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CSR:

Why is it important to HR?

Article 13's *Paul Toyne* looks at the origins of corporate social responsibility.

Corporate social responsibility (CSR) is also often referred to as business responsibility and an organisation's action on environmental, ethical, social and economic issues. The terms in the area can seem confusing if you don't know the jargon, however, don't be put off by this.

You need to think of CSR simply as ensuring that your business is aware of its impacts, is accountable for its actions, and that it undertakes these actions in a responsible manner. Furthermore, a well-run business is transparent in its decision-making and processes and this makes for good governance.

CSR can be described as an approach by which a company does the following:

- Recognises that its activities have a wider impact on the society in which it operates, and that developments in society in turn impact on its ability to pursue its business sustainably.
- Actively manages the economic, social, environmental and human rights impact of its activities both locally and across the world, basing these on principles which reflect both international values and the organisation's own values (ethics), reaping benefits for both its own operations and reputation as well as the communities in which it operates.
- Seeks to achieve these benefits by working closely with other groups and organisations – local communities, civil society groups, other businesses and home and host governments.

Where did it come from?

In the 1970s and '80s environmental concerns such as loss of the rainforest and the effects of pollution led to a recognition that something had to be done to change the way we were using the Planet's resources. As a result, heads of state came together at Rio de Janeiro in 1992 for what was called the Earth Summit.

At Rio, governments pledged action to stop the unsustainable use of resources and to promote sustainable development. Put simply, sustainable development is about society growing in such a

way that future generations are not compromised and have access to the same resources that we have.

For this to happen social, environmental and economic considerations should be assessed together and not in isolation. The Earth Summit produced various United Nation conventions including conventions on biological diversity and climate change. CSR is now sometimes considered as the business response to the challenge of sustainable development.

The 1990s saw social concerns come to the fore. Poverty and disease became global concerns, as did examples of poor business practice in dealing with social issues such as child labour, bribery and

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corruption that were exposed by the media. Society began to recognise that governments alone could not solve these problems.

Indeed the outcomes from the Earth Summit's successor – the World Summit for Sustainable Development in 2002 – focused on partnerships. There appeared to be a role for everyone – governments to provide fair and socially just laws, business to behave responsibly and consumers to think about their actions by reducing waste or asking questions about how and where their goods came from.

How and why is it relevant to HR?

As CSR is all about values and accountability then it is also about the behaviour of your people and the behaviour of your suppliers. In this sense virtually everything that is found within the HR remit – from training, recruitment, staff retention,

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cover story

policies, procedures and strategy - involves CSR.

Traditionally HR and CSR have been led by the need for compliance and keeping up with new laws on employment as well as environmental, ethical and social issues. Increasingly HR managers are crucial to the delivery of training to deal with these issues in terms of organisational objectives and strategy.

Equally salient is the importance CSR has to recruitment: 75% of UK professionals take social or ethical considerations into account when changing employment. Whilst over half of graduates

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will not work for companies they believe to be unethical.

Corporate governance is a board level hot topic and it will continue to develop, as there is increased recognition that how an organisation is run is key. This can cover many areas such as financial integrity, transparency and accountability, leadership from the board and being employer of choice.

It is central to the implementation of policies and programmes. Having good corporate governance means that these areas are embedded in the organisation and deliver to the business and to stakeholder objectives, and are not just nice-to-have. The HR manager has become central to this role in helping deliver culturally open and transparent organisations where dialogue is celebrated not feared.

For a business being CSR compliant is also an exercise in future-proofing its business as risks and opportunities are identified. Quite often changes lead to performance improvements such as increased staff retention and customer satisfaction. Adding this value is one of the main reasons why CSR is of increasing relevance to the HR manager.

CSR is a crosscutting topic under which numerous issues can be grouped including training



Paul Toyne

and education, capacity building, leadership, health and safety, working conditions, human rights, stakeholder engagement and corporate governance. Large multi-national companies were the first to identify CSR as a potential tool to improve performance and now through their supply chain they are asking suppliers to comply to their standards.

It is here to stay. In the UK there is a minister responsible for CSR within the Department for Trade and Industry and there are a plethora of guidelines, indices, benchmarks, standards and legal codes. The HR function is becoming central in the delivery of CSR and governance in organisations, and this series will help you understand why. HRM

Turning obligation into opportunity. Article 13 is part think-tank, part guide and part engineer. Working with the public and private sectors, we help businesses identify and implement best social, ethical and environmental practice through corporate responsibility and governance programmes. Web: www.article13.com

This feature first appeared on the HR Gateway website at www.hrgateway.com

Company CSR checklist:

1. How is your business engaged with CSR?
2. Have you reviewed your staff policies with CSR in mind?
3. How do you encourage dialogue and transparency in your organisation?
4. Are you aware of the codes of practice, guidelines, indices that are relevant to your organisation?
5. Have you carried out an audit of your employees (and supply chain) activities to scope areas of opportunity and risk for your organisation?