

# ROLE OF HUMAN RESOURCE MANAGEMENT IN CORPORATE SOCIAL RESPONSIBILITY: ISSUE AND ROADMAP

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## Abstract

The global trend towards assessing the social and environmental impact of business decisions will result in more organizations incorporating CSR practices in their business strategies, as noted by Susan Messenger, President and CEO of the Society for Human Resource Management. “As these practices increase, HR professionals will play a larger role in CSR programs, from strategy to implementation.” As noted earlier, CSR practices were seen as important to employee loyalty, morale, retention, recruitment and productivity, important HR responsibilities and important business drivers in the firm. 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. It can be found that 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. The present paper mainly attempt on role of Human Resource Management in Corporate Social Responsibility: Issue and Roadmap. This paper purely based on secondary data.

## INTRODUCTION

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 failures such as Enron make all too clear, organizations that 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 that we do.” That said, 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. 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.

## OBJECTIVE OF THE PAPER

The present paper mainly attempt on role of Human Resource Management in Corporate Social Responsibility: Issue ad Roadmapn.

## TRENDS AND DRIVERS

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).

However, while there are moves to incorporate CSR into human resource mandates, CSR leadership remains limited, piecemeal and anecdotal, as found in the SHRM study noted earlier: while nearly 2/3rds of HR professionals interviewed were directly involved in CSR activities, only 6% were mainly responsible for creating CSR strategy and only 17% were charged with implementing the strategy." [Canadian response rate.] (SHRM, 2007, pp. 17–19).

Under any scenario, it is important that employees have their basic employment needs met before they are called upon to help the organization achieve its CSR goals. This paper will not review the fundamentals of good workplace practices, although it is accepted that they are critical to building the employee value proposition and in leveraging employee CSR engagement. To have a high performing team, it is essential that people receive the proper compensation and recognition for their work. Shareholders are another driver of the HR-CSR connection. Shareholders around the world are pressuring companies to link executive compensation packages to the company's sustainability performance, motivated in part by the prevalence of short-term and stock market-linked metrics in many executive compensation schemes (The Ethical Funds Company, 2006, p. 8) Active shareholders believe that compensation packages based primarily on achievement of short-term financial targets have the potential to deter companies from undertaking those activities that create sustainable longer term value. For example, Ethical Funds wrote letters to all companies on the S&P/TSX Composite Index in 2006 asking after the integration of CSR factors in executive compensation schemes. They found that just 5% of TSX-listed companies incorporate environmental, social and governance factors into executive compensation packages. This is in marked contrast to a 2005 survey of Canadian board directors, conducted by McKinsey & Company and HRI Corporation on behalf of the Canadian Coalition for Good Governance, which found the following factors to be desirable in setting executive compensation: employee satisfaction (71%); leadership development (78%); customer satisfaction (84%) and sustainable development (89%). Increasingly asset managers, particularly institutional investors with long-term investment horizons, are raising these issues in meetings with companies and through the shareholder resolution process.

## CSR AND HRM CHEKLIST

The following 10 Steps are taken from a companion document, The Role of Human Resource Management in Corporate Social Responsibility: Issue Brief and Roadmap. The steps are a set of actions a human resource manager can pursue to integrate CSR into the way the firm conducts its business while generating social and environmental value.

**Step 1:** Vision, mission, values and strategy Initiate or support the development/upgrade of a vision, mission and values framework to incorporate CSR Involve employees (and other stakeholders) in the development of mission, vision, values framework Support the development of the CSR strategy; champion or drive if necessary

**Step 2:** Codes of conduct Embed CSR into the Employee Code of Conduct

**Step 3:** Workforce planning and recruitment Evaluate the need for CSR / Sustainability skill sets in your future workforce Identify key CSR competencies and gaps Incorporate CSR into the employer brand and the employee value proposition Incorporate CSR into recruitment programs Include CSR questions in recruitment interviews, the offer letter and early employee contact

**Step 4:** Orientation, training and competency development Incorporate into the orientation and probationary review process Provide regular job specific and general CSR training Incorporate a CSR dimension into career patching and succession planning programs.

**Step 5:** Compensation and performance management Integrate CSR into job descriptions, annual performance plans and team goals Incorporate CSR into the formal and informal reward system Support business units in developing performance evaluation systems that foster CSR behavior Integrate CSR into the annual performance review Incorporate CSR into exit interviews.

**Step 6:** Change management and corporate culture Align organizational change management programs with CSR values and principles Segment your workforce by state of change readiness and tailor change activities accordingly.

**Step 7:** Employee involvement and participation Involve employees in the development of the vision, mission, values and CSR strategy 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:** CSR policy 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:** Employee communications communicate your CSR objectives, plans and progress to your employees Raise awareness of CSR through regular employee communications.

**Step 10:** Measurement, reporting and celebrating success Incorporate CSR measures into employee engagement surveys Measure and report on progress toward CSR integration goals Celebrate small wins and major milestones.

## CONCLUSION

Organizations are coming to realize the bottom-line benefits of incorporating sustainability into their DNA. It's beneficial for attraction and retention and it's the right thing to do. HR is a key organizational leader and can take the lead or partner with other executives to work cross-functionally to integrate CSR objectives into how business gets conducted. HR practitioners can act as translators of the organization's CSR commitment vertically and horizontally across departments. Most will find upon reading this report that they have many good practices underway. Many will find they have a new structure for their thinking they can apply practically in the workplace. Some will believe the current economic downturn will put these ideas on the backburner until the economy rebounds, while others think that organizations which abandon their CSR integration in the downturn will lose ground and breed cynicism in brighter times. Regardless of the point of view, all agree that effective HR leadership on CSR integration requires Board, CEO and executive commitment to be successful. Indeed, the roadmap is predicated on the assumption of this top level commitment. However, more and more organizations are committing to sustainability and to embedding CSR into "all that we do", so it is hoped the 11 steps provide some guidance as to how to go about doing this.

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