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**THIS CHAPTER
IS AN EXCERPT
FROM**

**CSR for HR: A Necessary Partnership for
Advancing Responsible Business Practices**



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HR meets CSR

She is a human resources manager of a medium-sized company, operating globally on a limited scale. Her company is called Andromex Ltd and is a privately owned software developer, headquartered in Bristol, UK, employing 2,500 people, with several operations outsourced to India and other countries. She is skilled, with 13 years of HR management experience. She has studied organisational behaviour, training and organisation design, read every one of Dave Ulrich's books¹ and attended a coaching course to equip her to career-coach managers at Andromex Ltd. She hasn't missed the leading national annual HR conference in the past four years and has even presented a couple of papers. She is well respected as a business partner in the Andromex management team. She runs a tight HR organisation, providing training, welfare, career development programmes, internal communications, recruitment and support for business processes. Her team of 20 people are highly regarded and acclaimed for doing a good job. She and her team won the HR Excellence prize last year for an exceptional new recruitment model she developed and implemented. She loves the HR profession and sees herself progressing into larger roles in the future. She knows that HR is strategic, and a necessary enabler for business development and growth. She truly feels that she does a job that is critical to helping the business succeed, and very worthwhile. At last, her CEO has agreed to her attending the ASTD conference² in the USA — a major expense for a business run on a tight budget, and she is looking forward to the trip.

Little did she know, it would change her life as an HR manager.

- 1 Professor Dave Ulrich is an HR 'guru' and has written several ground-breaking books on HR management.
- 2 The American Society for Training and Development (www.astd.org) holds highly regarded annual conferences on training and associated HR subjects.

By the way, her name is Sharon.

As she boards the connecting flight from London to the conference, refreshed after a brief shopping spree in Heathrow airport and armed with a newly acquired copy of *Guts!* by Jackie and Kevin Freiberg,³ a book that has come highly recommended to her, she searches for her aisle seat in business class, grateful for the fact that the company revised its policy on economy flights for long-hauls. She found herself seated next to a woman, a few years older than her, poring over a book whose title she couldn't quite make out, something 'unusual'. The woman looked up and smiled, and reverted to her book. An hour or so later, as lunch is served, the woman started a conversation:

The woman: Where are you travelling to?

Sharon: I'm going to a conference in San Diego. It's a conference about training, the ASTD conference. I work in human resources.

The woman: Is that right? Incredible! You won't believe it, but I am travelling to the same conference. I go every year. I am also in human resources. I work for International Food Company Ltd (IFC). I am the European HR VP. My name is Arena.

Sharon: Really? What a coincidence! Pleased to meet you. I'm Sharon.

Sharon and Arena started talking. Sharon noticed that the book Arena was reading was *Business as Unusual* by Anita Roddick, the pioneering business woman and social activist who created and led The Body Shop,⁴ one of the first ethical businesses to become globally successful and defy traditional ways of doing business. Arena noticed her looking at Anita Roddick's picture on the cover.

Arena: I admire Anita Roddick. She died in 2007, at the age of 64. A tragedy. One of those deaths, for me at least, where you remember exactly where you were when you heard. She was such an inspiration for us all. This is the second time I am reading this book. The values Anita Roddick led at The Body Shop and the way she integrated them throughout the business were quite revolutionary at that time, though now, no respectable business can afford not to take notice of social and environmental issues. It has become quite a movement, corporate social responsibility. It has changed the way I think and work so much over the past few years, as an HR professional. Anita Roddick said 'we

The values of The Body Shop

- Activate self-esteem
- Protect our planet
- Against animal testing
- Support community trade
- Defend human rights

www.thebodyshop.com

- 3 Kevin Freiberg and Jackie Freiberg, *Guts! Companies That Blow the Doors Off Business-as-usual* (New York: Broadway Business, 2006).
- 4 Anita Roddick, *Business as Unusual: My Entrepreneurial Journey — Profits with Principles* (UK: Anita Roddick Books, new edn, 2005).

