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Research report
February 2013

The role of HR in corporate responsibility

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sustainable organisation performance

Following our 2012 collection of thought pieces, *Responsible and Sustainable Business: HR leading the way*, the CIPD has conducted more extensive research on the role of HR in corporate responsibility (CR). This report presents the main findings from this research. It looks at the extent corporate responsibility pervades business operations and decisions, and views from HR and other managers on the role HR plays in developing and implementing the corporate responsibility agenda. We also draw lessons from the experiences of HR and CR leaders to show how corporate responsibility can be made a day-to-day reality.

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Summary

The role of HR in corporate responsibility

At the CIPD, we believe that the HR function has a key role to play in embedding corporate responsibility in all aspects of the business. This can be achieved through various ways, including:

- ensuring corporate responsibility is part and parcel of HR's strategy

- threading sustainability concerns through people management policies and practices

- developing management capability and promoting organisational learning in corporate responsibility

- ensuring alignment between the organisation's values, culture and business activity.

It is in the last of these that HR is seen to have a unique role in corporate responsibility. Beyond its own remit of people management practices, it is ideally placed to be able to gauge, understand and help change organisational culture, the critical aspect to corporate responsibility that is often summed up as *how we do things around here*. Organisational culture runs through all aspects of a business and, in acting as its guardian, HR can act as a mirror of conscience to the rest of the organisation.

This report

However, while this view has gained traction over recent years, many remain unconvinced of the unique contribution that HR can make to corporate responsibility. This research report aims to contribute to this area by looking at the views of HR and other managers on HR's role in embedding corporate responsibility.

The research, conducted in 2012, comprised a survey of HR and other managers and in-depth interviews with HR directors and heads of corporate responsibility. The full survey results and case studies can be found in the accompanying appendices.

Main findings

The great majority (81%) of HR managers see their contribution to the corporate responsibility agenda as vital and a similar proportion (78%) believe that they make a valuable contribution to driving and promoting it in practice.

Yet the survey points to a stark reality gap between how the HR function views itself and the opinion of the managers in the rest of the business. While there are some in the HR community who are yet to be fully convinced of its role in corporate responsibility, a far greater proportion outside HR are sceptical. Clearly, HR's aspirations and efforts on corporate responsibility are not matched by its actual influence, impact and visibility. It is a smaller, more peripheral player in corporate responsibility than it would like to think.

But we should not despair. HR's contribution to corporate responsibility is still considered vital by the majority of general managers (56%) and nearly half (46%) see it making a valuable contribution in reality.

HR clearly has a great deal to offer on corporate responsibility, but it will only realise this if it is at the heart of these debates and an influential player in the organisation.

Part of the solution may lie in the fact that currently, HR includes corporate responsibility into its own operational activity only to a limited extent. If HR wants to be associated with corporate responsibility, there is more it can do to lead by example in putting CR centre stage. A timely place to start would be to promote learning and development on values-based leadership, to help nurture leaders throughout the organisation who are self-aware and display integrity.

To become more influential, HR leaders also need to be business savvy and may need to develop their own leadership capability. They should not necessarily aim to become the in-house experts on corporate responsibility in other aspects of the organisation (for example carbon emissions and energy) but they do need to know enough about how the different parts of the business work to be able to take part in the debates on ethical issues. Corporate responsibility is all about stakeholders, inside and outside of the organisation, and making sure that the right discussions happen with the right people involved. The crucial point is that HR is not absolved from the corporate responsibility of other aspects of the business and needs to be able and willing to ask the challenging questions.

Finally, there is also a case for the HR profession as a whole to set out more clearly and persuasively why HR has a central role in corporate responsibility. If the HR community can be even more unanimous and more strongly convinced about its value in corporate responsibility, this will surely help convince the sceptics elsewhere.

Introduction

The expectation for organisations to demonstrate their corporate responsibility has never been greater. The spotlights on climate change, our use of natural resources, employee well-being, value chains and the global economic crisis have all led to increased pressure to manage the impacts of business activity on all stakeholders and contribute to sustainable industries.

It is widely accepted that the traditional shareholder value approach to business is a central reason for the global economic crisis and numerous ethical and environmental disasters. The main criticism is that this model encourages managers to focus on putting the interests of shareholders above that of other stakeholder groups, in particular employees and wider society. As a result, we have witnessed a widespread erosion of trust, a critical foundation of business.

The business world has responded. Over the last decade, corporate responsibility – also called corporate social responsibility (CSR) or sustainability – has become a mainstream business area and sustainable and transparent business practices have increasingly become a strategic priority (MIT/BCG 2012). And, with research now showing that it is key to revenue growth and competitiveness (Eccles et al 2012), it is little surprise that investments in corporate responsibility continue to rise.

