General Management MBA

Implementation of Corporate Social Responsibility in a Company – Role of Human Resource Management

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Abstract

Corporate Social Responsibility (CSR) has gained significant importance in the past decades, and many corporations today implement a certain CSR strategy with varied levels of commitment and success. One the functions that could play an important role in the success of a CSR strategy is Human Resource Management (HRM). Yet it is not always clear in practice what is exactly the role of HRM in this context and how can HRM leverage its concepts and tools to support CSR strategies. On the other side how does CSR influence HRM itself?

The aim of this study is to explore the relationship between the complex domain of Corporate Social Responsibility (CSR) and domain of Human Resource Management (HRM) in a company. That is to analyze and understand how CSR could influence HRM and vice versa how HRM contributes to CSR. In this thesis theoretical and practical understanding of this topic was achieved. Theoretical frameworks from literature that give a structured approach to CSR and HRM mutual influence were presented. These theoretical frameworks were applied in a case study on the CSR strategy of specific Company. Useful practical insights and recommendations were derived.

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Abbreviation List

CED – Cometee for Economic Development

CSR – Corporate Social Responsibility

EC – European Commission

EO-HRM – Employee Oriented Human Resource Management

EU – European Union

GF-HRM – General Facilitation Human Resource Management

HR – Human Resources

HRM – Human Resources Management

ICGN – International Corporate Governance Network

LC-HRM – Legal Compliance Human Resource Management

NGO – Non-Governmental Organization

OECD – Organization for Economic Co-operation and Development

PMC – Polymer Manufacturing Company

SR – Social Responsibility

SR-HRM – Social Responsibility Human Resource Management

UN – United Nations

US – United States

USA – United States of America

YMCA - Young Men's Christian Association

Executive Summary

Corporate Social Responsibility (CSR) has gained significant importance in the past decades, and many corporations today implement a CSR strategy with varied levels of commitment and success. One the functions that could play an important role in the success of a CSR strategy is Human Resource Management (HRM). Yet it is not always clear in practice what is exactly the role of HRM in this context and how can HRM leverage its concepts and tools to support CSR strategies. On the other side how does CSR influence HRM itself?

This thesis tries to answer these questions. To achieve this goal the following three step methodology was used:

1. Literature research on general CSR concepts and theories
2. Specific literature research on the topic complex of HRM and CSR with the aim of extracting useful models and tools.
3. Apply the extracted theories and models from literature on a specific CSR case study with focus on the role of HRM.

Within the research on general CSR concepts the following ideas and theories were identified. CSR today consists of the comprehensive concept that tries to integrate the most obvious mission of business, which is to generate profit, with its obligation towards society and environment. The two extreme positions in the discussion around CSR, is on one side the shareholder theory that states that the first and only responsibility of a business is to increase shareholder value, while abiding to the law. On the other side there is the stakeholder theory emphasizes that a business is dependent on its stakeholder and thus needs take their needs into account. More integrated theories are represented by concept of the CSR pyramid where economic, legal, ethical and philanthropic aspects of a business are considered simultaneously. The triple bottom line approach is another such approach, which suggest the bottom line of a company should not only be measured based on its financial success but also its success to integrate social and environmental achievements.

Based on these theories HRM represents one domain of the company were the relationship to CSR can be explored. In this context the following useful theoretical frameworks where identified. HRM can one the one side be a part of CSR and therefore serve as an instrument to achieve whatever CSR a company is aiming at, be it more focused shareholder value or

stakeholder inclusion. On the other side CSR can be part of HRM and thus help create a more socially responsible HRM. In this perspective HRM would help cater to the needs of a specific stakeholder group, which are the employees of a company. This perspective falls more within the stakeholder approach of CSR. Example of HRM contributions would be increase employee in wellbeing, increase in fairness and diversity in the workforce or cater to special groups needs like families.

A model that describes how CSR can be integrated in HRM is the Socially Responsible HRM (SR-HRM) model, which has three components or levels: the first level is legal compliance HRM, the second level is employee oriented HRM and third level is HRM as facilitating CSR objectives. This model helps structure HRM contributions to CSR and also enlightens how much of CSR is already integrated in HRM; thus, highlighting where there is potential for improvement.

When focusing on HRM as an instrument to assist in implementing general CSR objectives, the strategic partnership model of HR, with its four-role concept can be a useful tool. This model highlights four roles for HRM: as strategic partner, as an administrative expert, as an employee champion and as a change agent. This model is useful for HRM to be aware of its own role and contribution and therefore in identifying the HRM roles which could deliver the most leverage. This is especially the role of HRM as a strategic partner, where it can influence CSR policies already on a company strategy level and help bring significant improvement for specific HRM objectives or for CSR objectives in general. Examples of this were realized in the case study performed on the CSR strategy of the Polymer Manufacturing Company (PMC).

PMC CSR strategy followed to a great extend the approach of maximizing shareholder value. HRM at PMC had a significant contribution to make in the implementation of its CSR strategy. This was mostly visible in its contributions in trainings and assisting to setup the relevant organizational roles to support the CSR objectives of the company. This also means that the most dominant role for HRM at PMC was as an administrative expert. Despite that there was a good example in the area of diversity, where HRM acted a strategic partner and helped define a global diversity concept for the company that benefited employees in a strategic way. Yet there is obviously more potential for HRM in this role but in the role of employee champion to further promote employees' wellbeing.

Chapter 1 – Introduction

1.1 Motivation and Objective

Corporate Social Responsibility (CSR) has gained significant importance in the past decades, and many corporations today implement a certain CSR strategy with varied levels of commitment and success. One the functions that could play an important role in the success of a CSR strategy is Human Resource Management (HRM). Yet it is not always clear in practice what is exactly the role of HRM in this context and how can HRM leverage its concepts and tools to support CSR strategies. On the other side how does CSR influence HRM itself?

The motivation behind this study is to explore the relationship between the complex domain of CSR and domain of HRM in a company. That is to how to analyses and understand how CSR could influence HRM and vice versa how HRM contributes to CSR. The target is achieving this understanding on two levels: theoretical and practical.

To achieve the theoretical, understand, it is useful to start from understanding the topic of CSR in general in its historical development and theoretical foundation in business theories. These are the aims of chapter 1 and chapter 2.

After laying the basic foundation for CSR concepts and theories chapter 4 goes deeper on the specific topic of HRM and its relation to CSR. In this chapter theoretical models from literature will be explored and illustrated that shed light on the relationship between CSR and HRM. These models will offer to the reader a structured understanding of this relationship on one side. On the other side these models will enlighten the practical aspects of this relationship, where specific tools and frameworks will be discussed how CSR can influence HRM and in the other direction how HRM can help implement CSR policies.

In the second part of chapter 4, use will be of the models and tools developed in chapter 2 and first part of chapter 4 in order to analyze and evaluate a CSR strategy of a specific company. Through application of these models and a tool, their usefulness will come to light but also conclusion and recommendation will be made to improve the specific CSR strategy, especially in terms of HRM role.

1.2 What is Corporate Social Responsibility?

According to Kotler and Lee "Corporate Social Responsibility (CSR) is a form of corporate self-regulation that is integrated into a business model. The CSR directive acts as a self-regulatory mechanism by which a company monitors and ensures its active compliance with legal spirit, ethical standards and national or international norms" (Kotler and Lee, 2011).

In the meantime, different organizations have different definitions of CSR - although they have considerable similarities. In its publication "Making Good Business Sense" by Lord Holme and Richard Watts, the World Business Council for Sustainable Development used the following definition: "Corporate Social Responsibility is the continuous commitment of companies to behave ethically and contribute to economic development while improving the quality of life of workers and their families as well as the local community and society as a whole" (Holme and Watts, 2000).

Another CSR definition used by Business for Social Responsibility states that "a company is managed in a manner that meets or exceeds society's ethical, legal, commercial and public expectations of the company" (Business for Social Responsibility, 2019).

On the other hand, the European Commission secures its bets with two definitions combined into one: "A concept in which companies voluntarily decide to contribute to a better society and a cleaner environment. A concept in which companies voluntarily integrate social and environmental concerns into their business operations and interaction with their stakeholders." (Žukauskas et al., 2017).

A simple way to combine all these definitions to illustrate what CSR is really about. Figure 1 shows that CSR encompasses various business aspects.

Corporate Social Responsibility

Figure 1 CSR Aspects of a Business

In summary, CSR has varied definitions in literature and is understood and implemented differently between countries and companies. Shekar Babu concluded that the most comprehensive definition would be to define Corporate Social Responsibility "as an entrepreneurial commitment to economic development, the social development of the country in general, working with various stakeholders and ensuring compliance with corporate governance, while not compromising sustainable development" (Babu et al., 2017).

Chapter 2 – Literature Research

2.1 Historical perspective of CSR

2.1.1   History of corporate social responsibility in the USA

The modern concept of corporate social responsibility was developed in the 1950s, but the activities and practices in this direction began much earlier and can be traced back to the Industrial Revolution (Carroll Archie, 2008). The concept of CSR developed in the United States in relation to corporate supported philanthropy. According to management historian Daniel A. Wren, many of the early business leaders in the United States were very generous and contributed significantly to philanthropy (Wren Daniel, 2005).

In the late 19 century, philanthropic corporate activities were present in many communities. An example cited by Morell Heald is the case of the Macy Company. Macy's records document many cases of social support outside the company's boundaries (Morell and Dibacco, 1971). In 1875, Macy's donated money to an orphanage. In 1887, promotional gifts to charities were listed in the company's books under "Miscellaneous Expenses" (Morell, 1970).

Even before 1900, company contributions were perceived negatively by many and were regarded as a gift of shareholder assets without their consent. The Company's contributions were also limited by law to the purposes from which the Company benefited. During this time, the beneficiaries were mainly associated with the First World War, including YMCA/JWZ, United Way Campaign, Scouts, Salvation Army and Community/War Crate (Carroll Archie, 2008).

In the period from 1930 to the present, which t is considered the more entrepreneurial period, companies began to be regarded as institutions such as the government, which had to fulfil social obligations (Eberstadt, 1973).

Even in the 1960s, philanthropy remained the most conspicuous manifestation of CSR. According to Muirhead, the period from the mid-1950s to the mid-1980s can be seen as a period of "growth and expansion" of philanthropic corporate contributions. Many groups continued to receive support and donations were extended to groups providing health and

social services, culture and arts, citizens and society (Muirhead Sophia and Conference Board, 1999).

A significant development in the concept of CSR was promoted by the Committee for Economic Development (CED) in its 1971 publication Social Responsibilities of Business Corporations. The CED introduced this issue by stating that "business works through public consent and its fundamental objective is to serve society's needs constructively - to society's satisfaction" (United States Congress House Committee on Interstate et al., 1971). The CED suggested that the social contract between business and society has evolved significantly "The economy is challenged to take more responsibility for society than ever before and to serve a wider range of human values. In fact, companies are being asked to contribute more to the quality of American life than just to supply quantities of goods and services. Since the economy serves society, its future will depend on the quality of management's response to changing public expectations" (United States Congress House Committee on Interstate et al., 1971). This is essentially the modern concept of CSR.

2.1.2   History of Corporate Social Responsibility in Europe

In large parts of Europe, the greatest change in human demography and working life came with the industrial revolution, when the poor moved from the countryside to the cities in search of work (Teich et al., 1996).

This migration to urban areas brought with it the problems of overcrowding and disease. Factories and mines were responsible for a large number of injuries and deaths. In some sectors, women have become important components of the labor force, not of their own free will, but because of poverty. Industrialization caused civil unrest. In the late 18th century there were protests aimed at resisting industrialization or improving the lives of those affected (Teich et al., 1996).

In recent decades there have been many activities in Europe to support CSR adaptation. In 1996, the European Enterprise Network for Social Cohesion - later renamed CSR Europe - was established to enable people and women in business to share experiences, develop solutions and engage in an intelligent policy dialogue with the EU to strengthen SCR within their organizations (History CSR Europe, 2019).

Today, the European Business Network for Corporate Social Responsibility (History CSR Europe) has established a network of 48 business partners and 41 national CSR organisations with more than 10,000 companies (History CSR Europe, 2019).

The European Union - EU - was the continent that was transformed into the CSR movement for the first time. There are several reasons for this. Although countless abuses have taken place in history, there are traditionally more CSR-compliant values, norms and perceptions in Europe than in other parts of the world;

European companies have tended to adopt stronger and broader approaches to relations with stakeholders and this network is being developed to facilitate the exchange and dissemination of relevant information on CSR by many companies. Through CSR, enterprises make an important contribution to achieving the objectives of the EU Treaty on sustainable development and a competitive social market economy.

