Management Studies
Christ University, Bengaluru-560029, India
balu.l@christuniversity.in

Chopperla Sanjana

1st BBA Student,
Christ University, Bengaluru
chsaisanjana@gmail.com

Abstract:

With organizations today critically affecting the ecology and society alongside the economy, there surfaced a need for Corporate Social Responsibility. This paper analyses the CSR-HR nexus and how Human Resource Professionals have a key role in helping a company achieve its CSR objectives. It is evident that employee involvement is a critical success factor for CSR performance. Human resource managers have the tools and the opportunity to leverage employee commitment to, and engagement in, the firm's CSR strategy which shall affect various domains of environment.

Keywords: *Human Resource Management, Corporate Social Responsibility, Triple Bottom Line Approach, Integration of HRM & CSR, Sustainable HRM.*

Meaning of Human Resource Management:

Human resource management (HRM) is the governance of an organization's employees with an emphasis on the employees being the prime assets of the organization. It is responsible for creating, implementing and/or overseeing policies governing employee behavior and the behavior of the organization towards its employees. *Human Resource Management* is a management *function* concerned with hiring, motivating, and maintaining workforce in an organization. *It* deals with issues related to employees such as hiring, training, development, compensation, motivation, communication, and administration. They ensure that the working atmosphere is in sync with the organization's policies.

Meaning of Corporate Social Responsibility:

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. It has two major aspects in broader light: First is working on the amalgamation of environmental, community and social with the business and secondly, working on making the business ethical and the workplace to be employee-friendly.

The United Nations Industrial Development Organization notes that common corporate social responsibility functions include:

- **Sourcing** of materials and supplies.
- Employee, vendor, customer and community **relations**
- Adherence to **labor standards**.
- **Environmental protection**.
- **Anti-corruption** measures.
- Upholding social and gender equity and other **human rights** goals
- **Conservation of resources** like water and energy for production purposes
- Maintaining an ethical work environment.

Triple Bottom Line Approach:

For-Profit, Non-Profit and Government organizations today are looking forward to the triple bottom line approach. This approach has been introduced by John Elkington in 1994. The theory is based on Corporate Social Responsibility and encourages the organizations to include social and environmental factors to accompany financial factors in the accounting framework. The triple bottom line has also been extended to encompass four pillars, known as the quadruple bottom line (QBL). The fourth pillar represents a future-oriented approach. It is a long-term outlook that sets sustainable development concerns apart from social, environmental, and economic considerations. The TBL dimensions are also commonly called the three Ps: people, planet and profits.

However, these three Ps do not have a common unit of measure and here lies the challenge. There is no universal standard method for calculating the TBL. Also, there is no universally accepted standard for the measures that comprise each of the three TBL categories. Set of measures will ultimately be determined by stakeholders and subject matter experts and the ability to collect the necessary data.

The three factors included in TBL are as follows:

1. **Economic measures:** They are variables that deal with the flow of money. It looks at income and expenditures, taxes, business climate factors, employment, and business diversity factors, cost of underemployment, establishment sizes, job growth, percentage of firms in each sector, revenue by sector contributing to gross state product.
2. **Environmental measures:** These variables represent measurements of natural resources and reflect potential influences to its viability. It incorporates air and water quality, energy consumption, natural resources, solid and toxic waste, and land use/land cover. Ideally, having long-range trends tracked for the environmental variables would help organizations identify the impacts a project would have on that area.

3. Social measures: These variables refer to social dimensions of a community or region and include measurements of education, equity, access to social resources, health and well-being, quality of life, and social capital. It also includes unemployment rate, female labor force participation rate, average household income, relative poverty, average commute time, violent crimes per capita, life expectancy etc.

CSR in the Past:

We know today that corporate social responsibility has a long and wide-ranging history; it is mostly a resultant of the twentieth century, especially from the early 1950s up to the present time. In spite of its recent growth and popularity, one can trace evidences back in centuries of the business community's concern for society.

