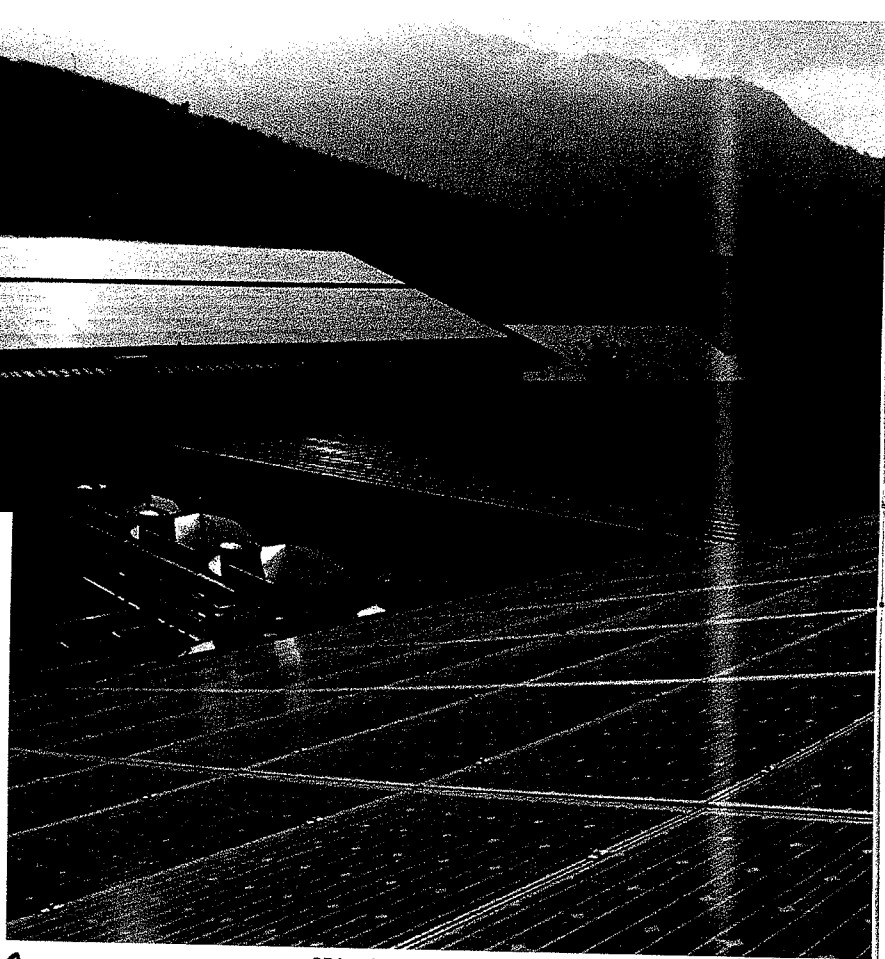


# A BRIGHTER FUTURE

The issue of sustainability is becoming one of HR's greatest challenges



GE has invested heavily in developing solar energy.

HUMAN RESOURCES MANAGER  
INTL. ISSUE "CSR: THE KEY ROLE OF HR" JUNE/JULY 2011.

**P**uma recently gained a great deal of coverage by becoming the first large corporation to release the costs of its impact on the environment, announcing that the combined cost of its carbon emissions and water usage in 2010 was 94.4 million Euros. The public relations benefit to Puma to be seen to be leading from the front on **corporate social responsibility** (CSR) is clear, but seeing CSR as solely a communications activity is quite a simplistic view. In fact, CSR is also an increasingly important part of the modern HR professional's activities. The reason this view of CSR as a communications activity prevails is perhaps understandable: planting trees and saving animals get press attention, whereas activities such as introducing flexible working hours fly under the radar somewhat. This view, however, does a disservice to those HR practitioners who are proactively engaging in actions to improve their societies.

When CSR is solely a communications activity, it is more likely to be a case of **greenwashing** than anything else. As **Adine Mees and Jamie Bunham at the Canadian Business for Social Responsibility** said: "CSR minus HR is PR. If employees are not engaged, corporate social responsibility becomes an exercise in public relations." True CSR has to exist within all parts of the organisation: so, neither HR nor communications lead CSR activities, but both are crucial partners



**»You can't do everything in one year, but in five years you can do a lot.«**

Lea Kerschner,  
denkstatt

in ensuring their effectiveness. **Elaine Cohen**, author of the book **CSR for HR**, suggests that CSR is a voluntary approach to doing business which is based on ethical principles, taking into account social and environmental considerations as part of the business decision making process. In this age of increasing awareness of environmental concerns, and increasing levels of scrutiny brought about by the immediate access to digital information and communication methods, there is increasing pressure on organisations to act in a **responsible manner**.