In response to the urgent need to combat unemployment, climate change and demographic change in Europe, CSR Europe launched the Enterprise 2020 Manifesto as early as 2015 (Csreurope.org., 2019).

This also includes the strategic priorities, including:

⇨ "Employability and integration are a priority for all areas that make up management and the value chain.

⇨ Encourage businesses to work with communities, cities and regions to develop and implement new sustainable production methods, consumption and livelihoods.

⇨ to place transparency and respect for human rights at the heart of business conduct" (CSR Europe, 2016)

Figure 2 shows the EU policy dialogue on CSR planned for 2020 (Events.economia.cz).
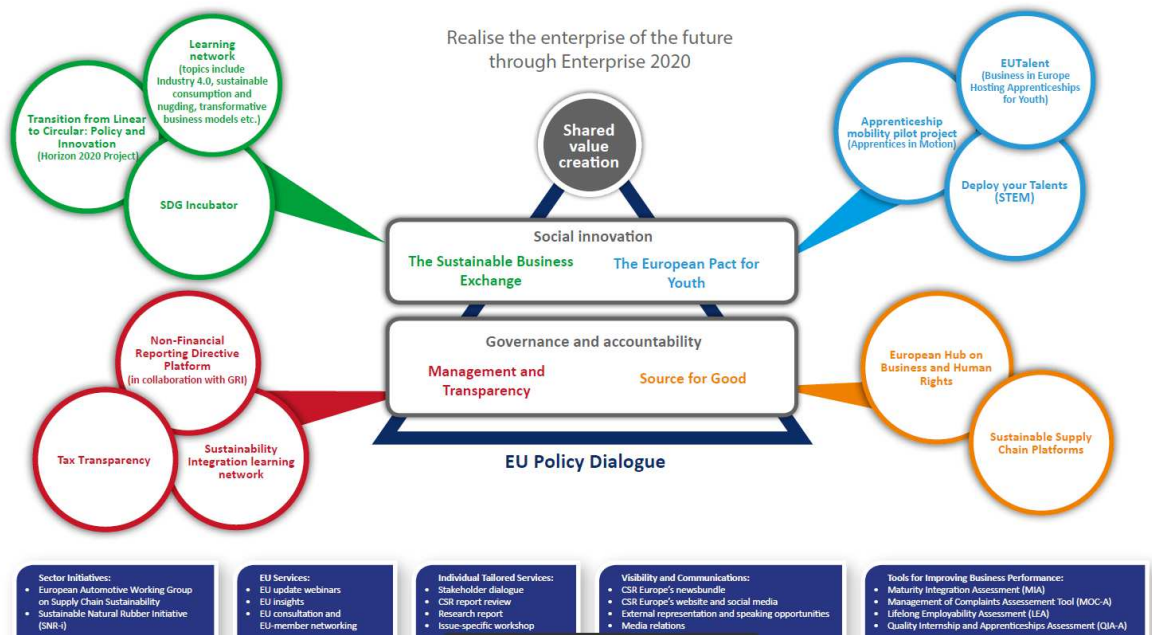
Figure 2 EU Policy Dialogue(Events.economia.cz)

Important CSR events in Europe over the last decade:

- **2008:** The European Commission presents the Sustainable Consumption and Production and Industrial Policy Action Plan, which includues proposals "to improve the environmental performance of products and increase demand for more sustainable goods and production technologies" (Events.economia.cz).

- **2009**: The Commission convenes a meeting of the European Multi-Stakeholder Forum on CSR with 250 key stakeholders to review progress on CSR and discuss future initiatives (Csreurope.org., 2019).

- **2011**: The EC publishes a new guideline on CSR. In order to fully meet their social responsibilities, companies should "have a process in place to integrate social, environmental, ethical and human rights concerns into their operations and core strategy, in close cooperation with their stakeholders (Csreurope.org., 2019).

- **2012:** Two studies were carried out for the EC. The first deals with the state of the art in CSR reporting in the EU. The second gives an overview of topics related to responsible supply chain management (Csreurope.org., 2019).

- **2015:** CSR Europe hosts the "Enterprise 2020 Summit", where CEOs and CSR leaders will present initiatives to overcome barriers and create an innovation-friendly Europe with sustainability as a driver for growth and competitiveness (Events.economia.cz).

- **2016: The** CSR Summit 2016 in Bratislava brought together CSR speakers, thinkers, innovators, designers, marketing gurus and representatives of global and local companies from Central and Eastern Europe to discuss current issues and topics related to corporate social responsibility and sustainability (Events.economia.cz).

- **2016:** CSR Europe's first sustainability report was presented. This had as its main objective the continuation of the ambitious programme of sustainable development objectives launched in 2015 and the pursuit of the adequacy of the 2017 objectives (Events.economia.cz).

2.1.3   CSR in Austria

In Austria the discussion on sustainable development and its economic effects began at the end of the 1980s and thus has a longer tradition than the discussion on corporate social responsibility (History CSR Europe). Like many other Austrian approaches, such as the Austrian Strategy for Sustainable Development 2002, Austrian CSR activities are based on the long-standing Austrian tradition of the broad involvement of interest groups within the so-called "social partnership" (Strigl, 2004).

In the 1990s, Austrian companies learned how to deal with environmental and social compatibility started getting familiar with the term "sustainability". Austrian companies try to integrate this visionary concept into their own goals and ideas. More over, they try to implement the sustainability concept in their management strategies and instruments and to communicate it through sustainability reporting and open stakeholder dialogues (Strigl, 2004).

The "CSR Austria - Initiative" was founded in 2002 by the Federal Ministry of Economics and Labour and important industrial companies. CSR Austria is thus the private sector's contribution to the Austrian Sustainability Strategy and, at European level, an important Austrian contribution to the Lisbon Strategy and the CSR debate (History CSR Europe).

2.1.4   Difference between USA and Europe in their CSR approach

In the USA, the approach of CSR has traditionally been understood more in the sense of a philanthropic model (Wren Daniel, 2005). Enterprises make profits without any other consideration except to fulfil their tax obligations. Then they donate a certain part of the profit to charity. It is also considered bad practice for the company to use the donation.

Rather, the European model concentrates on making the core business more social. They also invest in the communities in which the company operates on the basis of a sustainable business model. The European approach could be more sustainable for the following reasons traditionally (Carroll Archie, 2008):

⇨ Social responsibility is integrated into the business model. If properly managed, it should improve the competitiveness of enterprises and maximize the value added to society.

⇨ When companies come under economic pressure, there is an incentive to practice CSR more, as it improves the business model. On the other hand, when it comes to philanthropic activities that do not play a role in the core business, it is always the first thing you have to do away with in difficult times.

2.1.5   Globalization

Globalization is brought significant change to world economy after the industrial revolution of the industrial revolution. Globalization led to a change in the nature of CSR. (Crane and Matten, 2010) bind the social responsibility of businesses to the social, political and environmental challenges of globalization. Globalization interferes with global governance mechanisms and also weakens national government, while the private sector continues to increase its wealth and power.

2.2 CSR theories

This chapter presents and discusses the most pronounced economic and social theories that try to set rational theoretical foundation for CSR.

2.2.1 Shareholder value theory

The first of these theories is the so-called shareholder value theory. This is a kind of an extreme position, which holds maximizing shareholder value above all. One of the more known proponents of this idea is the economist Milton Friedman. Friedman suggests that only responsibility of a business is to generate profits while complying with legal standards (Friedman, 2007). The business of a business to create products and services at market prices and make money for its shareholder on the way. That is how a business benefits society. Buy trying to maximize shareholder value a business creates wealth and benefits society. There is obligation for a company to spend its resources on unprofitable causes (Schaefer, 2008). It could even consider unethical to use other people's i.e. shareholders money to be generous.

The critics of shareholder theory argue that this one sided focus on maximizing profit and shareholder value leads companies to think only in terms of short-term results (Smith, 2003). One argument against shareholder theory is that a focus on shareholder wealth encourages companies to focus on short-term profit maximization (Smith, 2003). This is yet not always a correct assumption. Maximizing shareholder value necessitate thinking long-term to achieve sustainable profits (Schaefer, 2008).

In a similar criticism, focusing on maximizing profits could happen to the disadvantage of employees or another stakeholder. Proponents the shareholder theory would argue that long-term profit thinking would actually encourage company to treat their employees well to increase their productivity and keep them at a disadvantage would only lead to weak workforce.(Smith, 2003)

2.2.2 Stakeholder theory

The stakeholder argues that no matter what purpose of a business is, it should think about the effects it has on other people or agents and effects of those agents on it. These people and agents are the stakeholders of the business. Stakeholders are agents like employees, suppliers, costumers or even the publich i.e. anybody affected or affect the business. For the long term succuess of the business, it should try to balance the interenst of these stakeholders overtime (Freeman et al., 2004). In this context Corporate Social Responsibility emerges as natural and rational activity that that business engages in, as it tries to manage the interests of the stakeholders for the purpose of its longterm success. An example the Johnson and Johnson

company as they order responsiblities in by listing their stakeholder as to: custormers, then employees then managemetn, then communities then shareholders (Seglin, 2002). Another argument for this theory is that adapting a more socially considrate approach could make a copmany more attractive to consumers.

This theory can be critisied by noticing that this kind of approach that focuses on stakeholders needs shifts the purpose of the company from maximising sharholder value to serving stakeholder interests and could be in conflict to the fiduciary responsibility of the companies management towards its shareholders.

2.2.3 Business ethics theory

In addition to considering financial aspects and justifying CSR on the basis of the many stakeholders involved and affected by a company, business ethics is based on the broader social and moral obligation that the company should have towards society in general. Enterprises are an essential part of a society, they benefit and benefit from it, and they should strive to be better neighbors and contribute to the well-being of society (Carroll Archie, 2008) enterprises are expected to show some social responsiveness to social problems). General ethical and normative values should also apply to companies, values such as social justice, fairness and human rights.

The theory of business ethics regards CSR more in terms of philanthropic and ethical responsibilities than in terms of legal and economic motivations. CSR should go beyond legal obligations or mere financial interests. This theory strongly contradicts the shareholder theory, which would strongly argue that a company should adhere to ethical and legal standards, but should always focus on increasing shareholder value.

2.2.4 CSR pyramid concept

Archie B. Carroll argues that for CSR to be accepted by a conscientious businessman, it should be designed to cover the full range of corporate responsibility (Carroll, 1979). He proposes that for a comprehensive and integrated CSR approach four types of social responsibility should be considered: economic, legal, ethical and philanthropic.

Table 1 Economic and legal components of social responsibility - adapted form (Carroll, 2016)

Economic Responsibility	Legal Responsibility
• It is important to perform in a manner consistent with maximizing earnings per share	• It is important to perform in a manner consistent with expectations of government an law
• It is important to be committed to being as profitable as possible	• It is important to comply with various local state and central legislations
• It is important to maintain a competitive position	• It is important to be a law-abiding citizen
• It is important to maintain a high level of efficiency	• It is important that a successful company be defined as one that fulfils its legal obligations
• It is important that a successful company be defined as one that is consistently profitable	• It is important to provide goods and services that at least meet minimal legal requirements

Economic responsibilities

Businesses are commercial enterprises are facilities intended to provide goods and services to society. The pursuit of profit is of central importance for entrepreneurship. The main task of the companies is to produce goods and services with an acceptable profit. The idea of the profit later turned into an idea of maximum profits, and that has been a high value ever since (Carroll, 2016).

Legal responsibilities

Businesses are enabled by society to operate and pursue profit. It also expected from businesses to comply with the laws and regulations enacted by society as basic rules for the operations of business.

Companies should follow their profit objectives within the framework of the law (Carroll, 2016).

Table 2 Ethical and philanthropic components of social responsibility - adapted form (Carroll, 2016)

Ethical Responsibility	Philantropic Responsibility
• It is important to perform in a manner consistent with expectations of societal mores and ethical norms	• It is important to perform in a manner consistent with the philanthropic and charitable expectations of society
• It is important to recognize and respect new or evolving ethical moral norms adopted by the society	• It is important to assist the fine and performing arts
• It is important to prevent ethical norms from being compromised in order to achieve corporate goals	• It is important that managers and employees participate in voluntary and charitable activities within their local communities
• It is important to that good corporate citizenship be defined as doing what is expected morally and ethically	• It is important to provide assistance to private and public educational institutions
• It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations	• It is important to assist voluntarily those projects that enhance a community's quality of life

Ethical responsibilities

Legal and economic responsibilities already include ethical values of fairness or justice, yet their remains ethical responsibilities, which are not codified by law. Business is also expected to follow these ethical values as agents in society although they are strictly legally required to do so. These ethical values emerge from practices that could raise concern from consumers, community or employees as to be inconsistent with the moral values of the society where business operates. It therefore expected that ethical values by which a business should abide are sometimes vague and are subject to public debate (Carroll, 2016).

