

## Advances in Strategic Human Resource Management

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### HRM from the Perspective of Sustainability and Humanistic Management

#### Lecture - 09 C

### Ways to Integrate Corporate Sustainability and Corporate Social Responsibility with HRM

Now, we will look at how this can be accomplished. So, there are 3 ways through which CS and CSR can be integrated with HRM.

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**Substantive Role of HRM on CS/CSR:**  
**Example 2: Novo Nordic**

The "Novo Way of Management" (NWM) :

- a. **Extensive reporting based on Triple Bottom Line principles** (financial, environmental and social),
- b. **Organizational audits,**
- c. **Facilitations and**
- d. **Succession Management.**

On the key themes of **Openness, continuous learning, and dialogue**

HRM goals, principles and practices and 'Novo Nordisk Way'. Few examples:

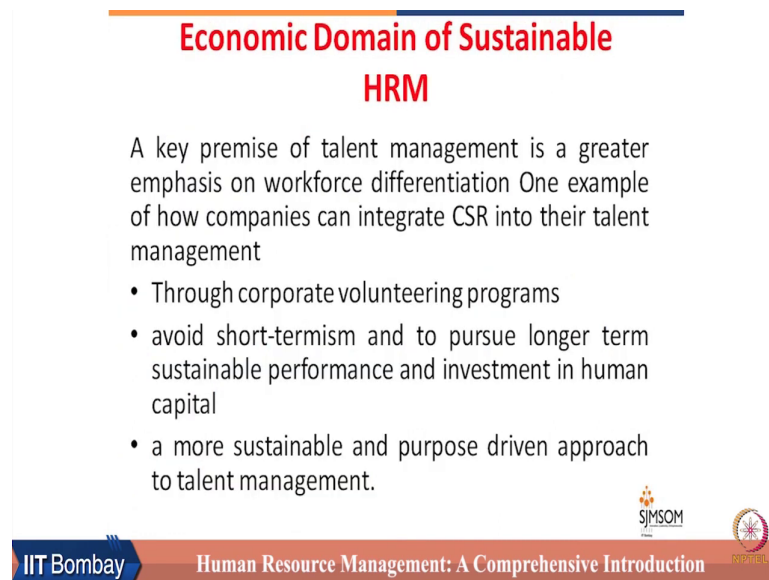
- Every employee is expected to spend **at least one day a year with someone connected to diabetes** (a patient, caretaker, or healthcare professional) and then to suggest improvements for how the company addresses the needs of these groups.
- **Non-financial performance based on the impacts on the triple bottom line**, such as job creation, the ability to manage environmental impacts and optimize resource efficiency, and social impacts related to the well-being of employees, patients and communities. (RERUP, C. 2004, Strandberg, 2009).

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First is economic domain of sustainable HRM.

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**Economic Domain of Sustainable HRM**

A key premise of talent management is a greater emphasis on workforce differentiation. One example of how companies can integrate CSR into their talent management

- Through corporate volunteering programs
- avoid short-termism and to pursue longer term sustainable performance and investment in human capital
- a more sustainable and purpose driven approach to talent management.

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In the economic domain, the most prominent activity or process which can be taken up by HRM is talent management. Because talent management is having direct impact on the organizational performance.

How companies can integrate the CSR into the talent management? First step is through corporate volunteering programs. Corporate volunteering programs make people sense to, make people aware of the concern of the different stakeholders and that helps them to develop more holistic business solutions. It avoids the short termism.

Whenever CSR is integrated in the talent management process, they have to, the talent has to be evaluated beyond the short termism. They have to take into account the long term

objectives that helps in pursuing the sustainable performance and sustainability agenda. And that also helps in investment in the human capital.

So, integration of the talent management practices with the CS and CSR is done when long term perspective is taken about the performance management system. More sustainable and purpose driven approach of talent management helps developing talent, helps developing more holistic leadership, more compassionate and sensitive leadership that has positive impact not only on the CS and CSR agenda, it has also positive impact on the business.

So, in this way economic domain which is about the real economic reasons why HRM and how HRM can pursue the sustainability agenda.

