Research Paper Management

Corporate Social Responsibility : A Toolkit of Human Resource Mangement to Sustain Organaisational Development

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ABSTRACT

Human resource professionals have a key role to play to help a company achieve itsCSR objectives. Employee involvement is a critical success factor for CSRperformance. Human resource managers have the tools and the opportunity toleverage employee commitment to, and engagement in, the firm's CSR strategy.High performing CSR organizations foster a culture of CSR and fully integrate CSRthroughout their operations, rewarding and incentivizing CSR decisions andinitiatives. 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 humanresource practitioners to follow who wish to contribute to the achievement of their organization's sustainability and business aspirations, thereby improving social andenvironmental conditions locally and globally. The objective of this paper is to understand the foundational elements that need to be in place to foster a highperformance CSR (corporate social responsibility) organization and develop aframework or roadmap for firms wishing to become a high performing CSRorganization.

KEYWORDS | Corporate Social Responsibility, Human Resource Management Organisational Development and Sustainability

INTRODUCTION

The more the HR practitioner can understand their leverage withrespect to CSR, the greater their ability to pass these insights along to their businesspartners towards the organization's objectives in integrating CSR throughout theiroperations and business model.Human resource managers are well positioned to play an instrumental role in helpingtheir organization toachieve its goals of becoming a socially and environmentallyresponsible firm – one which reduces its negative and enhances its positive impacts onsociety and the environment. Further, human resource (HR) professionals inorganizations that perceive successful corporate social responsibility (CSR) as a keydriver 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 andfor 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 ofembedding their firm's CSR values throughout the organization.

HR can facilitate thedevelopment of processes and systems; however, employee engagement is ultimately ashared responsibility. As human resources influences many of the key systems and business processesunderpinning effective delivery, it is well positioned to foster a CSR ethic and achieve ahigh performance CSR culture. Human resource management can play a significant roleso that CSR can become "the way we do things around here". HR can be the keyorganizational partner to ensure that what the organization is saying publicly aligns withhow people are treated within the organization. HR is in the enviable position of beingable to provide the tools and framework for the executive team and CEO to embed CSRethic and culture into the brand and the strategic framework of the organization. It is theonly function that influences across the entire enterprise for the entire 'lifecycle' of theemployees who work there – thus it has considerable influence if handled correctly. HRis poised for this lead role as it is adept at working horizontally and vertically across andwithin the organization, so important for successful CSR delivery.Of course, for effective CSR deployment, it needs to become a Board and C-suiteimperative first. Should such an organizational gap exist, the senior HR leader canchampion, lead and help drive a CSR approach if necessary. In the coming years asCSR increasingly becomes part of the business agenda and the fabric of responsiblecorporations, it will become a natural agenda for the HR practitioner.The following is an overview of the key trends and business drivers for fostering thisCSR-HR connection, followed by a proposed roadmap or pathway for human resourceleaders seeking to make a substantial contribution to sustainability, CSR and their firm'sbusiness goals.

Corporate Social Responsibility and Human Resource Management:

Definition

Corporate social responsibility (CSR) is the balanced integration of social and environmental consiferations into business secisions and operations. CSR and sustainability are used interchangeably throughout this paper.

Human resource management is the organizational function that deals with recruiting, managing, developing and motivating people, including providing functional and specialized support and systems for employee engagement and managing systems to foster regulatory compliance with employment and human rights standards.

from Reviews

There is emerging evidence that effectively implemented, CSR can have significantimpact in motivating, developing and retaining staff. Novo Nordisk, a high-value CSRpharmaceutical company in Denmark, for example, after launching their Values in Actionprogram, which aligns their business objectives with sustainable development principles,saw a 5% drop in staff turnover, while Sears found a 20% reduction in staff turnoversince implementing their CSR program. (Skinner, 2002, p.1). A landmark internationalCSR study of human resource practitioners conducted by the Society for HumanResource Management (SHRM) in 2006, reveals that CSR practices are seen asimportant to employee morale (50%), loyalty (41%), retention (29%), recruitment of topemployees (25%) and productivity (12%). [Note that percentages reflect Canadianresponses] (SHRM, 2007, p. 27).Globally, HR leaders are

developing and implementing incentive and appraisal systemsthat reflect sustainability as well as hiring personnel that embody these values.

Forexample, research by The Conference Board reveals that 50% of global managersreport their companies do, or plan to, include corporate citizenship (aka CSR) as aperformance evaluation category. Additionally, 68% of respondents cite the linkbetween 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 studynoted earlier: while nearly 2/3rds of HR professionals interviewed were directly involvedin CSR activities, only 6% were mainly responsible for creating CSR strategy and only17% were charged with implementing the strategy." [Canadian response rate.] (SHRM,2007, pp. 17 – 19).