Prior to 1950:

In the mid-to-late 1800s, it is apparent that emerging businesses were especially concerned for the employees and how to increase productivity. It is sometimes difficult to differentiate what organizations are doing for business reasons, i.e. making the workers more productive, and what the organizations are doing for social reasons, i.e. helping in fulfillment of their needs and make them the active and contributing members of society.

According to management historian, Daniel A. Wren, there were criticisms of the emerging factory system in Great Britain, specifically regarding the employment of women and children, and these kinds of issues occurred in America as well. Reformers in both the countries perceived the factory system to be the source of numerous social problems, including labor unrest, poverty, and child and female labor. Wren exhibited the industrial welfare movement of this early period as an uneven blend of humanitarianism, philanthropy, and business acumen. In addition to concern for employees, philanthropy was popping up on in society in the late 1800s. As Wren noted, many of these early business leaders were very generous and this kind of philanthropy by business people had origins that began way back in time that includes patrons of the arts, builders of churches, founders of educational institutions, and providers of money for various community projects.

From a practical view, it should be noted that as early as 1946, business executives were polled by Fortune magazine asking the corporates about their social responsibilities. The survey results highlighted what was developing in the minds of business people in the 1940s. One question asked the businessmen whether they were responsible for the consequences of their actions in a sphere wider than that covered by their profit and-loss statements. The exact question was 'do you think that businessmen should recognize such responsibilities and do their best to fulfill them?' Of those polled, 93.5% said 'yes'. Secondly, they were asked 'About what proportion of the businessmen you know would you rate as having a social consciousness of this sort?' Most of the responses were in the categories of 'about a half' and 'about three quarters'.

1950s:

Patrick Murphy classified four CSR eras that embraced the period before and after the 1950s. Murphy argued that the period prior to the 1950s was the 'philanthropic' era in which companies mainly donated to charities. The period 1953–67 was classified as the 'awareness' era, in which there was increasing recognition of the complete responsibility of business and its involvement in community affairs. The period 1968–73 was termed the 'issue' era in which companies began focusing on specific

issues such as urban decay, racial discrimination, and pollution problems. Lastly, in the 'responsiveness' era, 1974–8, and, thereafter companies began to seriously consider management and organizational actions to address CSR issues. This included altering boards of directors, examining corporate ethics, and using social performance disclosures.

William C. Frederick, one of the CSR pioneers, asserted that there were three core ideas in the 1950s: the idea of corporate managers as public trustees, the idea of balancing competing claims to corporate resources, and the acceptance of philanthropy as a manifestation of business support of good causes. The initiative of trusteeship started in the 1920s and grew as it was practiced in the 1950s. Philanthropy, probably one of the most important CSR practices, grew into popularity from the Community Chest movement, later called to be the United Way. 1950s was a period that saw changing attitudes, with business executives learning to get comfortable with the CSR talk.

1960s:

The 1960s decade marked a momentous growth in attempts to formalize what CSR meant. Kate Davis, a prominent writer put forward his definition of social responsibility by mentioning that it refers to: 'Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest'. Davis stated that some socially responsible business decisions can be justified by a complicated process of reasoning as having a good chance of bringing long-run economic gain to the firm, thus paying it back for its socially responsibility

In short, the new concept of social responsibility recognized the affinity of the relationships that the corporation and society shared and realized that such relationships must be kept in view by top managers as the corporation and the related groups pursue their stated goals. At the end of the 1960s, business practices that were categorized as corporate social responsibility embraced topics such as philanthropy, employee improvements in working conditions and policies of the organization, customer relations, and stockholder relations.

1970s:

Harold Johnson in 'Business in Contemporary Society: Framework and Issues (1971)', presented a variety of viewpoints of CSR. Johnson first presented 'conventional wisdom'. The following is his definition of conventional wisdom: "A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation." In so far as the business system today can only survive in a productively functioning society, the corporate social responsibility movement represents an important concern with business's role in supporting and improving that societal order.

