Future HRM Model-A Study of role of HR in Corporate Social Responsibility in India

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ABSTRACT

The purpose of this study has been to examine impact of role of HR in CSR practices in rapidly changing business modules in Indian context. Our study have observed that in the journey of digitization, organizations are transforming their DNA. Business modules, HRM, structures, capabilities, jobs- everything is changing. Hence new measures of performance and productivity need to accelerate that change as well. One need consider as to how different industries are tackling this transformation journey to hyper-productivity and reduce cost to be competitive. Many talent and business decision makers do not fully recognize how AI technologies driven innovations are influencing the world. Technology & robots are taking over real jobs from production and knowledge workers alike. It is indeed an evolution of talent management, touching everything from sourcing and recruiting to candidate care and employee engagement. Our literature review indicate that at least in India right from AI in automobiles manufacturing 1980 and after globalization from 1991, there is constant considerable increase in number of jobs in totality and no decline as such is observed. Besides there is transition in HR approach from inside out to now outside in. In other words, in view of constant changes in market demand, there need to sense need of all stakeholders including investors and customer. Accordingly, HR need to align strategies for business modules. To sense this changes there is need to have all-inclusive HRM modules & CSR initiatives aligned to business.

“The HR professionals should remember that employees are the lifeblood of any company. If we create a great workplace experience for them, they’ll pay you back one hundred fold in feedback and productivity”, Craig Bryant. Thus it seems for AI transformation is transforming people, businesses and economies and nations.

Key Words: Corporate Social Responsibility, Artificial Intelligence, Automation, Human Resource Strategy, Employees Management, Employees Relation, Talent Management, Reskilling, Technologies, Transformation, Future HRM model

Research Objectives

- To study the role of HR in CSR
- To suggest HRM module for effective CSR implementation

INTRODUCTION

Globally, HR leaders are developing and implementing incentive and appraisal systems that reflect sustainability as well as hiring personnel that embody these values. For example, research by the Conference Board reveals that 50% of global manager’s report their companies do, or plan to, include corporate citizenship (aka CSR) as a performance evaluation category. Additionally, 68% of respondents cite the link between corporate citizenship and performance appraisal as “increasingly important.” (Lockwood, 2004).

However, while there are moves to incorporate CSR into human resource mandates, CSR leadership remains limited, piecemeal and anecdotal, as found in the SHRM study noted earlier: while nearly 2/3rds of HR professionals interviewed were directly involved in CSR activities, only 6% were mainly responsible for creating CSR strategy and only 17% were charged with implementing the strategy. [Canadian response rate. (SHRM, 2007, pp. 17 – 19).

Research shows that the critical success factors for implementing CSR include having an overarching vision that includes CSR, having senior management and board level commitment, engaged staff and the provision of skills, tools and incentives. Clearly, staff participation and buy in to delivering on the company’s CSR aspirations is central to success in this area. Documented case studies show that HR practices such as competency development, can help embed CSR in an organization, not to mention benefit the bottom line. (Redington, 2005). Companies with a good CSR reputation are benefiting from the stakeholder view that a company’s behaviour and presumably that of its people is aligned with CSR values, in a consistent way. Companies seeking to build marketplace trust and reputation must embed their CSR values throughout their business. Leading companies are realizing that CSR can be nested in the company’s employee brand and can be part of the value proposition for working at a given firm.

Due to these and also various other reasons global CSR is growing and should not be overlooked. To say that much of the world differs from the Europe in this area is like saying that there is one set of rules for the world and one for the Europe. Actually, it is
more a question of global harmonization. A company’s social behavior at home and abroad should be a reflection of itself no matter what. If a company behaves well as a good corporate citizen in its parent company but is guilty of social misbehavior in other countries then there is a corporate hypocrisy that could come back to haunt this company. A reputable company operating in more countries should have a code of ethics and CSR policy that govern its employees and subsidiaries world-wide. To say that at home country a company will do things one way, but in a third world country the same company will do something else because the laws are less stringent is simply wrong. For CSR to add positive value it must be practiced everywhere, regardless of jurisdiction or national borders. If an enterprise operates in more countries, to simply write a CSR policy for the home country is not enough it should be practiced latter & spirit.

