



Heart, Head and Hands: The essence of Corporate Social Responsibility

The history of social and environmental concern for businesses can be traced back to almost 5000 years ago in Ancient Mesopotamia around 1700 BC when King Hammurabi introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local citizens.

The concept of modern corporate social responsibility (CSR) movement as we know it today, however, started in 1929 through an address delivered at Northwestern University by the then Dean of Harvard Business School, Wallace B. Donham.

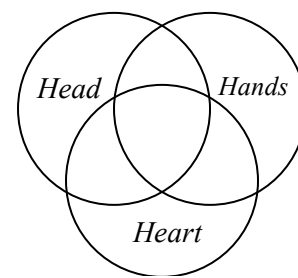
"Business started long centuries before the dawn of history, but business as we now know it is new – new in its broadening scope, new in its social significance. Business has not learned how to handle these changes, nor does it recognise the magnitude of its responsibilities for the future of civilization," Mr Donham commented.

Indeed, corporate social responsibility is a balancing act where organisations thread the line between economic sustainability and social responsibilities. By definition, CSR refers to the "voluntary integration of corporate social and environmental concerns in their commercial operations and in their relations with the parties concerned," according to The Green Book of the European Commission "Promoting a European framework for Corporate Social Responsibility". The Green Book further states that organizations must also go beyond meeting judicial obligations by investing in human capital, in the environment and in the relations with the related parties.

The practice of CSR is subject to predicaments, nonetheless. The tug-of-war arises between economic sustainability and short-term profitability of the business vis-à-vis human adjustments for long-term business benefit with a broader perspective. Critics argue that CSR distracts from the fundamental economic role of businesses, while others argue that it is nothing more than superficial window-dressing. There are also some who see CSR as an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations.

The 3Hs of CSR

The three elements of CSR



Among the three words that constitute CSR, responsibility is perhaps the one that bears the most weight. And at its very core, CSR has three elements, otherwise known as the 3Hs: the heart, the head and the hands.

Heart- CSR begins with the organisation's willingness to feel and extend the work sphere even beyond the realms of business profitability. In this case, responsibility refers to the bond between the "act" and the "actor".

Head- The concept of CSR underlines the organisation's consideration of society's interests by taking responsibility for the impact of its activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. This balance between the economic sustainability and social responsibility represents the "head" of CSR.

Hands- Symbolically, the hands represent the organization's activities and actions leading to the fulfillment of its desired objectives. In the case of CSR, organisations have to convince internal stakeholders to join hands and trigger actions to undertake responsibilities for a broader social implication.

The emphasis then in CSR is to bring about the integration of the 3Hs and harness the benefits of contentment, compassion and creativity. And it is the role of HR professionals to strategise and achieve those ends.

Who holds the baton of CSR?

Initiatives in CSR are primarily driven from the top down. The scope and extent of CSR used within an organisation varies depending on the willingness of the top management to allocate resources for the common good, the image that the organisation desires to portray, the control system within the organisation to see through the implementation process, and stakeholder impact, among others.

CSR may be based within the human resources, business development or public relations departments of an organisation. Or it could be a separate unit reporting to the chief executive officer (CEO) or in some cases, directly to the board. Some companies do implement CSR-type values without a clearly defined team or programme.

Drivers influencing CSR

There are four main drivers influencing organisations to adopt CSR practices. These are:

Globalisation. This has set a common stage for the organisations. With issues of increasing population and rising demand for natural resources, organizations must behave responsibly given the changing circumstances.

Competition. The onset of globalisation has accelerated competition. The stakeholders have more choices prompting organisations to innovate differentiating factors. CSR could be one such differentiating factor for the organisations to stay competitive.

Social awareness. Increasing level of education and social awareness is enabling CSR to go far beyond the old philanthropy of the past.

Government rules and legislation. Another driver of CSR is the role of the government in ensuring that organisations are prevented from causing harm to the broader society, including people and the environment.

A recent example includes the lead poisoning paint used by toy giant Mattel, which required a recall of millions of toys globally and caused the company to initiate new risk management and quality control processes.

CSR as a differentiating factor

A CSR programme can be seen as an aid to attract and retain talents. Potential employees often ask about an organisation's CSR policy during an interview, and having a comprehensive policy will definitely present an advantage. CSR can also help improve a company's perception among existing employees.

A well-laid CSR policy can be the unique selling proposition and a brand differentiator. It serves well in the role of building customer loyalty based on distinctive ethical values.

As a professional body in Human Resources, SHRI supports and encourages the implementation of CSR programmes. Employee retention, talent attraction, leadership engagement, positive employer reputation is just some of the benefits that companies can gain from embedding corporate social responsibility into their core business strategy. Companies can also reduce their manpower costs and give a positive impact on their brand equity.

For employees, getting involved in CSR programmes should give them a sense of purpose, identity, and meaning that touches their hearts and souls. Given the positivism of the CSR programme, we believe that CSR is a competitive advantage and that HR has a vital role to play.

Today, CSR is entwined in the strategic planning process of organisations and enforced by market forces, such that organisations need to implement such policy in order to stay competitive. HR professionals, who play the role of strategic business partners need to integrate the 3Hs and thus provide a leading edge to the organisation.

As rightly quoted by Niall Fitzgerald, former CEO of Unilever, "Corporate social responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it... because it is good for our business!"

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By

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