**Exploring Human ResourcE Management roles in Corporate Social Responsibility: the CSR-HRM co-creation Model**

**ABSTRACT**

Formulating and translating Corporate Social Responsibility (CSR) strategy into actual managerial practices and outcome values remains an ongoing challenge for many organizations. This paper argues that the Human Resource Management (HRM) function can potentially play an important role in supporting organizations to address this challenge. We argue that HRM could provide an interesting and dynamic support to CSR strategy design as well as implementation and delivery. Drawing on a systematic review of relevant strategic CSR and HRM literatures, this paper highlights the important interfaces between CSR and HRM and develops a conceptual model, the CSR-HRM Co-Creation Model which accounts for the potential HRM roles in CSR and identifies a range of outcome values resulting from a more effective integration of the role of HRM within CSR. The paper concludes with relevant theoretical and managerial recommendations that advance our understanding of the potential interfaces between HRM and CSR and how HRM can support a systematic and progressive CSR agenda.

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# INTRODUCTION

As Corporate Social Responsibility (CSR) continues to gain traction in management circles, its translation into actual managerial practices and performances remains a challenge for many organizations (Carroll & Shabana 2011, Jamali & Neville 2011, Aguinis & Glavas 2012). An emerging concern in management research and business practice is how to enhance our understanding of the micro-foundations of CSR (Morgeson *et al.* 2013). This would enable managers and decision-makers to design CSR initiatives that leverage internal competencies as they seek to contribute more constructively to an improved workplace environment, positive perceptions of the firm and meeting the expectations of internal and external stakeholders (Morsing *et al. 2006*, McWilliams & Siegel 2010, Orlitzky *et al.* 2011). This requires in turn strengthening the links between CSR and other managerial functions, organizational strategies and outcome values more broadly.

Contributing to this debate, we argue that the Human Resource Management (HRM) function can potentially provide both strategic and operational support to CSR; and that a closer integration of the two can produce synergistic outcome values as understood within the context of a co-creation process. Given its commitment to human and organizational development, we see important interfaces between HRM and CSR that have not been sufficiently and systematically explored (Preuss *et al.* 2009, Greenwood 2012). Although many organizations have established stand-alone CSR departments and appointed CSR managers to improve the design and implementation of CSR strategies, the potential role and involvement of HRM remains obscure (Matten & Moon 2008, Jamali & El Dirani, 2013). While not claiming that HRM’s role is or should be the only condition for CSR to operate successfully, we aim to explore how HRM’s capabilities, resources and expertise such as those developed and honed in the areas of recruitment and selection, communication, training and development, learning and development, performance management, career development and compensation and benefits (Mello 2011) could potentially be leveraged to support the design of thoughtful and strategic CSR initiatives and their successful implementation.

Our aim for this paper is to contribute to this debate by examining the role of HRM in CSR in the context of a co-creation process. Simply stated, co-creation as an approach recognizes the value of the active engagement of multiple functions and stakeholders in creating outcomes that are mutually substantive and enriching (Prahalad & Ramaswamy 2004, Lee *et al.* 2012). We propose a conceptual model featuring the potential synergies and affinities between CSR and HRM, hence supporting scholars and practitioners to improve their understanding of their interfaces and the potentially enhanced outcome values. In approaching this inquiry, we start by providing the adopted definition of CSR, followed by a systematic methodology analyzing the relevant literature, backgrounds and perspectives within the CSR, HRM and co-creation fields. Our propositions are then detailed and supported with examples which capture the multi-faceted potential roles of HRM in CSR and the outcome values that can be co-created through a better integration of the two functions.

**Definition of CSR**

We begin with our definition of CSR which conveys the lens within which we understand the role of HRM in CSR and its potential co-created outcome values. We understand CSR as the social obligation to impact society beyond pure profit maximization objectives (Erondu *et al.*, 2004, Jamali & Neville, 2011). To achieve its intended objectives, we believe that CSR needs to be approached as a planned responsive approach which is institutionalized within the organization and translated into and aligned with managerial practices including human resource management practices (Wood 1991, Jenkins 2009, Wood 2009, Gray 2001, Painter-Morland 2010). Hence, we understand CSR as a planned process with strategic applications and links to the organizational mission and core competences (Burke & Logsdon 1996, Carroll & Shabana 2011, Porter & Kramer 2011). For academics as well as practitioners, the challenge that this conception presents is how to move CSR into an orthodox managerial practice beyond pure rhetoric and ideology and thus build a case for CSR as a strategic capability (Matten & Moon 2008, Lindgreen *et al.* 2009, Orlitzky *et al.* 2011, Aguinis & Glavas 2012). What matters beyond the written and stated CSR intentions is how organizations can actually translate their socially responsible principles into effective action and implementation. In this respect, we believe that HRM has an important role to play in ensuring CSR’s successful deployment and implementation (McWilliams & Siegel 2010).

The main argument is that HRM can potentially provide a promising managerial framework which can support organizational efforts in translating CSR strategies into practical managerial actions and outcomes, especially within the internal organizational environment. HRM’s capabilities, expertise and knowledge in executing organizational strategies, participating in change management support and facilitation, enhancing managerial efficiency and responsibility for learning and training and development programs can potentially help in ensuring the integration of CSR within an organization’s culture and fabric. What makes this role all the more interesting and promising is that HRM is increasingly considered as not only responsible for humanistic and social concerns but also for adding value in a business sense more broadly (Mello 2011, Mondy & Mondy 2012). HRM is increasingly called upon to create win-win outcomes for organizations and their multiple stakeholders through better alignment with the mission and strategic direction of the organization (Guest 2011, Wright & McMahan 2011). HRM thus appears to be well positioned to be more involved in helping firms to amplify their CSR efforts and achieve worthwhile and substantive outcome values.