Discretionary responsibilities

Discretionary responsibilities refer basically to philanthropic activities that a business would engage in to be perceived as good. The difference compared to ethically motivated actions, is that philanthropic activities are necessary expected by society. It's good to engage in philanthropic contributions but is not a must. Therefore, philanthropy is inherently more discretionary (Carroll, 2016).

The pyramid of CSR below represents the four levels or components of CSR, starting with the basic block of economic responsibility, as survival and success of the business are essential.

Figure 3 CSR pyramid – adapted from (Carroll, 2016)

At the same time, business is expected to abide by the law, as the law codifies what is considered ethical or unethical behavior by society. However, (Carroll, 1991) has stated that the four categories are not mutually exclusive. Moreover, there is neither a hierarchical order nor a continuum with economic concerns on the one hand and social concerns on the other.

Carroll and Schwartz also introduced a Venn diagram that expresses that idea, that this is more an overlap between the different components as it is a hierarchy (Schwartz and Carroll, 2015).

In this representation the category discretionary responsibilities are missing. Carroll and Schwartz argue that it is not correct to refer to this category as a responsibility, as it is different from to three, economic, legal and ethical components of CSR, which are considered mandatory (Schwartz and Carroll, 2015).

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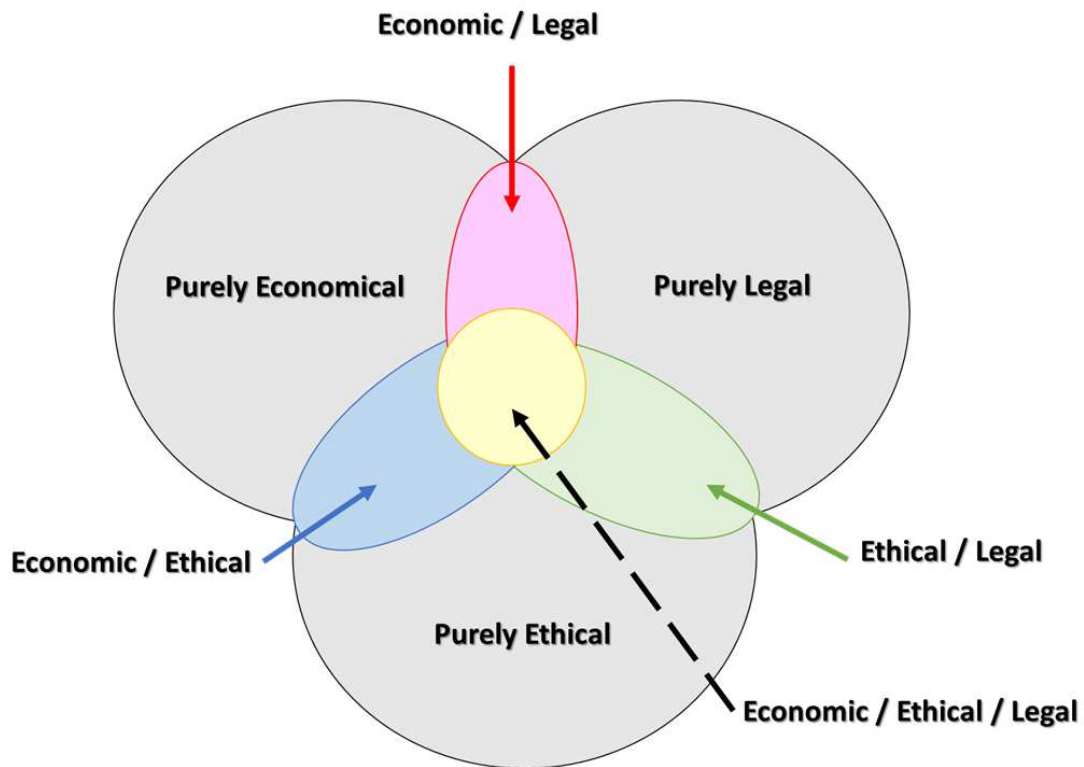
Figure 4 The three-domain model of CSR - adapted from (Schwartz and Carroll, 2015)

(Lantos Geoffrey, 2002) expanded on this point of view, by considering philanthropy as not a justifiably legitimate concern for a business.

2.2.5   Triple bottom line concept

In similar approach to Schwartz and Carol three-domain model, John Elkington argued in his book for an integrated CSR approach, which considers social, environmental and economic objectives are equally important (Schwartz and Carroll, 2015). He coined the term the term triple bottom line to represent this idea. This became known as the three "P" s which refers to **P**eople, **P**lanet and **P**rofit (see figure 5). Instead of only caring about its bottom line in terms of financial success, a business should equally consider social and environmental challenges in its measuring of success. He suggests that partnership among these domains should emerge.

The area of economic responsibility initially includes the long-term safeguarding of the competitiveness of the company. In addition to the design of an efficient supply chain management, it is also important to secure liquidity and achieve long-term profit targets. In

addition, the continuous acquisition of market shares and customers should not be disregarded.

Ecological responsibility is reflected in particular in the careful use of natural resources. Sustainable management is regarded as a success factor that must be taken into account in the long term. As a result, companies must recognize the urgency of addressing raw material sourcing, waste management and recycling systems in order to meet changing customer requirements over the long term and to stand out from the competition. The third and final dimension deals with social responsibility. The focus is not only on the responsibility towards each employee but also towards justice and commitment to society. Enabling employees to create a work-life balance is a good example of that. These three pillars are essential for the concrete design of individual CSR measures and are of great importance, since they constitute an inseparable unit and must therefore be considered in their entirety (Elkington, 1998)
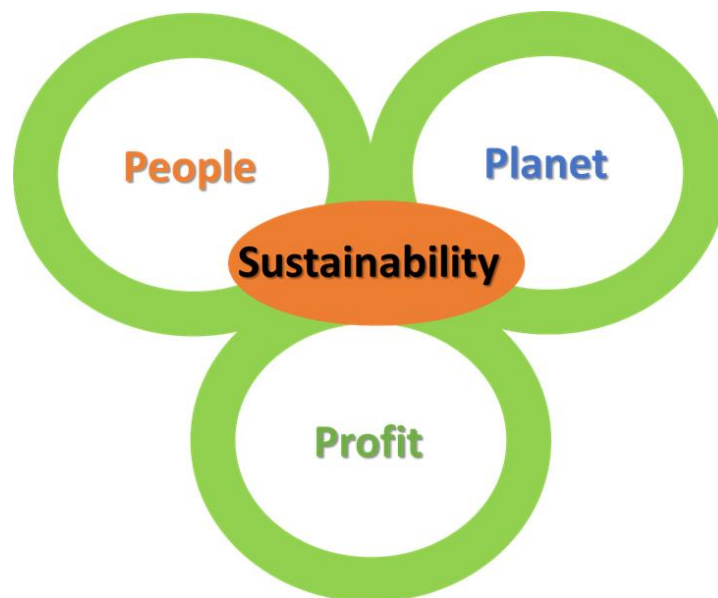
Figure 5 Representation of 3 "P", People, Planet, Profit sustainability approach from
(Elkington, 1998)

2.3 Drivers of CSR

Many authors from different disciplines have suggested different trends that seem to motivate or drive CSR. While some authors tend to address it from its positive impact on the economic performance of businesses, others additionally identify other trends such as changing social expectations, increasing wealth and globalization among others (Orlitzky et al., 2003;

Mackey et al., 2007; Ojo, 2018). But at the core of these literatures is the understanding that they could be internal or external literatures (Dummett, 2006). The essence of this section is therefore not only to show why CSR is relevant today, but also to uncover some internal and external identifiable trends that seem to motivate their growth and integration by companies and groups.

2.3.1 Internal drivers of CSR

(Ojo, 2018) presented a detailed catalogue of data showing some of the economic benefits that seem to drive companies internally to be socially responsible. Some of these benefits are the following:

Improved financial performance

The conviction that CSR has an impact - whether positive or negative on the financial performance of companies - has led to various results. Recently, many studies have been carried out to answer the question of whether companies that have a high CSR profile achieve higher returns than those that do less well in the CSR rankings (Orlitzky et al., 2003;Ojo, 2018; Mackey et al., 2007). Among the studies carried out by these different authors, two main areas of conflict appear to dominate. While some try to combine positive financial performance as a by-product of good CSR, others disagree that it has no impact on the possible financial decline of companies. (Ojo, 2018) suggests evidence that show that socially responsible companies could have better performance that those which are not, but also to have a better chance of attracting investors and maintaining their brand image. Two studies illustrate these points of view**.**

Recent analyses of the DePaul University study have shown that the "overall financial performance of 2001 Business Ethics Best Citizens companies was significantly better than that of other companies in both the revenue and profit indices, based on the 2001 Business Week ranking of overall financial performance" (Nwanji and Howell, 2006) The result showed that the Best Citizens scored ten percentile points than the second). Similarly, but form a different perspective (Johnson et al., 2008) in his careful reanalysis of (Gompers et al., 2003) articles corresponded to this, but found that these can be found among industries that do not belong to the same strategic groups). However, there seems much consensus that

companies tend to integrate CSR to improve financial performance, considering that customers are more loyal to them than those who do not.

Improved reputation and brand image

In today's business world brand are essential elements of a company's assets.

Many companies are trying to anchor and establish popular brands in the minds of consumers because they increase the leverage that is directly reflected in sales and profits (Nwanji and Howell, 2006). Essentially, it would not be uncontroversial to assume that almost every aspect of a company's business today contributes to building the corporate brand. More recently, however, it has been found that customers and investors are more vulnerable to adhering to those companies that have a good reputation for CSR.

An apocalyptic accompaniment to socially responsible businesses is that they have more opportunities to improve their reputation and strengthen their brand (Nwanji and Howell, 2006; Johnson et al., 2008). A good CSR policy is an effective way to protect that investments done by company in its brand and to maximize its impact (Friedman, 2007; Nwanji and Howell, 2006)

2.3.2 External drivers of CSR

The external drivers of CSR appear to be more effective in motivating companies to be socially responsible in their business activities. Some of these external factors are: growing government interest and action, increased activism of stakeholders, dissemination of codes, norms, indicators and guidelines, globalisation, changing social expectations and increasing prosperity among others.

The elements of the external drivers are based on the idea that some companies tend to stick to CSR issues, not because they think they are favoured, but because instead they want to improve relations with regulators and avoid being seen as one of the socially irresponsible organisations.

Dissemination of codes, standards, indicators and guidelines

The incident of many corporate scandals has not only showed the importance of corporate commitment to ethical and social issues, but has also required the emergence of various codes, standards, guidelines and indicators from both national and international bodies. For

example, the Cadbury Code 1992, the Higgs Report of United Kingdom and the US Sarbanes Oxley Act of 2002 came as a quick response to corporate insolvencies, formalizing broader accountability. International bodies such as the Organisation for Economic Development (OECD), the International Corporate Government Network (ICGN), the UN Global Compact and the Global Sullivan Principles have not only produced standards and guidelines on corporate accountability, but have also encouraged others to integrate and consolidate them in their social and ethical behaviour (Nwanji and Howell, 2006; Edwards, 2007).

Moreover, the pursuit of transparency of corporate performance, the pressure to achieve a common global accounting standard, and the full dimension of corporate reporting have driven up investors' minds, especially in this recent period, that companies now tend to use CSR as a strategic tool to advance their standardisation of corporate governance (Dummett, 2006). To improve relationships and avoid the anger of stakeholder activism, some companies tend to integrate CSR issues as a standard and a strategic tool not to be recognised as going beyond the current standard of behaviour.

Changing social expectations and globalisation

Due the huge influence of media, mistakes done my companies are immediately publicised. At the same time consumers expect certain ethical behaviours from company's they buy their products (Ozuem, 2008). Especially with internet media the damage to that can be to a company's brand can be global and fast. Like-minded consumer groups can react negatively to companies they consider not reacting a socially responsible or ethical manner. In order to avoid kind this damage, some companies try to be socially responsible (Nwanji and Howell, 2006).

