Aligning CSR With Human Resource Management – The Key Role of an Organisation

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Abstract— Human resource managers are well positioned to play an instrumental role in helping their organization achieve its goals of becoming a socially and environmentally responsible firm – one which reduces it’s negative and enhances its positive impacts on society and the environment. As human resources influence many of the key systems and business processes underpinning effective delivery, it is well positioned to foster a CSR ethic and achieve a high performance CSR culture.

The involvement of employee 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. High performing CSR organizations foster a culture of CSR and fully integrate CSR throughout their operations, rewarding and incentivizing CSR decisions and initiatives. Employees prefer to work for organizations aligned with their values; thus, incorporating CSR into the employee brand can enhance recruitment and retention, particularly in tight labour markets.

CSR can be applied to the HR toolkit, resulting in a roadmap or pathway for human resource practitioners to follow the ethical code in the achievement of their organization’s sustainability and business aspirations, thereby improving social and environmental conditions locally and globally. Hence, this paper makes a conceptual analysis of the role played by organizations in aligning their sustainability principles in to their core business functions with the help of a strong band of human resources.

Keywords— Corporate Social Responsibility, Human Resource Management. Role of HR Manager, Engaging CSR with HR.

I. INTRODUCTION

Perhaps a greater part of man’s early business history revolves around the monolithic object of profit maximization and improving shareholders’ values. Because the benefits accrued to shareholders/investors ultimately cascade to the society, some economic theorists assume businesses do not owe the society more than economic responsibility. Milton Friedman argues that CSR distracts business leaders from economic goals, and the only social responsibility of business is to increase its profits. However, as the human society progresses and the nature of interrelationship and interdependence between business and society become obvious, different interest groups began to mount pressure on the business organization to assume more responsibilities for the society, beyond the economic function.

CSR rests its assumptions on the fact that the organization is a creation of society; therefore it has a responsibility to aid in the accomplishment of society’s goals. A company’s corporate responsibility must be inseparable from its economic function and must be focused towards its stakeholders. Professor Cohen considers the stakeholders as “All those who have an effect on a business, and all those who are affected by a business”. The stakeholders in terms of CSR issues are: managers, employees, customers, investors, shareholders, suppliers, government, the local community and the society at large and even the natural environment. In fact, CSR commitment has been extended to include both ecological sustainability and social development with focus on a ‘triple bottom line’
(economic, social and environmental) performance. The employees are the most strategic of these stakeholders, and their involvement in CSR initiative impacts significantly on the organization’s bottom line. “It is through employee actions and decision-making that many CSR strategies come to life.

HR can be the key organizational partner to ensure that what the organization is saying publicly aligns with how people are treated within the organization. HR is in the enviable position of being able to provide the tools and framework for the executive team and CEO to embed CSR ethic and culture into the brand and the strategic framework of the organization. It is the only function that influences across the entire enterprise for the entire ‘lifecycle’ of the employees who work there – thus it has considerable influence if handled correctly. HR is poised for this lead role as it is adept at working horizontally and vertically across and within the organization, so important for successful CSR delivery.

II. HR’s Role In Promoting Corporate Social Responsibility

With the growing importance of CSR in companies, HR professionals play a key role in initiating, developing and sustaining CSR activities in the organization. While some companies have separate CSR executives who are responsible for coordinating and managing events, most companies expect HR personnel and other employees to invest their time and participate in such activities. In today’s corporate scenario employees typically work for more than 8-10 hours a day and are expected to multitask in their sphere of work. Given this hectic pace of work it’s a challenge for any organization to sustain CSR initiatives. Therefore, HR professionals have an indispensable role to play in the areas of creating strong organizational culture aligning with core company values, fostering relationship that is sensitive to the community culture, engaging every employee in active community activities, and assessing the environment in order to identify threats to the community.

