



ROLE OF HUMAN RESOURCE MANAGEMENT IN CORPORATE SOCIAL RESPONSIBILITY

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Abstract

In the current scenario the society is demanding that every organization should involve in social responsibility. The employees of an organization play an important role in developing a culture which underlines CSR values and competencies. The present study is an attempt to explore the role of HRM in CSR, and analyzes the relationship between the CSR and HRM. And the combined integration of CSR and human resource activities will have a positive impact and can contribute to a great extent for the success of organizations.

Corporate social responsibility (CSR) prevails in the long-ago. Many companies adopted CSR principles into their daily business practices. CSR has been defined by many researchers; but it varies in different context. World Business Council for Sustainable Development defined CSR as 'is the continuing commitment by business to behave ethically and contribute to economic betterment and development for improving the quality of life of the workforce and their families as well as the local community and society as a whole.

In addition to this, CSR is defined as 'treating the stakeholders of the firm ethically or in a responsible manner' (Hopkins, 2003, p.1, cited in Fenwick and Bierema, 2008). Similarly, in the study by Melynyte and Ruzevicius (2008), CSR meets the social, economic, environmental and ethical requirements of stakeholders. Moreover, Syed and Kramar (2008) cited the definition of CSR: 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis'.

Based on these definitions by various researchers, CSR has three aspects:

- 1) Voluntary actions.
- 2) Concerns of stakeholders, local community and society.
- 3) The ethical, economic, social and environmental (positive) impacts of business operations.

Melynyte and Ruzevicius (2008) summarized CSR activities, including ensuring healthy working conditions for staff and safety at work, developing equal rights, providing continuous trainings, being responsible for consumers and customers, decreasing negative impact in environment, generating ecological products and services as well as participating in the activities for the welfare of the society.

Literature Review

Winstanley et al (1996) focused that ethical concerns, like job insecurity and insufficient regard for the autonomy of staff, should be expressed when criticizing contemporary HRM; it is also important that HR professionals engage with ethical issues. However, some researchers think that the ethical treatment of employees is impossible. Claydon (2000) explained it on the basis of the Marxist perspective on capital and labour relations. He thought that fundamental paradox exists between capital and labour, so it is impossible to make working conditions more ethical. In addition, Legge (2000)- from the perspective of utilitarianism- indicated that even though it is likely that ethical HRM will be found among the core workers, it is difficult to be found among sub-contracted or agency workers.

The study by Friedman (1970 cited in Greenwood, 2002) suggested that the objective of business is making profit for its shareholders and should maximize its profits. He understood that the CSR is contrary to the principle of free-market economy. This classical view emphasized on the benefit of shareholders, which was related to ethical egoism; it implies that corporations should pay little attention in building CSR into management system.

This classical view was countered by stakeholder theory, which not only presents a conceptual framework of analysis of HRM (Ferrary, 2009), but also offers corporations a new way of thinking organizational responsibilities (Jamali, 2008). The stakeholder theory was defined by Freeman (1984) and focused that managers have a responsibility to pay attention to all who has a stake in organizations and defined stakeholder as 'any group or individual who have interest in the achievement of organization objectives', like shareholders, employees, customers, competitors, suppliers etc. Along with it local communities and environment- regarded as silent stakeholders- should be included This theory suggested that organisations should 'pay attention to the considerations beyond profit maximization', because 'the needs of shareholders cannot be met without satisfying to some degree the needs of other stakeholders' (Jamali, 2008).



Since employees are regarded as key stakeholders, corporations must pay more attention to the staff and should encourage them to participate in managerial decision making process. It means HRM should be linked to CSR. Papasolomou et al (2005) cited CSR actions to employees, such as providing friendly work environment, making communication more effective by sharing information with staff, offering equal reward and pay, administering diversity management in terms of selection and promotion, providing training and arranging long-term development programmes for all staff as well as encouraging staff engaging in social activities.

Furthermore, some researcher (such as Friedman) emphasized that companies should put the profit object first (Woodall and Winstanley, 2000), so CSR actions are minimized. It seems that profit motive becomes a primary reason why researchers and managers oppose to connect HRM with CSR or minimize CSR activities. Some researchers questioned whether the company can obtain returns when adopting CSR initiatives (Heugens and Dentchev, 2007). On the contrary, many researchers hold that CSR can offer potential profits and improve long-term corporate profitability. Brammer et al (2007) focused that it compensates when HRM is linked with CSR, on the ground that CSR is beneficial to attract, retain and motivate employees. Similarly, Bohdanowicz and Zientara (2008) considered that corporations can get benefit in the long run if they treated employees ethically. In addition, CSR play a important role in providing employees' job satisfaction and further organizational commitment, both of which affect employees' performance and workplace behavior (turnover and workplace deviation). Melynyte and Ruzevicius (2008) also have same views: the combination of CSR and HRM 'does indirect positive influence to the organization's financial results' through enhancing staff's morale, job motivation and loyalty to organizations.

Furthermore, in the study by Michie and Sheehan-Quinn (2001 cited in Viljanen and Lahteenmaki, 2009), soft HRM approach, named as 'high-road' HRM, regards employees as resource, which is valuable to continuously develop, and makes efforts to increase employee commitment. On the contrary, hard HRM, called as 'low-road' HRM, is lack of organization promise to job security and pay little attention to the staff training. It seems that soft HRM advocate HRM should be linked to CSR whereas hard HRM do not take CSR into account. However, Legge (1995) indicated that even though some corporations make a display of soft HRM, it is 'hard' in reality.