Chapter 3 - Methodology

As mentioned earlier the main aim of this thesis is to offer an understand in to the role of Human Resource Management (HRM) in CSR and the relationship between the two.

The purpose is then to extract practical models and to understand the interaction between these two domains but also to formulate tools that aid in the practical implementation of HRM in the context of CSR.

To achieve this goal the following 3 step methodology is used:

1. Literature research on general CSR concepts and theories
2. Specific literature research on the topic complex of HRM and CSR with the aim of extracting useful models and tools.
3. Apply the extracted theories and models from literature on a specific CSR case study with focus on the role of HRM.

The first step consists of literature research on general CSR concepts and ideas. The aim is to clarify the concept of CSR and to understand its historical and theoretical foundations.

The second step then focuses in the specific topic of the role of HRM in implementing CSR or as being the target of CSR policies. The goal here is to arrive and focus and practical models developed in the research and extracting the most useful elements in them.

The third steps then rely on the concepts and models illustrated during the first two and try to apply them on specific CSR strategy of an operating company. The result of such an application, will be deeper understanding of the implicit assumption and models used in such a CSR from the practice.

From this analysis and evaluation of the CSR strategy, especially in context of its relationship to HRM is performed and conclusions and recommendation are made enlightened by the theoretical models extracted.

Chapter 4 - Results

4.1 Relationship between CSR and HRM

We already saw that CSR in the modern era already has an impact on the brand image and reputatoin of a company but also on its image as an employer. Already at this level we see a link between CSR and HR. Another such link can be immediately seen in how CSR enourage better working conditions for the employees and shaping the relationship between employer and employee. In this chapter we will explore further the relationship between CSR and HRM based on available litreture and investigate how CSR policies and HRM can influence each other.

4.1.1 Theoretical framework for the relationship between CSR and HRM

According to Voegtlin and Greenwood the research on the relationship between CSR and HRM has been for the most part ad hoc and disjoint, with lack of theoretical foundation and a conceptual framework. Voegtlin and Greenwood undertook such an attempt of conceptual framing by performing an extensive literature review (Voegtlin and Greenwood, 2016).

The writers concluded that the research on the relationship between CSR and HRM is dominated by three perspectives:

➢ The research focus lies on the fact that HRM is regarded as an element of corporate social responsibility.
➢ The research focus is on the fact that corporate social responsibility is regarded as an element of HRM
➢ The research considers both components as interdependent.

Table 3 summarizes these three perspectives with corresponding examples from literature.

Table 3 Trends in CSR–HRM research with regard to the CSR and HRM relationship - adapted from (Voegtlin and Greenwood, 2016)

HRM as part of CSR
discussion
– HRM is regarded as one of the driving factors that play an important role in the implementation of CSR in a company.
– HRM is a preliminary stage to enable CSR in a company.
CSR as part of HRM
discussion
– The implementation of CSR enables responsible management of employees.
– The implementation of CSR helps in the development of the recruitment process, therefore CSR helps in the review of HRM objectives.
CSR HRM co-dependence
discussion
– CSR-HRM was discussed as an abstract structure with numerous stakeholders.
– CSR-HRM recognized as important components, sliders, they are analyzed in separate situations.

The first perspective regarding HRM as part of CSR emerges when the focus is on CSR and HRM is considered as of the factors that enable and support CSR policies in a company.

There are two approaches within this perspective. The first approach studies the ways by which HRM helps in the effective implementation of CSR and focuses on the HRM practices that could support the goals of CSR. The second approach considers HR as a precursor to CSR and looks to HR in terms of human resources i.e. employee and their roles the enablement of CSR.

Table 4 illustrates examples for the first approach in terms HRM practices helping to promote CSR goals. For example, HRM can promote CSR values to create a socially responsible culture in the company and can reward economic, social and environmental

innovation. In the area of recruitment HRM can select employees on the basis of the fit between the CSR values of the company and the values of the potential employee.

Table 4 Examples of the interaction between concrete HR practices and CSR adapted from (Voegtlin and Greenwood, 2016)

HRM as a contributor to CSR
Recruitment and selection
– HRM can test potential employees for their sensitivity to CSR issues. – HRM can select employees on the basis of the fit between the CSR values of the company and the values of the potential employee.
Evaluation and motivation
– HRM can promote commitment to CSR practices and values. – HRM can promote CSR values to create a socially responsible culture in the company.
remuneration system
– HRM can develop long-term compensation systems. – HRM can look for incentives that contribute to CSR goals. – HRM can reward economic, social and environmental innovation.
Training and development
– HRM can raise employees' awareness of CSR issues and help to introduce employees to more social responsibility.

Another aspect to be considered within this perspective is the motivation behind HRM engagement in CSR. The motivation usually focuses either on effectiveness criteria or on extended responsibility criteria beyond the achievement of performance-related objectives

With regard to effectiveness criteria, HRM could have a positive impact on the achievement of CSR's performance-related objectives. With regard to extended responsibility criteria, HRM engagement could give employees their rightful voice and/or increase CSR's responsibility objectives. Only a small number of the studies in this category are based on effectiveness criteria and deal with the use of HRM to achieve CSR for strategic reasons (Becker, 2011; Boesso and Michelon, 2010).

A more frequent question is how HRM could contribute to a responsible business: by respecting the right of workers to participate and/or ensuring a genuine and emancipatory CSR.

The second perspective regarding HRM as part of CSR emerges when the focus is on HRM and CSR is considered as an instrument to support "effective HRM". A less pronounced aspect in the literature is the approach that CSR helps to establish "responsible HRM".

Figure 8 shows various ways in which CSR can influence HRM practice. An example for CSR as an instrument for effective HRM is in the recruitment domain. As CSR becomes a value for the reputation of the company and as application increasingly appreciate CSR related aspects, CSR then helps in attracting the best talent. Another example in this regard would be in CSR promoting commitment and organization identification. On the other side CSR can help establish responsible HRM for example helping to establish standards for decent work or promoting of socially oriented HR practices.

Table 5 Examples of CSR as a contributor to HRM adapted from (Voegtlin and Greenwood, 2016)

CSR as a contributor to HRM
Recruitment and selection
– CSR can help attract the best talent as job applicants increasingly value CSR-related aspects.
– CSR can inform HRM selection procedures on diversity and equal opportunities issues.
Evaluation and motivation
– CSR can help to evaluate social HR practices.
– CSR can help to motivate employees to promote commitment and organization identification.
remuneration system
– CSR can help to define the goals, which HRM can use to motivate and reward employees.
– CSR can help to establish standards for decent work.
Training and development
– CSR managers can train HRM in the development of socially responsible HR practices.

The third perspective focuses on the conceptual overlap between CSR and HRM. Instead of considering one as a subset of the other, these studies show areas of mutual influence and overlap between the two areas. An example from (Matten et al., 2009) and (Martínez Lucio and Stuart, 2011) show, that a core area of CSR-HRM is the integration of interest groups. Such integration takes into account not only employers and employees, but also employees

and other interest groups such as trade unions, the state or the local community. In addition, the globalization of the economy poses challenges for CSR-HRM for example with regard to heterogeneous norms and expectations in different regional and cultural contexts, precarious working conditions along the Supply chain and business self-regulation (Becker, 2011; Cooke, 2011; Westermann-Behaylo et al., 2014).

4.1.2   Socially responsible HRM: a three-component model

A good model that further elaborates the aspect of integrating CSR values into HR is the one suggested by (Shen and Jiuhua Zhu, 2011) They proposed a three-component model for a socially responsible human resource management, so-called SR-HRM. The model distinguishes between three components of SR-HRM:

- Legal compliance human resource management LC-HRM: focus on labor law legal compliance
- Employee oriented human resource management EO-HRM: focus on employee's well-being and social benefits
- General CSR facilitation human resource management GF-HRM

Legal compliance HRM focuses on legal compliance with local and international labor laws. These include aspects such as minimum wage, health and safety, abolition of forced or child labor and equality standards between employees in the workplace. Employee oriented HRM goes beyond what is required by law and takes into account the personal and family needs of employees. This includes policies such as flexible working hours and programs for attaining work–life balance to enable employees to attend to their family needs when necessary. Also, adequate training and development opportunities constitute an integral part socially responsible HRM as this contributes to employee's wellbeing and overall satisfaction.

General CSR facilitation HRM goes beyond the provision of better salaries and working conditions and can include the recruitment and retention of socially responsible employees, the delivery of CSR training and the inclusion of social contributions e.g. participation in socially useful activities in promotions, performance reviews and remuneration (Shen and Jiuhua Zhu, 2011). These policies and practices include evaluating and rewarding employees who contribute to CSR initiatives, appointing employees responsible for CSR initiatives, and

prioritizing people from the local community, particularly those with family problems or redundancies (Shen and Jiuhua Zhu, 2011). Developing a better understanding of socially responsible HRM helps companies create ethical frameworks inside and outside the company to improve their performance (Burke and Logsdon, 1996).

Table 6. Summary of SR-HRM practices adapted from (Shen and Jiuhua Zhu, 2011)

Legal Compliance HRM	Employee oriented HRM	General CSR Facilitation HRM
- Compliance with labor laws regarding working hours, - Minimum Wage, - Health and Safety, - Abolition of forced or child labor Appointing adequate employees to supervise labor standards in the global value chain and - Equality. It has four sub-components - Equality in Training and Development - Equality in Performance Appraisal - Equality in Recruitment and Selection and - Equality in Reward and Compensation	- Flexible working hours and programs for attaining work–life balance - Adequate training and development opportunities - Employee involvement and participation and - Workers' organizations participating in determining labor terms.	- Appointing CSR staff, - Appraising and rewarding employees' contribution to CSR and - Giving priority of employment to candidates who have family difficulties or made redundant, to local candidates in order to contribute to the sustainability of local economies and societies.

(Shen and Jiuhua Zhu, 2011) argue that a SR-HRM should go beyond compliance with legal requirements and labor laws and try to meet employees needs and other stakeholder by adapting an employee-oriented HRM and general promotion of CSR.

This model falls under the second category in the framework of (Voegtlin and Greenwood, 2016) described above and focuses on CSR as part of HRM.

4.1.3 HRM as an instrument for the implementation of CSR

A model that focuses on HRM as an instrument to enable better implementation of CSR is demonstrated by (Jamali et al., 2015). They make a valuable contribution to illustrating how

HRM can help in the implementation of CSR based on Ulrich's HRM strategic partnership model (Ulrich, 1996).

They argue that CSR translation into actual managerial practices be mediated by HRM. HRM can set the micro-foundations of CSR and provide strategic and operational support to CSR Urlich's model considers 4 main roles for HRM.
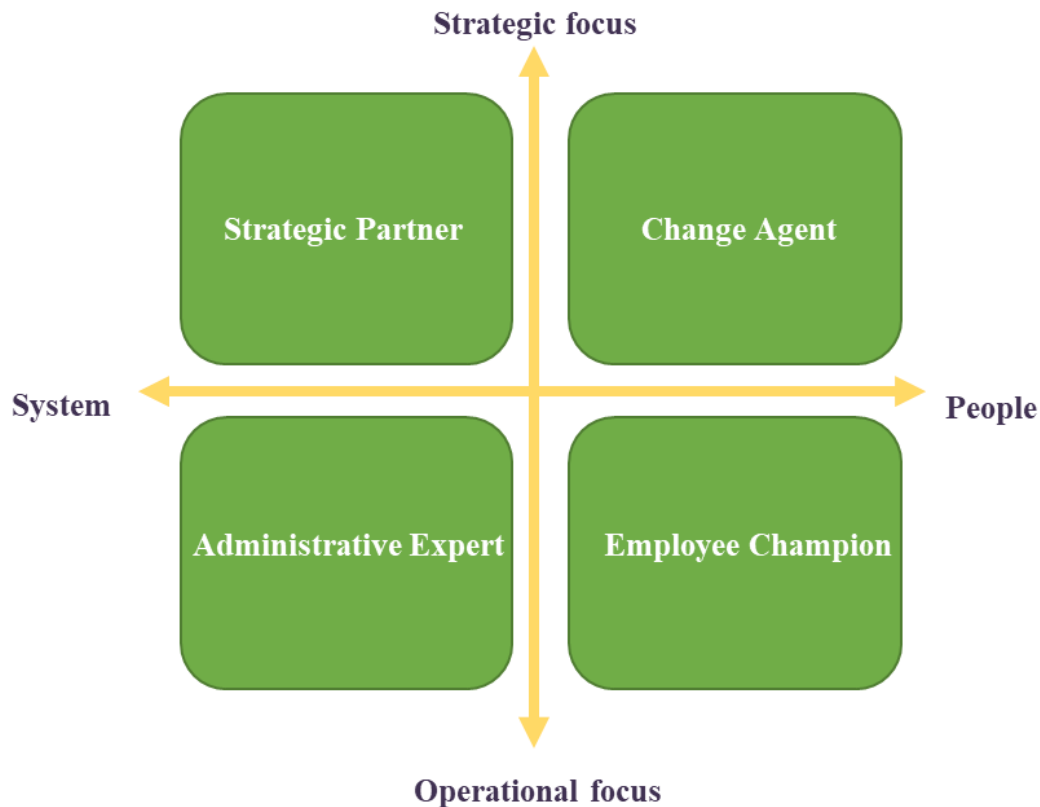
Figure 6 Strategic HRM partnership model adapted from (Ulrich, 1996)

Strategic Partner

- Includes activities aimed at aligning HRM strategies with the overall strategy of the company.
- Includes the translation of business strategies into HRM practices or priorities to achieve business goals, adapt to change, meet customer needs and improve financial performance.