were searching for employees but people turned up instead⁵ – and you know, that is really what social responsibility is all about. Ensuring that we not only respect people and our environment, but also take time to understand their concerns and aspirations, and enable them to maintain a respectable standard of living. Take their issues into account as we plan and develop. I was thinking of calling myself a CSHR manager – corporate social human resources manager, as I seem to be doing as much CSR as I am HR these days. There was a quote from a couple of people at Canadian Business for Social Responsibility⁶ who said that **CSR minus HR is PR**.⁷ Do you understand that? If a company tries to behave as a corporate socially responsible company but doesn't take the time to ensure all the HR processes are aligned, and that people are respected, then CSR becomes nothing more than a public relations exercise. But I'm preaching. That's what happens when you enjoy your work, I suppose. Anyway, Sharon, what do you do about corporate social responsibility in your business?

Sharon: er . . .

Sharon had to admit that she didn't do anything very much about corporate social responsibility in her business. In fact, she had to admit that she didn't really know what it all meant. It was a little embarrassing really. She knew CSR had something to do with contributing to the community, such as sending employees out to do maintenance on old people's houses, or organising volunteer days. She had thought of doing something like that in her company, because it seemed like an interesting approach for an employee Fun Day, but there were always so many other things to do. As long as the CEO wasn't demanding a community programme, Sharon didn't feel it was part of the core HR role to initiate these things. 'I am busy enough as it is,' she thought.

Sharon: I have to admit that I don't really know what corporate social responsibility involves. I am not sure why it's important. Contributing to the community and improving the environment is fine, but I don't see it as something that the HR function should recommend. I am proud of what we have achieved as an HR team. We have developed a strong position in the company because we work closely aligned to business strategy, and we have started to track metrics, such as training effectiveness, so that the management team knows how we are adding value. We have become accepted as business partners. I don't think it's right that we should start recommending allocation of time and budgets to contribute to the community. The CSR concept sounds like someone else's area of responsibility, like public relations or marketing. It sounds to me like

5 Roddick, *Business as Unusual*: 55.

6 www.cbsr.ca.

7 A quote from Adine Mees and Jamie Bunham of Canadian Business for Social Responsibility appearing in World Business Council for Sustainable Development *Driving Success: Human Resources and Sustainable Development* (Geneva: WBCSD, 2005, www.wbcsd.org/web/publications/hr.pdf).

a lot of effort and I am not sure what it contributes to the business. I agree that it would be nice to make a donation to the community here and there, but frankly, my boss will not release money for this. We just don't have the funds. We are a privately owned company and budgets are tightly controlled. It took me four years just to get him to let me go to this conference in the USA.

Arena: Sharon, you sound just like me a few years back, before I joined International Food. That's exactly how I thought about things. But today, well, I couldn't work for a company that didn't have a social and environmental responsibility strategy. I couldn't do an HR job without being part of a CSR team. CSR has helped me understand the real meaning of sustainable business. It has helped me realise that my job as a human resources manager is even more meaningful. Today, CSR is a key element of managing risk, developing new business opportunities and protecting and enhancing the company reputation. For us HR managers, it's a core element of our company culture, and has major strategic value. But it also means that we have to learn new skills and do things a little differently than we did in the past. So for HR, CSR represents new challenges. It's exciting! Look. We have a few hours ahead of us. Let me tell you a little about CSR and why HR managers can't afford to ignore it, OK?

Sharon: I did want to catch the new Richard Gere film on Channel 2.

Arena (laughing): Believe me, Richard Gere might give you a quick thrill, but CSR will change your personal and professional life forever. In any case, I saw that movie already and, believe me, Richard Gere is not what he used to be.

Sharon: OK, Arena. I am always happy to listen. Thanks.

Despite Sharon's seeming reluctance, Arena started to educate Sharon on corporate social responsibility. First, she shared the following definitions:

Corporate social responsibility (CSR). A way of doing business that is based on ethical principles and structured management controls, and that takes into account social and environmental considerations alongside economic considerations when making business decisions, and attempts to create positive impacts on all stakeholders. CSR is a voluntary approach, going beyond compliance with laws and regulations.

Sustainability. Sustainable development of business means 'satisfying the needs of the present without compromising the ability of future generations to meet their own needs'. This is the most commonly quoted definition of sustainability, coined by the Brundtland Commission⁸ in 1983.

