

## CSR : AS HUMAN RESOURCE MANAGEMENT IMPLIMENT ROLE

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**Abstract :** *My study is focused on the rise of Corporate Social Responsibility (CSR) implementing HRM. In corporate sector the HRM department plays key role in the social responsibilities. There are two parts of the work done by HRM: (i) Employee Representation and (ii) Consumer perspective. The CSR and HRM are linked in performance and outcome of any company. Employee representation taking care by their HRM department as in their welfare and association towards their family. HRM department also take responsibilities in the favour and welfare of consumers. This article addresses CSR consideration in adjustment business strategies which is turn to the change of HRM focus. It focuses on the effectiveness of HRM practices and CSR on competitive advancements. Business organizations have woke up the need for being committed towards CSR. A strong corporate culture emphasizes CSR values and competencies are required to achieve the synergistic benefits. The present study, therefore, is an attempt to explore the engagement of human resource management professionals in undertaking CSR. It also suggests HRM to take a leading role in encouraging CSR activities at all levels. The combined impact of CSR and HR activities, which reinforce desirable behavior, can make a major contribution in creating long term success in organizations.*

**Keywords:** *HRM, Business, Corporate, Employee.*

### Introduction:

Corporate social responsibility (CSR) also called corporate conscience, corporate citizenship or sustainable responsible business/ Responsible Business) is a form of corporate self regulation integrated into a business model. CSR policy functions as a self regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

The term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed. Proponents argue that corporations increase long term profits by operating with a CSR perspective, while critics argue that CSR distracts from business' economic role. Existing econometric studies of the relationship between social and financial performance, concluding that the

contradictory results of previous studies reporting positive, negative, and neutral financial impact, were due to flawed empirical analysis and claimed when the study is properly specified, CSR has a neutral impact on financial outcomes.

Critics questioned the “lofty” and sometimes “unrealistic expectations” in CSR. or that CSR is merely window-dressing, or an attempt to preempt the role of governments as a watchdog over powerful multinational corporations.

Political sociologists became interested in CSR in the context of theories of globalization, neo-liberalism and late capitalism. Some sociologists viewed CSR as a form of capitalist legitimacy and in particular point out that what began as a social movement against uninhibited corporate power was transformed by corporations into a 'business model' and a 'risk management' device, often with questionable results.

CSR is titled to aid an organization's mission as well as a guide to what the company stands for to its consumers. Business ethics is the part of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment.

Business dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship (1) through their waste and pollution reduction processes, (2) by contributing educational and social programs and (3) by earning adequate returns on the employed resources."

### **The role of Human Resource Management in CSR:**

Business houses, right from the inception of human race, have been regarded as constructive partners in the communities in which they operate. Though they have been instrumental in creating employment, wealth, products and services, yet the pressure on business to play a role in social issues involving employees, stakeholders, society, environment, government etc. is continuously increasing. The society is questioning the existence of business houses, especially in the wake of the scandals and scams conducted by the business houses like UTI. In response to it, the organizations around the globe are forced to wake up to the need for being committed towards CSR. Over the years this concept of 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. It has become so important that many organizations have rebranded their core values to include social responsibility. 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 sustainable practices. Such business houses 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. On the same track to fulfill its urge to do something for community,

Bharat Petroleum Corporation Limited has adopted some 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. 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.

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 still there are numerous organizations which understand CSR as undertaking some donations or philanthropic activities. Rather in its true sense CSR constitutes a strong commitment to social obligations and internalization throughout the organizational culture which lays emphasis on the execution of the obligations towards the employees and involving them in responsible endeavors. 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. To ensure organization-wide commitment, non-management workforce has to be involved in the process. This involvement of employees speaks of the strategic contribution of Human Resource Management (HRM) in CSR. In this context, the responsibility of HRM department for encouraging sustainable practices that offer practically and theoretically new opportunities is very much.

So the present composition is an attempt to find out that how the staff can become the brand ambassadors of the organizations and that “feel good factor” can permeate out to others, especially customers and clients. To commensurate that it will try to suggest a plan of action by analyzing the CSR activities of various organizations to promote sound corporate citizenship which is necessary for the development of a culture for social responsibility.

### **Benefits of Corporate Social Responsibility:**

There are several benefits of organizations being socially responsible and conscious of the interests of significant stakeholders. Dealing with environmental and social issues can provide business benefits when reputation risk is high and sustainable competitiveness and development becomes a key strategy. Instances comprise getting license to operate from key stakeholders not just shareholders; sustainable competitiveness; creating new business opportunities; attracting and retaining quality investors and business partners added to cooperation with local communities. Increasingly dynamic market places mean that a company's success depends crucially on responding to the needs of the communities or cultures in which it operates. Other benefits are avoiding crisis due to CSR misconduct; government support (many governments give financial incentives for sound CSR initiatives, including environmentally friendly innovations) and building political Capital.

