



8. Corporate Social Responsibility and Human Resource Management

The aims of this section are to:

- Introduce the concepts of ethics, corporate social responsibility (CSR) and sustainability.
- Stimulate discussion about the ethical dimensions of human resource management (HRM).



Key words

Corporate social responsibility, ethics, sustainability, sustainable development, CSR in HRM, CSR.



Required knowledge

Knowledge of basic human resource management terms.



Time requirements

Total time recommended to study this chapter: 1.5 hours.





Contents

Introduction to ethics, business ethics and CSR.....	3
Defining CSR	3
Sustainable development, sustainability and corporate sustainability	4
Stakeholders	5
The three pillars.....	6
The environmental pillar	6
The economic pillar	7
The social pillar.....	7
Internal vs External CSR.....	7
CSR and SMEs	7
CSR and HRM	8
CSR’s impact on HRM in SMEs	8
Responsible HRM	9
Challenges	10
Communication	10
CSR in numbers (SHARPEN survey).....	11
Summary.....	12
Section review questions.....	13
Video link	13
Dictionary.....	14
Case studies	15
Appendix.....	17
References	20



Introduction to ethics, business ethics and CSR



Ethics, business ethics and corporate social responsibility (CSR) are related terms all of which are becoming increasingly significant for today's HR professional. Ethics deal with people's moral principles which related to what is right and wrong, i.e. moral principles determine what individuals or groups of people see as moral (right, good) or immoral (wrong, bad). Business ethics then deal with moral principles and ethical problems in business environment.

Business ethics deal with norms, values, standards and principles of an organisation. Usually, these are articulated in codes of ethics, guidelines, professional standards, legal and regulatory documents and other initiatives that business organisations should (laws) or would like to (voluntary initiatives) follow.

Code of ethics

Many organisations have created a voluntary document that presents and describes the value system and ethical principles of the organisation. It often states how should employees of the organisation behave. E.g. the code of ethics can state that the organisation is committed to environmental protection. The employees are then expected to incorporate this into their decision making.

Code of conduct

Very similar to code of ethics and sometimes used interchangeably. However, there can be a slight difference. While codes of ethics are often aimed at the public as well as the organisation itself, codes of conduct are meant primarily for the organisation's employees. Additionally, codes of conduct tend to be more specific. E.g. code of ethics can state that the company is committed to anti-corruption practices. Code of conduct than states how should employees act in specific circumstances where corruption can occur.

Defining CSR

Corporate social responsibility represents a theoretical framework that tries to define what role do private companies have in our society. One of the very first definitions of what we now call CSR is attributed to Bowen (1953, p. 6), who stated that social responsibilities of the businessmen are:

'the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society.'



A commonly used definition of CSR nowadays is a definition put forward by the European Commission of the European Union. The Commission states that CSR is simply:

‘the responsibility of enterprises for their impacts on society’.

In addition, the EU Commission further specifies that:

‘Companies can become socially responsible by:

- following the law;
- integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations’ (EC, 2018).

From the definitions above it is not really obvious that corporate social responsibility is a **voluntary** commitment of a company to act in a more socially responsible manner. It is those actions that are above and beyond law that constitute CSR. Simply obeying laws and regulations does not make an organisation socially responsible.

Sustainable development, sustainability and corporate sustainability

One term that is often discussed in connection with CSR is sustainability or sustainable development. Sustainable development can be defined as a:

‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’ (UN, 1987).

To promote sustainable and socially responsible practices the United Nations (UN) have launched the United Nations Global Compact initiative, which is the largest corporate sustainability initiative in the world with over 9,600 companies and 4,000 non-business participants. The UN defines corporate sustainability as:

‘a company’s delivery of long-term value in financial, environmental, social and ethical terms’ (UN, 2015).

Now that we have formally defined both CSR and corporate sustainability, we can discuss the distinction between these two terms. This should allow us not only to distinguish between them but also to deepen our understanding of both of these concepts. CSR traditionally focuses on ethical behaviour of organisations and on the organisations’ consideration of their impacts on the society. In this sense, CSR does not necessarily encompass sustainability. Sustainability is concerned with the long-term preservation of resources and the environment. In a sense, the main distinction between these two is that CSR looks at the present and the past (how company operated and how it affected the society) while sustainability focuses on the future. The main point of both CSR and sustainability is that **every decision any business takes has potential impact on the community and the environment.**



The goal of both concepts is for all organisations to integrate the concerns for the community and the environment into their strategy and operations. Sustainability distinguishes itself by taking the concerns a step further and considering the needs of the future generations. Corporate social responsibility and sustainability are becoming a global norm in the business environment, although there is still much debate about whether or how much are these concepts positive for the society and to what extent is it used only as a form of advertisement and marketing.

Sustainable development goals (SDGs) are 17 global goals set by United Nations. The goals focus on a broad range of social, environmental and economic issues related to sustainability. The following Figure 1 shows all 17 goals.

