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## CSR and beyond: Doing 'good' with HR



Leo Martin, director and founder of the GoodCorporation looks at how to introduce corporate social responsibility into HR practice, revealing the secrets of success of better performing companies.

In the last edition of 'CSR and beyond' I argued that the election in the UK would not make a huge difference to corporate responsibility and it remains that the most important outcome is that the new operating and financial reviews will move ahead with the uncertainty of the ballot out of the way.

The government has shown its uncertainty over corporate responsibility with four CSR ministers since 1997 and not much to show for it.

The reason for this is that, quite rightly, CSR should not be taken out of the work of other ministries and made an activity in its own right. Just as with a company, the heart of responsible business behaviour happens in the sales department, the procurement department and in the everyday life of the business.

So it is with government, the corporate responsibility issues sit in the Ministry of Health, the Department for International Development, the Department of Trade and Industry and others. Moreover many aspects of corporate responsibility fortunately do not lend themselves to legislation or government tinkering.

In this article we start to review some of these areas of corporate responsibility in more detail, starting with issues that relate to employees and HR professionals. Throughout we draw lessons from the assessment work that GoodCorporation carries out in companies of all shapes and sizes across the globe.

Corporate responsibility should start with employee terms and conditions and ensuring that these are clear and fair. A good test is to ask employees in a staff survey whether they have any concerns about their conditions of employment.

We find in our verification work that employees tend to have a consistent and clear view on whether contracts or employment terms are fair or not. Individual issues do crop up from time to time, but it is more common to hear employees complain about the same aspects of a contract. It is also common to hear many employees saying that they have forgotten they have a contract and can't remember its contents and, no, they haven't got any problems with it!

The second area for review should be disciplinary and grievance procedures. These are important aspects of responsible business behaviour. In smaller organisations these do not have to be over-elaborate but they should always be consistently applied.

When we carry out assessments of companies we ask employees to tell us what they know about these procedures, if anything. It is very enlightening to listen to their response. Again it becomes quickly apparent if employees think that disciplinary issues are arbitrarily handled. It is always a pleasure to find a workplace where grievance issues are minimal and employees look blankly when asked about any procedures in this area.

We often find that in the best workplaces employees report to us a sense of openness to senior and junior colleagues where issues are regularly raised, where there is a culture of openness which allows employees to challenge decisions. In these environments we find that grievances are rarely formal and most issues are dealt with quickly and long before serious HR intervention is needed.

As part of our review of corporate responsibility we look at provisions for 'leaving the organisation.' We want to make sure

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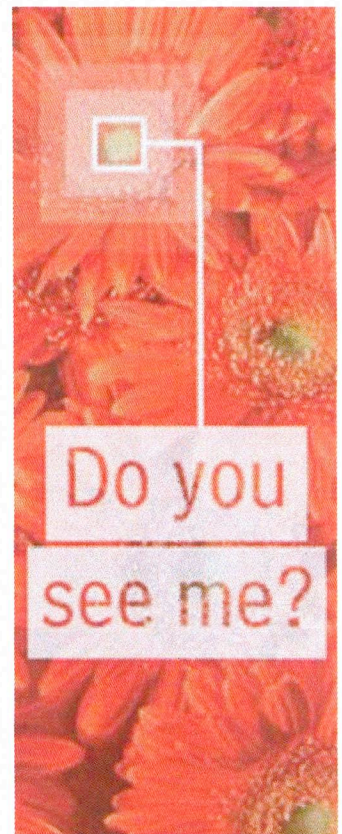
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that the employee is clear about resignation, retirement, redundancy if appropriate, dismissal and death in-service benefits. We find an amazing array of policies and procedures in these areas, combined with employee knowledge which can range from outstanding to pitiful.

Not surprisingly we are always pushing employers to be clear about these issues to employees and making sure that employees know how to find the information when they need it. It is also striking how many times we have interviewed concerned employees who are unsure about these aspects of their contract/terms of employment only to find an HR director equally confused, thinking that it was all clearly set out in the Employee Handbook or wherever.

We review employee consultation to test if it is 'fair'. What we find is that formal consultation processes are almost irrelevant to our question about whether consultation is carried out fairly. In some cases consultation is highly formalised and perceived to be fair and useful for employees, in other cases, it is highly formalised and a source of great resentment and mistrust amongst employees. In other environments it is very informal, which can either work well or be a source of considerable unfairness as well as damaging productivity and morale.

The new legislation on consultation is therefore unlikely to improve the quality of information and consultation if management is set against the involvement of employees in decision-making. In these environments more formal consultation structures will only lead to more irritation as employees see a 'for show' exercise that does little in terms of valuing employee' views.

Linked to consultation is the issue of freedom of association and collective bargaining. We see the right to free association at work as a fundamental aspect of fairness. We do not push employers or employees to have trade unions or staff associations.

Our view is that fairness is allowing employees to determine what they do privately and whether or not they want to organise a union, join one, or ignore them. We do however find many workplaces where employees (not necessarily shared by the employer) are very anti trade unions and resent the fact that the employer has chosen to recognise a trade union for collective bargaining. Our view is that in such circumstances we would see it as discrimination to treat a non-unionised employee less fairly in such a case. We always include a trade union representative in our assessment work (if he or she exists). We are particularly concerned if we find that an employer has decided to try to quash freedom of association.

The provision of a safe and healthy working environment is also an important part of corporate responsibility. In contrast to consultation, our view from the ground is that legislation in this area makes a substantial contribution to improving the protection of employees and to the fairness of the working environment. It is interesting however that in the assessment work that we do we interview employees about their perceptions of health and safety that we often find that formal health and safety auditing is limited to reviews of accidents and incidents as well as to policies and procedures.

We find that direct interviews with employees usually highlights areas of concern which employees perceive as unfair. For example we have had employees report to our assessors concerns about sub-contractors who take short cuts. Also we have heard evidence of how employees are encouraged to mislead and paint a rosy picture to health and safety inspectors. It is therefore well worth the effort of undertaking relaxed and confidential interviews with employees, using a trusted outside party to make sure that health and safety policies are working on the ground.

In the next article we continue to review corporate responsibility in the HR function and look at pay, non-discrimination, training, appraisals and how to promote good responsible business practices by suppliers.

**Leo Martin is director and founder of GoodCorporation, the corporate responsibility standard and is the principal character in the BBC's series, Good Company, Bad**

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