8 The Brundtland Commission, formally the World Commission on Environment and Development (WCED), known by the name of its chair, Gro Harlem Brundtland, was convened by the United Nations in 1983. The commission was created to address growing concern 'about the accelerating deterioration of the human

Arena: These two terms are often used interchangeably, but they are rather different. CSR is about how a business does things and impacts on people, society and environment. It involves an evaluation of the way the business impacts on all stakeholders and adoption of business practices to improve these impacts. It requires engaging stakeholders in dialogue about their concerns and aspirations, and what they expect from the business. CSR also involves identifying ways in which the business can succeed in the long term by addressing these expectations, so as to deliver positive outcomes for all as far as possible, including positive outcomes for the business, of course. It's about businesses taking responsibility and being accountable for their impacts on people, communities and the environment. Obeying the law is not enough. CSR goes beyond the requirements of the law. Sustainability, on the other hand, tends to refer to the ability of the business to sustain itself through time, while contributing to the improvement of society and the planet as a whole.

Sharon: I don't understand the difference.

Arena: OK. Take Gap Inc. Gap is a large business with a strong reputation for CSR. I see you are wearing a GAP sweatshirt. Gap Inc.⁹ has a complex

Gap Inc. values

Integrity, respect, open-mindedness, quality and balance

www.gapinc.com

supply chain that is outsourced, mainly to Asian suppliers. There are hundreds of thousands of employees in the Gap Inc. supply chain in over 2,500 contract factories. We know that human rights in these businesses are often abused and difficult to control. Gap Inc. instigated a major supplier auditing and training programme and required suppliers to adhere to strict ethical

standards. This is CSR. The focus is on directly managing the way the company does business in order to ensure it does no harm and even makes a positive overall contribution. On the other hand, Gap Inc. has been active in building government, third sector¹⁰ and industry coalitions to address the global issues of human rights and child labour in outsourced factories. They have been involved in setting standards for eliminating exploitation of workers in Asian countries, addressing problems of child labour, enabling freedom of association, setting appropriate hygiene standards and so on. These are industry issues that are wider than one business alone can influence and that have an impact on the global economy and

environment and natural resources and the consequences of that deterioration for economic and social development'. In establishing the commission, the UN General Assembly recognised that environmental problems were global in nature and determined that it was in the common interest of all nations to establish policies for sustainable development. Source: en.wikipedia.org/wiki/Brundtland (accessed 10 June 2010).

- 9 Gap Inc. is a global apparel supplier, with revenues of \$16 billion, employing over 150,000 people. Key brands are GAP, Old Navy and Banana Republic.
- 10 A term used to refer collectively to organised civil society and non-governmental groups and organisations (NGOs).

well-being. Gap Inc. has gone beyond the direct boundaries of its own business to invest in creating major change to strengthen communities and social fabric in the world as a whole, and not just those directly impacted by their own specific business activities. This is sustainability. CSR is an essential core element of overall sustainability strategy.

Sharon: I get it. CSR is about the way the company does business. Sustainability is more about collaboration to address world issues which may affect society over the long term. Businesses can do CSR on their own, but they will tend to do sustainability in partnership.

Arena: That's more or less right, although even certain aspects of CSR involve partnership. The main thing is that CSR is more about what the business controls. Its own products, interactions, processes, practices and the results of its own business decisions. Sustainability is more about the responsibility of business to contribute to addressing broader societal issues, such as global warming, poverty, access to water, access to healthcare, human rights, development needs, climate change and so on. These things are far-reaching and require cross-sector collaboration and industry coalitions and partnerships for long-term systemic change. CSR is key to sustainability because, first, all businesses must accept responsibility for the way they themselves operate and the impacts they generate directly.

Sharon: Before they save the planet.

Arena: Right.

Sharon: So CSR is like a Boy Scout, building character, behaving well and making a positive contribution, while sustainability is Superman, going out of his way to save the planet.