With this broad framing in mind, we next present a review of the strategic CSR, strategic HRM and co-creation literatures. We then use this literature context to derive our proposition for the role of HRM in CSR which is depicted in our CSR-HRM Co-Creation Model. The model highlights the potential for HRM involvement in CSR during the conception and strategy setting phase, the implementation phase, and follow-up/continuous improvement phase. Our proposed CSR-HRM Co-Creation Model thus helps advance our understanding of the potential role of HRM in CSR within a strategic approach along the entire CSR lifecycle (i.e. from the point of CSR inception to outcome assessment). We conclude by offering practical recommendations that are relevant to both HRM and CSR managers in advancing the CSR agenda, and meeting growing expectations for CSR (Collier & Esteban2008, Fenwick & Bierma 2008, Brammer *et al.* 2012, Greenwood 2012).

**STRATEGIC CSR LITERATURE**

The strategic CSR approach recognizes that the economic benefits of organizations and the interests of society can be intertwined to achieve competitiveness within stakeholder and market segments (McWilliams & Siegel 2010, Carroll & Shabana 2011). Strategic CSR comprises CSR initiatives that are intended to improve the welfare of those in society and also to contribute to organizations’ resources and competitive positioning (Bhattacharya & Sen 2010). The appeal of strategic CSR cannot be easily discounted. The delivery of shareholder value whilst also promoting societal value is certainly desirable for organizations and this is possibly why the strategic strand of CSR has gathered momentum, with a large volume of studies exploring the potential benefits provided through a strategic CSR alignment (Lockett *et al.* 2006, Orlitzky *et al.* 2011, Porter & Kramer 2011).

Strategic CSR entails formulating CSR strategies that are aligned with the strategy of the firm and can generate both short-term and long-term outcome values (Porter & Kramer 2011). One strategic CSR framework proposed by Burke & Logsdon (1996) sets out five key dimensions for CSR initiatives which, when strategically managed, can enhance competitive advantage and performance outcomes (see Figure 1). These include: 1) voluntarism or discretionary decision-making in the absence of externally imposed compliance requirements; 2) centrality or the design of CSR initiatives that have a close fit to the firm’s mission and objectives; 3) proactivity or the successful anticipation of emerging economic, technological, social or political trends in the absence of crisis; 4) visibility or the gaining of recognizable credit by internal and/or external stakeholders; and 5) specificity or the ability to capture or internalize the benefits of CSR programs. While the first three attributes focus on CSR planning and positioning, the last two attributes accord attention to the nature of outcomes produced or generated. This framework provides practical guidelines or dimensions for managers to design CSR initiatives that pay off in the short or longer term.

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Porter & Kramer (2006) advanced a different model for strategic CSR that capitalizes on leveraging the unique resources and competence of the firm internally and matching those externally to the needs of the context. This strand of strategic CSR can be integral to a company’s profitability and competitive positioning according to the authors. Their proposed context-focused strategic CSR approach requires firms to use their unique attributes to address social needs in the corporate context so as to achieve a convergence between social and economic goals. They further differentiate strategic CSR from responsive CSR with the former going beyond attuning to evolving stakeholder concerns and mitigating adverse effects of corporate activities to carve out a distinctive and competitive niche for the firm. Subsequently, Porter & Kramer (2011) presented the Creating Shared Value (CSV) framework linking strategic CSR and sustainable outcomes to a deeper appreciation of societal needs and a better understanding of the true bases of company productivity (see Figure 2).

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In a more generic model, Waddock *et al.* (2002) captured the entire strategic CSR lifecycle in their Total Responsibility Management (TRM) framework (see Figure 3). TRM involves three major components, namely: inspiration, integration, and innovation/improvement. Inspiration involves the vision setting and crafting of strategic CSR objectives in the context of management commitment and leadership processes. Integration refers to how this responsibility vision is integrated or institutionalized into strategies, employee relationships and operating practices and management systems. The innovation component is concerned with the crafting of a continual improvement orientation and the establishment of appropriate metrics for gauging such improvement. While not generally considered a strategic CSR framework or tool in the traditional sense, this TRM Model is nevertheless useful in highlighting the main milestones in a strategic CSR lifecycle, consisting of inception or inspiration, integration or institutionalization and continuous improvement and innovation.

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We argue in this paper that HRM could potentially contribute to the formulation of the strategic CSR vision, the translation of CSR into the action dimension and enriching the CSR learning process and continuous improvement as per the TRM model proposed. HRM can also play an important role in ensuring that CSR initiatives are aligned with the key dimensions of voluntarism, centrality, proactivity, visibility and specificity as per the Burke & Logsdon (1996) framework. Moreover, HRM can assume an important role in tapping and directing internal efforts to leverage the unique resources and competence of the firm in pursuit of creating CSV as proposed by Porter & Kramer (2006, 2011). As we make clear in the following sections, core HRM domains and sub-functions can be relevant in this respect in areas such as training and development, recruitment, compensation and communication and employee relations to generate mutually added value for both the organization and its various stakeholders. Inspired by the concepts of co-creation and the various strategic CSR models presented above, we see the interaction between CSR and HRM and the role of HRM in CSR as an opportunity to create sustainable outcomes for the firm and its various stakeholders.