Figure 1. Sustainable development goals



Source: UN (2018)

Stakeholders

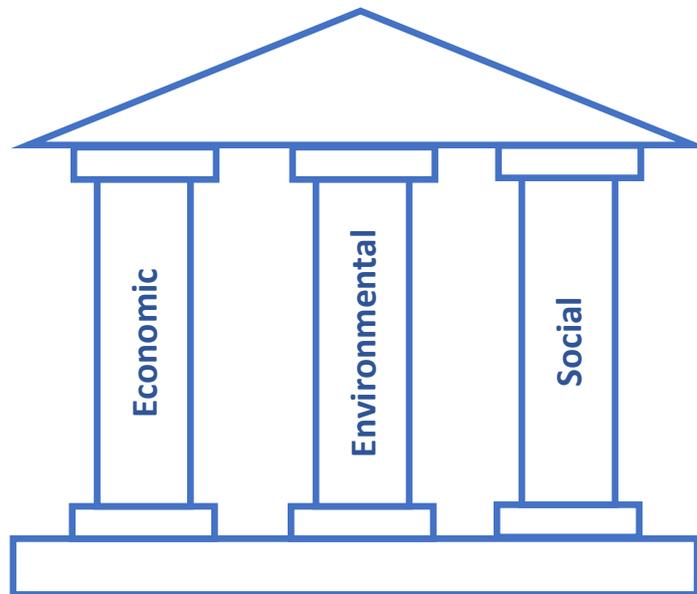
One of key terms in the concept of CSR are stakeholders. This term has been developed in the beginning of 1960's and was derived from a related term - shareholders. Shareholders (stockholders) are the owners of at least one share of a company's stock. **Stakeholders** then are **all subjects that are affected or have an interest in the company**. In the widest sense, the term incorporates shareholders, employees, unions, business partners, customers, suppliers, creditors, government, local authorities, interest groups, media, and international and non-governmental organisations. Stakeholder theory claims that if the needs of stakeholders are not sufficiently satisfied, organisations cannot achieve long term prosperity and trouble-free operation (Freeman, 1984).

Employees are one of the companies' most important stakeholders. They have a direct effect on how the business will be doing through their productivity, creativity, treatment of customers and much more. As such, it is in companies' interest to take good care of their employees. The combination of CSR and HRM can provide ways of doing so.

The three pillars

CSR as well as sustainability is often divided into three pillars. These pillars have evolved from the concept of three "P's" (People, Planet, Profit) known also as 'triple bottom line' described by Elkington (1997). Elkington advocated a move from traditional reporting of 'bottom line', i.e. reporting profit or loss, to reporting in three levels: financial, environmental and social. Management scholars have embraced the categorization and have transformed the three "P's" into three pillars: social, environmental and economic (see Figure 2).

Figure 2. Three pillars of CSR



Source: Own elaboration

The environmental pillar

The effects of human action on the environment around us have been some of the most discussed topics in recent history, especially since scientists proved that our actions influence the entire climate of our planet and came with some disturbing warnings (Cook et al., 2016). Businesses have been forced into environmental friendliness not only from above, by regulations, but also from below, by consumer demand. People have become more and more conscious about the environment and the effects they and the businesses have on it. For some businesses, it is also financially beneficial to be environmentally friendly, because it spurs innovations, e.g. in better use of resources (water usage, packaging waste).



The economic pillar

The core of this pillar is that business needs to be profitable in order to be sustainable. However, profit at any cost is not the goal of this pillar. Transparency, good governance, proper risk management, fair dealing with all stakeholders, anti-corruption practices and so on are the key factors in the economic pillar.

The social pillar

In this pillar, the focus is mainly on satisfying the stakeholders. Socially responsible business should treat its employees well. It should have their support and approval as well as the support and approval of the community or communities it operates in. We will talk about employees in the next section, since that is the main focus of this entire chapter. As to community and other stakeholders, in this pillar, the business can achieve responsibility by community engagement, sponsorships, investments into local projects and also by ensuring that the entire business and its **supply chain** upholds the standards of human decency and fairness. Issues like child labour, unsafe working environment in factories abroad, sweatshops, etc. are things to be avoided.

Internal vs External CSR

It is also useful to consider internal and external CSR (Ferreira et al., 2014). Internal CSR practices relate to employees, e.g. the working environment, engagement, equal opportunities, health, well-being and relationships. There has been a growing interest in the close relationship between HRM and CSR and in how they support each other for internal marketing and positive PR (public relations).

CSR and SMEs

‘Corporate social responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it... because it is good for our business’, Niall Fitzgerald, Former CEO, Unilever.

‘In my view the successful companies of the future will be those that integrate business and employees’ personal values. The best people want to do work that contributes to society with a company whose values they share, where their actions count and their views matter’, Jeroen van der Veer, Committee of Managing Directors, Shell.

These are views from multinationals but we believe they also apply to SMEs and HRM in relation to CSR. In Europe, SMEs provide two thirds of jobs in the private sector (Wymenga et al., 2012) and so they are important players in society.



For regional SMEs with local employees and customers, behaving in socially and environmentally responsible ways can enhance the brand for customers and suppliers as well as the employee value proposition (EVP) from an HR perspective. 'SMEs can do well by doing good to the environment, the employees, and the society they operate in' (Vo et al., 2015, p. 1984). Good will, community service, and generosity can also be an important resource to gain competitive advantage (Barney, 1991).

CSR and HRM

'Human resource management is an inherently ethical activity in that its fundamental core is concerned with the treatment of humans' (Greenwood, 2013, p. 355).