**Research Purpose and formulation of hypotheses**

The purpose of the research was to test the following 2 main hypothesis-

“**HR has a role in CSR and**

**A better HR has a role in better CSR.**”

1. **Null Hypothesis H01**: There is no significant relationship between the HRM role with effectiveness of CSR of the Company.
2. **Alternate Hypothesis H1**: There is significant relationship between the HRM role with effectiveness of CSR of the Company.
3. **Null Hypothesis H02**: There is no significant relationship between the effectiveness of HRM in implementation of CSR with employees engagement score, and employees retention, brand image of the Company.

**Alternate Hypothesis H2**: There is a significant relationship between the HRM role with effectiveness of CSR of the Company.

**LITERATURE REVIEW:**

WBCSD (2010), reports about a survey by the World Economic Forum which found that 75% of CEOs rated employees as a key driving force for corporate citizenship, 60% rated employee motivation as one of the top three benefits in taken action, and 90% saw communicating values and policies internally as a key step for

In a survey of the top 50 Turkish companies on the HRM dimensions of their CSR policies and practices, Tekin (2005), finds that 45% of the respondents consider the HRM department, as the key coordinator unit with respect to CSR initiatives. This means that besides developing and implementing the HRM functions, the department is also responsible for coordinating of social activities in the companies. The companies tended to perceive CSR programs as a sort of social activity. The nexus between CSR and HRM is quite obvious. Tekin (2005), in his survey asked respondents to evaluate the HRM functions of recruitment and training, from the CSR perspective. The finding shows that CSR leads to an improved recruitment and the company that shows greater commitment to CSR initiative is more attractive to potential employees. A strong relationship was also found between CSR and training functions as a strategic issue. Employees are more likely to respond if training programs incorporate policies, procedures, and systems use in the workplace that meet the CSR objectives. New recruits or employees who are trained on CSR policy and projects during the orientation period are likely to perceive the importance of CSR policy and will buy into it.

Nearly all leading organizations in India are involved in corporate social responsibility (CSR) programs in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group and Indian Oil Corporation among others. In spite of having such good glorious examples; the sad part is that CSR still has not taken off in India. It is still in a very much budding stage. A lack of understanding, inadequately trained personnel, coverage, policy etc. Large no. of companies are undertaking these activities superficially and promoting/highlighting the activities in Media.

According to a survey by Mumbai based online organisation Kramayog of top 500 companies in 2010, the edition of the research revealed that nearly half of the top companies do nothing in way of CSR. For the Indian Company whatever the CSR activities are, a lack of systematic and strategic approach is witnessed. In case of some companies the CSR activities are centered on education, rural upliftment and helping the physically challenged.

With effect from 1.4.2014 onwards in consequent of amendment to section 135 of the Companies Act in 2014 it has become mandatory to spend at least 2% of average profit for last three years and barring few organizations several Indian companies. There is no specific survey or research on this subject in Indian context so far.

Under the circumstances mentioned herein above, as various research / surveys, CSR in India has been evolving in domain of profit distribution. There is a need to increase the understanding and active participation of business in equitable social development as an integral part of good business practice by active facilitation and coordination role with appropriate business strategy facilitated & coordinated by HR. There is also no specific research on this subject in Indian context so far.

Therefore, the if it is proposed far and would like to analytically study Human resource role in Corporate Social Responsibility in select Indian Industries to evolve a practical module of CSR with active role of HR to maintain overall long term sustainable economic, environmental social growth & development of India.

**Key observations on the Review:**

Collective consideration of the above mentioned literature reveals the following key points –

a. CSR has been widely discussed and debated across the globe since long. Meanings assigned to CSR have varied over time. There have been attempts to merge CSR with CR.
b. Of late, attempts to highlight “Sustainability” are clearly seen. This gives a much broader dimension to the matter.
c. The approach of using profits earned for CSR has been criticized. Instead, it has been stated that ideally CSR should lead to a profitable and sustainable business organization.
d. Business case for CSR has also been made by some of the authors.
e. In the Indian context, section 135 amendment in the Companies Act, 2013 has been a major part of the discussion.
f. All the leading research agencies have cited that now CSR is a relatively much important dimension of the Indian business including the SME companies.
g. HRs role in CSR has been highlighted widely both at the global and the Indian level.