**STRATEGIC HUMAN RESOURCE MANAGEMENT LITERATURE**

We also draw on the strategic HRM literature and more specifically on the HRM strategic partnership model presented by Ulrich and his colleagues in 1997, with subsequent developments in 2001 and 2005. The HRM partnership model has marked an important transformation in the traditional assumptions and perceptions of HRM’s roles and constituting a significant advance in HRM research (Caldwell 2001, CIPD 2011, Ashton *et al.* 2004) (see Figure 4).

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In this model, HR managers are expected to restructure the delivery of their services, focusing more on deliverables and outcomes. The four outcomes that were advanced as being important revolve around strategy execution, administrative efficiency, employee contribution and capacity for change. This is illustrated in the model in Figure 4 through a focus on two main dimensions, namely processes and people, as well as the dimensions of future strategic focus and day to day operational focus. The four outcomes resulting from the intersection of these axes correspond in turn to the four key HRM roles described below, which are posited as needed for HRM to drive value creation and meet the challenges of a rapidly changing business environment. A summary of those four roles is also provided in Table 1 below.

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1. **Strategic Partner**
	* Focuses on activities aimed at aligning HRM strategies with the general organizational strategy and successfully executing this business strategy.
	* Involves translating business strategies into HRM practices or priorities and as a result helps achieve business objectives, adapt to change, meet customers’ needs, and increase financial performance through the deliverable of effective strategy execution.
2. **Administrative Expert**
	* Involves the designing and delivering of HRM functions (for staffing, training, appraising, managing the flow of employees) in an efficient manner (Conner & Ulrich 1996, Ulrich 1997).
	* Although this role is a traditional one and its significance has been down-played with the recent focus on strategic HRM, “its successful accomplishment continues to add value to a business” (Ulrich 1997: 27), and constantly improves organizational efficiency by examining, reengineering and improving HRM functions, as well as reducing costs.
3. **Employee Champion**
	* Focuses on managing employee contribution by attempting to maximize employee commitment and competence.
	* Is concerned with finding methods to take care of the daily concerns and needs of all employees, and providing employees with the appropriate balance of resources to gratify these needs and perform efficiently.
4. **Change Agent**
	* Involves helping and managing to build capacityfor transformation and change in the organization.
	* As change agents, HRM professionals should help identify and implement various roles and action plans for managing, adapting and responding to change, while at the same time remaining sensitive to and respecting the traditional values and past history of the organization (Ulrich 1997).

The strategic partnership model accounts for HRM’s valuable role across the entire business lifecycle (Boxall & Purcell, 2008). It presents a solid proposition for HRM as a strategic partner with valuable contributions to business strategy definition and supporting cultural change and stakeholder engagement functions with a focus on leveraging employees’ engagement and contribution (Wright *et al.* 2001, Newbert 2007). With its systematic, structural approach, this landmark and pioneering model has a significant impact in understanding the strategic influence and contributions of HRM beyond administration tasks and short-term range impacts (Colbert 2004, Becker & Huselid 2006). The way it is laid out and designed, the model presents interesting taxonomy and interrelated roles, objectives and outcome values which moves HRM from the operational level to the long term strategic level. As a strategic player, HRM is expected to contribute to business strategy definition and design and then move in a later stage to assist in the implementation of strategy through efficient delivery and enhancing stakeholder’s contribution especially employees.

Going back to the very beginning of our paper, we mentioned that the role of HRM in extremely important in moving CSR into the action dimension and ensuring its strategy implementation and outcome value delivery. The strategic HRM partnership model serves our quest in this paper since is supports us with the role contexts, objectives, applications and deliverables which we see best serves the synthesis and dynamics of the role of HRM in CSR. We see that these HRM roles constitute a practical and systematically structured action dimension that could serve CSR strategy design and implementation. This model guides HRM from the very early stage of CSR strategy design all the way through to implementation with clearly defined role objectives and detailed areas of contributions and this is what will be explained later especially in the section on CSR implementation and in Table 4.

**CSR-HRM AFFINITIES AND THE NOTION OF CO-CREATION**

The increasing interfaces and convergence between CSR and HRM have been noted in recent literature, although this area of research continues to be conceptually under-developed (Buyens & De Vos 2001, Zappalà, 2004, Branco & Rodrigues 2006, Orlitzky & Swanson 2006, Wilcox 2006, Meisinger 2007, Fenwick & Bierema 2008, Strandberg 2009, Ehnert & Harry 2011, Greenwood 2012). An important question to be raised in this context is why make the case for proposed roles for HRM in CSR and what added value can HRM potentially bring into CSR? To answer this question we must go back to the fundamental understanding of CSR as a concept that needs integration with organizational processes and systematic anchoring in human capital strategies and relationships with stakeholders (McWilliams & Siegel 2010, Carroll & Shabana 2011). Accordingly, beyond nomenclature, what is crucially important in relation to CSR is to gain a better understanding of how organizations interpret and translate CSR principles into managerial actions and practices through the systematic leveraging of organizational resources, including human resources. This is where the contribution of HRM to CSR could possibly be valuable, and any proposed role for HRM in CSR could benefit from building on CSR’s implementation challenges and integration with business operations, as well as mainstream mission and strategic objectives as highlighted earlier.

We argue in this paper that throughout its functions and responsibility areas such as recruitment and selection, training and development, performance management, rewards and compensation, talent management, career planning and retention management, HR managers can provide much needed support in the context of CSR. We are not suggesting that HRM should exclusively take the lead or replace the role of CSR managers. Instead, we are examining how HRM can potentially contribute to CSR and how to better leverage the obvious synergy between the two functions. While HRM has traditionally been inwardly focused and CSR has traditionally been externally focused, the two functions overlap in terms of the key internal dimensions of CSR (Jamali *et al.* 2008). Examples include areas such as employee motivation and engagement, ethical awareness and conduct, and social volunteering activities which could result in improved business outcomes that can have positive impacts for both internal and external stakeholders (Redington 2005, Schoemaker *et al.* 2006, Greenwood 2012).