Embedding corporate responsibility

But while many companies have a CSR or sustainability function and report on this for investors, this often tells us nothing about how well embedded corporate responsibility is within the business. Indeed, in some cases, multinationals with award-winning CSR departments have gone on to commit catastrophic blunders. The challenge is for organisations to develop responsible and ethical practices in all they do. Corporate responsibility must not be window dressing, a publicity exercise focused on peripheral activities such as supporting charitable causes. Ethics must run throughout business strategy and practices.

Achieving this requires a comprehensive understanding of the stakeholders in business activities and a long-term view that considers what a sustainable business model is. Less tangibly, it is also a question of having ethical values that are clearly manifest and always present in the organisation – sometimes in the background, sometimes in the foreground – but always there at your shoulder. Lived values form the backbone of organisational culture: the accepted norms and ways of doing things, or what's often been described as the 'DNA' of the organisation.

HR's pivotal role

It is for this reason that the CIPD and others, including the World Business Council for Sustainable Development, believe that HR has a unique role to play in embedding corporate responsibility.

The most obvious role HR has to play is as the expert on ethical employment practices, which is a core strand of corporate responsibility. But beyond this, HR is also the single function best placed to pick up on and develop organisational culture and values to embed corporate responsibility. HR's remit for leadership capability, people management practices and employee behaviours means that it can add value to all aspects of the business, and it must be prepared to speak up on these (CIPD 2010, 2011).

The view that HR has a central role to play in corporate responsibility has gained traction over recent years, but there are still those who remain unconvinced. This is not only the case for those outside the HR community, but for some within it too. Indeed, at times, HR has been conspicuous by its absence from debates and action on business ethics. For example, as we continue to reflect on the irresponsible bonus-fuelled cultures in the banking world that grew unchecked and contributed to the global recession, it is pertinent to ask, 'Where was HR?'

The current research

Our intention with this report is to prompt debate and inspire practice for HR practitioners, business leaders and those with specific responsibility for corporate responsibility or sustainability. The research presented investigates the extent to which ethical considerations pervade business operations and decisions, and the role HR plays in developing and implementing the corporate responsibility agenda. In doing so, it builds on the CIPD's 2012 collection of thought pieces, *Responsible and Sustainable Business: HR leading the way*, providing more extensive data on how HR's role is perceived and lessons from the experiences of business leaders on how corporate responsibility can be made a day-to-day reality.

In particular, we wanted to measure the extent to which HR is seen as a central player in corporate responsibility, both by HR leaders and by managers from the wider business. Thus, in 2012 we conducted a survey that compares the views of 353 senior HR professionals and 523 middle and senior managers from outside HR.

The two samples were not from the same organisations or representative of the UK, meaning that the responses are not strictly comparable. However, the respondents' organisations were broadly similar in their general characteristics (sector and size) and stage of development in corporate responsibility. It is on this basis that we present the results and, on questions relating to the role of HR, comparisons between the two samples. Where the distinction between the views of HR and other managers is not relevant to the question, we generally rely on the non-HR or 'general' managers, as the larger of the two samples.

We also present selected findings from seven in-depth interviews with HR directors and heads of corporate responsibility or sustainability at Capgemini, Ginsters, Pret A Manger, Siemens, Toyota (GB) Plc, Veolia Environmental Services and Wates.
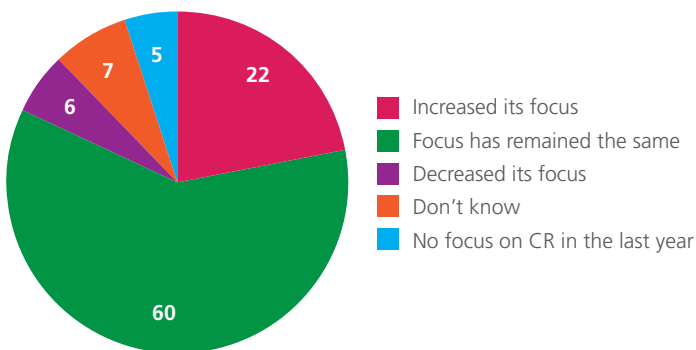
A more detailed breakdown of the survey responses and full case studies can be found in the accompanying appendices.

1 How integral is CR to strategy and operations?

What is the current state of development of corporate responsibility? Most managers said their organisations' emphasis on corporate responsibility has stayed the same over the last year, with one in five reporting an increase. The expectation for the following 12 months is very similar. This points to corporate responsibility being a largely stable, gradually increasing area. Perhaps most importantly, it appears not to have suffered a decline due to the recession, suggesting that for the main part, corporate responsibility is not considered an expendable business luxury, but a priority that must be protected even in tough times.