Administrative expert

- Includes the efficient design and implementation of HRM functions - for recruitment, training, evaluation, control of employee flow (Conner and Ulrich, 1996).

- Although this role is traditional and its importance has been downplayed with the recent focus on strategic HRM, "its successful performance continues to create value for a company" (Ulrich, 1996) and continuously improves organizational efficiency through investigation, reengineering and improvement of HRM functions as well as cost reductions").

Employee champion

- Focuses on increasing employee contributions by trying to maximize employee engagement and skills.
- Seeks to find methods that address the daily concerns and needs of all employees and provide an appropriate balance of resources for employees to meet those needs and work efficiently.

Change agent

- Includes support and management in building capacity for transformation and change within the organization.
- HRM experts help identify and implement different roles and plans for management, adaptation to change, while remaining sensitive traditional values and corporate history (Ulrich, 1996).

Table 7 summarizes the critical domains in which HRM can aid in the implementation of CSR through the 4 HRM roles.

As strategic partners, HR managers can participate in the development of CSR. They can help integrate CSR into the mission and functions of HRM. As strategic partners they will be able to better involve top executives to drive and strengthen CSR Agenda. With a CSR approach that considered all stakeholders in a company, HRM can contribute to the particular perspective of employees.

As a Change Agent, HRM can play a significant and direct role in the implementation of CSR. HRM can contribute with their experience and tools in organizational change process. HRM can help in raising employees' awareness and reediness for the organizational and cultural changes associated with the implementation of CSR in an organization. This is an important step to enable employees to contribute to the CSR mission of the company.

In their role as employee champion HR manager can be very instrumental for the goals of CSR. They can help increase employee commitment and motivation for CSR by Celebrating

successful CSR activities with employees and with the development and implementation of employee codes of conduct. Also, from early on HRM help strengthen CSR awareness by passing on and communicating the value of CSR to employees from the early recruitment phase through performance management to compensation and reward of retention plans.

In their role as administrative experts, HR managers can also help the company provide the necessary HRM infrastructure and capabilities to implement an effective CSR strategy. For example, HR managers can prepare themselves for all social and legal issues related to CSR. Especially they can help report on key internal CSR dimensions affecting employees such as diversity, equal opportunities and health and safety issues. HR managers can therefore set standards in these domains monitor and collect data on the results.

Additional to contributing through its four key roles, HRM can make full use of standard HR tools and practices to promotive and affect CSR objectives. Examples for that are summarized in Table 8 based on the HR functions of recruitment and selection, performance appraisal, rewards and compensation and training and development.

Table 7 HRM's roles in CSR (Buyens and Vos, 2001; Zappala, 2004)

The areas of HRM's contribution to CSR	Role
Helps to define and implement CSR • Participation in the development of CSR • Proposal of CSR areas from HRM perspective • Integration of CSR into the mission and functions of HRM • Development of plans to collect information on CSR orientations from a stakeholder perspective with a particular focus on employees.	**Strategic Partner**
Helps to create CSR changes • Understand how CSR change affects other stakeholders (customers, investors, community). • Increasing employees' sensitivity and willingness to deal with change and integrate CSR. • Introduction of initiatives that promote CSR goals, overcome resistance to change and other barriers. • Sensitization of managers to CSR change through training and development	**Change Agent**
Helps to increase employees' contribution to CSR. • Increasing employee commitment and motivation for CSR • Passing on and communicating the value of CSR to employees from the early recruitment phase through performance management to compensation and reward of retention plans. • Improving employee training and awareness of CSR • Providing initiatives to help employees serve the community, such as social volunteer programms. • Collecting and sharing information with employees in connection with CSR • Celebrating successful CSR activities with employees • Development and implementation of employee codes of conduct	**Employee Champion**
Helps in the efficient implementation of CSR • Establish CSR performance indicators and monitor results on performance targets within the HRM Performance Management System. • To address social and legal issues related to CSR practices that are uniquely applicable from an HRM perspective and depending on the expertise and skills of HRM. • Measuring and reporting CSR performance and the final result pay off through HRM devices and assessment tools. • Measuring and reporting human capital metrics such as turnover, health and safety, employee development and diversity as part of a broader social performance measurement across the organization.	**Administrative Expert**

Table 8 CSR embedded in HRM practices (Jamali et al., 2015)

	HRM practices			
	Recruitment and selection	*performance appraisal*	*Rewards and compensation*	*Training and development*
CSR embedded in HRM practices	Recruiting new employees who can contribute to CSR. Screening of new employees with knowledge and awareness and appreciation for CSR Recruiting new recruits who are able to contribute to CSR and, for example, with previous experience in volunteering. Include questions and case studies on CSR in the interview phases with the candidates. Includes sections on CSR activities	Definition of performance based not only on outcomes and outcomes, but also on social objectives. Include service to the community and participation and participation as well as participation and contribution to social initiatives as part of performance appraisal and link with rewards such as bonuses. Follow-up with employees on CSR and inclusion of CSR action plans and motivation of employees to become more involved in CSR through regular performance reviews. Enable employees to contribute to	Rewarding employees for behaviors that are consistent with CSR values to motivate them and underscore the importance of CSR to the company. Preparation of material and immaterial rewards for employee participation in CSR Preparation of incentives to promote social goals Communication of such measures with external interest groups in order to improve the reputation and market attractiveness of the company.	Training and sensitization of employees for CSR / Example: Sustainability practices such as green practices and recycling within and outside the company. Conduct regular seminars and workshops on CSR and link some incentives and rewards with employee participation in these seminars and workshops. Training programs and competence development can be carried out for both lower and higher numbers of employees. Invitation of NGO representatives to exchange experiences with

4.2 A case study on CSR in relation to HRM in a Polymer Manufacturing Company (PMC)

4.2.1 Introduction to the case study

The aim of this chapter is to use the CSR strategy of the company at which I currently work as a case study to analyze and evaluate this strategy. This analysis and evaluation will be carried one on one side in the light of the general CSR theories introduced in the first part of chapter 2 and in particular the target is present a detailed analysis to the CSR-HRM relationship and role of HR in the implementation of CSR based on specific aspects.

The analysis will proceed in the following way:

In the first part a brief overview of the overall CSR strategy of the company will be presented, and then this strategy will be discussed based on the general CSR theories.

In the second part, those aspects of the strategy, where HR is expected to be more strongly involved, are presented in more detail and then analyzed and discussed based on the theoretical frameworks regarding the relationship between HRM and CSR presented in the first part of this chapter.

As basis for this analysis will be the publicly available sustainability reports of the company.

Instead of using its real name the company will be referred to as Polymer Manufacturing Company or abbreviated as PMC.

4.2.2 General CSR strategy of PMC

Introduction of the company

PMC was founded in 1824, the company develops, produces and distributes products in more than 100 countries and serves two important sectors of the rubber industry: industrial and medical.

PMC employs around 6,800 people and has 14 production sites, 8 of which are in Europe and 6 in Asia. The company is headquartered in Vienna, Austria. With its own sales network in Asia, Europe, North and South America and Australia, the company sells its products in the business-to-business segment.

The product categories include industrial hoses and tubes, conveyor belts, escalator handrails, window and door profiles, cableway rings, ski foils, products for railway superstructures, examination, protective and surgical gloves.

PMC is a publicly traded company and had revenue of 878.5 million euros in 2018.

PMC published its first sustainability report fairly recently in 2017. In the following the approach used by the company to initiate its CSR strategy and main CSR areas it wants to focus on are presented.

Approach to initiating and implementing CSR at Polymer Manufacturing Company (PMC)

To initiate its CSR strategy the company started a so-called sustainability survey in 2016 and involved a sustainability expert then proceeded in a structured way, first analyzing and evaluating importance of topics, then prioritizing topics based on importance of materiality as the company expressed it, in a third step then validating the chosen topic.
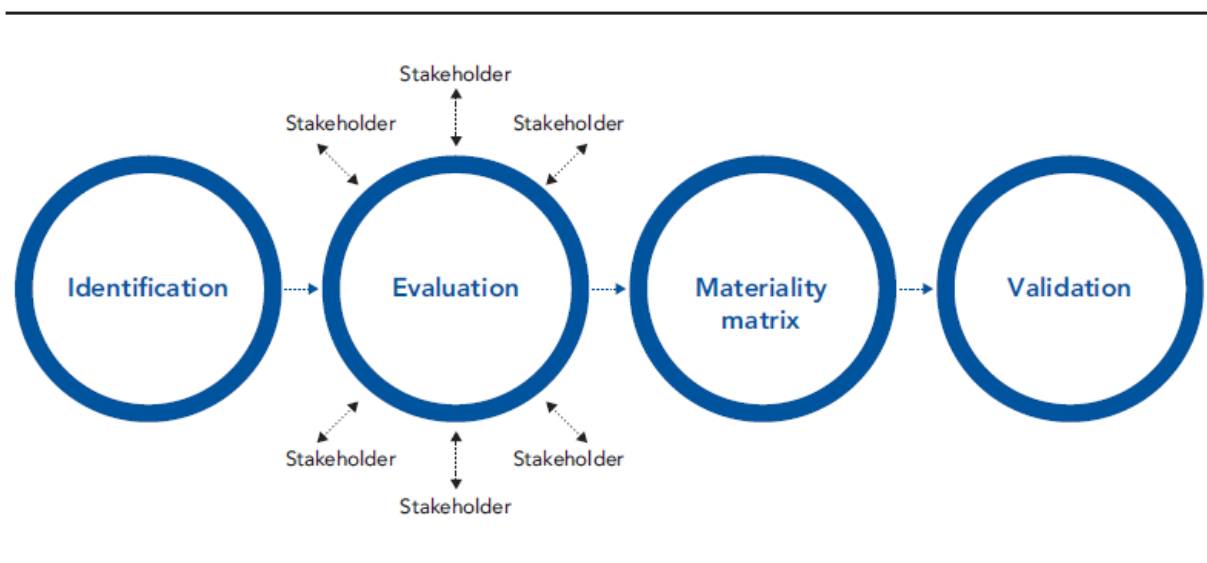
Figure 7 Approach to initiating CSR strategy at PMC

Analysis and evaluation: The Company surveyed 52 internal and external stakeholders. Both internal and external stakeholder's topics were taken in consideration equally. There were also inputs from management. For the evaluation of the topics the company assessed their impact on economic, environmental and social aspects. A sustainability expert was also

involved in this process. The result had also to be approved by the so called "Sustainability Council", which will be presented later under CSR in the organization of the company.

Prioritization: The identified topics were then prioritized under material and immaterial topics using the so-called materiality matrix. The materiality matrix asses two dimensions: relevance to stakeholder and the three aspects of "economic, ecological, social effects". The results were combined in the materiality matrix and based on this a decision was made between material and immaterial topics. Results can be seen in figure 8.

The materiality matrix

- Waste
- Water
- Emissions
- Qualification and training
- Diversity and equal opportunities

- Energy
- Raw materials
- Innovation
- Occupational safety and health protection
- Social standards and working conditions
- Sustainability in the supply chain

- Compliance and integrity
- Greenhouse gas emissions

Relevance for stakeholders: very high / lower

Economic, ecological and social effects: lower / very high

Figure 8 Results of the prioritization of CSR topics at PMC using materiality matrix

Validation: The chosen topics had to be validated the sustainability council the management board of the company.