Affinities between the two functions are increasingly noted and reflected in recent CSR standards, which explicitly refer to HRM components. For example, many HRM-specific guidelines are included in the standards of the Global Reporting Initiative (GRI), a non-profit that promotes reporting by organizations on their economic, environmental and social performance (see Table 2). Another example is the Reputex Social Responsibility Ratings - an Australian social responsibility measurement. Two of its four categories (social impact and workplace practices) reflect concern for people and have direct relevance to HRM. The latter includes employee involvement, fair and reasonable rewards and conditions, a positive commitment to diversity and work-life balance, industrial relations arrangements based on mutual respect, occupational health and safety arrangements, executive remuneration that is fair and equitable, independently verifiable performance measurement and evaluation systems and training and development policies.

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Similarly, the HRM literature has recently alluded to the importance of CSR and the need for HRM scholars to accord systematic attention to CSR (Preuss *et al.* 2009, Mello 2011, Mondy & Mondy 2012). The proposition here is that CSR and HRM theories have developed as two separate bodies of research and that there is a need for more systematic research linking both strands of literature. HRM is increasingly recognized as the function with unique knowledge and skills to support and drive change in people management practices and consider the people implications of changes to strategy and policies (Strandberg 2009, CIPD 2011). This alignment needs to be systematically leveraged as we demonstrate in this paper; particularly that the HRM function has well-developed capabilities, knowledge and skills in relation to employee engagement, organizational learning and culture change which CSR invariably needs. In addition, HRM and CSR share a common concern with responsible employment practices (Fenwick & Bierema 2008, Ehnert & Harry 2011) as well as individual and organizational growth and revitalization (Collier & Esteban 2007).

This interest in the potential affinities of HRM and CSR as presented in this paper is anchored in the concept of co-creation. Introduced in 2004 by Prahalad and Ramaswamy, co-creation is posited as a new and important advance in the field of innovation (Hatch & Schultz 2010). Anchored in four foundational blocks namely dialogue, access, transparency and risk, co-creation expands opportunities for value creation by providing room for the inclusion of various stakeholders in the value creation process (Prahalad & Ramaswamy 2004). In other words, by leveraging interactivity and deep engagement and providing transparent access to information, co-creation can potentially alleviate risks or probability of harm and maximize positive outcomes or externalities associated with organizational action (Prahalad & Ramaswamy 2004). Through its simple accentuation of the value of the active engagement of multiple functions and stakeholders in creating outcomes that are mutually substantive and enriching (Prahalad & Ramaswamy 2004, Lee *et al.* 2012), we believe that co-creation has relevance well beyond the fields of branding and marketing.

We argue in this paper that the concept of co-creation has far-reaching strategic connotations because it focuses on the necessity of mutual engagement for creating added value and innovative organizational outcomes. In this particular paper, we provide a concrete example of the co-creation process, in relation to how CSR and HRM can co-create values and outcomes that are meaningful for organizations as well as their stakeholders. Co-creation hence provides a guiding principle or roadmap for the CSR-HRM Co-Creation Model and the various propositions we make in the remainder of this paper. Our model highlights a range of possible HRM roles and interventions and illustrates the potential added value from an effective partnering and integration of HRM and CSR in the form of sustainable competitive outcome benefits.

# THE CSR-HRM CO-CREATION MODEL

There is significant potential for greater integration of HRM and CSR in the context of a co-creation framework. The CSR-HRM Co-Creation Model proposed in Figure 5 reconciles and integrates the key elements of the strategic CSR and strategic HRM literatures which could result in sustainable outcomes or advantages for the organization and its internal and external stakeholders. The model maps the HRM roles over three important milestones of a typical strategic CSR lifecycle as suggested by Waddock *et al.*, (2002); namely, 1) the inception and strategy-setting phase, 2) enacting CSR implementation and 3) engaging in learning and improvement through continuous assessment of outcomes and adjustment of strategy making and implementation accordingly.

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**CSR Strategizing and the Role of HRM**

The first step is related to developing the strategic CSR vision, scope of activities, targeted stakeholders and desired objectives which in turn shape the possible leveraging of HRM capabilities and expertise to support CSR objectives. Indeed, we posit that the nature of the CSR objectives is important in guiding the role of HRM in CSR. It could be that the CSR vision focuses mainly on the internal organizational environment, with a specific interest in raising employees’ awareness of CSR, enacting a healthy work environment and building an internal or external volunteering culture. This type of CSR focus is likely to be fundamentally different from, for example, environmental stewardship which would require a different role for HRM. Thus, a strategic direction in relation to CSR is essential to guide the potential contributions of HRM in the context of the CSR-HRM Co-Creation Model. There is clearly a role for HRM to be proactively engaged in co-defining the CSR strategy, mission and objectives that best leverage the unique competencies and capabilities of the firm whilst ensuring alignment with business outcomes and objectives.

