

# Corporate Social Responsibility : Ensuring Sustainable Human Resource Management Practices

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## *Abstract*

*Sustainable human resource management is an essential element for the success of the sustainable business model. Economic uncertainty, Globalization, tighter labour markets, development in technology, are critical challenges which are driving human resource professionals to adopt sustainable human resource practices to motivate and retain human capital for generating sustainable business in an economy. In this era of post global recession, the concept of increasing corporate wealth is widen and the objective of organizational success is aligned with sustainable growth .*

*Corporations are using Corporate Social Responsibility (CSR) to strengthen its relationship among different stakeholders such as investors, customers, employees and government. CSR includes human resource management which deals with attraction recruitment and retention of employees, their professional development and thereby the organizational growth. Employees, being an essential part of every organization are greatly influenced by CSR of a company. Concerned with high employee turnover, employee absenteeism and employee motivation towards work and organization, companies are suggested to use of CSR to build better employee and organizational relations for improvement in performance. The paper seeks to analyse influence of CSR practices of Reliance Industries Limited on methods of managing human resources.*

**Keywords:** *CSR, organizational success, sustainable business, employees' motivation*

## **Introduction**

Various researchers proved that effective HRM practices lead to better organizational outcomes. The employee reciprocates to organizations' Corporate Social Responsibility (CSR) practices in a positive manner. While existing research analyses various impacts of CSR on the corporate performance, this paper attempts to analyze multi-faceted influence of CSR on employee's organizational commitment and performance.

Companies in the 21<sup>st</sup> century have found themselves in need to develop more sustainable business models with HR function having a key role to achieve business goals and to increase long-term shareholder value by

integrating economic, environment and social opportunities into business strategy. Sustainability is about factoring social, environmental impacts of conducting business in the process of earning profits whereas CSR tends to focus on what is done with respect to profits after it is generated in the company.

As demands for skilled and educated workers have been rising around the world, organisations are finding it extremely difficult to attract best talent which makes it increasingly necessary for HR to develop a strong employer brand. Smart HR professionals are considering high quality of organizational culture having factors as CSR initiatives, strong worker safety, security measures , atmosphere of civility and respect in workplace. Compensations and other employee's benefits directly influence brand image of the employer in the world of the steep competition for talent. Further, companies

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are suggested to use of CSR to build strong employee-organizational performance, employee relations to prevent absenteeism and low motivation towards work.

Also, in view of mandatory provision under the Company Act, 2013, to made use of 2% of three years average net profits towards CSR practices, corporations are paying great attention to incorporate CSR in all spheres of business strategies covering different stakeholders i.e. customers, investors, Government, suppliers and employee sustainability. Sustainability is now an evolving approach that promotes use of human, natural and financial resources to improve the economy, the environment and society in an integrated way for the benefit of current and future generations. Sustainable HRM is the off shoot of broad framework of the concept of Sustainability. This area has developed different approaches of identifying the benefits of different perceptions on a sustainable human resource development as against the traditional HRM. This implies that as long as there are different managers with different training and experiences, there will be inconsistencies in HR approach particularly when managers change frequently in an organization. In this light, there is a need for sustainable HRM for creating a long-term approach to achieve better organizational performance (Thorn & Zaugg, 2004).

### **Concept of Human Resource Management**

Sustainability in HRM as defined by Thom & Zaugg, (2004 translated in English by Ehnert 2009) is "Those long-term approaches and actions aimed at a collective conscientious and cost-effectively appropriate recruitment and selection, development, operation, and release of employees". According to the same source ( Ehnert 2009), this practice of HRM allows organizational changes which are necessary as against unnecessary changes which often make too great demands on employees. HR Research points out that for long-term highly qualified and motivated professionals, important steps for a Sustainable HRM are (1) HR development, (2) designing reward systems and (3) sustainability in company's goals, strategies, and organizational culture.

### **Concept of Corporate Social Responsibility**

The practices of CSR is beyond philanthropy and charity covering caring, culture, philosophy and values and

eventually generate good business sense, good governance and transparency. CRC should be able to generate profit through practices such as recycling, energy and water use and better resource material management. Integrating CSR into value chain is a source of competitive advantage (Porter and Kramer, 2006). Human Resource is the most important factor through which companies can gain non-recurring competitive advantage, significance of social responsibility towards employees. CSR information reflects an important side of ethics within a company that helps legitimize corporate behavior and contributes in generating a positive corporate reputation (Colleoni, 2013). More than 80 percent of Fortune 500 companies progress report on CSR on their web sites (Lii and Lee, 2012).