**Target population & Sampling Element:** The 30 companies listed annexed hereto have an employee strength of 773055. At 99% confidence level and 5% confidence interval, the sample size works out to 665. This was rounded off to 900 taking into view the following rationale –

a. The topic has a wider repercussion and hence a larger sample size would be beneficial.
b. Assuming a minimum 30 respondents each from the 30 companies the size should be (30 x 30) = 900.

**Geographical area of the study:**
Since the companies are pan India, that way the geographical coverage extends to the entire country

**Research Methodology:** Primary data by Questionnaire

**Model adopted for statistical testing** – The methodology for testing the mean with standard deviation of population unknown is adopted from the following example given in chapter 10 – Hypotheses Testing available on the website [http://www.aaec.ttu.edu/faculty/eelam/3401/coursematerials/notes_fall07/notes_ch10.pdf](http://www.aaec.ttu.edu/faculty/eelam/3401/coursematerials/notes_fall07/notes_ch10.pdf).

P-Value Method using the t-Distribution—Hypothesis Test Regarding µ with σ Unknown. The critical value represents the maximum number of standard deviations the sample mean can be from µ0 before the null hypothesis is rejected

**Research Findings**
1. **Purpose of CSR** – On an average the 10 purposes of CSR have secured a 70% positive affirmation.
2. **Rating of role of HR in CSR** - The 21 parameters stated for the role of HR in CSR fetched on an average a score of 3363 (from the 900 respondents), which in percentage terms works out to 75%.
3. **Impact of CSR** – The 25 parameters stated for the impact of CSR fetched on an average a score of 3365 (from the 900 respondents), which in percentage term works out to 75%.
4. **Evaluation of CSR** - Around 20% of the respondents indicated the usage of the 6 criteria. Another 20% also said that they do not really evaluate their CSR.
5. **HRM practices in place** - The 14 HRM practices stated for the impact of CSR fetched on an average a 83% affirmative response.
6. **Problems with CSR** - Non availability of competent trained CSR professionals was stated as the most teething problem by as many as 60% of the respondents.
7. We find that all the 10 aims of CSR were more or less highlighted as positive with around 70% affirmative responses. This was despite the fact that one of the purposes stated was “Compulsory CSR due to Section 135 of Companies Act, 2013.”
8. The highest impact of 2.28 is seen where the CSR Channel is NGO. However, the impact differences are not very significant when related to the channels.
9. Medium sized companies have a better CSR impact than large sized companies.
10. CSR impact is more in case of lower net profit companies and is lower in case of higher net profit companies.
11. Lesser the CSR Budget higher is the impact that has been reported.
12. The CSR impact score is the highest for the Just Satisfactory category of employee satisfaction rank.
CONCLUSION–

Purposes of CSR are multi-fold. Contrary to expectations that it is only a statutory compliance, respondents have rated all the 10 purposes with approximate 70% affirmative responses. This is good and this can be bad as well. That CSR is not done just as a mere formality is the good part. However, too many objectives being followed can lead to diluted focus. Role of HR in CSR has been rated highly positively by the respondents which leads us conclude that HR definitely can contribute significantly in CSR implementation. Whether it is strategic role like creation of the CSR strategy or an operational role like communication of CSR activities, HR has an important role to play in CSR. That CSR has an all-round impact has been overwhelming accepted by the respondents. Around 25 different CSR impact areas were listed in the questionnaire and all of them have got a reasonable high percentage of affirmative responses. This leads us to conclude that actually CSR is a much broader area than generally what people perceive it to be. It does not only impact the society, it also impacts the organization that is involved in CSR activities. Evaluation of CSR is a problematic area. 6 parameters stated etched only approximate 20% positive responses about their usage for CSR evaluation. This area has been discussed in some details in the suggestions part. Most of the employees have reported high level of satisfaction with the 14 HRM practices that were stated in the questionnaire. Interestingly the 14 practices were a mix of quantitative as well as qualitative parameters. But even the qualitative parameters like treatment with genuine respect were reported to be reasonably high. CSR is not free of problems. Almost all the problems stated in the questionnaire, fetched around 60% of positive affirmations. Non-availability of trained CSR professional has been reported as one of the key problems. Finer data analysis leads us to conclude that actually CSR implementation is not that way related to the size, profit or the CSR implementing agency. It efficacy on the other hand thus seem to depend largely on the thought process of the management of the specific organization.

