

HR MANAGEMENT ROLES AND SOCIAL RESPONSIBILITY IN CORPORATE ORGANIZATIONS

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ABSTRACT

HR managers are well positioned to play a key 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.

Keywords: Role in Organization, Corporate social responsibility, financial performances, social responsibility, HR management.

INTRODUCTION

Human resource managers are well positioned to play a vital 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 professionals in organizations that perceive successful corporate social responsibility 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 Human Resource manager who sees the importance of embedding their firm's Corporate responsibility values throughout the organization, who wish to assist the executive team in integrating into the company. And as high profile corporate failures such as Enron make all too clear, organizations that pay lip-service to social responsibility while neglecting to foster a culture run the risk of damaging their corporate reputation if not their demise. Indeed, Human resource mandate to communicate and implement ideas, policies, and cultural and behavioural change in organizations makes it central to fulfilling an organization's objectives to "integrate Social Responsibility in all that we do." That said, it is

important to understand that employee engagement is not simply the mandate of Human resource. Indeed people leadership rests with all departmental managers. Human resource can facilitate the development of processes and systems; however, employee engagement is ultimately a shared responsibility. The more the Human resource practitioner can understand their leverage with respect to Social responsibility, the greater their ability to pass these insights along to their business partners towards the organization's objectives in integrating Social responsibility 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 Social responsibility ethic and achieve a high performance Social responsibility culture. Human resource management can play a significant role so that Social responsibility can become "the way we do things around here". Human resource can be the key organizational partner to ensure that what the organization is saying publicly aligns with how people are treated within the organization. Human resource 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. Human resource is poised for this lead role as it is adept at working horizontally and vertically across and within the organization, so important for successful Social Responsibility delivery.

TRENDS IN SOCIAL RESPONSIBILITY

There is emerging evidence that effectively implemented; CSR can have significant impact in motivating, developing and retaining staff. Novo Nordisk, a high-value social responsibility 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 social responsibility study of human resource practitioners conducted by the Society for Human Resource Management (SHRM) in 2006, reveals that social responsibility practices are seen as important to employee morale (50%), loyalty (41%), retention (29%), recruitment of top employees (25%) and productivity (12%).

Globally, Human Resource 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 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 Social Responsibility 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 Social Responsibility activities, only 6% were mainly responsible for creating CSR strategy and only 17% were charged with implementing the strategy.”

INTEGRATING CORPORATE RESPONSIBILITY INTO HUMAN RESOURCE MANAGEMENT

Human resource professionals are highly tuned to considering Social Responsibility from both a values based and a business-case perspective. They work in a business function that readily identifies both the business benefits and the people benefits of fostering Social Responsibility alignment and integration. However, there is little guidance available to human resource leaders who wish to advance Social Responsibility within the firm. Ideally these steps would be followed more or less sequentially; however in practice this is often not possible and indeed, some managers may have already implemented certain components.

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

Vision, Mission, Values

Successful Social Responsibility requires a clearly articulated vision, mission and values. The Human Resource practitioner could initiate or support the development, or upgrade, of a vision, mission and values foundation if one does not exist or does not explicitly address Social Responsibility. The foundation needs to incorporate elements of corporate social responsibility or sustainability in order for it to foster alignment. Where a Social Responsibility ethic has not yet taken hold, the Human Resource manager could champion the need and opportunity for a vision, mission and set of values and show how it can add ROI to the organization, why this could be both a good business strategy and a good people strategy. The manager can bring the opportunities to the attention of the senior executive and the board on what it means, and why it makes good business sense.

Social Responsibility Strategy Development

Once the vision, mission and values framework is defined, the firm is ready to undertake the development of its Social Responsibility strategy.

Step 2: Employee codes of conduct

The Human Resource function is typically responsible for drafting and implementing employee codes of conduct. As such, Human Resource 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. This is an ideal home for the expression of an organization's commitment to socially and environmentally-based decision-making as it is one of the rare documents which all employees are bound by and come into contact with. As such it is a key tool for cultural integration of Social Responsibility norms. It is important to avoid rhetoric and undefined terms such as “sustainability” and “Social Responsibility”, but to clearly enunciate the conduct standards expected of employees.

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. For a CSR oriented company, this consists of evaluating the need for skill sets and competencies central to the emergent sustainability economy – an economy of resource and energy scarcity, human and environmental security constraints, changing societal norms and government expectations.

A related exercise, talent management, which refers to the process of developing and integrating new workers, developing and keeping current workers and attracting highly skilled workers to work for the company, needs to consider alignment with the company's Social Responsibility vision and goals to ensure talent, is developed with the appropriate focus. Often in the area of talent management and recruitment, leading Social Responsibility companies develop an employer brand that incorporates their responsibility into the employee value proposition.