Figure 1: Changes in organisations' focus on CR in the last 12 months (%) (n=523)

- Increased its focus
- Focus has remained the same
- Decreased its focus
- Don't know
- No focus on CR in the last year

In this section of the report, we consider organisations' views of corporate responsibility, the extent of their activity and in particular how ethics and sustainability are integrated into business strategy and planning. What do employers understand by corporate responsibility? What drives their corporate responsibility agendas, how influential are these and how are they put into practice?

What do we have responsibility for?

Corporate responsibility covers a range of areas, so it is important to understand which of these business leaders see as the most important. Our survey findings show that most managers believe their organisations show a strong sense of responsibility towards their employees, the local environment and society, although our greatest sense of responsibility tends to be to our customers. Interestingly, employee welfare generally comes higher than maximising shareholder value. And perhaps unsurprisingly, organisations accept less responsibility for the wider economy and the global environment, but even here, a fair degree of responsibility is recognised.

Figure 2: To what extent does your organisation believe it has a sense of responsibility for its impact on…?
Mean (1=no responsibility at all, 10=a great deal of responsibility) (n=523)

What are the drivers for corporate responsibility?

Among the managers who reported an increased emphasis on corporate responsibility, the main drivers for this are seen to be pressure from government or regulators (53% listing it as a main driver), employee engagement (47%) and shareholder pressure (41%).

The inclusion of employee engagement as one of the main drivers is interesting. It is partly explained by the fact that the great majority of managers surveyed (72%) believe it's important to their employees that they make a positive contribution to society and the environment. It is also a reflection that more and more, employers are recognising that the purpose and meaningfulness of work are core elements of employee engagement and considerations they cannot afford to ignore, as John Greatex of Unipart comments below.

John Greatex, **Group HR Director at Unipart Group**, asserts: *'As advocates of enhanced performance through employee engagement we believe that there are a number of factors which will drive higher levels of employee engagement and performance, which in turn makes the organisation more effective and provides superior levels of customer service. One of these factors is the fact people want to see meaning in their work, not only in terms of how they fit into the organisation but also in terms of the organisation's wider purpose. Our CSR agenda is a major element of what we stand for.'*

Less common drivers for focusing on corporate responsibility include evidence that it delivers competitive advantage (which could be through developing more sustainable business models or, more directly, by placing a premium on products and services labelled as ethical) and responding to media pressure.

Interestingly, the least common drivers of those we listed are consumer pressure, the focus of prospective investors and expectations of prospective employees, each of which were identified as drivers by less than one in five managers.

It is worth noting that we found substantial differences between the drivers of corporate responsibility by size of organisation. For example, two-thirds of large organisations (250+ employees) cited government or regulator pressure as a main driver, compared with three in ten SMEs; half of large organisations cited shareholder pressure, compared with less than one in five SMEs; and three in ten large organisations cited media pressure, compared with less than one in ten SMEs. Low respondent numbers mean that percentages on these cannot be considered accurate, but as indicative findings they show clear gaps.

An encouraging strategic picture

While strategy alone will not ensure that corporate responsibility is embedded in practice, it is clearly a vital step. A clear majority of managers (62%) said their organisation has a corporate responsibility strategy and in over half of these, the strategies include the organisation's supply chain. In support of these findings on corporate responsibility strategy, two-thirds of managers (66%) reported that corporate responsibility is a central or at least an important consideration in board-level decisions.

However, a clear omission in many organisations relates to how corporate responsibility strategy is formed. Because corporate responsibility is essentially a question of recognising business impact on a wider range of stakeholders, a crucial step in developing its strategy is to engage with these stakeholders. Yet our survey found that only a third of organisations (36%) collect information from stakeholders about what responsibilities they see the organisation having to the economy, society and environment, and just under half

(45%) do not collect any information from their stakeholders. Reassuringly, of those that do, almost all (88%) use this information to inform future business decisions.

It is of utmost importance for any key business issues to have a structured strategic process that identifies issues, priorities and areas of responsibility. Corporate responsibility is no different and it will not be properly implemented and embedded unless sustainability and ethics are made a central strand of strategic thinking, as the below example illustrates.