Arena: Funny. Good analogy. That's not so far from the truth. However, businesses do not exist to save the planet. That's not their goal. But because the scale of many businesses is so great, and the power business wields to transform the way we live and work is so dominant, it makes sense for businesses to use this power in a positive way for the good of society. In doing so, they contribute to the long-term well-being of the business.

Sharon: But what's all that got to do with HR? I don't see my company saving the planet any time soon. I am not responsible for outsourcing as in the Gap Inc. example you mentioned. I can understand if major global corporations who employ hundreds of thousands of people and make billions of dollars in profits and operate in every community in the world feel they have a role to play in reducing world poverty, but what has all that got to do with HR?

Arena: I will explain. Let's go back to the outsourcing example. Gap Inc. employs a large team of people in CSR — over 90 people worldwide. Several are factory auditors — vendor compliance officers. Who recruits them?

Who ensures they have appropriate training? Gap Inc. employs 30,000 people directly. Who ensures they are employed in a fair and responsible manner, and set an example for outsourced operations? Who determines their safety at work? Who determines the process for their performance evaluation? Gap Inc.'s vendor compliance officers need to understand the local operations. The team come from different backgrounds with over 25 different nationalities. How do you champion a culture of diversity and acceptance of others within the business? Ethical behaviour of our own employees is based on strong values – what processes do you lead to ensure assimilation of common values and ethics? All these questions relate to core elements of CSR, and the fact that HR has an important role to play in ensuring employees are engaged. Finally, CSR is about transparency. Gap Inc., for example, publishes a social responsibility report. This is an annual or biennial report that summarises all the things a company is doing under the heading of CSR or sustainability. I mentioned that the use of the terms CSR and sustainability are often interchangeable, didn't I? Some companies don't make such a distinction between the two, so from now I will just talk about CSR, OK? International Food, where I work, produces a CSR report every two years. As HR managers, we are responsible for providing input to that report. The report is an important tool for building trust and ensuring that all stakeholders are aware of what we do, so that they can make informed decisions about whether to buy our product, whether to invest in our company or whether to apply for a job. I use our report at International Food as a core tool in recruitment, for example. More and more students these days are looking to work for companies that they perceive as ethical. I also ensure the report is communicated internally, so that our employees know about IFC's efforts to be a responsible and sustainable business. This helps them engage, support and stay motivated by more than just their pay packet.

Sharon: Look, as I said, this may be relevant for a big global business with a major element of outsourcing. I work for a local company. We employ 2,500 people and run a few small operations overseas. We are not traded on the stock markets and we don't have consumer brands or operate retail stores selling direct to the consumer. We can't save the world. I agree that CSR sounds important, but it doesn't seem so relevant for me in my HR role at the company I work for. I don't see any pressure on us to develop this approach. My executive leadership team is not demanding this.

Arena: Yes, clearly CSR is more complex in global businesses. But even in a small business, or one that doesn't sell consumer brands as we do, employee engagement is critical, strong local communities are important, protecting the local environment is fundamental and creating trust with all stakeholders enables management of risk and identification of opportunities. HR plays a crucial role in ensuring the right corporate climate and practices which enable the business to succeed in a responsible

way. This is important for every business, small or large, consumer-facing or B2B.¹¹

I ought to add that CSR is a voluntary approach. Businesses choose to adopt a CSR way, because they see benefit or because it seems morally right to them, beyond what the law prescribes. For example, the law may prescribe a minimum wage, but many companies pay unskilled workers more than the prescribed minimum wage, in order to ensure they can have a reasonable standard of living. Sometimes the benefit of CSR is a sort of defence strategy – businesses have been, and continue to be, attacked for irresponsible practices and CSR then becomes their defence. This happened with most of the apparel and fashion businesses in the 1990s, which were attacked for unethical labour conditions. Nike, Adidas, Puma and, yes, even Gap Inc., were all targeted by activist groups and angry consumers when it was discovered that they employed child labour and violated human rights in their outsourced manufacturing supply chains in countries like Bangladesh and India and China. Their best defence was CSR. Later, their defence turned to advocacy and now, these companies have very strict standards and employ people internally and externally to monitor suppliers' adherence to these standards, and they collaborate across the industry to raise the standards for everyone.