CSR areas of focus at PMC

Ultimately the company chose 6 areas for its CSR strategy with corresponding 6 key topics to focus on. These 6 key topics are quoted below from 2018 sustainability report of the company

and will be discussed in their approach in a next step under "General discussion on the CSR strategy of PMC"

Area: Resource management and environmental protection

Key topic: Energy consumption and consumption of raw materials

The company justifies this topic with "efficient use of resources not only protects the environment, but also saves costs and reduces risks arising, for example, from the availability of raw materials and the associated price fluctuations. The overall goal of activities in this field is the preservation of profitability and the creation of competitive advantages" (Semperit, 2018).

Area: Occupational safety and health protection

Key topic: Occupational safety and health protection

The company interprets this topic as follows "As a manufacturing company with global standards, it is particularly important to ensure the safety and health of its employees and local residents at all times. With the goal of "zero accidents" and the optimization of all associated processes, PMC is taking a clear step towards becoming an industrial role model. Compliance with legal requirements is only the basis" (Semperit, 2018).

Area: Suppliers

Key topic: Sustainability in the supply chain

The company explains this topic as follows: "The integration of suppliers and partners is becoming increasingly important. Transparency and the confidence to make a difference together are qualities that should be promoted in the future. The activities range from joint development projects to the review of ecological and social criteria by independent third parties" (Semperit, 2018).

Area: Innovation

Key topic: Innovation

This topic refers to "integrating ecological criteria, product and process innovations create not only added value for customers and the environment, but also competitive advantages and long-term potential for sales growth" (Semperit, 2018).

Area: Employees and society

Key topic: Social standards and working conditions

The company starts by explaining that "the employees are jointly responsible for this success. It is important to keep them and, at the same time, to constantly attract new employees. Employee satisfaction and the associated low fluctuation are not only economically decisive, but also ensure that the know-how remains within the company. At the same time, a company must adapt to the constantly changing conditions on the labor market and thus create attractive job offers (Semperit, 2018).

Area: Compliance and corporate integrity

Key topic: Compliance and Integrity

The company explains this topic as follows: "Compliance and integrity are the basis for being perceived as a role model and preferred partner of the industry. The PMC Group is constantly working on issues such as combating corruption, respecting human rights and complying with all national and international laws. Information, a role model effect and special training courses on various issues are the tools used. It is always important that the company's principles apply to all employees without exception" (Semperit, 2018).

CSR in the organization of the company

In order to create a foundation in the organization to sustain the sustainability activities and reporting and controlling in this regard, the company installed a so-called Sustainability Council. This is Sustainability Council reports directly to the CEO and it consists of managers from central corporate divisions and business areas. Members are responsible for setting priorities, appropriate activities and promoting current issues. Reporting is made directly to the CEO. The Management Board of PMC in itself, of which the CEO is member reports to the Supervisory Board of PMC about current sustainability issues and the progress of sustainability activities.

Proving a responsible organization that reports directly to top management shows a certain level of importance by which PMC takes the issue of sustainability. This is a good example also by which HRM function as thinking about the organigram can provide useful tools to anchor CSR activities and objectives in an organization.
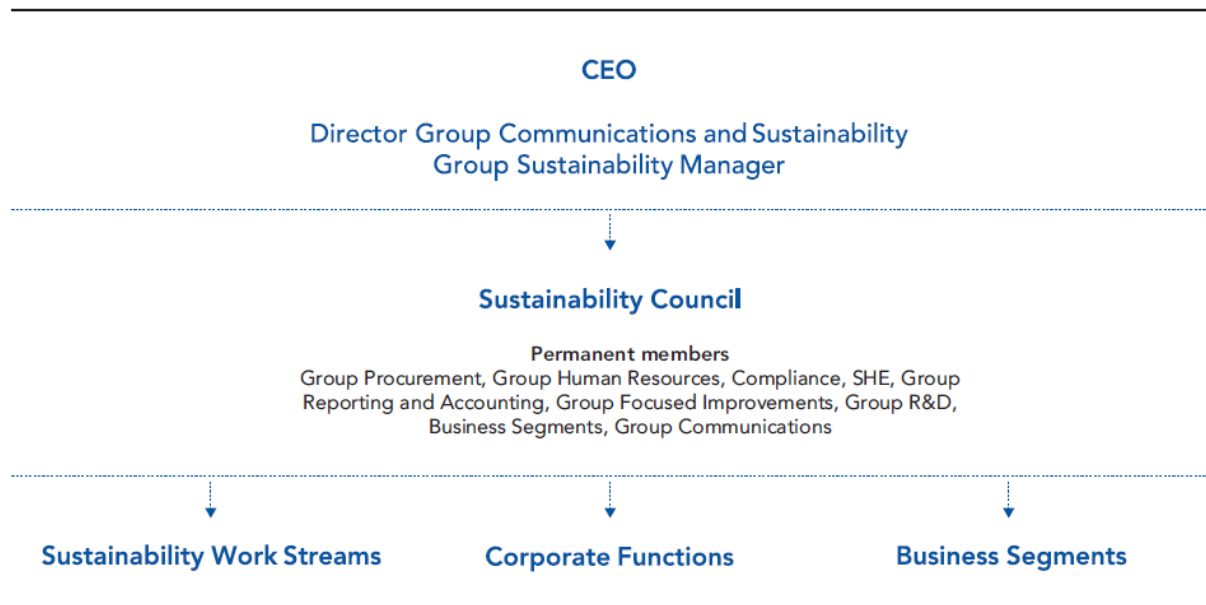
Figure 9 Sustainability organization at PMC

4.2.3   Evaluation of the general CSR strategy of PMC

It is important to notice that PMC launched a clear CSR strategy only recently in 2017. The first published report dates to 2017 then a second report was published in 2018. Yet is worth noting the company already can present a comprehensive and modern CSR strategy that covers major CSR areas regarding social aspects and environmental aspects, concerning internal as well as external stakeholder.

In its approach to create its CSR strategy the company makes clear reference to the triple-bottom-line approach of   (Elkington, 1998) which considers the economic, social and environmental aspects. As it is stated in the sustainability report from 2018 "The topics selected with the help of this process were evaluated with regard to their impact on economy, environment and society". The triple-bottom-line model though is not cited explicitly.

The company also involved a lot of internal and external stakeholders. This was done in a structured way using surveys and workshops.

These two methods, the triple-bottom-line and evolvement of stakeholder, used during the identification and evaluation of CSR topic for the CSR strategy, could lead one to think that the CSR strategy of the company will have a strong influence in terms from stakeholder theory perspective of business ethics perspective. This though not the case. The company's strategy falls strongly under the shareholder value approach or shareholder theory of CSR. Almost in all its justifications for the chosen CSR key topics, the company refers to ultimately to probability objectives or added value to the company and thus to the shareholders.

This is clear from introduction by the management board in the first sustainability report in 2017, where they use the term "efficient sustainability". "We speak of efficient sustainability and believe that sustainability is considered, optimized and used where it makes sense from an ecological, social or economic point of view, where it minimizes risks or creates added value." (Semperit, 2017).

For example, when explaining the topic energy and material consumption, it is clearly justified as "the main objective of activities in this area is to maintain profitability and create competitive advantages"(Semperit, 2018).

Another example when talking about the key topic of social standards and working conditions "Employee satisfaction as well as a low turnover associated with it are not only economically decisive but also ensure that the know-how remains in the company"(Semperit, 2018).

In summary the CSR strategy offers a comprehensive and modern approach to CSR topics and there was a systematic engagement with the issue. In its general approach the company falls clearly under the shareholder value approach although it considers the social and environmental aspects based on the triple-bottom-line approach. The CSR pyramid from Caroll helps us understand this result better as economic objective of being profitable will always have priority for an economic agent as company with shareholder aiming to maximize profits.

In the following section the topic complex of CSR-HRM in the CSR strategy of PMC will be presented, analyzed and evaluated in more detail.

4.2.4 Specific CSR-HRM strategy at PMC

In the following the topic in which HRM can play a central role either as an instrument to help implement a CSR objective or where an HR domain itself is the objective of CSR activity in terms of the so called "responsible HR" explained in chapter 4.1, will be discussed.

These key topics that will be presented, analyzed and evaluated in detail:

- CSR-HRM topic: Occupational safety and health protection
- CSR-HRM topic: Social standards and working conditions
- CSR-HRM topic: Equal opportunities and diversity
- CSR-HRM topic: Lifelong learning and personnel development
- CSR topic: Compliance and integrity

These topics will be analyzed based on goals aimed at, methods used to achieve those goals and evaluated based on the theoretical frameworks presented in chapter xx.

These theoretical frameworks are the CSR-HRM relationship framework from (Voegtlin and Greenwood, 2016) SR-HRM model from (Shen and Jiuhua Zhu, 2011) and the HR strategic partnership model from (Ulrich, 1996) suggested by (Jamali et al., 2015).

The Human Resources of PMC

Before diving into the CSR-HRM topics it is useful to give an overview of the human resource force of the company.

PMC is an international organization with factories and sales offices in Europe, Asia and America. The workforce consists of about 6700 employees. A big portion of employees work at the production sites of the company.

45% of the workforce is in Europe, 55% in Asia and 2% in America. The percentage of women is 21% and men 79% percent. PMC workforce is composed of 58 different nationalities.

Already the international manufacturing activities and the diverse composition of the workforce in terms of levels of education, diverse nationalities, different countries and laws present a challenge to achieve CSR objectives in terms of compliance, safety, social and working conditions, fairness and employee well-being.

These issues will be discussed further in the next sections as the CSR topics of PMC to these challenges presented.

Table 9 Employee composition at PMC (Semperit, 2018)

Employees indicators in 2018
(full time equivalents)

• 6,773 total employees*	• 3,199 Europe*
• 1,423 women*	• 3,510 Asia*
• 5,350 men*	• 64 America*
• 6,006 full-time**	• 58 nationalities**
• 90 part-time**	• 1,983 new employees**

*The employee key figures include all employees from the fully consolidated companies of the "Polymer Manufacturer Group AG".

** The employee key figures include all employees from the fully consolidated companies of the "Polymer Manufacturer Group AG", except the sites in Thailand, and Malaysia

4.2.4.1 CSR-HRM topic: Occupational safety and health protection

Goals: In this area PMC aims to achieve two goals:

1. The first is related to general health and safety
   a. Zero Accident Target
2. The second to employee general wellbeing.

The safety goals are defined by "avoidance of accidents and work-related illnesses" as the company states in its sustainability report. A specific target under this objective is the zero-accident target and will be treated separately, due to big effort the company invested into this goal.

Goal 1: General health and safety

Methods:

- Integrated management system
- Trainings
- Organization
- Branch safety organization
- Safety, Health and Environment managers

- Additional standard procedures

Integrated management system: Integrated management system refers the integrated quality management system that PMC employs and includes all quality, environmental, health and safety standards that the company follows group wide. In this particular case regarding health and safety the company applies the international standards OHSAS 18001. This standard applies to all company locations and is reviewed by external and internal audits.

Trainings: Training courses related to existing management system and safety in the work place are available.

Organization: The safety and health objective are also represented and supported through corresponding organizational units that help implement these objectives.

Branch safety organization: According to the Austrian Employee Protection Act "ArbeitnehmerInnenschutzgesetz" the company must install branch safety organization at every location. This organization is made of works councils, employer representatives, specialists in occupational safety, safety officers and company doctors. PMC installs this organization all its locations not only in Austria but also internationally.

Safety, Health and Environment (SHE) managers: Additional to the legally required branch safety organization the company created a so called SHE manager role and corresponding organization. SHE refers to Safety, Health and Environment.

There are guidelines lay out to role and responsibilities of the SHE managers and organization. At each location there are local SHE managers that are responsible for handing out information and providing training to employees but also document and reporting any safety or health related incidents.

The local SHE manager reports to a global SHE manager, which in turn reports monthly to the company's board.