## Embedding CSR

So, why is HR so important to the creation of a sound CSR agenda? For CSR to truly become a part of the fabric of an organisation, and not just a PR exercise, employees must fully understand, engage with and advance the organisation's cause. **Coro Strandberg, principal of Strandberg Consulting**, said that "CSR can only be achieved if people are engaged in fulfilling the CSR objectives." Employees are the stakeholder group which has the most effect on, and is most influenced, by business practices, and this embedding of CSR into corporate culture falls within the domain of HR. As Cohen states in her book, "this can only be achieved when a company educates, engages and empowers its entire workforce. The HR func-

Photos: private

tion is a critical partner in making this happen. Arguably, the HR function is the key partner in making this happen."

## How do organisations benefit?

CSR-aware organisations strengthen their **employer brand**: studies show that the millennial generation especially are more attracted to green companies, as they feel they can make a difference to society, and will often base their acceptance of a position on an organisation's green credentials. A strong employer brand is not just essential for attracting new employees, however, it can also be a huge factor in employee retention. It goes without saying that, if employees feel valued (and CSR policies such as the improvement of working conditions, which is within the HR function's power, certainly lead to increased affection for an employer), they will stay there longer, and lower employee turnover reduces the costs and disruption caused by having to hire new additions. Employees who feel valued will also be more motivated, and therefore more productive and loyal, and (usually) by extension, better ambassadors for the firm.

Other CSR measures, which are often very simple to implement (such as turning off power when it is not needed and printing on double-sided paper) not only result in reducing the carbon footprint of an organisation, but also have an impact on costs. There is often a mistaken belief that CSR measures increase the costs a company face, but that is not actually true. While there may be an initial outlay, CSR policies such as flexible working hours and investing in better employee health awareness have been proven to result in improved production, bringing more back into the company than they take out. A focus on the costs of CSR policies usually ignores the benefits, which can be found in two stages: **Dr Wayne Visser, founder and director of the thinktank CSR International**, said that "there are almost always short-term benefits, usually cost savings and improved staff morale, but the real benefits - such as risk reduction, reputation enhancement and new markets - tend to be medium- to long-term returns".

There is, of course, a significant reputation boost provided by communicating your activities, which is where the PR activities of CSR come in. A strong employer brand will not work in an organisation's favour unless people know about it. It is also important for stakeholders to know about a company's CSR credentials - there is an increasing trend for 'green consumption', and both consumers and other businesses often choose to deal with socially responsible companies, so it is in an organisation's best interest, if it engages in CSR activities, to publicise them. As long as that is not the only motivation behind adopting or maintaining responsible strategies.



»There are almost always short-term benefits, but the real benefits tend to be medium- to long-term returns.«

Wayne Visser,  
CSR International



»Change is easy, we've done it hundreds of times. The challenge in implementing change is sustaining it.«

Bob Corcoran,  
GE

Many organisations are now embarking, or continuing, on a journey towards CSR. It is usually easier for larger companies to get publicity for their efforts, and traditionally the most often quoted companies when discussing CSR seem to be larger, such as **GE, Intel, Deloitte and Pepsi**. Taking **GE** as an example, their goals are (according to their website) "to make money, make it ethically and make a difference." Their approach to CSR is perhaps best exemplified by their ecomagination project, which **Bob Corcoran, GE's vice president of corporate citizenship**, defines as having the following four goals: doubling investment in green research and development, doubling sales of eco-certified products, reporting to the public on the progress of their sustainability achievements and reducing the company's environmental footprint by a measurable and sustainable amount.

## CSR in practice

GE is actually proving to be very successful in achieving their goals. For example, Corcoran mentioned that the company had globally saved "about 200 million dollars in energy costs, all through charged-up employees who have the mission and are empowered to reduce our footprint and create savings". He admitted that HR plays a huge role in these projects, "motivating, communicating, training, preparing and assessing those kinds of skills, which are core human resource competencies". While CSR policies are not actually under the HR umbrella at GE, instead being embedded into everything the company does, HR still plays a key role in making them successful.

However, just because larger organisations such as GE are seen to be leading from the front on the issue of CSR, they have often had to overcome issues unique to actors of their size. The company has a huge number of resources it can devote to its CSR programme, but that does not guarantee success. In fact, it can mean that the process of engaging and obtaining buy-in from stakeholders, who are often **both globally and culturally diverse**, can be a long and extraordinarily complicated process. And once these programmes are in place, the challenge of sustaining them is harder in these larger, less flexible organisations. Corcoran said that the key to change management "is sustaining it, and where many institutions go wrong, is that they have a real top-down planning and implementation, and a very structured roll-out because 'this is the way it must be done'". There needs to be an effort to involve employees at all stages of the planning process to ensure success, and naturally this can take time. He adapted a quote from Mark Twain about stopping smoking to outline the problem of changing a culture: "Change is easy, we've done it hundreds of times. The challenge in implementing change is sustaining it."