Then there are CSR strategists – those companies who see the real long-term business benefit – General Electric's Ecomagination¹² range was a clear strategic opportunity. This was a range of products built according to the highest environmental principles using environmentally friendly technologies. GE Chairman and CEO Jeff Immelt said

Ecomagination is one of the most successful cross-company business initiatives in our recent history. It is a clear amplifier of our strong reputation for innovation and execution, harnessing the strength of every GE business to maximise returns for GE investors while minimising our own energy use and greenhouse gas emissions.

GE saw an increase in its brand value by more than US\$6.0 billion since 2005¹³ after the introduction of Ecomagination.

Finally, there are the values-driven businesses such as The Body Shop,

11 B2B (business to business) — business that sells its services or products to other businesses and not to consumers. This would include a company such as the fictional Andromex where Sharon works, which sells software programs to other businesses for their internal business processes.

12 ge.ecomagination.com.

13 Paula Oliveira and Andrea Sullivan, 'Sustainability and Its Impact on Brand Value', in *Best Global Brands 2008* (Interbrand: 15), www.interbrand.com/images/BGB_reports/BGB_2008_EURO_Format.pdf, accessed 1 June 2010.

Ben & Jerry's values

We have a progressive, nonpartisan social mission that seeks to meet human needs and eliminate injustices in our local, national and international communities by integrating these concerns into our day-to-day business activities. Our focus is on children and families, the environment and sustainable agriculture on family farms.

www.benjerry.com

Eileen Fisher values

- Individual growth and well-being
- Collaboration and teamwork
- Joyful atmosphere
- Social consciousness

www.eileenfisher.com

Patagonia mission statement

Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.

www.patagonia.com

Ben & Jerry's,¹⁴ Patagonia,¹⁵ Eileen Fisher,¹⁶ and *comme il faut*¹⁷ in Israel. I visited Israel last summer and got to know this small fashion business called *comme il faut* and I was very impressed! They were even included in the 2010 list of '100 World's Most Ethical Companies' published by Ethisphere,¹⁸ which is quite some recognition for a smaller privately owned business outside of the USA or northern Europe. These companies, and several others, started out as ethical businesses because of the vision and passion of the founding managers who wanted to see their personal values reflected in the way they did business. Whatever the reason, CSR is voluntary and goes beyond compliance. This means that these companies adopt policies and practices that go further than the letter of the law. The law doesn't always create an adequate social and environmentally sound framework as I have said. Take diversity and inclusion, for instance. Except for the USA where there is affirmative action legislation, most governments do not legislate for diversity. But for many reasons, diversity is good CSR practice that goes further than the law requires.

Sharon: Who are stakeholders, exactly?

Arena: Another definition:

Stakeholders. All those who have an effect on a business, and all those who are affected by a business. Stakeholders may be individuals or groups. Typical stakeholders of most businesses include shareholders, employees, customers, suppliers and external groups such as NGOs or social/environmental activists. Differentiate stakeholders from shareholders — shareholders own stocks in the company but stakeholders may not.

Employees are core stakeholders. They need to be engaged intensively in order to ensure they uphold responsible business practices. They

14 www.benjerry.com.

15 www.patagonia.com.

16 www.eileenfisher.com.

17 www.comme-il-faut.com.

18 ethisphere.com/wme2010, accessed 10 June 2010.

need to be taught how to engage with other stakeholders such as customers and suppliers. All this is part of the social fabric of responsible corporate culture, which you as an HR manager lead.

Sharon: Risk and opportunity? What do you mean by that?

Arena: If you do not provide a working environment that treats your employees equitably, beyond the letter of the law, they may leave. That's a business risk. If you provide a recruiting platform which emphasises the company's positive impacts on society and environment, you will attract top talent, as more and more statistics today show that people are looking for more than just earning a living; they are looking for meaningful ways to make a difference while at work. This is a business opportunity.

Sharon: So CSR is also about values, employing people responsibly and offering development opportunities. Sounds like HR to me.

Arena: Well, it goes beyond traditional HR, and it encompasses the entire business. And it's more than nice values. It's strategy, coupled with values. Take a look at this diagram. It's a CSR roadmap from a great sustainability consulting firm that we work with.

comme il faut mission statement

We believe in the power of women to influence.