HR professionals need to co-ordinate the CSR activities and demonstrate company's commitment to CSR. Effective CSR depends on being seen as important throughout an organization. HR professional needs to include CSR in an organizational culture to make a change to actions and attitudes and ensure the support of the top team which is critical factor to success. HR should communicate; implement ideas, policies, cultural and behavioral change across organization. HR is also responsible for the key systems and processes underpinning effective delivery.

The way a company treats its employees contributes directly to the company being seen as willing to accept organizations wider responsibilities. Building credibility and trusting their employer are being increasingly seen as important by employees when they choose who they want to work for. HR manager should instill individual social responsibility in every employee in the organization. He should make employees aware that every single person in the society has responsibility to the society they belong irrespective of the job, class, caste or gender. HR should make employees think that only when one fulfills or at least do the sincere attempts to do so, one can lead a complacent life in the society. HR team can motivate the employees to contribute a certain amount or few hours in a period of time to any organization worth. Even one can start with helping the needy in their neighborhood.

Human Resource Departments play a critical role in ensuring that the company adopts Corporate Social Responsibility programs. Furthermore, HR can manage the CSR plan implementation and monitor its adoption proactively, while documenting and celebrating its success throughout the company. Human Resources technology can help with a Corporate Social Responsibility program, including reducing the company’s carbon footprint to benefit the planet. Start with these areas:

- Implement and encourage green practices.
- Foster a culture of social responsibility.
- Celebrate successes.
- Share and communicate the value of corporate social responsibility to employees and the community.
This guide has been developed recognizing the constrained economic environment of our times; the tools and tactics proposed in this roadmap are those which can readily be integrated into the HR practitioner’s daily regimen.

**Step 1: Vision, mission, values and CSR strategy development**

Successful CSR requires a clearly articulated vision, mission and values. The HR practitioner could initiate or support the development or upgrade, of a vision, mission and values of the organization. The mission of a socially responsible HR Manager should specify that it will engage in ethical and responsible business practices and seek to make decisions in particular HR practices that balance the needs of key stakeholders, employees and society at large.

**Step 2: Employee codes of conduct**

The HR Manager’s function is typically responsible for drafting and implementing employee codes of conduct. As such, HR managers hold the pen on the principles contained in the employee codes. Since a number of recent high profile corporate frauds, boards of directors have become very concerned about the ethical culture within their organizations, looking for 100% sign-off on and compliance with codes of conduct which articulate their ethical values.

**Step 3: Workforce planning and recruitment**

Workforce planning consists of analyzing present workforce competencies; identification of competencies needed in the future; comparison of the present workforce to future needs to identify competency gaps and surpluses; the preparation of plans for building the workforce needed in the future; and an evaluation process to assure that the workforce competency model remains valid and that objectives are being met.

**Step 4: Orientation, training and competency development**

Orientation is designed to set the employees in a direction that is compatible with the firm’s mission, goals, and culture. Before training or development takes place employees proceed through an orientation to learn what the organization stands for and the type of work they are expected to perform. During the orientation process employees should be given a thorough overview of the clear line of sight between the company’s vision, mission and core CSR values and goals.

**Step 5: Compensation and performance management**

The most critical HR tool of all is the compensation and incentive program. The total reward and recognition program, including base salary, incentive pay, long term incentives and other non-monetary recognition benefits (such as award programs, employee of the month, promotions, career path, etc.), needs to be aligned with the company’s CSR values and strategy. To do less is to guarantee under-achievement of a company’s CSR objectives.

**Step 6: Change management and corporate culture**

Companies have come to realize that innovation and independent thinking are the foundation of a modern business. The advocates of HR practices must close the gap between what the companies say and the reality of their actual performance. Goals and ambitions should be encouraged and companies must mean what they say.

**Step 7: Employee involvement and participation**

Employees are among the key stakeholders for the development of any CSR strategy or program. A critical first step in mission, vision, values and strategy development is to understand the key concerns, priorities and perspectives of all key stakeholders, particularly employees. In addition to
ensuring employees are included in key decisions, an employee CSR involvement and participation program can help develop the employee value proposition that can foster retention and enhance recruitment.