Figure 10 shows the SHE organization.
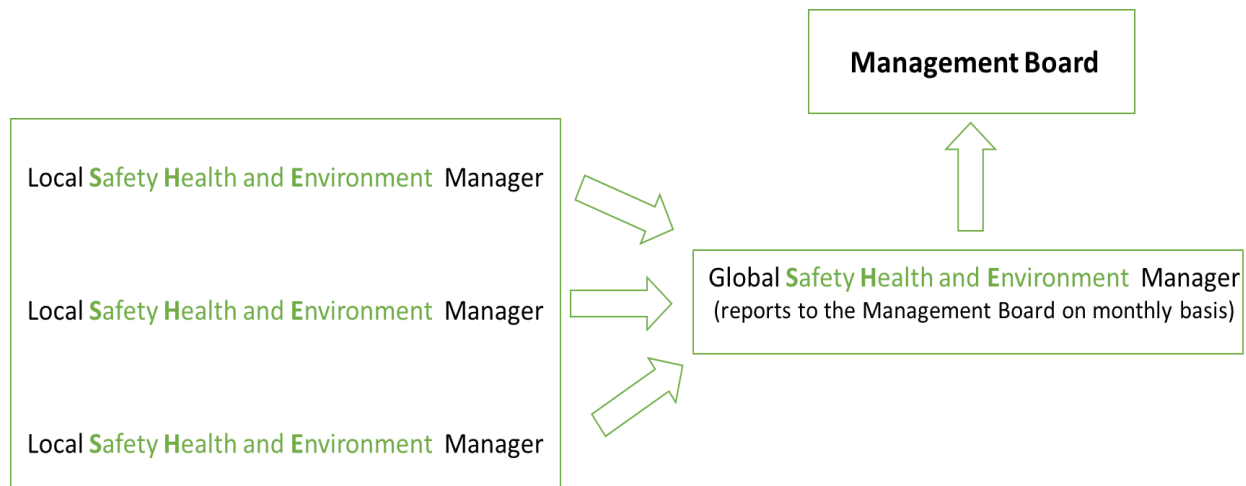
Figure 10 SHE (Safety, Health and Environment) organization at PMC

Additional standard procedures:

- Fire brigades there are company fire brigades which are networked and cooperate with the local fire brigades.
- Shift work to ensure compliance with legal requirements.
- Regular health checks, protective clothing and ear protection and adherence to the prescribed rest periods.

4.2.4.2 Evaluation of CSR-HRM approach to general health and safety objective

The health safety objective of the company follows the general approach of the company is to increasing shareholder value. As the company mentions that ultimately the aim behind this objective is the long-term maintenance of the workforce. This puts this activity clear as CSR supporting an HRM objective. Most the methods used are also motivated by legal compliance, as reference is made to the Austrian Employee Protection Act and branch safety organization. The company does go beyond that by installing it's internally motivated SHE organization, yet the majority of the thinking is motivated by legal requirements as company mentions regarding shift work, health check and protective clothing.

The role of HR according Urlich's model can be described here as administrative expert in providing trainings and legal administrative assistance but also as a change agent in support the setup of the SHE and its role in improving measures around safety in production.

Table 10 summarizes this evaluation based on the CSR-HRM relationship framework from (Voegtlin and Greenwood, 2016) SR-HRM model from (Shen and Jiuhua Zhu, 2011) and the HR strategic partnership from (Ulrich, 1996) suggested by (Jamali et al., 2015).

Table 10 CSR-HRM relationship models for the occupational safety and health protection

	PMC - Case	Example/Evidence
CSR-HRM Relationship	CSR as part of HRM, i.e. more responsible HRM	Here CSR helps achieve an HRM objective of avoidance of work-related illness and long-term maintenance of workforce
SR-HRM Model	Legal compliance HRM	Follow Austrian Employee Protection Act and Occupational Health and Safety Management standard OHSAS
HR Strategic Partnership Model	Administrative expert Change agent	Helps setup the SHE organization and assist necessary trainings and workshop to affect change.

Goal 1a: Zero Accident Target

As specific safety targets the company give a quantitative target under so called zero-accident policy. The company elaborates in great details about this target and measures taken to achieve, so it is handled separately.

This target is taken very seriously and there are extensive measures and methods implemented by the company to achieve this goal.

As part of it's a next level initiative in operating excellence the company has being pursuing the goal of zero-accidents since 2017. The company seems to take this target very seriously and there are extensive measures and methods implemented by the company to achieve this goal.

Methods:

- Documentation
- Kaizen workshops
- Employee participation indicator
- Central database
- Conversion from OHSAS 18001 to ISO 45001
- Examples of specific actions

Documentation: As main instruments and basis to achieve the zero-accident target the company focuses on the documentation aspect of all incidents. The company states that all incidents must be reported, recorded and analyzed. "This ensures that all necessary steps are taken and that the relevant information and improvement measures are shared throughout the Group. The number of days lost due to accidents was already reduced by 2,513 in 2017. A further decline was achieved in 2018. In addition, there were no fatal accidents at work in 2017 and 2018 (Semperit, 2018).

The documentation system covers all contracts, although the company admits that there is a difficulty for the temporary workers in Asia.

Kaizen workshops: Kaizen refers to the practice of continuous improvement in Japanese. In order to try to achieve a long-term improvement in the behavior leading to accident in production Kaizen workshops were introduced and held in 2018.

Employee participation indicator: The company wants to promote employee participation in these improvement measures. To support this objective the company introduced a so called "employee participation indicator" to measure employee participation, but didn't mention more details as to how this is measured. Additionally, the company tries to visualize and accident rate status and related improvement measure to visible for the workers.

Central database: As a central piece to help better implementation and improvement of the previously mentioned measures the company installed a central data to manage and process all data related to the safety objectives. all activities and measures can be controlled, transformed and tracked in a structured way. In addition, a legal management system was set up for SHE that integrates all legal obligations and checks compliance with them.

Conversion to a newer standard: The company plans to move from Occupational Health and Safety Management standard OHSAS 18001 to the newer standard ISO 45001.

Examples of specific actions: Table 11 provides and overview of measures implemented the company to promote its zero-accident target, in terms of specific trainings, workshops and administrative changes.

Table 11 Overview of specific measures to promote "zero-accident target"

Activity	Description	Status	Goal
Cut & Stitch	Group-wide initiative on stabbing and cutting injuries; avoiding existing risks or minimise them by targeted measures	●●●○	Significant decrease in the number of cutting injuries
Safety Kaizen workshops	Information, visualisation and training with regard to safety; nine workshops were held in 2017, four more workshops in 2018	●●●○	Knowledge transfer and establishment of a reporting system for unsafe conditions and actions
Safety Kaizen Days	Customised information days, held as follow-up activity after the Safety Kaizen workshops; 104 Safety Kaizen Days were arranged in 2018	●●●●	Intensification and consolidation of the contents communicated after the Kaizen weeks
*SHE Days	Day workshops on selected and current special topics	●●●○	Information exchange and sensibilisation
*SHE competition	Ideas competition on safety issues	●●●●	Encouraging participation; creating incentives and best practice examples
*SHE action list	Platform to collect tips and improvement suggestions	●●●●	Ensuring that no ideas and suggestions are lost
Safety Center	Contact point for employees for current issues	●●●●	Information and help
Safety training	Evacuation and fire-fighting exercises	●●●●	Prevention; regulatory compliance
Safety-related survey of machines	Central survey of all machines	●●●○	Work place optimisation; showing potential for improvement
Generation of traffic concepts	Development and introduction of a traffic concept	●●●○	Avoidance of accidents
Employee training courses	Initial training; workplace-specific training courses	●●●○	Knowledge transfer; awareness raising and prevention

● Status 1: planned // ● ● Status 2: started // ● ● ● Status 3: advanced // ● ● ● ● Status 4: completed

* SHE – Safety Health and Environment

4.2.4.4 Evaluation of CSR-HRM approach to the zero-accident objective

With the zero-accident objective the company goes beyond mere adhering to legal requirements in terms of occupational safety and related processes and organization and sets a quantitative goal of zero-accidents. The company also introduces as measure to increase employee participation in this activity through the employee participation indicator and Kaizen workshops. So that in this case we speak of employee-oriented HRM.

As to the role of HR according to Ulrich's model (Ulrich, 1996), here we see HR acting a strategic partner by have an HR related goal in next level companywide initiative, but also as employee champion promoting employee safety as a top priority with effective measures to improve it and lastly as administrative expert to help implement these measures in terms of needed management system with which HR has similar experience. Table 12 summarizes this evaluation.

Table 12 CSR-HRM relationship models for zero-accidents objective

	PMC - Case	Example/Evidence
CSR-HRM Relationship	CSR as part of HRM, i.e. more responsible HRM	CSR helps achieve an HRM objective of avoidance of work-related injury and long-term maintenance of workforce
SR-HRM Model	Employee oriented HRM	Goes beyond legal requirements of safety and also supports employee participation
HR Strategic Partnership Model	Strategic partner Administrative expert Employee champion	Sets and HR related goal in company's next level initiative, supports employee participation and helps in installing needed infrastructure for management of goals

Goal 2: Employee well-being

Regarding the second goal of employee well-being, there is little mentioned by the company regarding the measures implemented or planned to be implemented to achieve these goals, the goal is not even well specified.

The company only mentions general **remarks** regarding good work-place design, health prevention and social benefits such as sport options.

This domain does not seem to have a great focus in the companies CSR policy.

Evaluation of CSR-HRM approach to employee well-being

This domain would be great opportunity for HR practice its role as employee champion and to promote employee oriented HRM. This seems does not seem to a strong focus for the company in its approach.

This activity falls also clearly under the framework of CSR as part of HRM. CSR promotes and more responsible and effective HRM and then also increase the employer attractiveness.

Table 13 summarizes this evaluation.

Table 13 CSR-HRM relationship models for the employee well-being objective

	PMC - Case	Example/Evidence
CSR-HRM Relationship	CSR as part of HRM, i.e. more responsible HRM	Here CSR helps achieve an HRM objective of promoting employee well-being
SR-HRM Model	Employee oriented HRM	Goes beyond legal requirements and wants to promote employee well-being
HR Strategic Partnership Model	Administrative expert Employee champion	HR supports measures to promote employee well-being. Not clearly defined.

4.2.4.4 CSR-HRM topic: Social standards and working conditions

Goals: Human rights

The goal of this activity can be summarized under the title of respecting human rights and prevent any human rights violation that could occur due the company practicing its business. This means this does not only apply to the company itself but also to its suppliers and partners.

In particular the company follows:

- UN Guiding Principles on Business and Human Rights
- The labor and social standards of the International Labor Organization

These include topics as prevention of child and forced labor, promoting fair wages and freedom of assembly

Methods: In order to enforce this objective and these standards the company has implemented the following steps and policies:

- Company code of conduct and policies
- Consequences on business relationship consequences
- Whistleblower platform
- Auditing
- Trainings

Company code of conduct and policies: The principles and guidelines regarding these issues are stated in the company's Code of Conduct and in the personnel policy and supplier policy. In addition, the company's human rights requirements are integrated into the Group-wide compliance management system to ensure compliance at all sites

Consequences on business relationship consequences: If an internal employee violated these states principles and guidelines the measure could extend to the termination of relationship. In the reporting year 2018, an incident was reported which led to the termination of the employment relationship. Also, with external supplier the company states in case of violation *by supplier the company tried to fix the situation by find a solution but could also terminate* the business relationship if necessary.

Whistleblower platform: The company introduced whistleblower platform in 2018 which enable the reporting of violations anonymously.

Auditing: A standard methods that is used by the company to ensure compliance with internal or external standards is also used in this case. Here the company performs audits according to Business Social Compliance Initiative (BSCI), especially in countries with high risk regarding these issues. The focus of BSCI is ensuring fair working conditions.

Trainings: Especially for teams in purchasing, human resources or production the company focuses on trainings in this regard. For the related training to reach all employees, the Code of Conduct is subject to the onboarding training at PMC.

4.2.4.5 Evaluation of CSR-HRM approach social standards and working conditions

Similar to the previous domain here CSR is part of HRM and CSR policy helps achieve an HR which is compliant with international standards regarding human rights and social and working conditions. The approach falls clearly under legal compliance HRM, as the company states it wants to follow the UN Guiding Principles on Business and Human Rights and the labor and social standards of the International Labor Organization. The role of HR in this case is mostly as an administrative expert by supporting an anonymous whistleblower process and providing trainings related to these standards and objectives.

Table 14 summarizes this evaluation.

Table 14 CSR-HRM relationship models for the Social standards and working conditions objective

	PMC - Case	Example/Evidence
CSR-HRM Relationship	CSR as part of HRM, i.e. more responsible HRM	CSR helps achieve an HRM objective preventing human rights and labor standards violations
SR-HRM Model	Legal compliance HRM	Compliance with international human rights and labor standards
HR Strategic Partnership Modell	Administrative expert	Enables whistleblower platform and provides trainings.

4.2.4.6   CSR-HRM topic: Equal opportunities and diversity

Goals: Increase diversity

Increasing diversity means for the company three things:

- Increasing the percentage of women in managerial position.
- Increasing number of non-European managers
- Increasing the internal succession rate.

