



the inside track #06

Highlighting CSR Issues of the moment

Making CSR Happen: the contribution of People Management

On launching its CSR Academy (www.csracademy.org.uk), the DTI sought partners that could address CSR issues within individual business functions. The Chartered Institute of Personnel and Development (CIPD) concentrated on Human Resources issues as related to CSR with a particular focus on the 'CSR Competency Framework', which is designed to assist companies and individuals integrate CSR into decision-making and operations.

As part of its partnership with the DTI, the CIPD wanted to assess the role that people management practices play in the successful advancement of CSR in business. Towards the end of last year, they invited TVC to identify 12 case studies, which would identify the role that people management played in the development of CSR. Most of the case studies were based on activities in place before the competency framework was created but they showed how the competencies might operate in practice.

These case studies used activities across a wide range of major UK companies operating in different industries and with varying people management topics. A full list of participating companies and details of the findings are contained in the final report (**a summary is available at www.thevirtuouscircle.co.uk with a link to CIPD's website, where you can purchase the full report**).

An examination of the twelve case studies produced a number of common themes:

- **Why?** – which may seem a strange question. However all the case studies undertaken were for sound business reasons - aligned with the companies' **corporate strategy** and delivered genuine business benefits.
- **Reputation** - around half the activities studied had an intended outcome of improving the organisation's reputation with one or more of its stakeholder groups. Perhaps surprisingly, all those companies whose activity had not initially been designed to contribute directly to reputation recognised that a significant (if unexpected) outcome was,

indeed, enhanced reputation. Because the activity was linked to people management practices there is also an implicit link between achieving reputation and effecting sound people management practices.

- **Board/CEO Support** – in every case study, support from the top of the organisation was apparent, not only approval but also active involvement.
- **Business management approach** – apparent throughout the studies, there was a clear **understanding** of the companies' **status** at the outset, initial **goals** (although in some cases these further evolved), a clear **strategy** and **measures/KPI's** to track progress.

Overall the report visibly demonstrates the role of people management practices for a company in 'living and breathing' the CSR standards espoused. Such standards need to become embedded within the organisation and it is only through effective and proactive human resources practices that such an outcome can be delivered.

TVC comment overleaf >



the virtuous circle comment: #06

CSR is not reporting – it is a way of doing business. For some, the statement that human resource techniques or people management practices make an essential contribution to achieving successfully embedded CSR, may be obvious. However our experience is that, all too often, in reality developing and implementing CSR standards through people management practices does not take place in a planned or strategic manner.

Many companies that embark on the CSR journey start by looking at a few individual elements of CSR. Then, they introduce standards to meet expectations laid down by Government, NGOs, the media, investors (the more ‘vocal’ stakeholders) and on occasions, various others. However this often occurs reluctantly – because of perceived external imposition – rather than a strong belief that any such changes are good for the business. When business benefits are recognised (which often takes time), then efforts to embed the standards and/or new culture, develop. In reality, very few companies have yet to advance that far, as most still focus on developing their CSR reporting standards and presentation. Yet if people management can be involved at the earliest possible stage, then the embedding of such a business related strategy can be planned from the outset.

The opportunity exists though for companies to avoid this two-stage process of first developing reporting systems (because that is what is expected of them) and then at a later date to embed their CSR credentials within the organisation. Instead, the process can (and should) be concurrent – with benefits accruing, alongside associated savings by avoiding duplication of similar activities.

The skill is to develop a clear strategy for CSR from the outset. Requisite elements can then be properly sequenced and measures of success recorded. Part of the implementation process requires the design of HR processes to embed standards within the business. Typically, but not exclusively, such people management processes might include training and development, internal communication, performance management, incentive/bonus schemes and induction programmes.

The CIPD case study report emphasises that CSR really ought to be part of an overall business strategy. Few would argue with that - although not all follow such a maxim!

That said, the key lesson is that companies are well advised to ensure that human resource functions, or at least those with responsibility for people management practices, have an early involvement in the planning, development and implementation of CSR activity.

Successful CSR involves changing the way an organisation conducts its business. Organisations are people. It is those people that have to change the way that business is done – hence the need for people management practices to play a major part.

To achieve business benefits, CSR has to be embedded. This in turn inevitably means that the culture has to change.

This need is likely to grow, particularly following the Operating and Financial Review (OFR) regulations introduced earlier this year requiring enhanced reporting from quoted companies. This will increase the need to embed CSR practices and policies to ensure there are auditable processes relating to business strategy and benefits. The necessity to bring people management skills to the fore will be enhanced as a result.

Early responses (including from experienced HR Directors) to the findings of the research indicate that CSR offers an opportunity for the HR function to adopt a more strategic role in corporate activity. But just as importantly, we believe that effective people management strategy, aligned to CSR strategy, offers the opportunity to make programmes a regular subject for Boardroom business discussion, and not just a tick box activity.

If you would like more information or practical advice, please contact:

**UK: Tony Hoskins +44 (0) 1189 262656
email: thoskins@thevirtuouscircle.co.uk**

**Brussels: James Wilson
email: jwilson@thevirtuouscircle.co.uk**