HRM raises issues about employee rights, human dignity, and social justice which can create ethical dilemmas and stress for HR and other managers, especially in a small business that relies on a few people who often work in close proximity.

HR functions in small and medium-sized enterprises (SMEs) might be performed by someone other than an HR professional. For many SMEs, HRM is not the most important part of their business (Bacon & Hoque, 2005), and as such does not warrant an employee who is dedicated to the role. It is then the owner, the CEO or the manager who takes the role of the HR professional and enables CSR in their companies.

With no professional, SMEs tend not to use the 'language' of CSR (Baumann-Pauly et al., 2013). CSR in such companies is usually done informally (Santos, 2011) and on an ad hoc basis (Graafland et al., 2013). How an SME engages in CSR activities also often depends on the values and principles of the firm's founder/owner (Heugens, Kaptein & van Oosterhout, 2008).

Does this mean that SMEs do not perform socially responsible actions? According to Perrini et al. (2007), SMEs do perform these actions; they just do not call it CSR or are not aware that they perform them. And that might be just as well. Lund-Thomsen et al. (2014) warn that efforts aimed at formalisation, certification and reporting of CSR might often be counterproductive in SMEs. In line with this, Jeppesen et al. (2012) posit that it is erroneous to focus on formalised CSR and overlook the importance of non-formal CSR practices that are so often present in SMEs.

CSR's impact on HRM in SMEs

Human resource professionals and people responsible for HR functions are in a key position in every company to help implement, maintain and promote CSR. They can help companies treat their employees in a fair and responsible manner and they can also make sure that employees are involved in and committed to CSR. People responsible for HR and, in essence, all managers are also responsible for maintaining and promoting core values and keeping a company culture that demands ethical behaviour.



From an HR perspective, CSR can bring many benefits to your business. It has been documented to:

- Improve employee attitudes, lower absenteeism rates and diminish the tendency for individuals to quit an organisation (Bučiūnienė & Kazlauskaitė, 2012).
- Increase employee motivation, commitment, engagement and organisational identification (Brammer et al., 2007; Cooke & He, 2010; Kim et al. 2010; Shen & Zhu, 2011).
- Improve employee job satisfaction, workers' sense of belonging to an organisation and their productivity (Bashir et al., 2012).
- Increase retention and reduce recruitment and training costs, increase attractiveness to top candidates and save costs and increase income through improved employee morale and productivity (Strandberg, 2009).
- Encourage employees who bring innovation and growth opportunities, improve supplier-client relations (Vázquez-Carrasco & López-Pérez, 2013).
- In some cases, enhance an SME's reputation internationally (El Baz, 2016) helping in international recruitment to win the war for talent (Bhattacharya et al., 2008).

Responsible HRM

The term 'socially responsible HRM', SRHRM, is considered by some to be 'the key to enhance employee commitment, which, in turn, enhances the employees' performance, and will ultimately generate competitive advantages' (Lechuga Sancho et al., 2018, p. 1233). Barrena-Martínez et al. (2017, p. 22) list eight socially responsible HR practices that can be implemented internally to improve employee resourcing, a sense of fairness and openness, and support workplace well-being based on positive values:

1. Attraction and retention of employees.
2. Training and continuous development
3. Management of employment relations
4. Communication, transparency and social dialogue
5. Diversity and equal opportunities
6. Fair remuneration and social benefits
7. Prevention, health and safety at work
8. Work-family balance

Furthermore, this chapter's appendix contains a more detailed list of responsible HR practices taken from Armstrong & Taylor (2014, p. 98-100).



Challenges

‘CSR – HR = PR.’

‘If employees are not engaged, Corporate Social Responsibility becomes an exercise in public relations. The credibility of an organisation will become damaged when it becomes evident that a company is not ‘walking the talk’’ Mees & Bunham (as cited in Komulainen et al. 2019).

Engaging in CSR just to improve employee performance (Sels et al., 2006; Shen & Zhu, 2011) will not necessarily yield results. Indeed, it may be harmful. Vogel (2005, p. 20) has argued that ‘unfortunately there is no evidence that behaving more virtuously makes firms more profitable’. Porter & Kramer (2006, p. 85) talk about creating shared value, i.e. ‘policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.’ Crane et al. (2014) suggests this is naïve as organisations can be hypocritical. Managers may be talking about employee engagement and other HR initiatives, appearing to be socially responsible, while polluting the planet with harmful products and evading corporate taxes. Managers may be accused of ‘greenwashing’ (Roulet & Touboul 2014), distrusted for not being really serious about environmentally green initiatives.

Other challenges include board member conflict, unenthusiastic management teams and employees (Barrena-Martinez et al., 2017) as well as a lack of government incentives. For example, in one SME we studied, we found that many workers were not interested in attending a staff dinner and they were cynical about other events outside the workplace. In this case, the HR Manager would be advised to discover what does interest employees and whether a charitable cause, family event, better social space or other intervention would be more appealing or whether there are other serious underlying reasons for their disinterest. An anonymous staff survey or informal conversations with trusted individuals might help.