Where by it is not clear how the third topic is part of a diversity concept or even CSR in general. This goal seems classic goals regarding more effective HR.

A for increasing the percentage of women in managerial position, the target is to increase the percentage from 10% in 2018 to 15% in 2021.

The company already met the legally required women's quota of 30% in the supervisory board. As for non-European managers, the target is to increase their percentage from 15% in 2018 to 20-30% in 2021.

As for internal succession rate, the company has an ambitious target to increase it from 19% in 2018 to 70% in 2021.

Methods

The company only mentioned some methods that could help increase the percentage of women in managerial positions, but little was mentioned regarding the other two targets except the target numbers mentioned above.

Methods to increase the percentage of women in managerial positions*:*

- Diversity quota
- Flexible and part-time work and special agreements with parents
- Neutral and objective evaluation system for positions

Diversity quota: The diversity quota is defined in the global diversity concept of the company.

Flexible and part-time work and special agreements with parents: this HR policy should help increase the percentage of women.

Neutral and objective evaluation system for positions: for promotion to positions the company uses a system that excludes any gender-specific characteristics and only asses the competence and knowledge of the applicant.
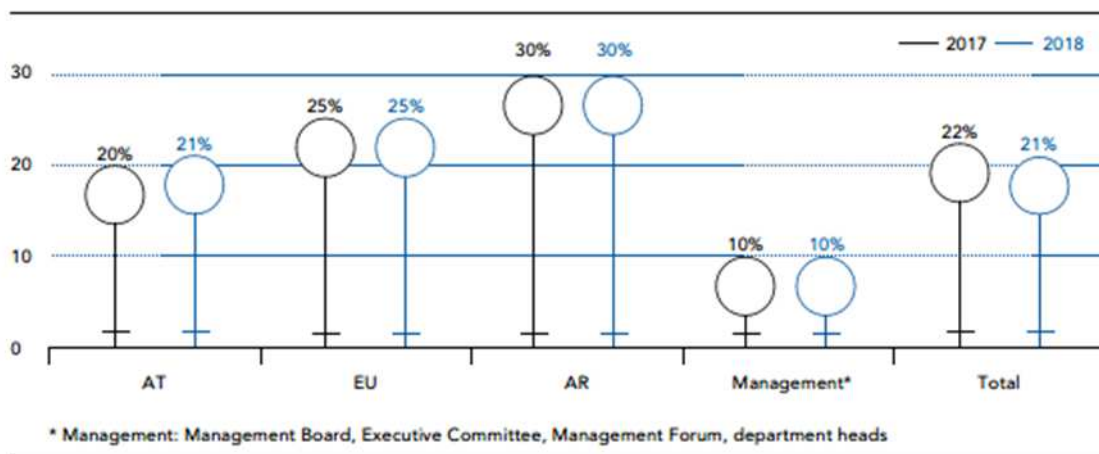

Figure 11 Percentage of females in PMC workforce

4.2.4.7 Evaluation of CSR-HRM approach to equal opportunities and diversity

Here again CSR motivates HR to be more responsible and fairer, so it can view as CSR part of HRM. This a clear case for an employee-oriented HRM. HRM is helping to increase diversity and fairness among employees. HRM is also accommodating to the needs of certain employee due to family commitments.

As to the role of HRM based on the strategic partnership model, here one can say that HRM supports this objective with its many roles starting from strategic partner by shaping the diversity quotas in the company's strategy to being an employee champion and supporting

certain employee needs with policies like flex-time and last but least offering its standard role as an administrative expert.

Table 15 CSR-HRM relationship models for the equal opportunities and diversity objective

	PMC - Case	Example/Evidence
CSR-HRM Relationship	CSR as part of HRM, i.e. more responsible HRM	CSR helps achieve an HRM objective of more diverse workforce
SR-HRM Modell	Employee-oriented HRM	Goes beyond equality to support families with flex-time and special agreements
HR Strategic Partnership Model	Strategic partner Administrative expert Employee champion	Helps in flex-time and special agreements to support women with families and setting diversity quotas/targets

4.2.4.8   CSR-HRM topic: Lifelong learning and personnel development

As a last topic in its sustainability report, the company mentions the topic of lifelong learning and personnel development. The topic of lifelong learning can be understood as a CSR topic as providing long life education values to employees. Yet the company seem to interpret this as a classic HRM function as can be seen from stated goals.

Goals:

- Optimization of recruitment processes
- Retention of existing employees
- Further development of its employees and promotion of talent

Methods:

- IT based learning management system and a career platform: This should help to simplify HR process and increase transparency and construability.
- Online courses
- Instructor led course in the frame of so-called academy talent
- Mentoring: More senior employee train junior employees
- Cooperation with universities for diploma thesis and dissertation and internship
- Internal knowledge exchange conferences and workshops

4.2.4.9 Evaluation of CSR-HRM approach to lifelong learning and personnel development

The company missed the chance to make full use of this CSR topic and interpret it purely in an HRM functional way. The goals were focused pure HRM performance objectives not SR-HRM was visible.

Lifelong learning in terms of SR-HRM could mean adding educational value to the employees throughout their career life for the developmental benefit and at the same the company benefits from their improved skills. Table 16 summarizes the evaluation based on the models used.

Table 16 CSR-HRM relationship models for the lifelong learning and personnel development objective

	PMC - Case	Example/Evidence
CSR-HRM Relationship	Pure HRM objective	Optimization of recruitment process or development of talent is classic HR function
SR-HRM Model	Pure HRM	Focus on classic HRM functions such as talent acquisition and development
HR Strategic Partnership Model	Administrative expert Change agent	Helps in introducing new online learning management system, organizes trainings etc.

4.2.4.10 CSR topic: Compliance and integrity

Goals:

Under compliance objectives the company understands compliance with the law, the prevention of corruption and bribery, compliance with competition law and respect for human.

As specific targets the company focuses on:

- Anti-corruption
- Compliance with competition law
- Compliance with data security law, especially the new European General Data Protection Regulation

Methods:

- Compliance management system
- Business Partner Checks
- Needs-based risk surveys
- Whistleblower hotline
- So called value guideline "YOU&US"
- Trainings
- Compliance organization

Compliance management system: This includes PMC Code of Conduct.

Business Partner Checks: For validating business partners, this mandatory for obligatory for risk countries.

Needs-based risk surveys: These are surveys to enable the evaluation of legal and reputational risks inside the company.

Whistleblower hotline: The purpose employees and external persons to report violations anonymous. In 2018 five reports were received, one of which led to a termination of employment.

Value guideline: This guide line supports employees in avoiding personal misconduct

Trainings: this seems to be a central instrument to make sure all employees are aware and well trained on general and specific compliance topics. The company introduced matrix to determine which employee should complete a certain compliance training and when. There was also a global e-leaning system installed. For example, the HR department received an intensive training regarding the new European General Data Protection Regulation.

Compliance organization

To support its compliance objectives the company also created a "compliance organization" that ultimately reports to the supervisory board of the company (see Figure 12).

4.2.4.11 Evaluation of CSR-HRM approach to the compliance objective

This topic seems a classic case where HRM can be seen as an instrument to support an CSR objective and so it is a case of HRM as part of CSR. HRM here provides its tools, especially trainings regarding compliance topics. It is also interesting the provided tool of whistle blower platform which seems to already be effective in uncovering and preventing compliance violations. HRM acts here as an administrative expert and facilitator (see Table 17).

Figure 12 Compliance organization at PMC

Table 17 CSR-HRM relationship models for the compliance objective

	PMC - Case	Example/Evidence
CSR-HRM Relationship	HRM as part of CSR, i.e. HRM instrument for CSR	HRM provides tools such as whistleblower, trainings, org. to achieve the CSR objective
SR-HRM Model	HRM facilitating CSR	HRM facilitates a CSR objective using HRM tools.
HR Strategic Partnership Model	Administrative expert	HRM helps setup tools to achieve CSR objective, such as compliance organization, trainings, whistleblower platform

4.3 Conclusions and Recommendations

The company's CSR strategy falls clearly under the shareholder value approach. CSR polices must in this case always be justified by increasing shareholder value, therefore supporting the profit objectives of the company. Despite that there are examples where social aspects of employees were taken into account although there is no clear shareholder value in doing that.

A good example of that is the diversity concept to increase the percentage of women in managerial positions and that being also supported by specific measures as part time and flex-time working models. It is also in similar directions were HR can play a more positive and effective role for both the sake of the company and the employees.

In the HR functions, CSR objectives served as part of HRM and helped create a more responsible and effective HRM. Good examples of that are the zero-accident target and diversity concept. This helps represent PMC as more attractive and responsible employer.

As for a CSR objective outside the direct domain of HRM like compliance, HRM proves to be a as one of the first and very useful instrument using its tools such as trainings or creating organizational roles to support a CSR objective.

The most dominant role for HR according to Ulrich's strategic partnership model in PMC strategy was the administrative expert (Ulrich, 1996). Although this is a very useful role, this is not enough for HRM to provide its comprehensive value. More involvement of HRM as strategic partner will help make better use of HRM contribution for the company as well as the employees. A good example of that was the diversity quotas defined in the global diversity concept of the company.

In terms SR-HRM model, legal compliance HRM was more present in the CSR strategy of PMC. This is in alignment with the general shareholder value approach of the CSR strategy. Beside increasing shareholder value, only legal requirement must be fulfilled and not much beyond that. This could be seen for example in the topic of employee wellbeing, where little concrete measures were mentioned how the company intends to achieve that.

There is off course not always a only a strict adherence to legal requirement and already positive examples were mentioned where the CSR strategy went beyond legal requirements as in the aforementioned zero-accident target and diversity concept.

Chapter 5 - Conclusions

Starting from the industrial revolution when the awareness for social and environment impacts and concerns of business was not really present, the first impulse came in the shape of philanthropic activities of the early entrepreneurs. Today CSR consists of the comprehensive concept that tries to ingrate the most obvious mission of business, which is to generate profit, with its obligation towards society and environment. The two extreme positions in the discussion around CSR, are on one side the shareholder theory that states that the first and only responsibility of a business is to increase shareholder value, while complying with the law. On the other side there is the stakeholder theory, which emphasizes that a business is dependent on its stakeholder and thus needs to take their needs into account. More integrated theories are represented by concept of the CSR pyramid, where economic, legal, ethical and philanthropic aspects of a business are considered simultaneously. The triple bottom line approach is another such approach, which suggest the bottom line of a company should not only be measured based on its financial success but also its success to integrate social and environmental achievements.

Based on these theories HRM represents one domain of the company were the relationship to CSR can be explored. HRM can one the one side be a part of CSR and therefore serve as an instrument to achieve whatever CSR objectives a company is aiming at, be it more focused on shareholder value or stakeholder inclusion. On the other side CSR can be part of HRM and thus help create a more socially responsible HRM. In this perspective HRM would help cater to the needs of a specific stakeholder group, which are the employees of a company. This perspective falls more within the stakeholder approach of CSR. Example of HRM contributions would be to increase employee wellbeing, increase in fairness and diversity in the workforce or cater to special groups needs like employees with families.

Socially responsible HRM or SR-HRM has three components or levels: the first level is legal compliance HRM, the second level is employee oriented HRM and third level is HRM as facilitating CSR objectives. This model helps structure HRM contribution to CSR and also enlightens how much of CSR is already integrated in HRM; thus, highlighting where there is potential for improvement.

When focusing on HRM as an instrument to assist in implementing general CSR objectives, the strategic partnership model of HR, with its four-role concept can be a useful. This model

highlights four roles for HRM: as strategic partner, as an administrative expert, as an employee champion and lastly as a change agent. This model is useful for HRM to be aware of its own role and contribution and therefore in identifying the HR roles which could create the most leverage. This is especially the role of HR as a strategic partner, where it can influence CSR policies already on company's strategy level and help bring significant improvement for specific HR objectives or for CSR objectives in general. Examples of this were realized in the case study performed on the CSR strategy of the PMC Company.

PMC CSR strategy followed to a great extend the approach of maximizing shareholder value. HRM at PMC had a significant contribution to make in the implementation of its CSR strategy. This was mostly visible in its contributions in trainings and assisting to setup the relevant organizational roles to support the CSR objectives of the company. This also means that the most dominant role for HRM at PMC was as an administrative expert. Despite that there was a good example in the area of diversity, where HRM acted a strategic partner and helped define a global diversity concept for the company that benefited employees in a strategic way. Yet there is obviously more potential for HRM in this role but also as an employee champion to further promote employee's wellbeing.

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