1980s:

In the 1980s, the focus on developing refined definitions of CSR made space for research on CSR and a splintering of reviews and writings on complementary concepts and themes such as corporate social responsiveness, corporate social performance, business ethics, and stakeholder theory. One excellent example of the hunt in the 1980s to study beyond CSR was the increasingly acceptance of the conviction of corporate social performance as a more comprehensive theory under which CSR can be classified.

1990s:

The notable themes which grew with time and took the stage in the 1990s included the following: corporate social performance, stakeholder theory, business ethics, sustainability, and corporate citizenship. Corporate citizenship became a theory that stood equal to CSR. Sustainability was another prominent interdependent concept that attracted remarkable interest in the 1990s. In 1992, a nonprofit organization called Business for Social Responsibility (BSR) was formed that constituted the initiatives and professionals responsible for CSR in their companies. Business for Social Responsibility (BSR) is a global organization that aids member companies in achieving corporate success by respecting ethical values, communities and the environment. This is done by providing tools, training and custom advisory services. BSR allows its members to utilize corporate social responsibility as a competitive advantage. And for the same, BSR trains its member companies with the expertise to design, implement and assess socially responsible business practices. Membership provides a set of actual resources including training programs, technical assistance, research and business advisory services available through face-to-face sessions and custom publications. BSR defines CSR rather broadly to include topics such as business ethics, community investment, environment, governance and accountability, human rights, marketplace, and workplace. BSR asserts that 'CSR is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes through the company.'

The 21st Century:

Bryan Husted presented a contingency theory of corporate social performance (CSP). He pointed that CSP is a key function of the fit between the nature of the social issue and its corresponding strategies and structures. This fit leads to a nexus of concepts such as corporate social responsiveness, issues management, and stakeholder management. Husted's contributions are subjected as theoretical and applied.

In the 2000s, the CSR movement has been a global phenomenon. The development of CSR has been most observable in the European Community. According to a report prepared by the Organization for Economic Co-operation and Development, voluntary initiatives in corporate social responsibility have been a major trend in international business in the recent years

Scope of CSR:

What is in store for CSR around the world in the future? It is evident from CSR practices that social responsibility has both an ethical as well as a business component. In today's world of enormous global competition, it is obvious that CSR shall sustain only so long as it continues to add value to corporate success. It must be understood however, that it is society that plays an increasingly important role in constituting business success, and not just the corporate executives alone, and that being the main reason; CSR has a positive scope in the global business world.

CSR & HR:

Human Resource Department **plays a critical role in ensuring that the company adopts corporate social responsibility programs.** In addition, HR executives can manage the CSR plan implementation and monitor its promotion actively, while reporting and highlighting its success throughout the company. CSR differs from any other corporate activity. It deals with issues like environmental pollution, child labor and product safety which are often seen as outside the conventional boundaries of a

business. HR evidently hasn't been taking complete ownership of HR issues associated with CSR. HR is usually taking a supporting role but it has to champion it and the profession has an excellent opportunity and resources to take a lead role in CSR.

Research indicates that HR is very rarely involved in devising CR strategy. The CIPD's report *The Role of HR in Corporate Responsibility* surveyed 353 HR professional and 523 middle and senior managers and found that only 13% of business leaders reported that HR was responsible for setting CR strategy. When it came to implementing CR strategy, only 26% of business leaders thought that HR was responsible for implementation. The report revealed that the biggest driver for an organization's increased focus on CR was greater pressure from governments or regulators.

In organizations taking up a sustainability policy—either for business, legal or values-based reasons— HR has an eminent role to play. The HR executives as a whole should help formulate and achieve environmental and social agendas while also balancing these objectives with conventional financial metrics. The HR function can serve as a partner in confirming what the necessity is and what possibility of formulating corporate values and sustainability strategy is. Along the same lines, HR should play a key mantle in ensuring that the employees implement the strategy consistently across the organization. Sustainable human resource management (HRM) can be defined as 'using the tools of HR to create a workforce that has the trust, values, skills and motivation to achieve a profitable triple bottom line.'

