EMBEDDING HR AND CORPORATE SOCIAL RESPONSIBILITY – AN ANALYSIS

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Introduction
Corporate social responsibility means conducting business in an ethical way and in the interests of the wider community or responding positively to emerging societal priorities and expectations. 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 its negative and enhances its positive impacts on society and the environment. Further, human resource (HR) professionals in organizations that perceive successful corporate social responsibility (CSR) as a key driver of their financial performance can be influential in realizing on that objective. While there is considerable guidance to firms who wish to be the best place to work and for firms who seek to manage their employee relationships in a socially responsible way, there is a dearth of information for the HR manager who sees the importance of embedding their firm’s CSR values throughout the organization, who wish to assist the executive team in integrating CSR into the company’s DNA. And as high profile corporate pay lip-service to CSR while neglecting to foster a CSR culture run the risk of damaging their corporate reputation if not their demise. Indeed, HR’s mandate to communicate and implement ideas, policies, and cultural and behavioral change in organizations makes it central to fulfilling an organization’s objectives to “integrate CSR in all what they do.” It is important to understand that employee engagement is not simply the mandate of HR. Indeed people leadership rests with all departmental managers. HR can facilitate the development of processes and systems; however, employee engagement is ultimately a shared responsibility. The more the HR practitioner can understand their leverage with respect to CSR, the greater their ability to pass these insights along to their business partners towards the organization’s objectives in integrating CSR throughout their operations and business model. 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. Human resource management can play a significant role so that CSR can become “the way we do things around here”. 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. Of course, for effective CSR deployment, it needs to become a Board and C-suite imperative first. Should such an organizational gap exist, the senior HR leader can champion, lead and help drive a CSR approach if necessary. In the coming years as CSR
increasingly becomes part of the business agenda and the fabric of responsible corporations, it will become a natural agenda for the HR practitioner.

**Scope of CSR**
What issues does CSR cover? There are three groups of issues: legal compliance, ethical practices, and social contributions. Legal compliance means corporate acts that comply with the letter of laws and regulations, including those that are related to human rights, environment, labor, or consumer protection. Ethical practices denote corporate acts that comply with not only the letter but also the spirit of laws and regulations. Social contributions are how companies act to help others and bring about positive impacts and influences in the community, environment, and for future generations. Recently, the concept of social contribution is likely to be understood in a much broader sense, going beyond a purely monetary donation to include action to overcome ethical dilemmas that a business organization might face.

**Table 1** explains how those three groups of issues are related. It shows two dimensions. Justice means that CSR covers issues of justice, right or wrong, and fair or unfair. Humanity means issues of good/bad for others, and helpful/harmful for others. Basic means an organization’s basic commitment to CSR.
Using these two axes, there are four boxes:

- **Phase 1, Legal Compliance:** The compliance section or the ethics office is mainly concerned with establishing the legal way to avoid the application of laws. The objective is to find the loophole that makes it possible to avoid the reach of the law. If international agreements are ratified and codified into domestic laws, companies at this level will try to comply with international agreements; but other than that, companies will not comply with such agreements willingly.
- **Phase 2a, Ethical Practices (the upper box on the right):** Companies try to avoid any action resulting in a negative impact on others and any action that might cause harm or damage to others.
- **Phase 2b, Ethical Practices (bottom box on the left):** Companies comply with not only the letter but also the spirit of the law. Even if international agreements are not ratified or codified into domestic laws, companies at this level will try to understand and put those spirits into practice.
- **Phase 4, Social Contributions:** Companies exert positive influences and impacts to help others or, for example, develop environmentally friendly technologies.
Table 1 Three phases in CSR

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<tr>
<th>Basic</th>
<th>Phase 1. Legal compliance</th>
<th>Phase 2a. Ethical practices</th>
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<tr>
<td></td>
<td>Do no wrong</td>
<td>Do not harm others</td>
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<td></td>
<td>Do not be deceptive</td>
<td>Do not harm community</td>
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<td>Do not steal</td>
<td>Respect human rights</td>
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<td>Letter of the law</td>
<td>Be considerate</td>
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<td>Full</td>
<td>Phase 2b. Ethical practices</td>
<td>Phase 3. Social contribution</td>
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<td></td>
<td>Do right</td>
<td>Help others</td>
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<td></td>
<td>Be honest</td>
<td>Improve community</td>
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<td></td>
<td>Be fair</td>
<td>Promote human dignity</td>
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<td></td>
<td>Spirit of the law</td>
<td>Be courageous</td>
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<td>Justice Humanity</td>
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Literature Review