### **Importance of CSR in Sustainable HRM Practices**

CSR is a significant way for HR to positively affect company performance (Sammer, 2009). While the role of HRM due to CSR is expanding, it is essential to develop workplace practices for organizational efficiency and effectiveness. PR Leap (2007) argues that there is a growing overlap between HRM and CSR. Hence, it is becoming increasingly important for HR professionals to take a leading role in both planning and implementing CSR strategies and in turn using CSR to deliver their own HRM objectives. Sharma et al (2009:205), add that "combined impact of CSR and human resource activities which reinforces desirable behavior, can make a major contribution in creating long-term success in organization.

Strandberg (2009), on the basis of his empirical study, finds that CSR activities of MNCs attract, motivate and retain human resource talents and this in turn improves their competitive positions.

Embedding CSR in the corporate strategy of organization can enhance the process of unlocking creative potential of employees. If a company wants to add organizational value, HR functions must focus on actions that build employee competencies and motivation that in turn positively influence corporate reputation. It makes a good sense for HR to head CSR process and partner with strategic leaders in firm because human capital is arguably the number one intangible value driver (Friedman, 2009). Glade (2008) argues that it makes sense for HR to lead sustainability initiatives since

recruitment, selection, moral, productivity, recognition and rewards as well as innovation are major components of a CSR/business sustainability strategy.

#### **Ensuring Sustainable HRM practices lead to:**

- i. Cost savings, risk reduction, reputation enhancement and innovation.
- ii. Helps in attracting and retaining talent.

Employees are motivated when a business has a purpose. Employees who feel they are valued are more willing to 'go to extra mile' in solving problems, taking initiative, helping colleagues and customers and working collaboratively.

#### **Research Methodology:**

Objective of the research is to study sustainable HRM Practices adopted by Reliance Industries Limited (RIL) to analyse its impact on HR functions

The paper will analyse impact of CSR on HR's management through an exploratory research undertaken on Reliance Industries Limited's (among Top 250 big companies) spending highest amount of CSR in FY'2015-16 amounting to Rs 651.57 crore as per the research publication by NGOBOX. In order to achieve this objective, RIL's Sustainability Report (FY'2015-16) is studied and content analysis is done to investigate the process and practices of CSR developed in RIL and how they were implemented.

RIL is a leading private player having strong financial background with its presence globally in sectors encompassing in the integrated energy value chain, the retail and digital services in India. The company is emerging as a global leader through innovation of disruptive technology. As RIL is partnering Indian in its sustainable growth with the objective of social well-being, its sustainable practices have been enhancing quality of life for all section of population. 'Human Capital' as one of the most important resources for any company and a nation. Building sustainable societies emanates from their people policies which aim at creating sustainable value for both their internal as well as external stakeholders.

RIL has won many CSR and sustainable awards all through its operations. For example :

- 'Best Use of CSR practices under the category of Manufacturing Sector,
- 'Platinum in CII Sustainable Plus' Ratings-2015;
- 'Golden Peacock Global Award for Sustainability' for the year 2015 and Corporate Excellence
- CII-ITC Sustainability Awards 2015.

For Reliance, success of organization is truly driven by its 'people'. The company ensures that people realizes their full potential in the work environment with dignity, equality and in good health.

RIL's initiatives are aligned towards five broad dimensions of Sustainability: Planet, People, Products and Processes, Prosperity (Profit), and Peace and Partnerships. In this broad framework, HR goal of Reliance is to develop its employees to have the best technical and leadership capabilities in the industry. Reliance focuses on merit-based, long-term career development and is committed to maintaining a diverse workforce to ensure it attract the base talent. Reliance recruitment policy is to attract people with best talents from around the world, provide them with formal training and a broad range of global experiences to develop them into the next generation of Reliance leaders. Reliance understands that delivering outstanding performance requires exceptional people. As Reliance strides ahead to transform India's digital landscape and to improve the quality of life for fellow Indians, Reliance believes its employees too are possessed with the zeal to transform India.

This author analyzes RIL's position regarding three crucial HRM practices prevalent in current environment and then probing how CSR practices implemented by RIL could influence HR roles.