We choose to take a stand, based on our business and personal responsibility. Our company is a home for learning, action and leadership, in which every woman can feel special, significant and influential.

www.comme-il-faut.com

CSR Roadmap



Let's run through the key terms.

Materiality. What matters most. These are issues that are critical for the success of the business and issues, which are of prime importance to stakeholders, who influence and are influenced by the business. Business cannot be expected to address every single issue that arises. An analysis of material issues evaluates and prioritises the key areas for sustainability, with a view to ensuring these are addressed responsibly and transparently.

Let's look at an example of materiality:

A material issue for Gap Inc. that was identified through discussion with stakeholders was energy conservation. It is very clear that consumers require businesses to be more active in protecting the environment. It is clear that Gap can considerably reduce costs and become more competitive by reducing the energy required in production and transportation throughout the supply chain. This might sound like common-sense good business, and it is. Most businesses don't identify this as a core priority if they don't have motivation to consider their environmental impacts.

Some of the measures Gap is taking to conserve energy include:¹⁹ participating in a US Environmental Agency programme to reduce greenhouse gas emissions, year-on-year reduction of energy used in Gap stores (over 3,000 stores around the world), reducing energy usage in distribution centres and changing transportation arrangements for employees including providing shuttles to work, carpooling and cycling to work. I had a discussion with Kindley Walsh-Lawlor, Senior Director of Strategy and Communications and Environmental Affairs at Gap Inc. She said:

Whether we're saving costs by reducing energy consumption or creating covetable products through innovative, sustainable design, we believe that reducing our impact on the environment can also result in positive business benefits. Our environmental strategy is focused on three key areas where we believe our efforts can have the greatest positive impact: Energy conservation, Cotton/sustainable design and Output/waste reduction, or ECO for short. Gap Inc. has been recognized by the San Francisco Bay Area Council for best practices as a Regional Transportation Initiative Employer for the wide range of employee transportation options we support. Gap Inc. utilizes company shuttles between headquarters locations, encourages carpooling by offering commuter benefits and provides facilities for employees who commute by bicycle. In addition, the company recently partnered with Zipcar to provide free membership and discounted rates to employees anywhere Zipcar is located, including San Francisco, New York, Toronto and London. These benefits are communicated to employees regularly in our headquarters buildings and through our company intranet, GapWeb, as well as annually as part of our benefits open enrollment period.²⁰

19 www.gapinc.com/socialresponsibility, accessed 10 June 2010.

20 Quotation provided by Melissa Swanson of Gap Inc. Public Affairs, 20 October 2008.

Now. How does a company make changes to employee arrangements for getting to work without engaging employees by creating a policy, procedures, and a comprehensive communication programme? And who does that? The HR team. And who reports the results? The HR team. And who sets a personal example? The HR team. Believe me, I have saved enough to take a holiday in Hawaii since I started shuttling to work.

The process of CSR starts with the business identifying its core stakeholders, engaging them in dialogue, assessing the material issues, developing a strategy to improve its impacts on stakeholders, integrated of course with business strategy, doing it, measuring it, and then reporting. Reporting is the necessary element of transparency that creates trust and informed consumerism. The more businesses that do this, the more business will be sustainable and the more all stakeholder groups and the world in general will benefit. This whole process relies on committed leadership, and rests on a strong culture of ethics and good governance. And of course it never ends, because the external context is always dynamic and stakeholder priorities change. So the cycle is repeated, and, each time, the HR manager is presented with new challenges. CSR is a long-term thing, not just something you do as a short-term project.

Sharon: And governance is?

Governance. Corporate governance is about the way in which boards oversee the running of a company by its managers, and how board members are in turn accountable to shareholders and the company. This has implications for company behaviour towards employees, shareholders, customers and banks. Good corporate governance plays a vital role in underpinning the integrity and efficiency of financial markets. Poor corporate governance weakens a company's potential and at worst can pave the way for financial difficulties and even fraud. If companies are well governed, they will usually outperform other companies and will be able to attract investors whose support can help to finance further growth.²¹

Arena: I don't have too much to do with governance, but I know that the Board for International Food and Agricultural Development regularly reviews IFC's social responsibility performance and there is a Governance Committee which reports to the Board of Directors. Anyway, that's how it goes. Any thoughts?