Figure 3: Existence of corporate responsibility strategies (%) (managers, n=523)

- Yes – we have a CR strategy for the whole business, including the supply chain
- Yes – we have a CR strategy for the business but not including the supply chain
- No – we do not have a CR strategy but intend to or are in the process of developing one
- No – we do not have a CR strategy and have no plans to develop one
- Don't know
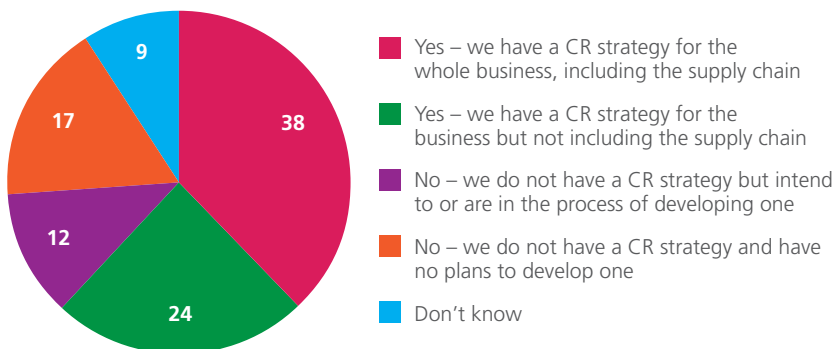
Figure 4: To what extent is CR considered in board-level decisions? (%) (managers, n=523)

- A central consideration in most decisions
- An important consideration, but only one of many
- A consideration, but not an important one
- A consideration on rare occasions
- Not a consideration at all
- Don't know
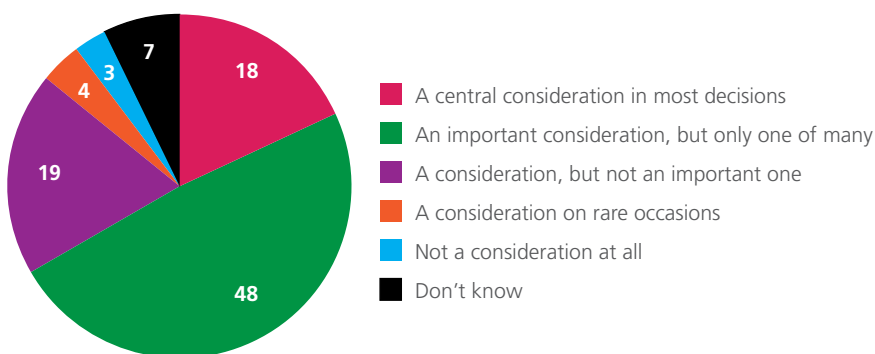
At Toyota, the senior management team includes corporate responsibility in its core business planning processes, which identify what matters to the company. **Francesco Mereu**, **Director of HR**, **Corporate Planning and CSR**, says that this is critical to corporate responsibility being taken seriously: *'If you don't find it there, it's very difficult to ingrain its importance in individual objectives or any other process.'*

Acknowledging corporate responsibility issues in mission statements, strategies and business plans is only the first step. In the next section, we discuss how embedded corporate responsibility is in actual business practices.

CR evident in most core business areas

The survey shows that the most common policies relating to corporate responsibility adopted by organisations are on aspects of people management, recycling and waste management, and energy consumption. Community work is less common but nonetheless a significant part of corporate responsibility, with two in five organisations facilitating volunteer work and a similar proportion making charitable donations.

In general, while community activities are important, it is encouraging that the most common policies relating to corporate responsibility are on core areas of the business. Corporate responsibility must not be seen as peripheral to the business if it is to be genuine.

Where there is most room for improvement is in how we work with other organisations to create value chains. For example, there is a relative paucity of corporate responsibility policies on ethical investments and purchasing, avoiding countries or markets with poor human rights, or requirements of suppliers.

Table 1: Policies used in your organisation (%)

	Managers (n=523)
Health and safety	84
Recycling/waste management policies	73
Code of conduct/ethical behaviour of all employees	68
Labour practices/employee rights	66
Policies to improve employee well-being	61
Policies to reduce energy/water consumption	60
Policies to promote flexible working/work–life balance	55
Tight controls to avoid bribery/corruption	54
Policies to increase diversity and equality	54
Corporate governance/increased transparency	44
Volunteering/community relations	40
Philanthropy/charitable giving	37
Customer charter/pledge relating to sustainable issues	32
Ethical purchasing of materials	32
Requirements on suppliers relating to sustainable issues	25
Policies/framework to address global issues	25
Avoidance of countries/markets with poor human rights	18
Ethical investments	15

Evaluating and reporting on CR

Effective evaluation is good business practice and a useful way to demonstrate the value of addressing corporate responsibility and sustainability issues. Three-quarters of managers (74%) said their organisations assess the impact of their corporate responsibility activities in some way. By far the most common method is managerial assessments, followed by employee surveys and stakeholder feedback or customer surveys. External assessments, such as carbon footprint analysis, are used less.

Half of organisations publicly report on their corporate responsibility activities and performance, usually as part of the annual report (39%) rather than as a separate report (10%).