#### **Socially Responsible HRM Practices**

Dupont et al.(2013) pointed out that for merging CSR with responsible HR practices, it is necessary that management should take into consideration issues that are relevant such as ageing, labour shortage, attrition of talent, recruitment practices and job access, Training and Career advancement; health and well-being in the workplace. According to them, while it is essential to take care of the stress level of existing workers, new talented workers should be recruited time to time in order to revamp skill level of the company.

Through Sustainable Report of RIL, an attempt is made to study how the company links three HR issues through sustainable practices.

### 1. Recruitment & Retention

As per Dupont et al.(2013), the process of job recruitment needs to be carefully crafted to attract talent and avoid any adhoc arrangement such as appointment of temporary, actual or contractual jobs to avoid any demoralizing sense of insecurity. They advocated the help of professional recruiting agencies.

RIL, as part of its sustainable objectives, has initiated the Campus Marquee Programme to build a talent pool of high caliber professionals from World renowned universities in addition to providing its employees the global exposure through multiple partnerships with world renowned universities. Its annual intake of Management trainees through its Campus Marquee Programme from premier institutes is one of the highest in country along with a strong internship process which brings a rich pool of young talent into the Company. Further, it launched 'Ultimate Pitch' as an annual B-School – Business Plan competition at premier institutes and the final shortlisted teams are provided mentoring towards their entrepreneurial aspirations. It employs people from 19 different nationalities adding to its diverse employment base.

As an equal opportunity employer, it promotes a culture of transparency, empowerment and meritocracy. It empowers women by advancing opportunities in company's activities and aspire to achieve 15% women workforce by 2030. It is one of the foremost companies to allow women professionals in shift operations. Company believes in equality irrespective of gender, sexual orientation, disability, caste, religion or age. At a total strength of 24,121 people which includes 1238 permanent women employees as on March 31'2016, it employs 236 differently-abled employees which adds significance to its overall objective of diversity. It also made an effort to hire younger employees through 2015 and average age of employees stands at 41 years. There has been a 12% increase in the number of women employees over last five years (2011-2016) against 5% increase in men employees.

### 2. Training and Career Development

According to the European Communities Commission (2001) and Coulon (2006) as cited by Dupont et al.(2013), companies require to train its own staff for career progress for all levels of employees without any discrimination through rank and file as well as gender. RIL, through its sustainability report, revealed that employee training and development is an essential element of its people strategy. As per Annual Report 2015-16, RIL employees underwent training for 1.50 million man-hours. Each employee first of all are given safety training as employees' safety is of paramount importance to the Company. Safety training is mandatory for contractual employees before entering the premises either by the company or through contractor; All the employees participate in safety drills & mock fire drills. It provides focused mentoring to both worker and professionals to promote their career progression into leadership positions. Over the last 2 years, Reliance launched R-HR Transformation journey through four waves of transformation which helped it move to an integrated learning architecture that enables the Company to focus its learning investment on developing the technical, functional and leadership capabilities needed to drive future business growth. Wave 4 aligns all Reliance's learning to strategic priorities through a single learning entity called R-University. Reliance is using e-learning, social, collaborative and other technology platforms which are available on a cloud-based learning management system so that employees are able to access learning content anywhere, anytime. Reliance has also formed multiple partnerships, e.g., Bersin by Deloitte, Skillsoft and Corporate Executive Board to keep the learning content and approach current. To strengthen the leadership bench strength, Reliance has built an integrated transition programme for Reliance leaders along with globally renowned partners such as Duke CE. These 'Step-up Programs' have been launched to assure the development of leaders to assume next level leadership roles. Reliance introduced a Career Acceleration Programme (CAP) in order to strengthen leadership skills amongst employees.

It has moved its focus from mass training program to customized programs and also availability of learning at the point of need of individual's career development. R-University's three-tier governance structure (Group Learning Council, R-University Council and Academy Council) and process optimisation have further integrated

learning landscape along with bringing increased transparency and business alignment to learning which aim to place learner at the center of learning process. Its Training courses have been divided into mandatory and non-mandatory categories based on training content and learner's current role.

RIL further goes into helping women navigate through their careers with help of flagship initiative "R-Aadya Awaken the Senses" which give them opportunities through providing mentorship conversations, leadership interactions, forums and conferences and trainings and workshops. Expanding further towards employee development, it conducts a global engagement survey and set annual goals to drive enterprise action in form of high impact projects based on the analysis of scores on leadership communication, performance and benefits, manager support, and work environment. This seeks to create a culture of recognition, develop people management skills in managers, communicate elements of total rewards, and create innovative communication platforms and toolkits for leaders to connect with employees.