### **Relationship between CSR and HRM:**

More and more companies are establishing CSR bound practices. Significant relationships subsists between HRM and CSR. Scouarnec (2005) in a survey of the HR functions' substantial impact on, CSR reinforces this position. Again, Weiss (2008) believes that 'CSR would develop from the advancement of the working practices and consequently from a superior contemplation of the environmental and social effects of the organization's activities.

### **Internalizing CSR: Initiatives of HRM**

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. HR 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. 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 designing of Performance Management System as 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 of employees through "CSR Living Our Values Learning Tool" at Cadbury Schweppes. 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.
- Training on code of ethics should be undertaken by the organization. Best Buy, a fortune 100 company and the largest specialty retailer of consumer electronics in the United States and

Canada, has initiated ethics training for its employees. Electronic Data Systems has a global CSR strategy which is well supported by HR function and the employees. The HR department of the company has also developed an e- learning course for its employees built around the Department of Trade and Industry, CSR Competency framework.

- 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.
- 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, 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.
- In India, the top management, in their messages, speeches to shareholders and in annual reports has been resorting to social reporting but it should be made more formal in nature. Tata Steel Limited, for example, has been preparing Sustainability Reports under the stringent guidelines of Global Reporting Initiatives, 2002 on economic, environment and social performance.
- The value added by CSR in the form of direct results, such as, economic savings and indirect results like increase in employee satisfaction, less employee turnover, measured by staff attitude surveys, shall indicate contribution to improved business performance. There is also a need to conduct periodic review of the CSR activities. Cur-Alea Management Consultants Pvt. Ltd. (2007) has suggested for conduction of periodically an independent internal review or audit of the effectiveness of CSR programmes.

### **CSR : Consumer perspectives by HRM**

A CSR program can be an aid to recruitment and retention, particularly within the competitive graduate student market. Potential recruits often consider a firm's CSR policy. CSR can also help improve the perception of a company among its staff, particularly when staff can become involved through payroll giving, fund raising activities or community volunteering. CSR has been credited with encouraging customer orientation among customer facing employees.

Most consumers agree that while achieving business targets, companies should do CSR at the same time. However not all CSR activities are popular. Most consumers believe companies doing charity will receive a positive response. It is found that –

- (i) Consumers are loyal and willing to spend more on retailers that support charity. Consumers also believe that retailers selling local products will gain loyalty.
- (ii) Marketing local products will gain consumer trust. However, environmental efforts are receiving negative views given the belief that this would affect customer service.

- (iii) Not all CSR activities are attractive to consumers. They recommended that retailers focus on one activity.
- (iv) If the social initiative done by the company is not aligned with other company goals it will have a negative impact.
- (v) A socially responsible company makes safe, high quality products. it provides secure employment, it makes a positive contribution to social needs such as health care and education.
- (vi) A more common approach to CSR is corporate philanthropy. This includes monetary donations and aid given to nonprofit organizations and communities. Donations are made in areas such as the arts, education, housing, health, social welfare and the environment, among others, but excluding political contributions and commercial event sponsorship.

### Conclusion:

Organizations are now appreciating the concluding gains of integrating sustainable CSR into their activities. It is not only valuable for employee attraction and retention; it constitutes the correct thing to do. HR serves as an important organizational principal with the capacity to originate or collaborate with other decision-makers in working cross-functionally to incorporate CSR goals into methods of business performance. HR specialists are capable of interpreting an organization's CSR obligation both in a perpendicular and parallel way from corner to corner of the departments and the organization. However, successful HR leadership on CSR incorporation involves top management commitment. Human resource specialists must recognize their responsibilities in CSR and how they can encourage an atmosphere that entrenches a CSR ethic in the way business is done in the organization. With globalization, the world is a smaller place and organizations are expanding overseas and having to manage a global workforce with its attendant responsibilities.

To recapitulate it can be said that companies have increasingly felt the need to co-ordinate their CSR activities and demonstrate their commitment to social responsibility. But delivery, not rhetoric, is the key in developing the trust of external stakeholders for any organization and it cannot be done without beginning charity at home. To do that social responsibility needs to be embedded in an organization's culture to bring change in actions and attitudes in which Human Resource can play a significant role. Otherwise, CSR may run the risk of being categorized as shallow 'window-dressing'.

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