The report, *Developing the Global Leader of Tomorrow*, observed that "a range ofhuman resource levers are important for developing [CSR] organizational capabilities:building these knowledge and skills through leadership development programs, careerdevelopment planning, succession planning, performance management and incentivesystems and competency frameworks, and seeking these knowledge and skills whenrecruiting new talent into the organization". (Ashridge, 2008, p. 10).

INTEGRATING CSR INTO HR MANAGEMENT

This guide has been developed recognizing the constrained economic environment ofour times; the tools and tactics proposed in this roadmap are those which can readily beintegrated into the HR practitioner's daily regimen. Indeed, as the foregoing businesscase analysis partly demonstrates, a CSR program can add significant business value.There are other business case benefits of CSR – for example, operational cost savingsfrom reduced materials use – that can be significant, pointing to a financial rationale forthe development of a strong CSR strategy and integration effort.

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

VISION, MISSION, VALUES:Successful CSR requires a clearly articulated vision, mission and values. The HRpractitioner could initiate or support the development, or upgrade, of a vision, missionand values foundation if one does not exist or does not explicitly address CSR. Thefoundation needs to incorporate elements of corporate social responsibility orsustainability in order for it to foster alignment. Where a CSR ethic has not yet takenhold, the HR manager could champion the need and opportunity for a vision, missionCSR and HR Management Issue Brief and Roadmap

12and set of values and show how it can add ROI to the organization, why this could beboth a good business strategy and a good people strategy. The manager can bring theopportunities to the attention of the senior executive and the board on what it means,and why it makes good business sense. These are the first steps to building CSR intothe company's DNA and into the organization's operating and strategic framework.Ideally employees and other stakeholders would be involved in the development of thecorporate vision, mission and values, more of which will be said later.

CSR STRATEGY DEVELOPMENT: Once the vision, mission and values framework is defined, the firm is ready to undertakethe development of its CSR strategy. This paper will not delve into the components ofCSR strategy development, as that is a significant topic of its own. The role of thehuman resource manager at this phase is central to all other steps: it is critical that thehuman resource function be represented at the table in the development of the CSRbusiness plan and strategic direction. They have an important "people perspective" tocontribute and will be involved in implementing key measures. Particularly in those firmswhere CSR is housed in the human resource department, the HR manager has a keyrole in CSR strategy development. HR is a strategic partner in the organization and assuch, can help drive the formulation of the CSR strategy.

Step 2: Employee codes of conduct

The HR function is typically responsible for drafting and implementing employee codesof conduct. As such, HR managers hold the pen on the principles contained in theemployee codes. Since a number of recent high profile corporate frauds, boards ofdirectors have become very concerned about the ethical culture within theirorganizations, looking for 100% sign-off on and compliance with codes of conduct whicharticulate their ethical values. This is an ideal home for the expression of anorganization's commitment to socially and environmentally-based decision-making as itis one of the rare documents which all employees are bound by and come into contactwith.

As such it is a key tool for cultural integration of CSR norms. It is important to avoidrhetoric and undefined terms such as "sustainability" and "CSR", but to clearly enunciatethe conduct standards expected of employees. Some firms establish an ombuds office to adjudicate employees concerns aroundcorporate alignment with company values, a further means of fostering organizationalalignment on CSR. (CBSR, 2003, p. 4).

Step 3: Workforce planning and recruitment

Workforce planning consists of analyzing present workforce competencies; identificationof competencies needed in the future; comparison of the present workforce to futureneeds to identify competency gaps and surpluses; the preparation of plans for buildingthe workforce needed in the future; and an evaluation process to assure that theworkforce competency model remains valid and that objectives are being met. For aCSR oriented company, this consists of evaluating the need for skill sets andcompetencies central to the emergent sustainability economy – an economy of resourceand energy scarcity, human and environmental security constraints, changing societalnorms and government expectations. Companies need to identify their key CSRcompetencies and gaps in the context of these structural changes.