While certain activities, such as reducing energy consumption, are very easy to implement, the time, dedication and support needed to support a much wider CSR programme is often harder to achieve for smaller organisations. The hoops they have to jump through are different to those faced by larger companies, but they are no less difficult to manage. They often lack the time and financial resources to implement programmes (or to implement them at any speed), as well as the expertise to make a programme stick. Their problems are **problems of resources**, whereas for larger organisations the problems are **problems of scale**.

That does not mean that smaller and medium sized organisations, which make up around 90 percent of global businesses, are unable to make headway with CSR programmes, however, although their programmes will often be less comprehensive than those of organisations with greater resources. As Visser said, "small and medium sized enterprises have fewer resources and less brand-related pressure to focus on CSR. Hence, CSR tends to be 'implicit' (informal), rather than 'explicit' (formal). In small organisations, CSR relies more on the moral commitment of the owner and the direct feedback given by the local community and customers".

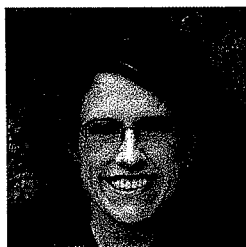
The small Austrian consulting company **denkstatt** is very aware of its responsibility to its employees, with measures in place to ensure that their employees maximise their potential through continuous development, as well as achieve a healthy work-life balance and a secure and decent livelihood (the ratio of employee to management board pay is 1:1.6). **Lea Kerschner, denkstatt's head of social design and HR**, explained that, as employees are one of the most important stakeholders in an organisation, CSR can only be achieved with their active involvement, encouraged by discussion and dialogue opportunities. However, she feels that there is often a problem "pushing the themes and measures. The daily business is stressful and takes resources." However, she believes that HR can still achieve its responsible aims, if it stays "calm, cool and connected – good decisions need time. You can't do everything in one year, but in five years you can do a lot."

**Gefyra**, a medium-sized organisation in Greece managing the Rion Antirion bridge, is also well known for punching above its weight in the field of CSR. **Yannis Freris, who is head of corporate communication and sustainable development** at the company, said that "the HR function should play the role of the 'active citizen-maker' in a company. It has to transfer the vision of a company thinking and acting as a corporate citizen to the real citizens belonging to its personnel." Gefyra has managed to harness the power of its small but dedicated staff to help improve the lives of both the people and wildlife



**»When our people saw that some of us were doing pretty things, they just joined...and joined...and joined...«**

Yannis Freris,  
Gefyra



**»CSR can only be achieved if people are engaged in fulfilling the CSR objectives.«**

Coro Strandberg,  
Strandberg Consulting

in the area around its operations. At first though, the company had to overcome some initial doubts about CSR policies increasing the work burden on their employees: "Good internal communication offered great support. When our people saw that some of us were doing pretty things, they just joined...and joined...and joined..."

Regardless of the size of an organisation, the engagement of its employees is one of the fundamental ingredients to CSR success, as demonstrated by the example of Gefyra. Corcoran shared a similar opinion: "you want that spirit and you want people to feel that this isn't just a place that they work. You want them to feel that this is their company." Effective CSR is a **matter of attitude**, which must be fostered by HR.

## The future of HR?

CSR is increasingly becoming a part of business activity in both global giants and local companies. But what will the face of CSR be in a decade's time? Coro Strandberg feels that "the focus for CSR will be on 'embedment', wherein companies which have made commitments to integrating CSR into their operations will be focused on making CSR 'the way we do business around here'." To achieve this, HR managers will have to become increasingly involved in engaging staff, allowing the CSR mindset to fully permeate the company.

Wayne Visser sees CSR evolving through five 'ages and stages': "We see defensive CSR in the age of greed, charitable CSR in the age of philanthropy, promotional CSR in the age of marketing, strategic CSR in the age of management and transformative CSR in the age of responsibility." He classes the first four as 'CSR 1.0', and the last age as 'CSR 2.0'. "The implication of this evolution for HR is that CSR is steadily professionalising, and as it becomes more embedded and transformative, CSR will become more of a force for competitive differentiation (including in the war for talent) and employee motivation (tapping into people's need to find meaningful work)."

Bob Corcoran feels that HR has a great opportunity to play a key role in CSR policies, both now and in the future, but cautions that the window of opportunity is starting to close: "If HR does not have engagement practices, or understand the external environment and bring that back in, and help to interpret that and challenge people internally and create the kind of systems that link up to that sort of stuff, then the world of HR as we know it will regress back into the world of personnel management. It's not so much that it actually regresses, but the fact that **change passes it by** and relegates it to that kind of role."

The time is now for HR to stake its claim for involvement in CSR. Will it take its chance?

Neil Cranswick