Particularly, we see that there is an important supporting role for HRM, as a *strategic partner*, to ensure that CSR meets at least three of the key dimensions outlined by Burke & Logsdon (1996); namely, 1) voluntarism or discretionary decision-making; 2) centrality or the design of CSR initiatives that have a close fit to the firm’s mission and objectives; and 3) proactivity or the successful anticipation of emerging economic, technological, social or political trends in the absence of crisis. Drawing on Porter & Kramer (2006, 2011), there is also an important role for HRM in the inception phase in outlining how specific CSR objectives or initiatives can leverage the unique resources and competence of the firm internally. Therefore, from both the strategic CSR and strategic HRM perspectives it is clear that a successful partnership between HRM and CSR in the initial CSR inception phase is key. This should ensure that CSR strategies leverage internal capabilities and are designed proactively, voluntarily and in alignment with the strategic mission of the organization.

We argue that the *HRM strategic partner* role is particularly important in the CSR inception and strategizing phase. In this respect, HRM can ensure that CSR priorities and their human resource implications are part of leadership decision-making. Acting in the capacity of strategic architect, HRM needs to help diagnose and develop what is required to derive CSR strategies that are meaningful, proactive, and aligned with the mission of the organization. It needs to leverage its role in intelligence gathering and understanding of good people management practice to highlight the relevance of the CSR priorities identified from a business perspective, and identify the resources that will be needed for their successful deployment. In their role as *strategic partners*, HR managers can thus contribute to defining the CSR vision, outlining the relevant CSR goals that meet the criteria of voluntarism, centrality or proactivity and identifying relevant stakeholders to which the CSR strategy should be primarily tailored.

**CSR Implementation and the Role of HRM**

The most critical area for the potential involvement of HRM in CSR corresponds to the domain of CSR implementation. This constitutes the core action dimension in our suggested CSR-HRM Co-Creation Model whereby we build on Ulrich’s (1997) framework, making use of the roles of strategic partner, change agent, employee champion and administrative expert and their specific applications in relation to CSR. As illustrated in Figure 5, each of these four HRM roles can be leveraged successfully in the context of CSR implementation, to ensure that CSR implementation is well supported, resonates with employees, and is integrated with internal working systems and policies.

All four HRM roles pertaining to strategic partner, employee champion, change agent and administrative expert are particularly relevant in the implementation phase. Table 3 summarizes the domains of HRM’s added value in relation to various aspects of CSR implementation and potentially corresponding HRM roles (Buyens & De Vos 2001, Strandberg 2009, Ehnert & Harry 2011, Greenwood 2012). This detailed illustration provides examples of where HRM can potentially play an important role in relation to CSR by helping in defining and executing some aspects of the CSR strategy, leveraging employees’ contribution into CSR, helping the organization in facilitating the CSR change and aiding in the efforts to deliver CSR more efficiently.

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In their role as *strategic partners*, HR managers can potentially contribute to defining the CSR vision, integrating CSR within HRM’s mission and functions, outlining the important CSR goals and metrics, and for identifying relevant stakeholders to which the CSR strategy should be primarily tailored. A strategic partner role as discussed above assumes that HR managers can play an important role in liaising with top leadership to drive forward and reinforce the CSR agenda. As an extension of this role, HRM can also give close and systematic consideration to how to potentially align people management practice in such a way to benefit both HRM and CSR strategies in amplifying value added and potential outcomes for both partners and for the business as a whole.

The *change agent* role is also crucial in the CSR implementation phase and an important area where HRM could contribute directly. In this sense, HRM can potentially play a strategic role in raising employees’ awareness and readiness for any managerial and cultural changes associated with implementing CSR within the organization. Engaging employees and raising their sensitivity and knowledge about the strategic CSR vision of the organization is extremely important to enable them to adapt and contribute to the CSR change. Additionally, embedding CSR into the culture of the organization is ultimately an example of a complex change management process involving considerable skill at understanding the change involved, increasing employee readiness, and coaching employees and managers.

The *employee champion* role is also very important from a CSR perspective. Here, we suggest that HRM can potentially play an instrumental role in increasing employees’ motivation, engagement and commitment to CSR. Employee contribution in CSR activities could be more systematically leveraged through listening to their views about the CSR strategy of the organization and engaging them as partners in the CSR change process. HR managers can also strengthen the relationship between the organization and its employees by providing opportunities for employees to express their views in relation to CSR. When employees feel that their contribution is recognized, valued and rewarded, their willingness and commitment to achieve CSR goals is likely to increase.

In their role as *administrative experts*, HR managers can also potentially assist the organization to define the required HRM infrastructure and capabilities for driving efficient CSR strategy delivery. For example, HR managers can prepare to deal with any social and legal issues associated with CSR and monitor and report on core internal CSR dimensions such as diversity, equal opportunity and occupational health and safety issues. HR managers can accordingly set some standards for expectations and monitor and collect feedback on results. Working as *administrative experts*, HR managers can therefore help manage the infrastructure of CSR planning and execution to deliver effective and efficient support for CSR goals with the required HRM functions and roles.

We further argue that HRM can contribute to CSR through its capabilities and expertise in HRM functions, including training and development, recruitment and selection, performance appraisal and compensation (Orlitzky & Swanson, 2006). This is illustrated in Table 4 which highlights the ability of HRM to allocate and build the required resources and capabilities that enhance various aspects of CSR execution. For example, within the recruitment and selection domain, HRM can add value through attending to workforce diversity and hiring employees who have specific personality traits. Within the performance appraisal domain, HRM can use its knowledge and capabilities and contribute to CSR and add value through formulating criteria based on both economic and social performance objectives. Within the domain of compensation, HRM can add value through designing a pay system that rewards and recognizes both economic and social performance, as well as rewarding employees for their participation in social volunteering activities. Within the training and development domain, HRM can add value through developing employees’ skills in effective stakeholder engagement and communication. These interventions, which fall within the domain of HRM, can ensure the alignment of incentives and processes with espoused CSR goals / objectives.