Functions of sustainable HRM practices include:

- Encouragement of employees through training and compensation. Finding ways to minimize the use of environmentally damaging chemicals in their products.
- Bolstering the employees in identifying ways to recycle products that can be used and contribute for a green planet.
- designing a company's HRM system in such a way that it reflects equity and development thus contributing to the long-term health and sustainability of both employees and external communities.
- emphasizing on long-term employment security to avoid insecurities among the employees, their families and communities.

Sustainable HRM:

It is regarding the role and sustainability of the HR function in the business. As business strategies become intensely driven by sustainability considerations, it is necessary that the HR function revise its edict and transform the way it performs core HR responsibilities. It must see to it that HR managers become the enablers in an organization focusing on sustainability, which means taking on new roles and perspectives that have not conventionally been part of the HR duties. For example, the HR function must expand its view of who the company's stakeholders are and ensure that the HRM system enables their sustainability. Only by responding to the fresh demands of a business can the HR function become an indispensable business partner and safeguard its own future.

Research to date indicates that sustainable HRM can contribute significantly to the simultaneous attainment of economic, environmental and social goals. The majority of the research has focused on using HR functions such as selection, communication, training and rewards to achieve environmental sustainability. The term 'green HRM' is emerging now which perfectly describes this. It is clearly visible that sustainable HRM can be critical to employees' engagement, motivation and creativity in finding new ways to reduce inputs, to design eco-friendly products and increase quality. Top-management backing especially supervisory support has been identified as added advantage to employee environmental

actions. In addition, adopting sustainable HRM and reflecting a pro-environmental image can have a positive reputational effect. This helps in gaining higher number of qualified candidates as staff in the company, resulting in lower recruitment and training costs and a better financial bottom line. There are potential candidates to whom a pro-environmental stance may be more important than pay or lay-off potential. It is clear that trust, job satisfaction and commitment are all much higher in companies with sustainable HRM policies. Sustainable HRM can help a company look into complicated social problems that affect not only its external community but also the organization's financial bottom line. Ultimately, sustainable HRM can contribute positively to firm profitability in a measurable and quantifiable way.

In spite of its significance, HR executives would argue CSR is more of a responsibility of the CEO, marketing, public relations or even core functions such as finance or purchasing. There is definitely a role for HR practitioners to play in CSR. CSR is one of those domains where HR executives can move out of their comfort zones and play a more strategic role. But even today there are several existing areas falling squarely within the mandate of the typical HR department where HR practitioners can get involved.

The HR function is normally responsible for drafting and implementing employee codes of conduct, which are typically included in an organization's employee handbook. This is an ideal home for recording an organization's commitment to socially and environmentally responsible behaviors among its employees. Codes of conduct typically include guidelines around safeguarding confidential information, accepting gifts, gratuities and kickbacks, proper financial controls and reporting mechanisms, protection of "whistleblowers," conflicts of interest, anti-corruption and bribery and anti-nepotism policies.

Another domain the HR professionals can work to bring a change is in the area of employer branding. Employees would want to work for organizations that are that are evidently active and strongly committed to CSR. Therefore, once a company has developed a real and meaningful commitment to CSR, it's essential to tout that as part of its overall employer branding strategy. This helps to ensure that the right behaviors are recognized, promoted and rewarded.

Utilization of CSR as a HR Tool:

1) *Forming a Recruitment Pipeline:*

One way to reduce the increasingly long and tiresome hiring processes is by building a recruitment pipeline. CSR program can strengthen the pipeline of prospective candidates by attracting positive attention for the organization. CSR platforms can also be a resource for by standing as a measuring stick of employee engagement and satisfaction.