There is emerging evidence that effectively implemented CSR can have significant impact in motivating, developing and retaining staff. Novo Nordisk, a high-value CSR pharmaceutical company in Denmark, for example, after launching their Values in Action program, which aligns their business objectives with sustainable development principles, saw a 5% drop in staff turnover, while Sears found a 20% reduction in staff turnover since implementing their CSR program. (Skinner, 2002, p.1). A landmark international CSR study of human resource practitioners conducted by the Society for Human Resource Management (SHRM) in 2006, reveals that CSR practices are seen as important to employee morale (50%), loyalty (41%), retention (29%), recruitment of top employees (25%) and productivity (12%). [Note that percentages reflect Canadian responses] (SHRM, 2007, p. 27). Globally, HR leaders are developing and implementing incentive and appraisal systems that reflect sustainability as well as hiring personnel that embody these values. For example, research by The Conference Board reveals that 50% of global managers report their companies do, or plan to, include corporate citizenship (aka CSR) as a performance evaluation category. Additionally,
68% of respondents cite the link between corporate citizenship and performance appraisal as “increasingly important.” (Lockwood, 2004). Research shows that the critical success factors for implementing CSR include having an overarching vision that includes CSR, having senior management and board level commitment, engaged staff and the provision of skills, tools and incentives. Clearly, staff participation and buy-in to delivering on the company’s CSR aspirations is central to success in this area. Documented case studies show that HR practices such as competency development, can help embed CSR in an organization, not to mention benefit the bottom line. (Redington, 2005). Companies with a good CSR reputation are benefiting from the stakeholder view that a company’s behaviour and presumably that of its people is aligned with CSR values, in a consistent way. Companies seeking to build marketplace trust and reputation must embed their CSR values throughout their business. Leading companies are realizing that CSR can be nested in the company’s employee brand and can be part of the value proposition for working at a given firm. Sustainable HR management is central to this objective. The report, Developing the Global Leader of Tomorrow, observed that “a range of human resource levers are important for developing [CSR] organizational capabilities: building these knowledge and skills through leadership development programs, career development planning, succession planning, performance management and incentive systems and competency frameworks, and seeking these knowledge and skills when recruiting new talent into the organization”. (Ashridge, 2008, p. 10). 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. (Another study has put the recruitment, interviewing, hiring, training and reduced productivity costs at $3,500 to replace one $8.00/hour employee.) 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. Similarly over two-thirds of the students (68%) in a global survey by GlobeScan in 2003 disagreed that salary is more important than a company’s social and environmental reputation when deciding which company to work for.” (Pierce & Madden (n.d.), p. 5) 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. Nancy (2004) while discussing the role of HR in developing CSR culture in organizations emphasized that with the growing importance of human capital as a success factor for today’s organizations, the role of HR leadership has become more critical in leading and educating organizations on the value of CSR and how best to strategically implement CSR policies and programmes domestically and abroad. In view of this HR must be aware that effective CSR means respect for cultural and developmental differences and sensitivity to imposing values, ideas and beliefs when establishing global HR policies and programmes. Murray (2008) on the basis of survey stated that more than one-third
of respondents pointed that working for a caring and responsible employer was more important than the salary they earned and nearly half would turn away from an employer that lacked good corporate social responsibility policies. Agarwal (2007) stated that with the adoption of HR policies, such as, periodic review of employee performance, adequate training for the workforce and career advancement norms for its personnel, creating motivation, and commitment in the workforce the organization can reap the full business benefits and become successful to the great satisfaction of all its stakeholders.

**CSR Initiatives In India**

Over the years this concept of Corporate Social Responsibility (CSR) has gained unprecedented momentum in business and public debate and has become a strategic issue crossing the departmental boundaries, and affecting the way in which a company does business. Almost all corporate websites/policies/reports talk about their endeavors for CSR which has become a way of ensuring that the organization is fulfilling all the obligations towards society and thus is eligible for the license to operate. It assures that the organization can grow on sustainable basis.

These activities of CSR ranging from small donations to bigger projects for social welfare sustainable practices differ from organization to organization depending on the resources available to an organization for undertaking sustainable practices. Business practices of big and successful companies, with plenty of resources at their end, have set the trend for being committed to around the globe show their commitment to social responsibility.

In India, the initiatives of Dabur India Limited, for example, which commenced ‘Sundesh’ in 1993, a non-profit organization, with an aim to promote research and welfare activities in rural areas are appreciable.

Bharat Petroleum Corporation Limited has adopted 37 villages as their responsibility to develop in all walks of life. It has made efforts to make them self-reliant, provided them fresh drinking water, sanitation facilities, medical facilities, vocational training and literacy camps. (http://www.karmayog.org/csr500companies). Around its industrial facilities, Tata Group has created towns and cities like Jamshedpur, Mithapur, Babrala for the benefit of its employees. Cadbury India, Glaxo and Richardson Hindustan are some of the companies which are helping farmers to grow crops which in turn shall serve as raw materials for them (Tripathi & Reddy, 2006).