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**The social dimension of sustainable HRM**

- Employees' well-being**
  - Health
  - Job security
- Organizational justice**
  - Distributive justice
  - Procedural justice
  - Informational justice
  - Interpersonal justice

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Then, comes the social dimension of a sustainable HRM. When we talk about the social dimension of the sustainable HRM, we talk basically about two things employee's well-being and organizational justice. Employee well-being is about the health of the employees as well as the job security. So, HRM need to closely examine the job security related issues of the employees.

They also need to take into account, they also need to be custodian of organizational justice. First of that is distributive justice. That means, the financial rewards, the rewards being shared rewards being given across the organization has to be justifiable has to be fair. Procedural justice, people should able to see the process of distribution of reward to be positive, process of the distribution of reward to be fair for all the members.

Informational justice, HR need to ensure that employees have sufficient information, employees have the required information about all those matters which influence their work and influence their working conditions. Interpersonal justice that is about ensuring that everybody is treated with dignity in the organization. So, these are the social dimensions of the sustainable HRM.

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## Social Responsibility Dimension of Sustainable HRM

- Social projects in the local community
- Thinking carefully about the impact on poorer countries of operating through supply or value chains
- Engaging in human rights issues

In **purpose-driven companies**, this may even include HRM's contribution to

- **Addressing grand societal challenges** and reaching the ambitious targets set out in the Sustainable Development Goals, in areas such as quality education (e.g., by offering internships and supporting vocational training in lesser-developed countries),
- **Reduced inequalities** (e.g., by offering career opportunities for women and members of minorities), and
- **Decent work and economic growth** (e.g., by stimulating entrepreneurial activities and social innovation through cross-sector partnerships)

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How social responsible dimension can be integrated in HRM? There are some examples, there are some ways of doing it. Social projects in the local community can be initiated by HRM. And that can be given to the employees and HR can act as a facilitator of identification of the projects, and identification of the agency with whom employees can work to work on to complete these projects.

Thinking carefully about the impact on poorer countries of operating through supply or value chain. In the multinational corporations, production work is done in different parts of the world. HRM cannot remain oblivious about the working conditions of the people working on the projects, working on the production activities related to the final product of my company even if they are not my even if they are not the direct employees of the organization.

So, they have to take into account of what are the working condition of the people in different parts of the world, who are helping in the supply chain, who are part of the supply chain of the multinational corporation. They need to take into account of the human rights issue. Human right should not be violated in the home country as well as the other countries where supply chain partners are working for the organization.

In the purpose driven companies, this may even include HRM contribution to addressing grand societal challenges, reducing inequality and decent work and economic growth. There are examples about how HRM is helping in addressing the grand social challenges.

That happens in terms of by offering internships, supporting vocational training to the lesser developed countries connecting the business goal with the sustainability goals. That is also accomplished through enhancing and investing in the quality education.

Reduced inequality by offering career opportunities to women and the member of the minorities and that is where HRM can play very important role. By ensuring the decent work and economic growth, by stimulating entrepreneurship activities, social innovation through cost sector partnership, all these things can be facilitated by HRM.

Then, comes the ecological domain of sustainable HRM. Green HRM practices are defined as HRM activities which enhance the positive environmental outcome. So, one way is by enhancing the knowledge, ability and skills of the employees, by providing the extensive training which aim at increasing employee awareness of the environmental concerns which include such concerns in the recruitment and selection as well.



So, this is first way in which HRM can work towards ecological domain. Second way is through motivation enhancing practices. We all know that individual incentives are very efficient ways of directing the behavior of the employees towards desirable goals.

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## The Ecological Domain (and beyond) of Sustainable HRM:

Green HRM practices, defined as “HRM activities which enhance positive environmental outcomes”

- One way is **through knowledge-/ability-/skill-enhancing HRM**. E.g. extensive training aimed at increasing employees' awareness of environmental concerns, and including such concerns in recruitment and selection
- A second key means is **through motivation-enhancing practices** E.g. individual and group incentives, promotion opportunities, benefits, job security and performance appraisal.
- Finally here, Organizations must also ensure that they **have proper control mechanisms in place** ('avoiding harm'). For example, firms should conduct practical, high-fidelity audits of alliance partners' HRM systems to determine their consistency with environmental objectives.