Table 2: How do you evaluate the impact of your CR activity? (%)

	Managers (n=523)
Managerial assessment	51
Employee surveys	36
Stakeholder feedback/surveys	35
External assessment	23
Sustainability meetings	16
ROI calculations	11
We do not evaluate our CR	26
Other	2

2 The role of HR in leading and embedding corporate responsibility

In this section we look at the views of HR leaders and other managers on the role of the HR function in corporate responsibility – both its actual role as well as what its role should be.

As stated in the introduction, the CIPD believes that one of the key contributions HR can make is as 'the conscience of the organisation', a guardian and champion of ethics and integrity. HR has a valuable role to play in challenging and questioning any business decisions or behaviours that may have a negative impact on its stakeholders and put the organisation's reputation at risk.

This is especially so for the treatment of employees, which it is a core part of HR's remit to protect. As the in-house expert on areas such as health and well-being, employee engagement, and equality and diversity, it is for HR to take the lead in ensuring ethical people management practices.

In addition to this, HR's role in developing organisational values and culture means it can make a much broader contribution to corporate responsibility. HR is uniquely placed to understand and engender the right employee attitudes, bringing them more in line with the organisation's purpose. Necessary activity here includes helping develop organisational values and assessing how embedded they are in the organisation, reviewing policies on desired behaviours and ensuring people are held accountable for their behaviour.

To contribute to this fully, it is necessary for HR directors to have a strong voice on the executive board. They should hold up a mirror of conscience to the rest of the organisation, not because HR professionals are any more ethical than others, but because where they sit in the organisation is a prime place from which to view things with an ethical lens.

Emma Wordsworth describes HR's main role in corporate responsibility as to challenge and question why things are done the way they are:

'Often, you [HR] are the only person in the room who is not tied to one particular area of the business. So it is important that you challenge the way in which the organisation thinks, not only about its people; it can be about the environment or the community too. But I think it is quite a natural role for HR to take and question why we do things… To have somebody who can ask, "why do we do it like this?" and "haven't you thought of it in another way?" I think that's important.'
Emma Wordsworth, **HR Director**, **Veolia**

However, it is also important to be clear about what this does not mean. As we have argued elsewhere (CIPD 2010), the unique role of HR in corporate responsibility should not be one of policing. Corporate responsibility runs through all business areas and should not be the sole remit of HR, or indeed any other function. Rather, HR needs to be 'business savvy' – to understand enough about the rest of the business to be able to ask awkward or challenging questions where they are needed.

Emma Wordsworth believes it is essential that organisations recognise that everybody in the organisation has an equal role to play in corporate responsibility:

'I think it is a waste of time for people to say where CR should sit or whether it should sit in your HR team or not. It is more important to think about who the important stakeholders are and what they can bring to that discussion. If it just sat with HR…I would have no idea about carbon emissions. Don't try to ask me to work that out because you are not going to get an accurate result! Everybody brings a different element and I think it would be an error if there wasn't an HR representative there.'
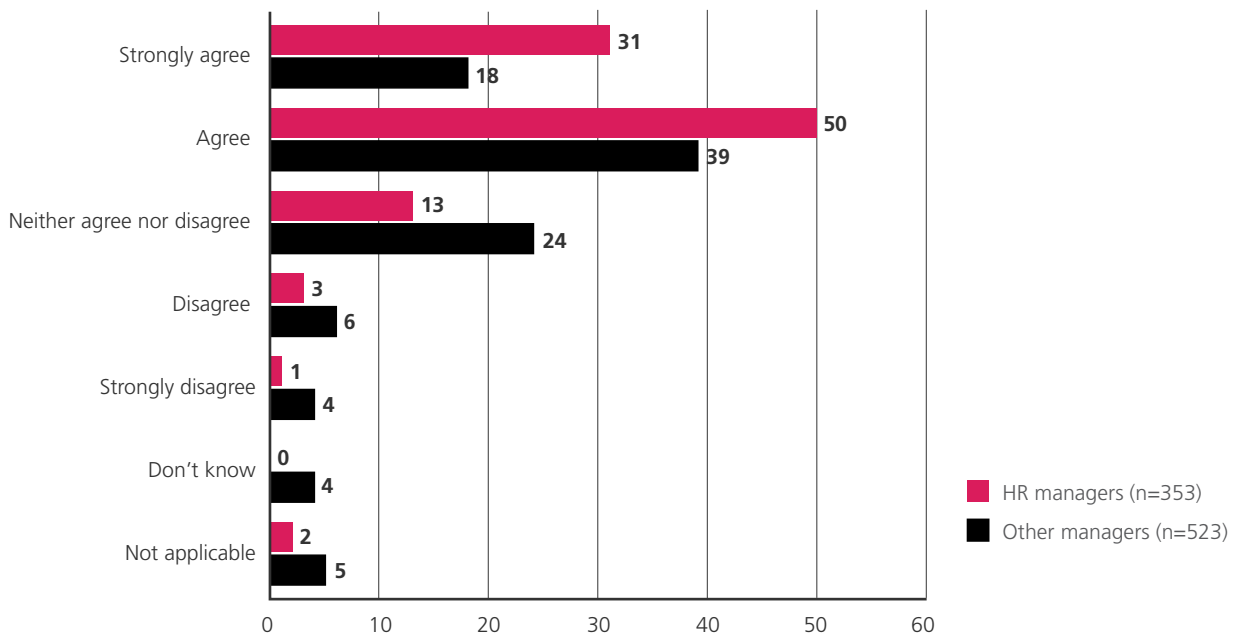**Emma Wordsworth**, **HR Director**, **Veolia**