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**CSR Evaluation and the Role of HRM**

In an environment where both CSR and HRM are increasingly value-driven and being held accountable for outcomes, it is important to accord systematic attention to the expected outcomes from the integration of the two functions. Assessing potential outcomes also helps complete the learning and improvement process discussed by Waddock *et al.* (2002) through evaluating not only potential outcomes, but also feeding the main highlights of the assessment process into the next phase of the strategic CSR cycle as illustrated in Figure 5. Various studies have examined relationships between HRM and performance outcomes (e.g. Becker & Huslid 1999, Buckley *et al.* 2001) or CSR and performance outcomes (Orlitzky *et al.* 2011), although very few studies have pondered the potential outcomes that could result from an effective integration of CSR and HRM and their implications for competitive advantage.

Particularly in evaluating and assessing the value of the role of HRM in CSR, we argue that a Resource-Based View (RBV) lens together with principles of co-creation could be useful in this respect. As a concept, the RBV has been introduced and developed to describe how managing organizational resources strategically can generate sustainable competitive advantages for the firm (Barney, 1991). The inception of the RBV approach contributed in turn to supporting the strategic HRM literature and its conceptual development (Colbert 2004, Becker & Huselid 2006, Boxall, & Purcell 2008, Guest 2011). In a way, the RBV logic justifies expenditures in HRM areas such as training and development, talent management and employee involvement systems because it demonstrates that investments in these internal resources that are valuable, scarce, non-substitutable, and inimitable provide positive returns on investment and outcome benefits that are appropriable (Barney, 1991). HRM as an internal managerial function can be considered as a source of competitive advantage using the same logic (Wright *et al.* 2001). We extend this further in our paper by making the argument that HRM and through the four roles outlined, has an important strategic role to play in creating the supporting conditions under which an organization’s CSR mission, objectives and implementation can be considered a valuable resource and the successful integration of HRM and CSR can lead to long-term sustainable advantage and positive outcome values that are appropriable.

Interestingly, an RBV lens can thus help us gauge the sustainable, social and ethical benefits and resources that the role of HRM in CSR brings to the organization (Litz 1996, De La Cruz Deniz-Deniz & Saa-Perez 2003). Improvement in CSR and accumulating lessons from experiences can lead to competitive advantages in the sense of a firm implementing and reaping the benefits of a value creating strategy not currently implemented by competitors (Barney 2001). While the external dimensions for CSR are easy to imitate and replicate, we argue that it is the internal dynamics deployed through an effective integration with HRM, which can create outcomes that are difficult to duplicate and imitate and hence provide sources of sustainable competitive advantage. We take this important point to suggest that the effective alignment of HRM and CSR can result in sustainable outcome values and benefits for the organization and that it is the internal aspects/dynamics of this integration that seem most important.

By way of an example, the CSR actions and culture of change as translated by HRM strengthen the bond between employees and their organizations, especially on the normative and affective levels. Commitment to the organization and to a common social identity that we argue HRM can potentially champion and foster can certainly be amplified through an internally institutionalized CSR agenda. In their study, Aguilera *et al.* (2007) demonstrate how the social responsibility actions that organizations enact affect employees’ perception about the justice and fairness of the organization. In return, this can impact employees’ attitudes, behaviors, satisfaction and productivity. We argue here that HRM’s role in CSR could potentially be of high significance on the individual-level of CSR as explained by Aguilera *et al.* (2007). Socially responsible HRM practices and the integration of CSR principles with HRM practices and systems (as explained earlier) respond to employees’ CSR expectations and could thus potentially contribute to building positive employee behaviors and attitude. As a result, this might affect organizationally relevant outcomes such as employee commitment, job performance and citizenship behavior. HRM promotes and communicates CSR actions and principles with employees so to increase their CSR awareness and engagement and thus their perceptions about how their organization is being socially responsible both internally and externally.

Similarly, Brammer *et al.* (2007) and Glavas & Piderit (2009) report that employees are more engaged and committed and develop higher quality relationships and are more creatively involved when they perceive their company to be socially responsible. Rego *et al.* (2010) also found that employees’ perceptions in relation to the CSR orientations of their organizations predict their affective commitment. We argue that there is an important role for HRM in CSR and employee commitment to the organization and that both HRM and CSR converge around these common goals and outcomes within a co-creation framework. We further argue that it is precisely through these dynamics that CSR evolves into a fully-fledged and differentiated capability and sustainable competitive resource for the organization.

Other important outcomes resulting from better integration of HRM and CSR are those relating to heightened ethical sensitivity and awareness and increased trust and loyalty to the organization. Ethics has already been recognized as a source of sustainable competitive advantage (Litz 1996) and the affinities between ethics and CSR are well documented in the literature (Ehnert & Harry 2011, Greenwood 2012). Nurturing both ethical and CSR awareness provides reassurance to customers, shareholders and investors (Brammer *et al.* 2012) and helps in sustaining trustworthy relations with market and non-market stakeholders. Positive stakeholder relationships reduce in turn transaction costs, build reputational capital and enhance long-term sustainable and competitive advantage (Fombrun *et al.* 2000). There is thus a range of worthwhile outcomes that could result from a more effective integration of HRM and CSR and provide organizations with sustainable advantages over time, ranging from increasing employee commitment and motivation (Collier & Esteban 2007) and bolstering trust and loyalty on the part of internal and external stakeholders (Litz 1996). These worthwhile outcomes are valuable for HRM, CSR and the business as a whole and are likely to help the organization gain visibility in the eyes of internal and external stakeholders and also enhance specificity by helping to capture or internalize the benefits of CSR programs as suggested by Burke & Logsdon (1996).