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HR can play an important role in directing the desired behavior by linking that behavior by linking the incentives with the ecological goals. That can also be linked to promotion opportunities, benefits, job security, performance appraisal. Finally, organizations must also ensure that they have the proper control mechanism. So, HRM can play role in facilitating the CS and CSR by doing certain things and by helping organization avoiding doing certain things.

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### Control Mechanism for Avoiding Harm

- **Economic:** Avoid managerial opportunism and excessive risk-taking that may lead to value destruction. Develop a shared sense of purpose that guides decision-making to avoid short-termist behavior.
- **Environmental:** Design workplace-based practices that increase recycling and reduce harmful emissions. Conduct audits to ensure compliance with environmental codes.
- **Social:** Eliminate child and forced labor. Avoid unpaid or overtime hours. Design sustainable HRM practices like flexible hours. Detect harmful side effects of efficiency-focused practices.

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And that is what is included in the control mechanism. So, avoiding certain harmful practices, avoiding harm can be done by HRM in the CS and CSR domain at the economic environmental and social front.

On the economic front, they can avoid the managerial opportunism and excessive risk taking. If some manager is only pursuing the shareholder value goals at the cost of the stakeholder value goal, that opportunism can be checked and has to be checked by HRM. Because eventually that kind of opportunism leads to the value destruction, not value creation for the organization as well as for the society.

Developing a shared sense of purpose that guides the decision making to avoid short-term perspective of making business decision, that can be taken care of by the HRM through the enlightened performance management system. HR can avoid harm towards environment by



designing the workplace based practices that increase recycling and reduce the harmful emission.

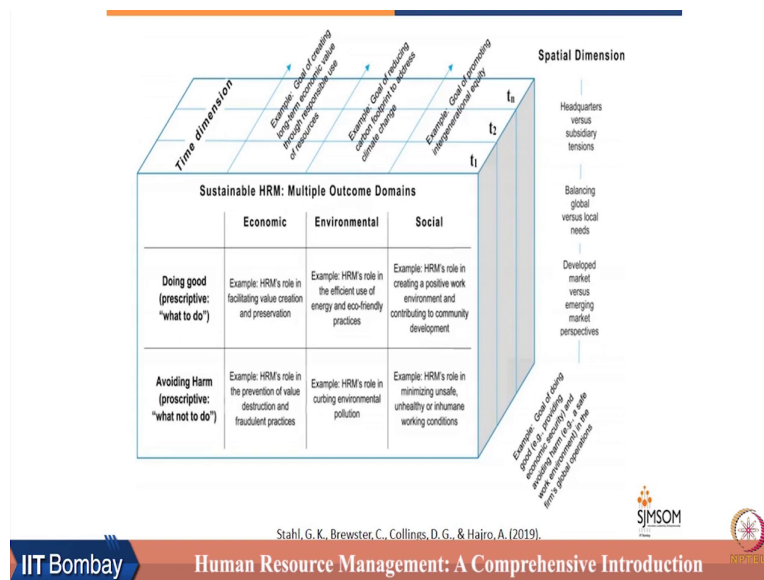
So, HRM can play active role in increasing the recycling and reducing the harmful emission by the in that production processes of the organization. It can help in conducting audits to ensure the compliance with the environmental codes. There are lots of regulatory codes as well as non-regulatory codes related to the environment. HRM can take up those codes and ensure those being followed by the organization.

On the social front, HRM can help in eliminating the child and forced labor. And that can be done not only in the within the organization, but also for the channel partners of the organization, they might be operating in different countries. It can help avoid unpaid or overtime hours. HR has to take into account these things.

They and ensure that those things are stopped. HR can also help in designing the sustainable HRM practices like flexible hours, working from home. It can detect the harmful side effects of efficiency focused practices, can commission some of the studies which systematically look at the efficiency focused practices and their impact.

So, these are the control mechanism through which HRM can avoid the harm for the employees and for the planet in the business processes.

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This diagram is also taken from the Stahl Brewster and Collings paper which was published in 2019. It talks about sustainable HRM in terms of doing good and avoiding harm on the economic, environmental and social front.