**Step 8: CSR Policy and Program Development**

HR Manager is also in a position to drive policy development and program implementation in HR areas that directly support CSR values. Wellness, diversity, work-life balance and flex-time policies are CSR programs directly within the HR manager’s purview. Wellness programs can become a platform for engaging employees in discussions about “personal sustainability” and provide support for employees in the areas of stress management, spirituality at work, health and fitness, healthy lifestyles, etc.

**Step 9: Employee Communications**

Every CSR strategy requires the development and implementation of an employee communication program to convey the corporate direction, objectives, innovation and performance on its CSR efforts. Intranets, websites, blogs, wikis, social networking sites, podcasting, videos, forums, town hall meetings, regular team briefings, webcasts, voicemails, print and electronic newsletters and other forms of social media need to be deployed to bring the CSR message to the workforce – in ways that are attuned to the communication channels of the employee, which are changing rapidly in this age of web 2.0.

**Step 10: Measurement, Reporting – and celebrating successes along the way!**

As what gets measured gets managed, it is vital that both CSR performance and employee CSR engagement be actively measured and reported to executive, the board of directors and public. Typically this is done in the form of an annual CSR report which demonstrates CEO and senior leadership support. It provides verified performance data against HR practices along with social, environmental and economic performance indicators. Objectively, both good and bad news are shared and outlines goals for improvement. Often this report is verified by external auditors.

IV. Challenges In HR Involvement With CSR

- HR has to understand how CSR strategy is aligned to business and HR practices. HR has to get endorsement for the CSR strategy from inside and outside the organization and communicate consistently.
- HR needs to ensure that their organization CSR can stand up to the inevitable scrutiny by stakeholders and that training and communication mean its embedded throughout the culture of an organization.
- HR needs to be an active business partner working with other functions like finance, public relations, marketing etc.
- HR has to implement CSR as a strategic opportunity which should be market-led and It should be restrained by bureaucracy. Because trust build through successful CSR is hard to regain if lost.
- HR has to get the Top team on board and know how to sell benefits of CSR to different stakeholders.
- HR has to develop CSR code based laws and regulations of the country and also ensure that reporting systems are accountable and transparent.
- HR has to look for ways to leverage social responsibility initiatives internally. Communicate the contributions company is making in the community and get employees involved.
- The separation of employees during mergers, acquisitions, downsizing etc. should be strategically aligned with the business strategy as well as Corporate Social responsibility. Retraining, retention, redeployment of people can be worked out with aggressive communication, information campaigns and outplacement services in place to assist the transition of people from the organization.
The Human Resource department should effectively measure and evaluate CSR activities. The value added by CSR in the form of direct results, such as, economic savings and indirect results like increase in employee satisfaction, less employee turnover, measured by staff attitude surveys, shall indicate contribution to improved business performance. There is also a need to conduct periodic review of the CSR activities.

V Benefits In HR Involvement With CSR

Generally, there is a growing desire among employees to derive a sense of greater purpose from their work; happier employees with increased job satisfaction can unleash innovation in a firm. The following list provides an overview of the key business benefits and economic value from employee CSR engagement.

- **Increased retention and reduced recruitment and training costs**
  A survey conducted for the Conference Board of Canada in 2000 found that 71% of employees want to work for companies that commit to social and community concerns. In a similar Corporate Citizenship study by Cone Inc. in the U.S., 77% of respondents indicated that “a company’s commitment to social issues is important when I decide where to work”. A Scotiabank 2007 study of employed Canadians concluded that 70% would consider changing jobs if their employers did not operate in a socially responsible manner. With the replacement costs for the average worker about $50,000 including lost output, recruitment, training and other elements, it pays for companies to manage their CSR as well as their financial performance. Further evidence of the importance of social and environmental performance management comes from a World Business Council for Sustainable Development (WBCSD) publication, in which it was reported that “three-fifths of the graduates and potential employees surveyed by Accenture in 2004 rated ethical management as an important factor in their job search. And in the UK, 75% of professionals take social or ethical considerations into account when changing employment, while over half of graduates will not work for companies they believe to be unethical.⁴