**CONCLUDING REMARKS**

The CSR-HRM Co-Creation Model builds on the synergies between CSR and HRM and is mainly concerned with presenting a rationale and structured approach for their cross fertilization and integration. This is consistent, as we argue, with the notion of co-creation which expands opportunities for value creation by providing room for the inclusion of various stakeholders in the value-creation process. We demonstrate in this paper that co-creation has relevance in the specific context of CSR and HRM integration. By leveraging better interactions and engagement between those two traditionally compartmentalized functions and providing transparent access to information, co-creation can help produce a range of substantive outcomes that have relevance and importance to CSR, HRM and the business as a whole (including a variety of internal and external stakeholders).

The CSR-HRM Co-Creation Model constitutes a robust, original contribution that highlights the links between CSR and HRM and emphasizes the sustainable outcome benefits that can result from their effective integration. HRM is argued to have a strategic role in bolstering the CSR agenda and aligning it with the strategic vision and aspiration of the organization. The role, voice and expertise of HRM are important in both setting the tone and facilitating the implementation of the CSR agenda. The real challenge for many organizations going forward is to further involve HRM in CSR and account systematically for the outcome benefits produced. HRM in other words has a real opportunity to play a role in embedding a socially responsible approach in the organization, helping to operationalize CSR into policies, processes and practices and translate it into concrete and mutually reinforcing outcomes.

Our paper contributes to both HRM and CSR literatures. In relation to the HRM literature, the paper provides many examples of how the strategic HRM partnering model can be operationalized and put into practice taking the example and application of CSR as a case in point. In this respect, while the Ulrich (1997) model has been posited as a successful innovation, there have been very few examples of how it can be applied in practice. In relation to the CSR literature, our paper draws attention to the internal dimensions and the micro-foundations of CSR that have hitherto not been accorded sufficient attention in the literature. Our paper makes a strong case that a primary or exclusive focus on the external manifestations of CSR is not sufficient, and that the external orientation needs to be anchored in a strong internal foundation. It is precisely this foundation and its internal dynamics that can turn CSR into a competitive capability and a sustainable source of competitive advantage.

This latter idea that CSR can be a strategic capability, when properly embedded in the firm and supported by a strong HRM function constitutes yet another important contribution of this paper. While the external manifestations of CSR are easy to imitate by competitors, it is the tacit and causally ambiguous internal dynamics and patterns of teamwork and coordination in strategizing and enacting CSR that are likely to be the differentiating element and provide a source of sustainable competitive innovation as suggested through an RBV perspective. HRM has a very important role in bolstering the internal foundations of CSR and facilitating the specific internal CSR dynamics as illustrated through the varied examples provided in Tables 3 and 4. To use RBV reasoning and a co-creation approach, the specific configuration and alignment of CSR-HRM systems can produce unique firm capability and translate into a range of worthwhile outcomes for the organization over the long term.

From a managerial perspective, the proposed CSR-HRM Co-Creation Model helps to capture and highlight the potential interfaces between HRM and CSR and identifies the specific roles and domains within which HRM can contribute to the CSR agenda. The CSR-HRM Co-Creation Model presents a practical account of CSR-HRM connections and proposes guidelines for organizations seeking to develop CSR into a strategic capability. In essence, the paper provides HRM managers with a roadmap to bolster their engagement in CSR and to guide their steps in relation to CSR strategy development and implementation. It also provides CSR managers with a range of insights into the dimensions of support they need to leverage and strengthen the internal foundations of their CSR strategies and engagement. The paper has further documented a range of positive outcomes for both CSR and HRM practitioners that can accrue from a more systematic leveraging of their joint efforts within a co-creation framework.

In terms of future research directions, there is a need for more concrete measures of CSR-HRM outcome values, particularly noting that causality in this context is potentially complex and needs to be systematically considered. There is also a need to define more clearly the different ways in which HRM can be involved in CSR. HRM and CSR functions certainly coalesce around other roles and dimensions than those suggested by Ulrich (1997), which needs to be further delineated and explored. The implications of our model from a co-creation perspective can also be further considered and developed. This paper suggests that nurturing the involvement of HRM in CSR can build sustainable advantage in the long-term which is consistent with a co-creation orientation. An examination of the dynamics of this process and the sustainable advantages of responsible social actions are also worthy of more scrutiny and further research. The potential affinities between HRM and CSR have been presented in this paper, but future research could try to extend, refine or test the model and its assumptions in various contexts.

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Table 1: Definition of HRM's Four Roles (adapted from Ulrich 1997, p. 24)

|  |  |  |  |
| --- | --- | --- | --- |
| Role | Deliverable / Outcome | Metaphor role | Activity |
| Management of Strategic Human Resources  | Executing strategy  | *Strategic Partner* | Aligning HRM and business strategy: ‘organizational diagnosis’ |
| Management of Firm Infrastructure  | Building an efficient infrastructure  | *Administrative Expert* | Reengineering organization functions: ‘shared services’ |
| Management of Employee Contribution  | Increasing employee commitment and capability  | *Employee Champion* | Listening and responding to employees: ‘providing resources to employees’ |
| Management of Transformation and Change  | Creating a renewed organization  |  *Change Agent* | Managing transformation and change: ‘ensuring capacity for change’  |