SUGGESTION: FUTURE HRM MODULE:

Seven dimensions future HRM Module for effective implementation of CSR

Following module or model is suggested–

HR management is basically focuses on relationships of employee and the employer. In new era which is dominated by technology will have the same focus of HRM but due to adoption of latest technology, we can get access to smart digital context of HR practices with better quality of HR data, which enables correct decision making and management of huge data. E-HRM and cognitive HRM, the will going to have large impact on today's HR practices, right from recruitment to the social security initiatives those taken by the employers. The HR field is moving from transaction to the interaction field, where the focus will be on interactions between employee and the employer as well as with all stake holders and that is possible to have appropriate CSR initiatives participated and empowered by all stakeholders including investor & customer. With this employees and in turn HR would be able capture aspiration and future value addition required in product. With the integration of data, HRM would be in position to realign business model need & strategy.

Future HRM with CSR Model Suggest Following:
THE 7 DIMENSIONS OF THE MODEL ARE DISCUSSED BELOW

a. Inner Engineering for Employees to Sensitize Need for CSR

- Recognition of individual contribution to CSR

b. Future HR Module for Effective CSR & Business Strategy

- All-inclusiveness of stakeholders: Currently, most of organization’s HRM focused on employees for value addition for investor & Customer. Therefore, HR role has inside out approach and CSR is focused on value addition to Society. With advent of technology HRM is less of admin work as most of processes are taken care by technology. Therefore focus of more is on strategic HRM. In order to have more effective HR for effective implementation CSR aligned to business of organization, its suggested to have HRM model for outside in model:

1. **All-inclusiveness of stakeholders:** CSR implantation with participation of all employees attracting participation of customers, Investors as well as community those eventually future customer and future investor for organizations.
2. **Create Corroboration And Synergy In CSR Implementation:** All-inclusiveness of stakeholder’s participation of employees, Customer and investor to create corroboration and synergy in CSR implementation.
3. **HRM as major Enabler for future business strategy:** While corroborative synergy in CSR implementations is formed, HRM will be major enabler & strategic business partner for form future strategy of organization including Talent Management, Identification of future cultural pillars required ,culture transformation, new business innovations and value addition aspirations of customer & Investors as well as for community.
4. Effective HR role for Effective CSR for Betterment of All Stakeholders: This would cater need of community as well as value addition for customer & investor as better brand image & competitive edge over competitors. Its would have outside in focused HRM &CSR model designed for implementations with participation of all stakeholders including community, customers & investors. Currently, HRM models of most of organizations are with better value additions.

5. Recognition of individual contribution to CSR - Companies should genuinely and generously recognize individual contributions to CSR. Nothing motivates a person than recognition of efforts. Hence, companies should be really generous in identifying and rewarding such contributions. A motivated employee is an asset for the company. He will come out with his contribution voluntarily. He will require less supervision. Hence it is strongly suggested that individual contribution to CSR should be recognized generously.

6. Recognition of Corporate contribution to CSR – The Government similarly has to genuinely and generously recognize individual contributions to CSR by Companies. Actually there is nothing Corporate as such. Corporate is an artificial person actually made-up of human-beings. Recognition of Corporate is recognition of individuals running the Corporate. Hence as stated in the earlier point contribution by the Corporate, that is, in effect the individuals should be recognized by the Government at a larger platform. This will motivate others to come forward willingly to make contributions to CSR.

7. Giving CSR a well-articulated framework – While the step taken by the Government in making CSR mandatory for companies is appreciated, it should also provide a proper framework for CSR activity. It should educate and guide the Corporate on the priorities for CSR. Not all the CSR activities and funding actually goes into the desired channels. Here the Government should try and ensure that the CSR spending should reach the most deserving beneficiaries.

Offering effective implementation mechanism – NGOs are an important CSR implementing mechanism. They should develop professionalism and transparency in their work. The role of NGO to integrate future need and aspiration of customer & investor in a product/services of organization. The integrated data can be used for future business need and re-aligned business need by providing appropriate inputs to CEO/board of director for future business need to keep organization far ahead to other competitors.

Suggestions for further research–
1. Models for measuring effectiveness of New Future HRM CSR implementation needs to be strongly researched.
2. Problems in CSR implementation needs to be studied further.
3. Role of NGOs as CSR implementing partners needs to be researched well.

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