Views on the role HR should play in corporate responsibility

So how prevalent is this view among HR practitioners and other managers? Our survey points to a good deal of agreement, but nonetheless a clear difference of opinion.

Within the HR community, there is very broad support for the view that HR has a 'vital' role to play in embedding corporate responsibility (81% agree or strongly agree). Outside of HR, this view is much less pronounced, but still the opinion of more than half of managers (56%). While some encouragement can be taken from this, there are still many outside of HR who are yet to be convinced. Presumably, if the HR community as a whole is even more unanimous and more strongly convinced about its value in corporate responsibility, this will help convince the sceptics.

Figure 5: It is vital that HR contributes to embed CR in the organisation (%)

Legend:
- HR managers (n=353)
- Other managers (n=523)

	HR managers	Other managers
Strongly agree	31	18
Agree	50	39
Neither agree nor disagree	13	24
Disagree	3	6
Strongly disagree	1	4
Don't know	0	4
Not applicable	2	5

HR's current contribution to corporate responsibility

If most managers agree that HR has a vital role to play in corporate responsibility, what is its current contribution? Both HR and other managers see the main role for HR being internal communications on corporate responsibility, a role that our case study interviews particularly pointed to.

But again, there is a large discrepancy between the views of HR and other managers. While eight in ten HR managers said that HR makes a valuable contribution to driving or promoting corporate responsibility, less than half of other managers agreed.

Digging a bit deeper, HR's standing in the corporate responsibility arena starts to look even more questionable. Just a quarter of general managers see that HR helps implement corporate responsibility strategy and one in eight that HR has a responsibility for setting it, markedly less than in the HR sample.

Table 3: What is HR's contribution to CR? (%)

	HR agree (n=353)	General managers agree (n=523)
HR makes a valuable contribution to driving or promoting CR	78	46
HR has a responsibility for setting the CR strategy	27	13
HR has a responsibility for implementing the CR strategy	53	26
HR has a responsibility for internal communication about CR	56	39

We should consider a couple of factors that may be influencing these consistent differences of opinion. Firstly, we would expect people to rate their own contribution more favourably than their colleagues rate it. One's efforts take a while to filter through to impact and when placing a value on our own work, we will naturally take account of our input and action, whereas other observers will tend to focus on our tangible output.

Secondly, in principle, it could be that managers aren't aware of or don't understand the extent of HR's contribution to shaping the corporate responsibility agenda and bringing it to life. However, the low proportion of 'don't know' answers (4%) among general managers suggests this is not a major factor.

Overall, the scale of these differences in opinion points to a distinct reality gap. HR's aspirations and efforts on corporate responsibility are not matched by its actual influence, impact and visibility. In short, HR is a smaller, more peripheral player in corporate responsibility than it would like to think.

Putting CR into HR comes first

One thing that may help explain HR's lack of standing as a strategic agent for corporate responsibility is to consider how embedded CR is in people management practices. After all, one must lead by example. If HR doesn't make corporate responsibility central to the organisation's recruitment, people management and learning and development practices, it is not surprising that managers don't make a mental link between HR and CR. This is also true for how the organisation is perceived externally: how an organisation looks after its employees sends a clear message about how serious it is about corporate responsibility in general.

Our survey suggests that HR puts corporate responsibility into its own operational activity only to a limited extent. As people enter organisations, only in a third of organisations will they see corporate responsibility flagged up in their recruitment, slightly more so as part of induction; but from then on, the emphasis that HR processes place on corporate responsibility fades. Only a quarter of organisations run learning and

development on corporate responsibility, a fifth link corporate responsibility to performance management or job descriptions and one in eight actually reward responsible and sustainable behaviour.