- **Better able to attract the best and the brightest, especially amongst graduates**
  The Aspen Institute’s 2007 study of MBA students found them to be expressing more interest in finding work that offers the potential of making a contribution to society. Further, in a 2006 study of 14 – 18 year-olds, 78% said money “was less important to them than personal fulfillment”. They went on to work for “companies that promote equality, a green environment, and social responsibility.” Even more remarkable, a 2003 Stanford University study Corporate Social Responsibility Reputation Effects on MBA Job Choice found that MBA graduates would sacrifice an average of $13,700 in salary to work for a socially responsible company. Some predict that the war for talent will not be won through money, but through these intangibles.

- **Cost savings and income produced through improved employee morale and productivity**
  It has long been known that a more motivated, engaged and inspired workforce produces higher long-term productivity. A 2002 GlobeScan International survey showed that eight in ten people who worked for a large company felt greater motivation and loyalty towards their jobs and companies the more socially responsible their employers became. Another study, reported on in the WBCSD publication revealed that 70% of staff who were committed to the values of the company said that their productivity had increased in the past year while of those staff not committed to the company only 1% had productivity improvements. Bob Willard, retired Canadian telecommunications executive and well known CSR author and thought leader, has predicted that companies can expect a 2% increase in employee productivity from improved company-wide teaming around common sustainability issues that transcend departmental boundaries, and a 2% increase in employee productivity from an improved work environment as a result of CSR. Further, it is well understood that boosted employee satisfaction and performance leads to increased
customer satisfaction, generating a further win-win for CSR oriented companies. Brand research reveals that in a study of customer behaviour, “8% of customers switching brands are lured away by competition; in contrast, 68% are turned away by an employee’s indifferent attitude.” Engaged employees are the company’s best defense against this Word – of – Mouth Virus. Employees working for organizations aligned with their values are more likely to foster customer satisfaction and loyalty.  

VI Conclusion

It is a foregone conclusion that business enterprises have social obligations. Instead of single objective enterprises are required to pay attention to multiple objectives like social, environmental, information and ethical objectives all of which are integrated. Indian enterprises must graduate from thinking in terms of just charity to the concept of respectability. More particularly, HR activities must realize that neither office nor position gives immunity form responsibility. It is important to link HR with external environment to chart out a better future for the society. “C” no longer stands for Corporate and Cash, now it also includes Care and Community development as socially responsible enterprises help in building a better tomorrow for the underprivileged. Companies must earn respect and affection of the community through good deeds and enlightened HR policies.

Successful programmes on social responsibility rely heavily on enlightened people management practices. In this context HR department is assumed to be the coordinator of CSR activities in getting the employment relationship right which is a precondition for establishing effective relationships with external stakeholders and thus can orient the employees and the organization towards a socially responsible character. There is also an increasing trend in the corporate sector which has started leveraging upon employees and their management for exhibiting their commitment towards CSR. Armed with a strong and committed organizational culture reinforced by responsible Human Resource Management practices, the organizations can achieve heights of success by improved profitability, employee morale, customer satisfaction, legal compliance and societal approval for its existence. It is high time for all other organizations which have been paying only lip service to CSR that they must capitalize upon the existing Human Resource Department in framing such practices, procedures and policies that ensure the internalization of quality, ethics and excellence in the whole system. By doing this they can sensitize the employees and the whole organization towards CSR without adding any additional cost.

To recapitulate it can be said that companies have increasingly felt the need to co-ordinate their CSR activities and demonstrate their commitment to social responsibility. But delivery, not rhetoric, is the key in developing the trust of external stakeholders for any organisation and it cannot be done without beginning charity at home. To do that social responsibility needs to be embedded in an organisation’s culture to bring change in actions and attitudes in which Human Resource can play a significant role. Otherwise, CSR may run the risk of being categorised as shallow ‘window-dressing’.

X. REFERENCES