Soundararajan et al. (2018) emphasize the need to be context- and size-aware (Baumann-Pauly et al., 2013) when considering what is feasible for small business social responsibility. Clearly, an SME with limited resources needs to be careful about the amount of time and energy available for extra curricula activities. On the other hand, an organisation’s reputation is very important to sustain; it can be an importance source of an individual worker’s moral identity and feelings of being competent (Opoku-Dakwa et al., 2018). Managing successful HRM–CSR–PR links is a constant balancing act.

Communication

It may be that an SME is a great place to work and very socially responsible but does not communicate this effectively (Murillo & Lozano, 2006). A regular newsletter, publicity on social media and the press, official sponsorship and testimonials, with examples in job advertisements might convey more accurately and positively the employer brand. Employer-supported volunteering (ESV) can be a useful source of skills development for workers at all



levels, e.g. for middle managers to gain board experience, or teams to work in local organisations and get to know each other better. One person in our research commented, 'that day we were painting the local primary school I got talking to the managing director. I didn't really know him very well and it was great to chat about our common interests. He knows what I'm looking for in my career now and I understand his priorities more clearly'. There are web sites and Apps that can support fund raising events such as www.justgiving.com. Dialogue is important to ensure that CSR and HRM innovations are fit for purpose.

Accredited standards and organisations can help organisation to communicate the business case for socially responsible behaviours and catalyse action. For example, Business in the Community, Federation of Small Businesses, the Global Reporting Initiative, Investors in People, Occupational Health and Safety Assessment Series OHSAS 18001, Social Accountability International SA8000, Spanish Corporate Social Responsibility Strategy and other national and regional campaigns.

Regional SMEs can also benefit from winning awards for being socially responsible and the publicity gained from this.

CSR in numbers (SHARPEN survey)

The SHARPEN project survey asked the respondents from SMEs in the project 5 European regions to what extent do they agree with several statements concerning CSR. Table 1 summarizes the results. The higher the average importance, the more the SMEs agreed with the statement. Results above 3 (green) were found to be above average and responses below 2 (red) were found to be below average. Most statements scored above average except in Czech Republic, where three statements were average and one below average. Overall, SMEs seem not to support the employment of disadvantaged people with the exception of Germany and United Kingdom who try to support people with health conditions. Otherwise, SMEs scored overwhelmingly positively. They emphasize that equality, employee satisfaction, health and safety and work-life balance are important.

You can find more information about the SHARPEN research in our research publication:

Maršíková, K., Rajander, T., Clauß, A.-M., Medžiūnienė, I., Meschitti, V., Štichhauerová, E, Davies, J., Dulké, D., Komulainen, R., Macháčková, V., Richter, M., Schumann, C.-A., Moš, O., & Forkel, E. (2019). *People management challenges for SMEs in five European regions: Spotlighting the (in)visible and the (in)formal and embedding SME HR issues firmly in the business and knowledge environment*. Huddersfield, UK: University of Huddersfield. ISBN: 978-1-86218-168-7

Link: https://sharpen.ef.tul.cz/upload/PublicationHRMinSMEs_research.pdf



Table 1. CSR issues in SMEs in the five SHARPEN European regions

Statement	Average importance				
	CZ	FIN	GER	LIT	UK
In our organisation we try to support disabled people and people with health conditions (beyond the scope of any legal obligations).	2.20	2.49	3.20	2.47	3.17
We actively support the employment of people disadvantaged in the labour market (other than health - e.g. long-term unemployed, homeless, ex-offenders).	1.95	2.37	2.36	2.39	2.31
It is very important for us to ensure equal opportunities for all groups of employees (and job seekers).	3.21	3.35	3.61	3.16	3.68
Satisfied employees are our top priority in human resource management.	3.58	3.68	3.72	3.34	3.35
We support our employees in reconciliation of work and personal life - work-life balance (e.g. support for leisure activities).	2.92	3.39	3.58	3.09	3.19
We support our employees in difficult life situations (such as loans, extra holidays, etc.).	3.29	3.29	3.36	3.12	3.13
We take care of the health and safety of our employees beyond what the law requires.	2.90	3.17	3.24	3.08	3.52

Source: Maršíková et al. (2019)

Summary

Corporate social responsibility is an important topic in the world of business today. Customers and employees are demanding companies to be ethical and responsible. CSR can help companies meet these demands. HR managers and professionals are in a key position in a company to help with implementing, maintaining and promoting CSR. Human Resource Management and Corporate Social Responsibility can go hand-in-hand to create responsible HRM. Responsible HRM can lead to motivated, loyal, committed and engaged employees. Such employees are then more likely to apply socially responsible practices in their everyday work-life, increasing the success of companies' CSR.

We expect businesses to be good citizens and to operate responsibly within the law. This is good business, we assume. But in small organisations where there may be limited resources



in terms of funding, time, expertise and attention social responsibility may not be a priority. In regional firms, however, social responsibility may be key for attracting customers and staff.

You can find more practical information and advice in our publication:

Komulainen, R., Maršíková, K., Davies, J., Srèbaliūtė, I., Clauß, A.-M., Moš, O., Muschol, H., Rydvalová, P., Forkel, E., & Štichauerová, E. (2019). *A Good Practice Guide to Managing Human Resources in Regional SMEs*. Huddersfield, UK: University of Huddersfield.
ISBN: 978-1-86218-167-0

Link: https://sharpen.ef.tul.cz/upload/HRM4SMEs_Handbook.pdf

Section review questions



1. How would you define corporate social responsibility?
2. What is the difference between CSR and sustainability?
3. Who are stakeholders?
4. What are the three pillars of CSR/sustainability?
5. Can you name three ways how CSR might improve HRM?
6. Can you name three things HR managers can do to help build and maintain an ethical organisation?