Table 4: Which practices do you use to embed CR in your organisation? (%)

	HR managers (n=353)
Actively championed by senior management	43
Internal publicity campaigns to raise awareness of CR issues	41
Induction programmes that emphasise responsible and sustainable values	39
Employee champions of CR	35
Recruitment and selection criteria that look for responsible values or behaviour	30
Leadership or management training on CR issues	24
Organisation-wide training to develop responsible and sustainable behaviour	23
Employee performance assessment or appraisals include CR objectives	21
Job descriptions with CR objectives	19
Incentives or rewards that recognise responsible and sustainable behaviour	12

Notes: ■ relating to the usual remit of HR / L&D ■ outside the usual remit of HR

In general, these figures point to a common assumption that corporate responsibility is something people either value or they don't (that is, it can be recruited), or that it is enough to develop it through advocacy, be that from senior management, publicity campaigns or employee champions. Relatively little emphasis is placed on people management practices, which helps explain why a lack of knowledge and higher priorities are among the main barriers for embedding corporate responsibility (see section 3).

Perhaps one should not be too critical of HR. Most would agree that embedding values of sustainability and responsibility must start with leadership from the top, so putting corporate responsibility into areas such as training and performance management will always lag behind this.

But the gap is substantial and these are areas where HR not only can but should genuinely make a difference. If HR wants to be seen as central to corporate responsibility, the general picture is that there is much more it can do to lead by example.

A good place for HR to start would be a renewed emphasis on values-focused leadership. As recent developments in leadership theory argue, the days of 'sheep-dip' management training are over (Lewis and Donaldson-Feilder 2012). Today's organisations need leaders at all levels who are self-aware and display integrity. This is helped in particular by an empowering culture, which encourages people to behave more like leaders, and leadership development frameworks and interventions that align with organisations' core purpose and values.

3 The barriers to corporate responsibility

Finally, we turn to the perceived barriers to embedding corporate responsibility and relate these to the role HR can play.

The main barriers to embedding CR

Both our HR and other managers saw the top two organisational barriers to embedding corporate responsibility relate to business priorities: organisational priorities often lie elsewhere and the business benefits of corporate responsibility are not obvious.

This provides a strong argument for maintaining pressure from as many sources as possible – including regulators, customers, employees and HR – to keep corporate responsibility firmly on the business agenda and make sure it is a central consideration in board business. It also highlights the importance of assessing corporate responsibility in business practices to make sure this board-level focus filters down through the organisation. Indeed, evaluating the impact of corporate responsibility activity will also make managers and employees at all levels more aware of its benefits to the business.

The only real difference between the barriers perceived by HR and other managers is in the lack of knowledge in the workforce about corporate responsibility issues. Three in ten (30%) of our HR managers see this as a key barrier, placing it third.

Other commonly perceived barriers to corporate responsibility include a preoccupation with short-term business goals and cynicism from the workforce. To a lesser extent, lack of leadership support and capability are also recognised to be an issue.

Table 5: Main organisational barriers to embedding corporate responsibility (%)

	Managers (n=523)
Business priorities lie elsewhere	51
The business benefits are not obvious	40
Over-focus on short-term goals	25
Unwilling to make the required financial investment in corporate responsibility	25
Cynicism from the workforce	23
Lack of knowledge across the organisation about corporate responsibility	19
Lack of leadership support for corporate responsibility	18
Corporate responsibility is not in anyone's remit/job role	15
Lack of capability to put corporate responsibility into practice	14
Not applicable – there are no barriers	7
Don't know	6
Other	3

Learning and development needed to respond to sustainability challenges

In the majority of organisations, it is the CEO, board of directors or senior management who have overall responsibility for the strategy and communicating it internally. An increase throughout the organisation in knowledge of and capability in corporate responsibility issues may help turn some of the organisations that are currently in the 'cautious adopter' camp into 'embracers' of sustainability challenges.

Clearly, HR can contribute by designing and providing learning and development opportunities as well as internal communications. The fact that only a quarter of organisations have corporate responsibility training in place (see section 2) presents HR with a good opportunity to step up its involvement in embedding corporate responsibility.

David Peach, **UK Director of Human Resources**, **NYSE Euronext**, states:

'HR professionals need to work with business educators and leadership teams to develop management education programmes that prepare leaders for the challenges of the future and not to continue to roll out education focused on those of the past. This needs to incorporate concepts of managing a broad range of company stakeholders and not just financial investors or owners.'

From *Responsible and Sustainable Business: HR leading the way* (CIPD 2012)

Communication and opportunities for involvement

An organisation may have an array of corporate responsibility policies and practices, but unless the workforce knows about them, the benefits of sustainability are not going to be realised. HR has a major role to play in internal communications, whether in actually giving the messages to the workforce or supporting the leadership or communications team to ensure the right messages are delivered.