Sharon: Yes, of course. I understand that CSR is a new approach to doing business. One that takes into account more than the traditional targets of growth, profit and shareholder return. It needs a strong culture to support it, and awareness of different behaviours. Given that HR is the business

21 OECD (Organisation for Economic Cooperation and Development) Directorate for Financial and Enterprise Affairs, 'Improving Business Behaviour: Why We Need Corporate Governance', Speech following the adoption of the 2004 Review of the OECD Principles of Corporate Governance, www.oecd.org/document/37/0,3343,en_2649_34813_31838821_1_1_1_1,00.html, accessed 1 June 2010.

function charged with leading culture and processes, and championing the interests of employees, HR has to be a core partner. CSR benefits the business by mitigating risk and creating opportunity. And for HR managers to take all that on board, they need to understand more and learn new things. All in all, everyone wins. Sounds too good to be true. What's the catch?

Arena: Wow, you picked all that up quickly, Sharon. The catch is that, well, the immediate benefits are not always quantifiable. CSR is a bit like an insurance policy. If you don't need it, you don't invest your time, energy and money. This is how most CEOs think. If they are not being pressured and pounded by analysts, customers, Greenpeace or lawsuits, it's easy for them to think they are immune and avoid the extra energy involved in developing CSR because they cannot justify the expense and cannot quantify the benefits precisely. In any event, the benefits are longer term and not in the current fiscal period, more often than not. So CEOs either don't understand or choose not to act. But those who do reap clear benefits. There is a lot of data available today, which supports the fact, that CSR, or sustainability, is good for business. Interface,²² the carpet people, adopted an environmental strategy long before most of the market, and in general they attribute their significant success to a CSR strategy. Ray Anderson, Chairman of Interface, said: 'From the top line through the bottom line we have benefited from this approach.'²³ A.T. Kearney, the consulting firm, performed an analysis of how companies performed during the 2008 financial crisis and found that in 16 out of 18 industries studied, companies committed to sustainability outperformed industry averages by 15% over the six months from May through November 2008.²⁴

The other catch is that it's easy to get caught up in the PR web and start to use CSR as a PR tool rather than as a fundamental strategy. This creates the opposite effect – cynicism and mistrust. Finally, CSR needs to be managed or it doesn't happen. But other than that, CSR just makes sense. It puzzles me that so many businesses just don't get it, actually. And HR managers are way behind. In some businesses, HR managers have taken the initiative and driven CSR forward in many ways. But it is not really HR's role to lead CSR. This is a CEO or executive team responsibility. But HR is an undisputable and crucial partner.

Sharon: I want to hear more. More detail. How does it work from day to day? What does a corporate responsible business do in the workplace, for example, that is different from regular HR practices?

Arena: Great, I am so glad you want to know more. But first, would you

22 www.interfaceinc.com.

23 Quoted in Christina Arena, *Cause for Success* (Novato, CA: New World Library, 2004): 16.

24 www.atkearney.com/index.php/News-media/companies-with-a-commitment-to-sustainability-tend-to-outperform-their-peers-during-the-financial-crisis.html, accessed 1 June 2010.

mind if we took a break? I want to take a short nap. We've got ten more hours of flying time. Let's pick up again in an hour or so, and we will cover responsible workplace things like CSR in the recruitment process, diversity and inclusion, labour rights, rewards and benefits, lay-offs, training and development, internal communications, health and safety, work-life balance, and supporting an ethical culture. All of these topics have new meanings when you consider the social and environmental aspects of the responsible workplace.

Sharon: OK. Sweet dreams. Let's continue after your beauty sleep.

Sharon was hooked. Fascinated. So many terms she had heard before and not really stopped to consider were now clear. Perhaps for the first time, she understood that, as an HR manager, CSR could be part of her role and not just another task. She had a lot to think about, but first, she thought to herself, 'Let's see if I can catch the end of that Richard Gere movie!'