Video link

SHARPEN. Corporate social responsibility (and HRM). Link:
<https://www.youtube.com/watch?v=tyNPc9-N6t0>



Dicitionary

Code of conduct (ethics)	Document that tells employees how to behave and what the values of the organisation are.
CSR	Corporate social responsibility means that organisations take responsibility for their impact on society.
Employee Value Proposition (EVP)	The EVP includes employee salary, compensation, and benefits that are provided by the organisation in return for an employee's skills, capability, and experience using an employee-centred approach that will help the organisation differentiate its employer brand more successfully.
Employer-supported volunteering	When an organisation supports its employees' participation in volunteering projects (e.g. charity fundraising, waste collecting).
Open-door policy	When employees can come to talk to their superior at any time without the fear of being turned down or punished.
PR	Public relations can be considered part of marketing. It deals with how the general public views your organisation.
Stakeholders	All parties that are in any way affected by an organisation or that can in any way affect the organisation.
Sustainability	Sustainability in its widest sense means that we focus on long-term value.
Well-being (of employees)	Positive state of being. Focus on employee physical and psychological health, satisfaction, comfort and happiness.
Work-life (family) balance	How well employees balance their work and their personal lives.



Case studies

1. WHERE TO LOOK FOR EMPLOYEES, WHEN THERE ARE NONE?

This assignment addresses the issue of shortage of workers, a problem affecting an increasing number of companies. The problem has been inspected in a Czech SME from the Liberec region that manufactures chemicals. A cooperation with nearby prison facility was suggested and three options were considered and evaluated. First two options were associated with the employment of prisoners during their imprisonment, either in the factory or in the prison's facility. Last type of examined cooperation represented the option of employing prisoners after their release from prison. The practical tool should help the management with choosing the best option of employing prisoners.

Country	Year	
CZ	2018	
https://sharpen.ef.tul.cz/upload/CH8case1.pdf		

2. THE INTEGRATION OF DISABLED PEOPLE

The case study describes a medium-sized branch of a retail company in the Klaipėda region. The aim of this work is to analyse a company's strategies in the integration of disabled workers and the challenges that the company faces. The company, which has recently started to employ disabled staff faces difficulties in integrating these new workers. This is a successful example of a company helping disabled workers to adapt to the workplace. The case demonstrates the importance of a permanent line manager responsible for disabled workers. It emphasizes that the line manager also needs help to support these workers. The case includes a checklist table which can be used by a line manager as a guideline in the process of supervision. The checklist helps to ensure that both the new employee and their line manager know what has or has not been covered at any given time. Both line manager and employee use a copy of this checklist which needs to be kept up-to-date, so they can track progress. The checklist serves as a reminder of anything that needs particular attention.

Country	Year	
LIT	2019	
https://sharpen.ef.tul.cz/upload/CH8case2.pdf		



3. RECRUITMENT AND WELL-BEING IN EARLY YEARS CHILDCARE

A family-run private nursery chain is operating in the context of a UK staffing crisis for nurseries. This case identifies the key HRM challenges. It shows that employee attraction can be enhanced by providing more realistic information on website job boards, e.g. YouTube videos and testimonials. Opportunities for student placements should be promoted using multiple social media to support the search engine optimisation activities that are outsourced. The rise in mental health difficulties, resulting in increased employee absence, indicates that increasing employee awareness of the mental health issues is an HR priority to enhance employee well-being, e.g. through peer support and to reduce pressure on the owner manager.

Country	Year	
UK	2019	
https://sharpen.ef.tul.cz/upload/CH8case3.pdf		

4. DIVERSITY MANAGEMENT AND PROFESSIONALISING HRM IN DELUXE BEDS LTD.

This case SMS is an ethnic minority family owned, manufacturing company established in Huddersfield, West Yorkshire (UK) in 1995. Operating on a business-to-business (B2B) basis, DB is one of the leading beds and mattresses manufacturers in the UK, with nearly 100 staff members employed. This case study illustrates the benefits of diversity management and social inclusion in ensuring an employer reflects diversity in the local community. This is the story of the appointment of a new female managing director who has benefited from working closely with the local university in a Knowledge Transfer Partnership to professionalize HR practices. This case highlights the challenges of managing people in a family-owned SME.

Country	Year	
UK	201Á	
https://sharpen.ef.tul.cz/upload/CH8case4.pdf		



Appendix

General guidelines by Armstrong & Taylor (2014)

- Recognize that the strategic goals of the organisation should embrace the rights and needs of employees as well as those of the business.
- Recognize that employees are entitled to be treated as full human beings with personal needs, hopes and anxieties.
- Do not treat employees simply as means to an end or mere factors of production.
- Relate to employees generally in ways that recognize their natural rights to be treated justly, equitably and with respect.
- Protect confidentiality.