HR'S Role in Promoting Corporate Social Responsibility

Almost all organization are involved in corporate social responsibility (CSR) programmes, HR professionals play an important role in initiating, sustaining and developing CSR activities in the organization. Few organization have separate CSR executives to look after the CSR activities and most companies depends on HR personnel and other employees to involve in such activities. In today's corporate scenario mostly employees work for more than 8-10 hours a day and are expected to be multitasked in their work. And it's a challenge for every organization to prolong CSR initiatives in this hectic schedules. Therefore, HR professionals have a major role to play in creating strong organizational culture along with core values, engaging every employee in active community activities, fostering relationship that is sensitive to the community culture, and work for the betterment of the environment.

With the help of HR functions, the socially responsible values can be inculcated and sustained in the organizational culture through the following ways

- HR professionals need to plan and co-ordinate the CSR activities and pay attention of company's commitment to CSR.
- The corporate philosophy about CSR should be highlighted in the orientation programme of new employees
- The Performance Management System should be designed in such a manner that it measures the employee's socially responsible initiatives.
- The Training facilities may also be made available to encourage the CSR culture among employees
- Decision making power should be given to the managers so that they can take decision in executing social responsibility at local level.
- HR can manage the CSR plan implementation and monitor its adoption proactively,

HRM should be linked with CSR

HRM should be linked to CSR, which will be explained with four aspects. It is possible to integrate HRM with CSR, although some researchers are against of this kind of integration (as mentioned above, Claydon and Legge). In the study by Vuontisjarvi (2006), CSR refer to the integration of CSR and HRM, were identified: 'training and development, employee involvement, job security, employee health and well-being, equal opportunities, work-life balance and diversity management'.



Many corporations took on a series of HRM practices which is linked with the principle of CSR. For example PSA Peugeot Citroen, a famous French car manufacturer, have adopted diversity management. This company ensures the equal treatment of each staff. In 2003, the company recruited 129 non-French employees (including 45 women), who are in position of engineers and managers, which account for 10% of new staff. In addition, age issue also was taken into consideration. In 2003, 60% of new staff were younger than 30; 13% of new staff were older than 40. Furthermore, all employees had equal rights to be informed what vacancies are available because all the information was publicized on the company intranet. Further measures also include offering apprenticeships to people who were difficult to find job. (Syed and Kramar, 2008) In addition to PSA Peugeot Citroen, many cases- such as retraining programme offered to staff by Deutsche Bank in the climate of redundancy (Syed and Kramar, 2008) – prove the feasibility of integration of CSR and HRM practices.

Secondly, in stakeholder theory, organizations have to meet the requirements of stakeholders including shareholders and should also provide employees satisfaction. HRM practices- such as work-life balance provide flexible working time or childcare support to female employee to meet their requirements. Moreover, along with monetary benefit, employees are also provided the ‘the feeling of importance and possibility to take responsibility for quality of future generations’ life’ (Melynyte and Ruzevicius, 2008). Those firms provide opportunity to staff to involve in social activities. Hence, HRM should be linked with CSR.

Thirdly, the interaction between CSR and financial performance is being focused. Some researchers are against the integration CSR and HRM practices because they believed that profit making is the sole objective of the organisation. However, a lot of research (as mentioned above) indicates that potential profits can be obtained if companies effectively incorporate CSR rules into HRM practices.

The view is that if the organization is having good financial performance then they can utilize available the funds improving their environmental and social performance. and the good environmental and social performance will result in good financial performance due to the optimum use of resource effectively and efficiently and stakeholder commitment. CSR should be integrated into HRM practices because it helps the company in providing job satisfaction, enhancing organizational commitment, advancing employees’ performance and decreasing the turnover.

Finally, CSR helps organizations in building up good image and reputation, which is conducive to HRM. The company who takes CSR measures is more attractive to candidates (Greening and Turban, 2000, cited in Brammer et al). In modern times, CSR has become the trend, potential employees, especially new graduates; prefer to work in the corporation which has strong social responsibility and good reputation.

Moreover, employees always feel proud of working in socially responsible firm which has good reputation in the society; thereby they have more loyalty and commitment to the organization, which makes employees stay longer in this company (Bohdanowicz and Zientara 2008). Additional advantages of integration of HRM and CSR were identified in the study of Melynyte and Ruzevicius (2008): establishing partnership environment, increasing customers’ satisfaction and trust as well as attracting external investments. All in all, HRM should be linked to CSR because of its feasibility and positive effectiveness.

Conclusion

In this paper we concluded that HRM should be linked to CSR. It was explained with in aspects. Firstly, such link is feasible on the ground of reality that responsible HRM actions are actually adopted by many companies. Secondly, according to stakeholder theory, corporations should take attempt for meeting the requirement of all stakeholders especially shareholders and employees. Next, the integration of HRM and CSR helps in bringing potential profits in the organization by, enhancing organizational commitment, advancing employees’ performance, providing job satisfaction and decreasing the turnover. Finally, CSR helps in building of good reputation of companies, thereby help organization in recruiting and retaining employees.

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