Step 4: Orientation, training and competency development

During the orientation process employees should be given a thorough overview of theclear line of sight between the company's vision, mission and core CSR values andgoals. To ensure maximum alignment and early employee 'buy-in' to the strategic CSRdirection of the organization, this general orientation should be deemed mandatory for alllevels of new employees. New employees need to be provided information about CSRpolicies and commitments, the key CSR issues the company faces and the keystakeholders with which the firm engages. How the company measures its CSRperformance, the annual sustainability or CSR report, and where they can find furthercompany information on CSR are important elements of new employee orientationprograms. New hires should receive a copy of the core values.Once inducted, employees should be provided CSR training on an annual or otherregular basis. Employees will either have direct CSR responsibilities (e.g. energymanager) or indirect CSR responsibilities (e.g. payroll clerk). Those with directresponsibilities will receive technical and specialized training in CSR while those withindirect responsibilities should receive training in top priority CSR issues of a moregeneral nature. Either way, it should be job-relevant as with health and safety trainingfor factory workers to strategic sustainability issues for executive management and theBoard.It is important not to overlook the probationary review. This is an ideal moment forconsideration of the employee's alignment with and commitment to the organization'sCSR aspirations.

Step 5: Compensation and performance management

Next to recruitment and competency development, compensation and performancemanagement are central to the HR function. HR is involved in setting performancestandards and ex-

pectations and monitoring results to performance objectives. AtVancity Credit Union their Statement of Values and Commitments which articulate theirCSR principles is incorporated as a key area of accountability in all executive roledescriptions 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 ofall executives to be cascaded down to each of their managers and employees. Theybelieve that by integrating their three corporate values and CSR-oriented Statement ofValues and Commitments into their business planning, objectives, and executive roleaccountabilities, they will continue to sustain and ingrain their differentiator in all thatthey do. (Personal communication with Susan Karda, Manger, OrganizationDevelopment & Learning, Vancity, Feb. 25, 2009).

At Vancity and other leading CSR organizations, HR managers are integrating CSRelements into job descriptions, individual performance plans and team goals.The most critical HR tool of all is the compensation and incentive program. Humanresource practitioners understand very well that "you get what you pay for". Typicallycompanies reward on the basis of financial performance, which will singularly fosterprofit-maximizing behaviour, overlooking the need to also consider sustainability factors.The total reward and recognition program, including base salary, incentive pay, longterm incentives and other non-monetary recognition benefits (such as award programs,employee of the month, promotions, career pathing, etc.), needs to be aligned with thecompany'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

Human resource practitioners are the keepers of the flame when it comes to corporateculture, team building and change management processes. Growing and adapting tothe changing marketplace necessitates that firms pursue significant behavioural shiftsfrom time to time. Sometimes organizations require the outside assistance of changemanagement professionals to help them identify an appropriate strategy when they areattempting to create significant behavioural change, but in the end, culture shift can onlybe achieved and sustained if it is driven and sponsored effectively internally. Mindsets and behavioural change come about through role modeling, buildingawareness and generating desire (what is in it for me?) and conviction, developingknowledge and ability and reinforcement through incentive programs. Culture changerequires setting the tone at the top – where executives and management demonstrateand model the organization's values – and then creating alignment throughout theorganization with the values you espouse to live. The values need to be reflected in allprocesses starting with how you attract and recruit employees, to decision-making andrewards and incentive programs, etc.Keeping true to the CSR values compass is a critical guidepost to change managementand team alignment. Additionally, the move to incorporate a CSR ethic throughout thefirm necessitates a change management approach.Change management experts realize that people come in different states of readinessfor advances for sustainability, or any change for that matter. People can be grouped bystate of readiness and then you can tailor your change approach appropriately to each group.

Step 7: Employee involvement and participation

As mentioned earlier, employees are among the key stakeholders for the developmentof any CSR strategy or program. A critical first step in mission, vision, values andstrategy development is to understand the key concerns, priorities and perspectives ofall key stakeholders, particularly employees. It is a truism that employees consulted andengaged in the development of new programs and approaches are likelier to followthrough with their implementation. Often companies consult and engage theiremployees in the development and delivery of their community involvement andcharitable donations programs; however, what is called for here is more substantive thanthis.

Employee engagement has been acknowledged as a key driver of shareholder value ina firm and is becoming a key metric for monitoring corporate performance by Board andmanagement. Research by Towers Perrin in 2007 revealed that an organization'sreputation for social responsibility was one of the top 10 engagement drivers, along withsenior management's interest in employee well-being, opportunities to improve skills andcapabilities and input into decision-making.