Recruitment and selection

- Treat candidates with consideration - applications should be acknowledged, candidates should be kept informed without undue delay of decisions made about their application, and they should not be kept waiting for the interview.
- Avoid intrusive or hectoring questioning in interviews.
- Do not put candidates under undue stress in interviews.
- Do not criticize any aspect of the candidate's personality or experience.
- Use relevant selection criteria based on a proper analysis of job requirements.
- Give candidates reasonable opportunity to present their case and to ask questions.
- Avoid jumping to conclusions about candidates on inadequate evidence or as a result of prejudice.

- Give accurate and complete information to candidates about the job, prospects, security and terms and conditions of employment.
- Only use properly validated tests administered by trained testers.
- Do not use discriminating or biased tests.
- Monitor tests for impact and unintended bias.
- Ensure that candidates are not unfairly disadvantaged by testing processes.
- Give candidates feedback on test results unless there are compelling reasons why feedback should not be given.
- Ensure that selection decisions are free of discrimination or bias on the grounds of sex, sexual orientation, race, age or disability.
- Give unsuccessful candidates the reason for the decision if they request it.

Learning and development

- Respect individual rights for dignity, self-esteem, privacy and autonomy.
- Recognize that it is necessary and legitimate to provide individuals with learning opportunities that enable them to gain the knowledge and skills required to perform well in their jobs and develop their potential. But note that individuals should still be allowed autonomy to choose the extent to which they pursue learning and development programmes beyond this basic requirement.



- Accept that while the organisation has the right to conduct learning and development activities that enhance performance, individuals also have the right to be provided with opportunities to develop their own knowledge, skills and employability.
- Ensure that people taking part in learning events feel 'psychologically safe' in accordance with the view expressed by Schein (1993, cited in Armstrong, 2014) that: 'To make people feel safe in learning, they must have a motive, a sense of direction, and the opportunity to try out new things without the fear of punishment.'
- Avoid manipulating people to accept imposed organisational values.

Performance management

Performance management ethical principles have been defined by Winstanley and Stuart-Smith (1996, cited in Armstrong, 2014) as follows:

- Respect for the individual – people should be treated as 'ends in themselves' and not merely as 'means to other ends'.
- Mutual respect – the parties involved in performance management should respect each other's needs and preoccupations.
- Procedural fairness – the procedures incorporated in performance management should be operated fairly in accordance with the principles of procedural justice.
- Transparency – people affected by decisions emerging from performance management processes should have the opportunity to scrutinize the basis upon which decisions were made.

Reward management

- Generally apply the principles of procedural and distributive justice.
- Ensure that reward policies and practices are fair, equitable and transparent and that they are applied consistently.
- Reward people according to their contribution.
- Ensure that people know in general the basis upon which rewards are provided and in particular how their own reward package is determined.
- Maintain reasonable and defensible pay differentials.
- Ensure that equal pay is provided for work of equal value.
- Base decisions about performance pay or bonuses on fair and equitable criteria.
- Avoid bonus schemes that encourage undesirable behaviour.
- Do not pay less than the living wage

Employee relations

- Deliver the deal.
- Be open to employees' input and responsive to justifiable questions and concerns about employment policies and practices.
- Provide genuine opportunities and channels for employees to express their views and influence decisions on matters that affect them.
- Negotiate in good faith.
- Recognize that the interests of management and employees do not necessarily coincide and develop and implement employee relations policies accordingly.



Employment practices

- Create a healthy, safe and fulfilling work environment.
- Promote the well-being of employees by improving the quality of working life provided for them, enhancing work–life balance and developing family-friendly policies.
- Take particular care to minimize the stress to which employees may be subjected.
- Provide equal opportunities for all with regard to recruitment and selection, learning and development, talent management, career progression and promotion.
- Manage diversity by recognizing the differences between people and ensuring that everyone feels valued and that the talents of all employees will be properly utilized.
- Handle disciplinary matters according to the principles of natural justice.
- Recognize that people may have legitimate grievances and respond to them promptly, fully and sympathetically.
- Preserve job security as far as possible and take alternative action to avoid compulsory redundancies.
- If compulsory redundancy is unavoidable, do whatever is possible to alleviate the distress by, for example, helping people to find work.
- Do not allow whistle-blowers who expose wrongdoing to be penalized.