2) *Directing the Changing Demographics:*

Employers today still continue to brainstorm on how to hire and retain employees in the most effective procedure. There are a lot of floating opinions, but one consistent suggestion is to demonstrate authenticity and offer employees a chance to make a difference for the good. A robust CSR program which shall include volunteering opportunities for them is one way to attract and retain employees.

3) *Arranging culture from the top and bottom:*

A CSR program that lets individuals choose how they want to make an impact provides a simple way to get employee acceptance at any level in the hierarchy of the organization. Employers see what their

employees care for, employees feel heard while seeing the top-level executives committed to doing good, and the recruiting and engagement tactics can be adjusted accordingly.

4) Unification of Scattered Teams:

With most of the organizations adopting ever increasing informal work environments including changing project teams, and variable hours; CSR can help the team feel unified. Start by choosing a common focus on causes, nonprofits, and volunteering goals. Celebrate co-worker's achievements and make employees who may not be physically together feel the celebration too, while highlighting the individual interests at the same time.

Integration of HR and CSR:

Step 1: Stating the vision, mission, values and strategy.

- Initiate the development of a vision, mission and values framework to build effective CSR.
- Encourage active participation of the employees and other stakeholders in the development of mission, vision, values framework.

Step 2: Changes in the organization's code of conduct.

- The Employee Code of Conduct should be inclusive of the CSR policies and strategies.

Step 3: Incorporation of CSR in Staffing.

- Evaluation of the need for CSR /and sustainability skill set in the workforce.
- Identification of crucial CSR competencies
- Incorporation of CSR into the employee value proposition.
- Incorporate CSR into recruitment drives.
- Inclusion of CSR-based details in recruitment interviews, offer letter and early employee contact

Step 4: Initiating orientation, training and development

- Incorporate into the orientation and probationary review process
- Providing job specific and general CSR training to the new and existing employees
- Incorporate a CSR dimension into career path and succession planning programs

Step 5: Controlling compensation and performance management

- Mentioning of CSR into job descriptions, annual performance plans and team goals
- Incorporate CSR into the formal and informal reward systems.
- Support business units in developing performance evaluation systems that shall foster CSR behavior
- Integrate CSR into the annual performance review
- Incorporate CSR into exit interviews.

Step 6: Working on change management and corporate culture

- Align organizational change management programs with CSR values and principles time to time.

- Segment workforce in organization by state of change readiness and tailor change activities accordingly.

Step 7: Encouraging employee involvement and participation

- Foster CSR employee awareness and action through events and CSR champions teams
- Support employees and their families in learning about and taking action on their social and environmental concerns at work, home and in their communities

Step 8: Plan CSR policies and program development

- Develop CSR policies and programs in HR mandate, e.g. wellness, carbon footprint, employee volunteering, etc.
- Foster personal sustainability among employees
- Require HR suppliers to demonstrate CSR commitment and progress

Step 9: Develop effective employee communications

- Communicate clearly CSR objectives, plans and progress to the employees
- Raise awareness of CSR through regular employee communications

Step 10: Measurement, reporting and celebrating success of CSR activities

- Incorporate CSR measures into employee engagement surveys
- Measure and report on progress toward CSR integration goals
- Celebrate small wins and major milestones.

Conclusion:

HR plays a major role and holds the responsibility in making CSR work effectively. Without active involvement of HR there is a risk of CSR losing reliability due to misinterpretation and assumptions of it being a public relations activity or merely shallow 'window dressing'. HR shall get an opportunity to demonstrate its strategic focus and act as an active business partner by means of CSR. The core responsibilities of HR include communicating and executing ideas, managing diverse cultural and behavioral change throughout organization and this defines the active role HR executives can play in CSR activities of an organization. HR professionals need to influence attitudes of people and connect employees with top management for the greater and effective cause of CSR. Through HR department, it is possible to give credibility to CSR and align CSR activities with various business strategies. The objective of HRM in relation to CSR is to understand the foundational elements that are essential to be in place to promote growth of a high performance CSR in organization and design a roadmap for the organization that aims to become a high performing CSR organization.

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