Step 8: CSR Policy and Program Development

HR is also in a position to drive policy development and program implementation in HRareas that directly support CSR values. Wellness, diversity, work-life balance and flextimepolicies are CSR programs directly within the HR manager's purview. Inorganizations committed to reducing their carbon footprint HR practitioners can developprograms enabling employees to use alternative transportation to get to work (e.g.providing showers, secure bike lock-ups, parking spots for van pools and co-op or hybridcars, bus passes, etc.) and work remotely, including other forms of headquartering and"hoteling", teleworking, etc. Wellness programs can become a platform for engagingemployees in discussions about "personal sustainability" and provide support foremployees in the areas of stress management, spirituality at work, health and fitness,healthy lifestyles, etc. Employee volunteering programs are also within the HR mandate,

and can help build out the employee value proposition and employer brand whileconcurrently delivering on the firm's CSR goals for community engagement andinvestment. A related policy could be the development of an unpaid leave program foremployees to pursue personal projects aligned with company values. Successfulwellness, carbon reduction and employee volunteer programs require managementsupport, role-modeling and ongoing communications – which, if in place become furthervehicles to fostering employee awareness of, and engagement in, the firm's CSRapproach.

Some HR departments also have responsibility for procurement. Those that do couldincorporate their CSR commitments into their purchasing program. By adopting asustainable purchasing policy, and integrating their social and environmental objectivesinto supply chain management, HR practitioners can influence the sustainabilityperformance of their suppliers. Benefits providers, recruiters, and other suppliers to theHR department can be asked to demonstrate how their practices align with the buyer'sCSR values. Request for Proposals (RFPs) can incorporate questions and requirementsfor a certain level of sustainability or CSR performance on the part of vendors.

Step 9: Employee Communications

Every CSR strategy requires the development and implementation of an employeecommunication program to convey the corporate direction, objectives, innovation andperformance on its CSR efforts. Intranets, websites, blogs, wikis, social networkingsites, podcasting, videos, forums, townhall meetings, regular tream briefings, webcasts,voicemails, print and electronic newsletters and other forms of social media need to bedeployed to bring the CSR message to the workforce – in ways that are attuned to thecommunication channels of the employee, which are changing rapidly in this age of web2.0. Even role-modeling by executive and the HR department can be a useful tool for communicating CSR values. The ultimate goal of CSR communications should be toengage employees in the CSR mission of the firm, to help build out the firm's CSR DNA.It is important to note that employee engagement is dependent on communication ofboard, CEO and senior management commitment, in the absence of which employeeswill become cynical and unmotivated. Lack of CSR commitment at senior levels couldlead to disgruntled and frustrated employees finding unmonitored, anonymous socialnetworking sites to express their dissatisfaction. It is important to close this potential gapwith clear communication and walking the walk on the part of senior executives.

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

As what gets measured gets managed, it is vital that both CSR performance andemployee CSR engagement be actively measured and reported to executive, the boardof directors and publicly. Typically this is done in the form of an annual CSR report.Increasingly, many of these reports are disclosing employee engagement scores,including employee response to such questions as:"I am aware of and understand our CSR Strategy.""I believe the firm acts in alignment with its CSR values and policy.""I believe the firm is making progress towards implementing its CSR Strategy.""Our CSR Strategy makes me feel proud to be working at the firm.""I feel the firm encourages and supports me to contribute to CSR in the office/ at theworkplace/in our meetings.""I feel comfortable raising CSR issues in the workplace.""I believe our organization is a champion of sustainability amongst the public."Other human capital metrics, such as turnover, health and safety, employeedevelopment and diversity, for example, can be additional metrics which reveal the firm'sCSR commitment and the degree to which it walks its talk.In designing your CSR report again it is important to consult employees on what toreport and it is important that the report be received and approved by the board ofdirectors for public release. It is only under these conditions can the HR professional beassured that these metrics and the firm's CSR performance are taken seriously. Some corporate boards go so far as to create a CSR committee of the board.

CONCLUSION

Organizations are coming to realize the bottom-line benefits of incorporatingsustainability into their DNA. It's beneficial for attraction and retention and it's the rightthing to do. HR is a key organizational leader and can take the lead or partner with otherexecutives to work cross-functionally to integrate CSR objectives into how business getsconducted. HR practitioners can act as translators of the organization's CSRcommitment vertically and horizontally across departments. Most will find upon readingthis report that they have many good practices underway. Many will find they have anew structure for their thinking they can apply practically in the workplace. Some willbelieve the current economic downturn will put these ideas on the backburner until theeconomy rebounds, while others think that organizations which abandon their CSRintegration 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 CSRintegration 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 CSRinto "all that we do", so it is hoped the 10 steps provide some guidance as to how to go but doing this.The firm of the future is expected to have undergone significant transformation such thatCSR no longer becomes managed as a separate deliverable, but is part of theexperience of being an employee in an organization that lives its values. For humanresource professionals embarking on CSR or deepening their CSR experience, thisroadmap can help them understand their role in sustainability and CSR and how theycan foster an environment that embeds a CSR ethic in "the way we do business aroundhere".

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