References

- Armstrong, M. & Taylor, S. (2014). *Armstrong's handbook of human resource management practice* (13th ed.). London, United Kingdom: Kogan Page.
- Bacon, N. & Hoque, K. (2005). HRM in the SME sector: Valuable employees and coercive networks. *The International Journal of Human Resource Management*, 16(11), 1976-1999. doi: 10.1080/09585190500314706.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120. doi: 10.1177/014920639101700108.
- Barrena-Martínez, J., López-Fernández, M. & Romero-Fernández, P. M. (2017). Socially responsible human resource policies and practices: Academic and professional validation. *European research on management and business economics*, 23(1), 55-61. doi: 10.1016/j.iedeen.2016.05.001.
- Bashir, R., Hassan, A. & Cheema, F.-E.-A. (2012). Impact of corporate social responsibility activities over the employees of the organizations: An exploratory study. *Journal of Management and Social Sciences*, 8(2), 11–21. [cit. 2018-08-10]. Retrieved from: https://www.academia.edu/9789707/Impact_of_Corporate_Social_Responsibility_Activities_over_the_Employees_of_the_Organizations_An_exploratory_study.
- Baumann-Pauly, D., Wickert, C., Spence, L. J. & Scherer, A. G. (2013). Organizing corporate social responsibility in small and large firms: Size matters. *Journal of Business Ethics*, 115(4), 693–705. doi: 10.2139/ssrn.1974194.
- Bhattacharya, C. B., Sen, S. & Korschun, D. (2008). Using corporate social responsibility to win the war for talent. *MIT Sloan Management Review*, 49(2), 37–44. [cit. 2018-09-15]. Retrieved from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2333549.
- Bowen, H. R. (1953). *Social responsibility of the businessman* (1st ed.). New York, United States: Harper.
- Brammer, S., Millington, A. & Rayton, B. (2007). The contribution of corporate social responsibility to organizational commitment. *The International Journal of Human Resource Management*, 18(10), 1701-1719. doi: 10.1080/09585190701570866.
- Bučičūnienė, I. & Kazlauskaitė, R. (2012). The linkage between HRM, CSR and performance outcomes. *Baltic Journal of Management*, 7(1), 5–24. doi: 10.1108/17465261211195856.
- Cook, J., Oreskes, N., Doran, P. T., Anderegg, W. R. L., Verheggen, B., Maibach, E. W., Carlton, J. S., Lewandowsky, S., Skuce, A. G., Green, S. A., Nuccitelli, D., Jacobs, P., Richardson, M., Winkler, B., Painting, R. & Rice, K. (2016). Consensus on consensus: a synthesis of consensus estimates on human-caused global warming. *Environmental Research Letters*, 11(4), 1-7. doi: 10.1088/1748-9326/11/4/048002.



Cooke, F. L. & He, Q. (2010). Corporate social responsibility and HRM in China: a study of textile and apparel enterprises. *Asia Pacific Business Review*, 16(3), 355-376. doi: 10.1080/13602380902965558.

Crane, A., Palazzo, G., Spence, L. J. & Matten, D. (2014). Contesting the value of “creating shared value”. *California Management Review*, 56(2), 130–153. doi: 10.1525/cmr.2014.56.2.130.

European Commission. (2018). *Corporate social responsibility & Responsible Business Conduct*. [cit. 2018-07-16]. Retrieved from: http://ec.europa.eu/growth/industry/corporate-social-responsibility_en.

El Baz, J., Laguir, I., Marais, M. & Staglianò, R. (2016). Influence of national institutions on the corporate social responsibility practices of small-and medium-sized enterprises in the food-processing industry: Differences between France and Morocco. *Journal of Business Ethics*, 134(1), 117–133. doi: 10.1007/s10551-014-2417-z.

Elkington, J. S. H. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Oxford, United Kingdom: Capstone.

Ferreira, P. & Real de Oliveira, E. (2014). Does corporate social responsibility impact on employee engagement? *Journal of Workplace Learning*, 26(3/4), 232–247. doi: 10.1108/JWL-09-2013-0070.

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston, United States: Pitman.

Graafland, J., Van De Ven, B. & Stoffele, N. (2003). Strategies and Instruments for Organising CSR by Small and Large Businesses in the Netherlands. *Journal of Business Ethics*, 47(1), 45–60. doi: 10.1023/A:1026240912016.

Greenwood, M. (2013). Ethical analyses of HRM: A review and research agenda. *Journal of Business Ethics*, 114(2), 355–366. doi: 10.1007/s10551-012-1354-y.

Heugens, P., Kaptein, M. & Van Oosterhout, J. H. (2008). Contracts to communities: A processual model of organizational virtue. *Journal of Management Studies*, 45(1), 101-121. doi: 10.1111/j.1467-6486.2007.00738.x.

Jeppesen, S., Kothuis, B. & Tran, A. N. (2012). *Corporate Social Responsibility and Competitiveness for SMEs in Developing Countries: South Africa and Vietnam*. Paris, France: Agence Française de Développement.

Kim, H. R., Lee, M., Lee, H. T., & Kim, N. M. (2010). Corporate social responsibility and employee–company identification. *Journal of Business Ethics*, 95(4), 557–569. doi: 10.1007/s10551-010-0440-2.

Komulainen, R., Maršiková, K., Davies, J., Srèbaliūtė, I., Clauß, A.-M., Moš, O., Muschol, H., Rydvalová, P., Forkel, E., & Štichhauerová, E. (2019). *A Good Practice Guide to Managing Human Resources in Regional SMEs*. Huddersfield, UK: University of Huddersfield.



Lechuga Sancho, M. P., Martínez-Martínez, D., Larran Jorge, M. & Herrera Madueño, J. (2018). Understanding the link between socially responsible human resource management and competitive performance in SMEs. *Personnel Review*, 47(6), 1211–1243. doi: 10.1108/PR-05-2017-0165.

Lund-Thomsen, P., Jamali, D. & Vives, A. (2014). CSR in SMEs: An analysis of donor-financed management tools. *Social Responsibility Journal*, 10(4), 602–619. doi: 10.1108/SRJ-02-2013-0012.