**Table 2: Affinities between GRI Indicators and HRM Dimensions** (adapted from Global Reporting Initiative, 2011)

|  |  |
| --- | --- |
| GRI Indicator | HRM Dimension |
| Labor Practices and Decent Work Performance Indicators | * Employment
* Labor/management relations
* Occupational health and safety
* Training and education
* Diversity and equal opportunity
 |
| Human Rights Performance Indicators | * Investment and procurement practices
* Non-discrimination
* Freedom of association and collective bargaining
* Abolition of child labor
* Prevention of forced and compulsory labor
* Complaints and grievance practices
* Security practices
* Indigenous rights
 |
| Society Performance Indicators | * Community
* Compliance
 |

**Table 3: HRM’s Added Value Roles in CSR** (Buyens & De Vos, 2001; Zappala, 2004)

|  |  |
| --- | --- |
| HRM’s domains of contribution into CSR | Role |
| **Helps define and execute CSR** | **Strategic Partner** |
| * Contributing to the development of CSR
* Suggest CSR scopes from HRM point of view
* Integrating CSR into HRM’s mission and functions
* Developing plans to gather information about CSR orientations from stakeholder perspectives with specific focus on employees
 |
| **Helps create CSR change** | **Change Agent** |
| * Understanding how CSR change will affect other stakeholders (customers, investors, community)
* Increasing employees’ sensitivity and readiness to interact with the change to incorporate CSR
* Introducing initiatives that promote CSR objectives, overcome resistance to change and other barriers
* Raising managers’ awareness to CSR change through training and development
 |
| **Helps increases employee contribution to CSR** | **Employee Champion** |
| * Increasing employee engagement and motivation for CSR
* Sharing and communicating the value of CSR to employees from early recruitment stages to performance management to compensation and rewarding to retention plans
* Enhancing employee education and awareness about CSR
* Providing initiatives that help employees serve the community, such as social volunteering programs
* Gathering/sharing information with employees in relation to CSR
* Celebrating successful CSR activities with employees
* Drafting and implementing employee codes of conduct
 |
| **Helps delivers CSR efficiently** | **Administrative Expert** |
| * Setting CSR performance indicators and monitoring results to performance objectives within the HRM performance management system
* Dealing with social and legal issues associated with CSR practices once applicable from an HRM perspectives and depending on HRM’s expertise and capabilities
* Measuring and reporting CSR performance and bottom line pay off through HRM devices and assessment tools
* Measuring and reporting human capital metrics such as turnover, health and safety, employee development and diversity as part of wider social performance measurement across the whole organization
 |

Table 4: CSR Embedded in HRM Practices

|  |  |
| --- | --- |
|  | HRM practices |
| ***Recruitment and Selection*** | ***Performance Appraisal*** | ***Reward and Compensation*** | ***Training and Development*** |
| CSR Embedded in HRM Practices | Hiring new recruits capable of contributing to CSRScreening new recruits with knowledge and awareness and appreciation for CSRHiring new recruits capable of contributing to CSR and, for example, with previous experience in volunteering activities Include questions and case studies about CSR within the interview stages with candidatesInclude sections on CSR activities in employee handbook and orientation programs | Defining performance based not only on outcomes and results but also on social objectivesInclude service to community and participation and involvement and contribution to social initiatives as part of the performance appraisal and link it to rewards such as bonusesFollow up with employees on CSR and include CSR action plans and motivate employees to engage more in CSR during regular performance evaluation meetingsAllow employees to contribute to formulating CSR performance indicators and involve them in CSR projects | Rewarding employees for behaviors consistent with CSR values to motivate them and emphasize the importance of CSR to the organizationPreparing tangible and intangible rewards for employees’ participation in CSR Preparing incentives that promote social goalsCommunicating such schemes with external stakeholders to enhance the company’s reputation and market attractiveness | Training and raising employees’ awareness to CSR / example: sustainability practices such as green practices and recycling inside as well outside the organizationHolding regular seminars and workshops on CSR and linking some incentives and rewards to employees’ participation in themTraining programs and skills development could be for both lower and higher employee levels Invite NGO representatives to share experience with employees in relation to common CSR projects |

**Figure 1: Strategic CSR and Value Creation** (adapted from Burke and Lodgson, 1996)

**Figure 2: Strategic CSR and Shared Value** (adapted from Porter & Kramer, 2006; 2011)

Combined Social and Economic Benefit

Economic Benefit

Pure Business

Pure PhilantHRMopy

Social Benefit

A Convergence of Interest

**Figure 3: Total Responsibility Management** (Adapted from Waddock *et al.*, 2002)

Inspiration (Vision)

Integration

Improvement and Innovation

External Stakeholders

Internal Stakeholders

**Figure 4: Strategic HRM Partnership Model** (Adapted from Ulrich, 2007 p. 24)

**Strategic Partner**

**Change Agent**

**Administrative Expert**

**Employee Champion**

**Strategic Focus**

**Operational Focus**

**People**

**System**

**Figure 5: The CSR-HRM Co-Creation Model**

Environment

**CSR Implementation**

* Talent motivation and retention
* Employee commitment
* Trust and loyalty
* Visibility
* Specificity

***Role***

***Objective***

Promote the CSR Change

Effective CSR Infrastructure

Employee Engagement

Change

Agent

Administrative Expert

Employee Champion

Formulate/Execute CSR Strategy

Strategic

Partner

**CSR Inspiration and Strategy Setting**

**CSR Improvement and Continuous Innovation**

Defining CSR

Vision, Mission,

Goals/Objectives

-Centrality

-Proactivity

-Voluntarism