So, it gives example, for example, on the it gives example in all these fronts like, on the economic front, HRM's role in facilitating value creation and preservation. And on the avoiding harm, HRM's role in prevention of the value destruction. How it can be done, we just looked at in the previous slide.

The sustainable HRM and its practice has to be done on the two dimensions, time dimensions and space dimension. Time dimension is about ensuring that goal of creating long term

economic value is achieved through the responsible use of resources. That is the abstract principle.

Another goal on the time dimension is ensuring that carbon footprint is reduced in the organizational processes. Also, on the time dimension is the goal about promoting intergenerational equity within the organization and in the channel partners of the organization. And that has to be done in the space dimensions, of HR has to balance these goals or we can say HR can achieve these goals only by balancing some of the seemingly contradictory forces.

What are those forces? Those are headquarter versus subsidiary tensions. Headquarter can have one perspective if headquarter is in the Europe, in a developed country, and if the subsidiary is in the developing country, how these goals can be matched, how these goal can be balanced. That is first tension.

The second tension is balancing global versus local needs. Global market, global standard can be of some level, but local conditions may not be easy for organization to achieve those standards. HRM has to find ways, has to be partner with the business in achieving those goals at the local level which is in line with the best global standards. This is not easy, but that should be the objective of the HRM function.

Developed market versus emerging market perspective that keeps coming. Developed markets naturally have social security, naturally have certain environmental laws being followed by other players. They have availability of some of the resources, some of the basic resources like water or clean air, that may not be even possible in some of the emerging market perspective.

So, how to ensure these standards in the functioning, while functioning in the emerging market is not an easy thing. It is a challenge. But that is the next level of challenge for the HRM. An HRM has to gear up. HRM has to partner with the business to achieve these challenge. This is not only a challenge for HR. This is a challenge for the business leaders,

this is the challenge for the business operations people, in the production people, MIS people, this is challenge for everybody.

But this is important challenge because by our ability to address these challenge, the based on our, so our ability to address these challenge is directly proportional to the sustenance of the human race on the planet. Because we are already operating on the edges, the earth carrying capacity, environmental degradation, inequality have all, are already there at a stage which is not sustainable for the for any for any human race on any planet.

So, that these are the grand challenges. Business organizations have to gear up for that. And HRM has to be aware of these challenges and help businesses to address these challenges.

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**Companies' Motivations for Sustainable HRM**

Thus, companies' motivations for engaging in sustainable HRM practices, the three broad categories:

- Compliance-related;
- Instrumental/strategic; and
- mission-led/values-driven

Cohen et al., 2012b; Maak, Pless, & Voegtlin, 2016; Waldman, Stahl, & Siegel, 2019).

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So, HRM has to move beyond the compliance orientation, instrument orientation and has to help organization and has to look at their role as a mission led or value driven perspective. And that can, that is the parametric shift required for the HRM to be really partner for the development of the business organizations which in turn help in developing the human race and preventing the human race on the planet.

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**Trust, Lack of Trust and Hope in Business**

While the Edelman survey 2019 found globally 47% people trust across government and media is the least trusted institutions out of politics, business, and media.

Three out of four respondents agreed a company can take actions to both increase profits and improve economic and social conditions in the community where it operates. 76 Percent say that CEOs should take the lead on change rather than waiting for government to impose it.

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I will end this session with a survey result by Edelman. This is a famous agency, they conduct the trust surveys every year. In the 2009 survey, globally they found that 47 percent people trust across governments, and 47 people trust the governments to address the major challenges. And more than 70 percent people trust the business organizations to address these challenges.

Media out of politics, business media, media is the least trusted institution. But another important thing from the business organizations perspective is that 3 out of 4 respondents agree that company can take action to both increase profits and improve economic as well as the social conditions in the community.

And 76 percent people say that CEO should take lead, take the lead on change rather than waiting for governments to impose it. So, this trust survey also suggest that society is looking up to business to be the agent for positive change on the planet. And HRM need to gear up, need to partner the business organizations and business leader to achieve this change which is which can take the human civilization towards more sustainable future.