Maršíková, K., Rajander, T., Clauß, A.-M., Medžiūnienė, I., Meschitti, V., Štichhauerová, E, Davies, J., Dulké, D., Komulainen, R., Macháčková, V., Richter, M., Schumann, C.-A., Moš, O., & Forkel, E. (2019). *People management challenges for SMEs in five European regions: Spotlighting the (in)visible and the (in)formal and embedding SME HR issues firmly in the business and knowledge environment*. Huddersfield, UK: University of Huddersfield.

Mees, A. & Bunham, J. (2005). *Driving success: Human resources and sustainable development*. Cambridge: WBCSD, CILS. [cit. 2018-09-04]. Retrieved from: <https://www.wbcsd.org/Projects/Education/Resources/Driving-success-Human-resources-and-sustainable-development>.

Murillo, D. & Lozano, J. M. (2006). SMEs and CSR: An approach to CSR in their own words. *Journal of Business Ethics*, 67(3), 227–240. doi: 10.1007/s10551-006-9181-7.

Opoku-Dakwa, A., Chen, C. C. & Rupp, D.E. (2018). CSR initiative characteristics and employee engagement: An impact-based perspective. *Journal of Organizational Behavior*, 39, 580–593. doi: 10.1002/job.2281.

Perrini, F., Russo, A. & Tencati, A. (2007). CSR Strategies of SMEs and Large Firms. Evidence from Italy. *Journal of Business Ethics*, 74(3), 285–300. doi: 10.1007/s10551-006-9235-x.

Porter, M. E. & Kramer, M. R. (2006). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78–92. [cit. 2018-08-15]. Retrieved from: https://www.sharedvalue.org/sites/default/files/resource-files/Strategy_and_Society.pdf.

Roulet, T. J. & Touboul, S. (2014). The intentions with which the road is paved: Attitudes to liberalism as determinants of greenwashing. *Journal of Business Ethics*, 128(2), 305–320. doi: 10.1007/s10551-014-2097-8.

Santos, M. (2011). CSR in SMEs: Strategies, practices, motivations and obstacles. *Social Responsibility Journal*, 7(3), 490–508. doi: 10.1108/174711111111154581.

Sels, L., De Winne, S., Delmotte, J., Maes, J., Faems, D. & Forrier, A. (2006). Linking HRM and small business performance: An examination of the impact of HRM intensity on the productivity and financial performance of small businesses. *Small Business Economics*, 26(1), 83–101. doi: 10.1007/s11187-004-6488-6.

Shen, J. & Zhu, C. J. (2011). Effects of socially responsible human resource management on employee organizational commitment. *The International Journal of Human Resource Management*, 22(15), 3020-3035. doi: 10.1080/09585192.2011.599951.



Soundararajan, V., Jamali, D. & Spence, L. J. (2018). Small business social responsibility: A critical multi-level review, synthesis and research agenda. *International Journal of Management Reviews*, 20(4), 934–956. doi: 10.1111/ijmr.12171.

Strandberg, C. (2009). *The role of human resource management in corporate social responsibility issue brief and roadmap*. Burnaby: Strandberg Consulting. [cit. 2018-08-03]. Retrieved from: <https://corostrandberg.com/wp-content/uploads/2009/12/csr-hr-management.pdf>.

UN. (2015). *Guide to Corporate Sustainability*. New York: UN Global Compact. [cit. 2018-08-09]. Retrieved from: <https://www.unglobalcompact.org/library/1151>.

UN. (1987). *Report of the World Commission on Environment and Development: Our Common Future*. New York: UN Global Compact. [cit. 2018-07-29]. Retrieved from: <http://www.un-documents.net/our-common-future.pdf>.

UN. (2018). *The sustainable development goals*. New York: UN Global Compact. [cit. 2018-08-13]. Retrieved from: <http://www.sdgfund.org/universality-and-sdgs>.

Vázquez-Carrasco, R., & López-Pérez, M. E. (2013). Small and medium-sized enterprises and corporate social responsibility: A systematic review of the literature. *Quality and Quantity*, 47(6), 3205-3218. doi: 10.1007/s11135-012-9713-4.

Vo, L. C., Delchet-Cochet, K., & Akeb, H. (2015). Motives behind the integration of CSR into business strategy: A comparative study in French SMEs. *Journal of Applied Business Research*, 31(5), 1975–1986. doi: 10.19030/jabr.v31i5.9412.

Vogel, D. J. (2005). Is there a market for virtue? The business case for corporate social responsibility. *California Management Review*, 47(4), 19–45. doi: 10.1177/000812560504700401.

Wymenga, P., Spanikova, V., Barker, A., Konings, J. & Canton, E. (2012). *EU SMEs in 2012: At the Crossroads: Annual Report on Small and Medium-Sized Enterprises in the EU, 2011/12*. Rotterdam: Ecorys for European Commission. [cit. 2018-07-04]. Retrieved from http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/supporting-documents/2012/annual-report_en.pdf.

The project has been funded by the Erasmus + KA2 Strategic Partnership programme. Project agreement number: 2016-1-CZ01-KA203-023916.

Legal notice:

The views expressed in this publication are the sole responsibility of the authors and do not necessarily reflect the views of the European Union, of the ERASMUS programme national agencies nor of the project partner universities. The Union, the national agencies and the universities are not liable for any use that may be made of the information contained therein.