### 3. Health, Safety and Well-being in Workplace

Researchers Beaupré et al., 2008, Dupot et al., 2013 find that work pressure is likely to create negative influence among staff exhibiting professional exhaustion, depression and absenteeism. Research also finds that (Institute National de Recherche et de Sécurité (INRS), European workers suffer from a health disorder linked to stress at workplace. Research by Lefkowitz (2006) emphasizes that it is necessary to create positive environment and workers well being for their social responsible behavior. The improvement of staff well-being can help attract talent, to reinforce staff loyalty and to motivate employees. RIL imparts training to the significant number of employees on safety and environment for more than 0.75 million man-hours. Its Safety Management Systems are designed with an objective to develop a safety culture across the organization to ensure a safe and healthy work environment. "Mission Wellness" at all manufacturing locations, E&P locations and offices; Occupational Health Centres (OHC) which conduct counselling on management of personal health and monitor the health of employees on a regular basis.

It is committed to provide healthcare facilities to people (on-roll employees and contract staff) working across all sites at par with global standards which includes 24x7 ambulance service by OHCs to ensure quick transportation to nearby hospitals, visiting specialists; an automated 'High Alert' system to prevent any medical complications; provision of hospital equipment with modern technologies at Jamnagar, Vadodara, Magohane and Patalganga. RIL extends OHCs facilities to contractual workforce as well.

Reliance's focus on employees well-being is driven by the philosophy of 'One Reliance, Healthy Reliance!' and implemented 'REFERS' (Reliance Employee & Family Emergency Response Services) which offers 24x7 assistance in case of any medical accident and fire. In addition, emergency medical services are provided to employees and their family members across the country through strategic tie ups with multi-specialty hospitals. A unique mobile application, 'R-Health', which features emergency contact numbers of all empanelled hospitals, ambulances, contact persons and emergency coordinators in each location. For RIL, creating a safe working environment not only promotes business efficiency but also aids in reducing financial costs owing to accidents and occupational ill health.

### Discussion and Results

As per RIL Sustainability Report (2016), Sustainable Development is one of key principles of Reliance's CSR and its initiatives are aligned towards providing employees a steep learning curve, fast paced professional and personal developmental opportunities while maintaining highest standards of workplace ethics and ensuring diversity and inclusion.

The strategic partner takes the responsibility for organisational diagnosis and tries to solve organisational problems with specific HR plans. The human capital developer takes charge of staff skills and of career development. HR professionals manage issues, assesses its usefulness and tries to closely work with employees and influence the rest of organisation. They are in charge of establishing HR programme and defining how people and organisation work together. All these roles seem to have impacts in same way as CSR programme implemented by RIL. According to this study, the employee advocate's role is affected by the way RIL sets up CSR. With a role that favours well-being in

workplace, HR leader's function must take into account ethics, diversity, or health/safety issues. RIL desires to diversify its recruiting policy by attracting disabled individuals, candidates from 19 different nationalities, attracting younger employees, by employing women workforce. Communication and the climate of trust development also seem to be crucial. For example, RIL has developed the Employee Engagement Survey and feedback mechanism to create innovative communication platforms and toolkits for leaders to connect with employees.

If CSR creates human capital developer, it needs to train the employee of all level of training. For example, health and safety topics influence the type of trainings delivered to workers: more than 0.75 million man-hours of training on health, safety and management to all employees (including contractual, women and employees with disabilities). The analysis leads us to think that CSR initiatives implemented by RIL are supported by HR practices reported as CSR (training, health and safety, etc.).

### Conclusion

The corporate social responsibility concerns organization's ability and willingness to meet the economic, legal, social and environmental interests of stakeholders. CSR is more influential on employee advocacy role by leading HR departments to take into consideration fairness, health and safety and diversity aspects while introducing HRM practices. Human capital developers must focus on trainings of CSR related topics (such as health and safety) and promote career development based on professional equalities. These practices depicted in sustainable report from RIL creates its attractiveness and bring the function of HR closer to a mediatory role by developing a socially responsible image as an employer that can have positive consequences.

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**Table: Received trainings through classroom**

S.No.	Status of Employment	Workforce received safety & skill up-gradation training
1	Permanent	72.39%
2	Women employees*	79.53%
3	Permanent Employees with disabilities	41.25%