Step 4: Orientation, training and competency development

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 Social Responsibility values and goals. To ensure maximum alignment and early employee 'buy-in' to the strategic Social Responsibility direction of the organization, this general orientation should be deemed mandatory for all levels of new employees. New employees need to be provided information about CSR policies and commitments, the key Social Responsibility issues the company faces and the key stakeholders with which the firm engages. How the company measures its Social Responsibility performance, the annual sustainability or Social Responsibility report, and where they can find further company information on Social Responsibility are important elements of new employee orientation programs. New hires should receive a copy of the core values.

Step 5: Compensation and performance management

Next to recruitment and competency development, compensation and performance management are central to the Human Resource function. Human Resource is involved in setting performance standards and expectations and monitoring results to performance objectives. At Vanity Credit Union their Statement of Values and Commitments which articulate their Social Responsibility principles is incorporated as a key area of accountability in all executive role descriptions rather than as an added attachment at the end of each role description. Going forward they are expanded beyond their three stated values of innovation, integrity and responsibility, translating them to goals in the annual performance plans of all executives to be cascaded down to each of their managers and employees. They believe that by integrating their three corporate values and CSR-oriented Statement of Values and Commitments into their business planning, objectives, and executive role accountabilities, they will continue to sustain and ingrain their differentiator in all that they do.

In any organization there will be key positions that have a significant influence over the organization's social and environmental performance on a day to day basis, e.g. facilities managers. At The Co-operators this position was recently upgraded to incorporate the firm's sustainability principles, mandating the Facilities Manager to ensure, for example, that all contracts account for the organization's sustainability policy.

Step 6: Change management and corporate culture

Human resource practitioners are the keepers of the flame when it comes to corporate culture, team building and change management processes. Growing and adapting to the changing marketplace necessitates that firms pursue significant behavioural shifts from time to time. Sometimes organizations require the outside assistance of change management professionals to help them identify an appropriate strategy when they are attempting to create significant behavioural change, but in the end, culture shift can only be achieved and sustained if it is driven and sponsored effectively internally.

It is important to advance a Social Responsibility ethic and program with these perspectives in mind. The organizational culture, or "how work gets done around here", is a key dimension of any strong Social Responsibility agenda. People need to be rewarded for the way the leaders want work done on the shop floor and in the C-suite. The foregoing steps are building blocks to the development of a strong Social Responsibility ethic and corporate culture, the likes of which will attract and retain the best and the brightest employees.

Step 7: Employee involvement and participation

Employees are among the key stakeholders for the development of any Social Responsibility 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. It is a truism that employees consulted and engaged in the development of new programs and approaches are likelier to follow through with their implementation. Often companies consult and engage their employees in the development and delivery of their community involvement and charitable donations programs; however, what is called for here is more substantive than this.

In addition to ensuring employees are included in key decisions, an employee Social Responsibility involvement and participation program can help develop the employee value proposition that can foster retention and enhance recruitment. It is important not to miss this step as organizations that fail to engage their employees in key decisions and in their Social Responsibility embedment will generate low employee engagement resulting in employees that either quit and leave or quit and stay.

Step 8: Employee Communications

Every Social Responsibility strategy requires the development and implementation of an employee communication program to convey the corporate direction, objectives, innovation and performance on its Social Responsibility efforts.

And finally, but no less importantly, don't forget to celebrate the successes large and small along the way. From pats on the back to profile articles on the company intranet, to celebratory events, ensure people are congratulated and achievements celebrated on an informal and formal basis. To fully realize your Social Responsibility objectives, including the integration of CSR into "the way business is done around here", it is important to honor the small wins and major milestones achieved on the journey.

CONCLUSION

Organizations are coming to realize the bottom-line benefits of incorporating sustainability into their organization. It's beneficial for attraction and retention and it's the right thing to do. Human Resource is a key organizational leader and can take the lead or partner with other executives to work cross-functionally to integrate Social Responsibility objectives into how business gets conducted. Human Resource practitioners can act as translators of the organization's Social Responsibility 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 Social Responsibility integration in the downturn will lose ground and breed cynicism in brighter times. Regardless of the point of view, all agree that effective Human Resource leadership on Social Responsibility integration requires Board, 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 Social Responsibility into "all that we do", so it is hoped the eight steps provide some guidance as to how to go about doing this. The firm of the future is expected to have undergone significant transformation such that Social Responsibility no longer becomes managed as a separate deliverable, but is part of the experience of being an employee in an organization that lives its values. For human resource professionals embarking on Social Responsibility or deepening their Social Responsibility experience, this roadmap can help them understand their role in sustainability and Social Responsibility and how they can foster an environment that embeds a Social Responsibility ethic in "the way we do business around here"

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