At Pret A Manger, employees are updated about the organisation's work on sustainability through various different mediums, including an internal magazine – *The Pret Star* – internal software – *MyPret* – and through quarterly and national briefs.

Veolia realised that despite having a great strategy, it needed to get better at communicating on corporate responsibility issues to its employees. As part of a communications campaign around the new strategy, Veolia's CEO launched a new framework at a CR-themed conference for the company's most senior managers. The intranet has sections dedicated to managers and teams where employees can blog about their activities. For operational employees there is a quarterly magazine to communicate these things.

Another challenge for HR is to ensure that the experience of employees matches what the organisation espouses and communicates – the employer brand. Facilitating two-way communication with the workforce is something our survey respondents say is a well-adopted practice in terms of including questions about the organisation's corporate responsibility approach and activities within an employee survey. As discussed in section 1, the great majority of those who collect stakeholder feedback find it useful to feed back into the business – this intelligence is vital if the business is to continually improve and further grow the employer brand.

Conclusions

Setting the challenge

A successful strategy to embed corporate responsibility must consider organisational culture. There are relatively few people willing to stick out their necks and do right when it is natural or normal to do wrong. We need to make ethical behaviour and decision-making the norm.

Moreover, if leaders and managers do not make clear efforts to turn corporate responsibility strategy into a fundamental part of 'how we do things around here', it sends a clear message to employees that this is not an important area for the business. This will provoke scepticism about corporate responsibility, which has long faced accusations of being little more than a branding exercise.

Corporate responsibility is patently not the remit of the HR function. It is something that pervades all aspects of a business, from operations to finance, procurement to marketing, leadership to people management. But HR is best placed to pick up on organisational culture, talk about it with authority and do something about changing it. Corporate responsibility needs to be lived and breathed in the culture of the organisation and, if there's one function that can help in this above any other, it's HR.

HR needs to boost its standing to be more influential

Yet our survey results have shown a clear disparity between what HR reports their contribution as and what the wider business perceives it to be. Although the HR professionals and managers who responded to this survey are not from the same organisations, the discrepancy exists throughout the survey.

There are clearly a number of ways in which HR really can make a difference and then show their contribution. For example, there may be some work for HR to do in demonstrating the business benefits of engaging in the corporate responsibility agenda, such as the positive impacts on employee engagement, attraction and retention. The CIPD's practical tool, *Using HR Metrics for Maximum Impact*, offers some useful practical advice in this area.

The most important consideration is that corporate responsibility becomes a reality. It doesn't matter who makes this happen. But HR clearly has something valuable to offer, and it will only realise this if it is an influential player in the organisation. To do this, HR managers and directors may first need to develop their own leadership capability and their understanding of the wider business. There is also a strong case for the HR profession as a whole to set out more clearly and persuasively why HR has a central role in corporate responsibility. If HR can be more unanimous and more strongly convinced about its value in corporate responsibility, this will surely help convince the sceptics elsewhere.

HR needs to be 'business savvy'

As we have argued in *Next Generation HR* (CIPD 2010), in order to be a genuinely strategic player, HR needs to be 'business savvy'.

Corporate responsibility is all about stakeholders, inside and outside of the organisation, and making sure that the right discussions happen with the right people involved. It is patently not the case that HR needs to

have sole responsibility for corporate responsibility. While leading and overseeing corporate responsibility is sometimes placed under the remit of HR, this doesn't necessarily have to be the case.

But HR is not absolved from the corporate responsibility of other aspects of the business. While HR does not need to become the in-house expert in all things CSR and sustainability, it needs to understand enough to be able to ask awkward questions and challenge the way the organisation runs. HR does not need to be measuring carbon emissions, for example, but it should certainly understand the implications for people management.

Put CR into HR first

While HR has a particular role in flagging up how embedded corporate responsibility is in organisational culture across the organisation, it could be doing much more to embed corporate responsibility through its core functions. How an organisation looks after their employees sends a clear message about how serious it is about corporate responsibility. Once it practises what it preaches, HR may be taken more seriously as a strategic player in corporate responsibility and be able to be influential as a 'mirror of conscience' for the organisation.

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sustainable organisation performance

Stewardship, leadership and governance is one of the three themes in our Sustainable Organisation Performance research programme. The other two themes are future-fit organisations and building HR capability and we also offer insights from Asia. Within each of these themes we will research a range of topics and draw on a variety of perspectives to enable us to provide insight-led thought leadership that can be used to drive organisation performance for the long term.

insights from Asia

building HR capability

stewardship, leadership and governance

future-fit organisations

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