Although the implementation of such activities involves time, effort and resources yet the business houses have realized that it (CSR) is one of the important ways in which an organization can distinguish itself from its competitors. The tangible and intangible benefits associated with for organization are immense. A powerful tool like CSR not only enhances the brand image and reputation of the business but also leads to improvement in sales and customer loyalty, and increased ability to attract and retain employees. By capitalizing on it, the organizations can improve their financial performance and attract more investment with immense economic value. The word CSR has, as a result, occupied very important place in the plans and strategies of the organizations in the present era.

But if one look carefully still many organizations have not realized the actual meaning of CSR except it is merely an activity of giving big donations or any philanthropic commotion. However
from the very beginning the key player in undertaking such activities in the organizations has been top management and it has been the driving force in the area of social responsibility. Employees have been rarely covered under the ambit of CSR. This involvement of employees speaks of the strategic contribution of Human Resource Management (HRM) in CSR. In this context, the responsibility of human resource management department for encouraging sustainable practices that offer practically and theoretically new opportunities is very much. So this paper is an attempt to find out that how the human capital can become the brand ambassadors of the organizations and that “feel good factor” can permeate out to others, especially customers and clients.

Internalizing CSR and Initiatives of HRM
The role of HR function in embedding the CSR values in the corporate culture is immense and has been underlined also. An organization can exhibit a better image in the minds of people by presenting itself as an excellent employer which cares for its people and involves them in the ambit of social responsibility. This involvement of employees indicates the strategic importance of HRM in the CSR initiatives of an organization. Human Resource policies, forming the framework for the culture in the business management, create awareness towards the need to achieve the business goals in the best possible and ethical manner. With the help of HR functions, the socially responsible values can be inculcated and sustained in the organizational culture through the following ways:

- The HR department should take the responsibility to develop a formal policy on sustainable practices involving employees. British gas, for example, used employee volunteering as a vehicle to achieve business-driven culture. The success of the initiative led to the development of a formal policy on employee volunteering. The company developed the ‘Cardiff Cares’ volunteering initiative with the purpose of encouraging employees to raise funds and donate some of their time to the local community (Redington, 2005).
- Employee fundraising was a way to show support for the local community, to build positive team spirit in the organization and to create a ‘winning’ environment at the workplace. The managing director and the HR team’s strong commitment enabled the initiative to be a big success improving the employee retention levels and employee satisfaction.
- The orientation programme of newly recruited candidates should be designed in a manner that corporate philosophy about CSR gets highlighted. The commitment of top management towards CSR is very important which should be expressed in tangible terms to reinforce the right kind of behavior in the organization. Wipro, for example, inculcates CSR values amongst its workforce right at the beginning during the induction process (http://www.developednation.org/interviews).
- The designing of Performance Management System should be done in such a manner that it measures the socially responsible initiatives taken by employees. This becomes important as the internalization of CSR in an organizational culture requires that appropriate behaviors get appraised, appreciated as well as rewarded. Otherwise, the organization might fail to inculcate it amongst all employees due to lack of positive reinforcement.
The Training facilities may also be made available to instill the CSR culture among employees. This becomes necessary to make employees learn and practice CSR activities. The training of employees through “CSR Living Our Values Learning Tool” at Cadbury Schweppes (Young, 2006), the major global beverage and confectionary organization, has been a good example of partnership between HR and CSR. The company has also included social responsibility in the latest management development initiatives like the global “Passion for People” management skills programme.

Empowerment of managers by giving them decision-making authority shall help in executing social responsibility at local level. It becomes important when an organization with plants or units at multiple locations around the world operate. Armed with decision making authority, the managers will be able to appreciate and assess the needs. Therefore, the employees may be appropriately authorized to encourage initiative in the area of social responsibility. Clear reporting and review mechanisms may be put in place in the organization which shall improve the focus and effectiveness of CSR (Mehta, 2003).

Code of ethics of an organization can stimulate social responsibility to a great extent reinforcing amongst its employees the underlying values. Training on code of ethics should be undertaken by the organization.

Responsible Human Resource Management practices on equal opportunities, diversity management, whistle blowing, redundancy, human rights, harassment shall give credibility to the CSR initiatives of the organization. It is beyond doubt that protecting human rights such as denial or prevention of legal or social rights of workers is a very important issue under CSR. Companies like Wipro, Infosys, Dabur, and ICICI have even framed whistle blowing policy, providing protection to the employees who come to know about any unethical practice going on within the organization, covering a whole gamut of subjects and showing their positive approach towards unethical practices.

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. Hindustan Unilever Limited (HUL), for example, provided outplacement services to the employees of its foods division at Bangalore when they were unable to move to Mumbai in 2006. Over 60 firms and 25 placement agencies were contacted by the company to arrange for multiple job interviews for a number of employees.

Conclusion
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.

References

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