

III CONGRESO DE INNOVACION EN FINANZAS
UPV/EHU; ECRI Ethics in Finance & Governance.
BILBAO, 8 y 9 Junio 2015

Intangible as Opportunity: Corporate Social Responsibility of Human Resources

Nieves Fernández López
Dpto. Organización de Empresas
Universidad Complutense de Madrid



Introduction

- The last European Report says: Corporate Social Responsibility has a positive impact on competitive business.
- On the other hand, there is a gap between Corporate Social Responsibility and performance.



Aims

- To explain Corporate Social Responsibility (CSR) as a strategic resource to get competitive advantage from Resource-Based View of the firm.
- To discuss if CSR can develop other intangible human resources to improve firm performance.
- To propose a theoretical model and some proposals.



1. What is Corporate Social Responsibility (CSR)?

It is not easy to define it, because it takes many interpretations, but we notice that they show the voluntary action and the commitment to society by companies. In Europe we define CSR as:

“The voluntary integration by companies of social and environmental matters in their corporate activity and in the relationship with their stakeholders. Companies decide voluntarily to contribute to a better society and cleaner environment” (*Green Book European Commission, 2001*).



In the literature several classification of CSR have been proposed:

The **Green Paper of the European Union, 2001** proposes:

- 1) **The internal dimension**, including human resources management, health and safety at work, adaptation to change, management of environmental impacts and natural resources.
- 2) **The external dimension**, including local communities, business partners, suppliers and customers, human rights and global environmental concerns.
- *One of the most diffused is the “triple bottom line” model by Elkington (1997), who states that a company must take into account the effects of its activities according to three dimensions, dealing respectively with:*
 - economic
 - environmental, and
 - social issues.



2. Is Corporate Social Responsibility a strategic resource?

Drawing from the Resource-Based view, focus on the internal resources of the organizations, a strategic resource to get competitive advantage must have four conditions: 1) they must provide value to the organizations, 2) They must be rare, 3) difficult to imitate and 4) difficult to substitute.

- **CSR is valuable** because it can improve the performance by the firms. So, they achieve better profit or lower costs.
- **CSR is a rare resource** because although companies make CSR practices however, companies have the option to manage and establish their limits too.



- **CSR is not perfectly imitable** because it builds on some behaviors of the company and its stakeholders and it is difficult to know all the factors that involved in this process.
- **CSR can not be replaced** by another equivalent resource to carry out the same strategy. it represents an implicit commitment between the company and its stakeholders.

So, CSR can be a strategic resource



3. Can CSR develop other intangible Human Resources?

To carry out CSR practices can develop intangible human resources such as:

- **HUMAN TALENT.**

People are the key in the companies. So, with social responsibility practices companies can attract and retain talent, because they think that can be interesting to work in a company that has a strong commitment with his employees. In this regard the company can save costs of recruiting and training.



- **COMMITMENT OF HUMAN RESOURCES**

Some researchers such as Peterson and Brammer explain us that the commitment of employees with their company is better if they perceive that the company has an ethical behaviour with the society. So the employees think that the company will have the same behaviour with them for a long time.

- **OPEN CULTURE**

CSR encourages the workers' autonomy and the participation in the management system, tolerance for mistakes; the change is natural and necessary. Corporate social responsibility to answer to global expectations and can improve the performance in foreign countries.



- **LEADERSHIP**

CSR helps to leadership making teamwork, let someone else make decisions. So they will achieve best performance.

At same time to implement CSR is necessary to have managers with a vision of building sustainable business environments where employees feel motivated and valued.

- **KNOW-HOW OF EMPLOYEES**

The CSR promotes the stock of know-how of employees through training and learning.



- **TRUST**

When a company holds CSR according to the needs of their employees, they tend to identify with the company and it can improve the productivity, satisfaction and decrease the absenteeism.

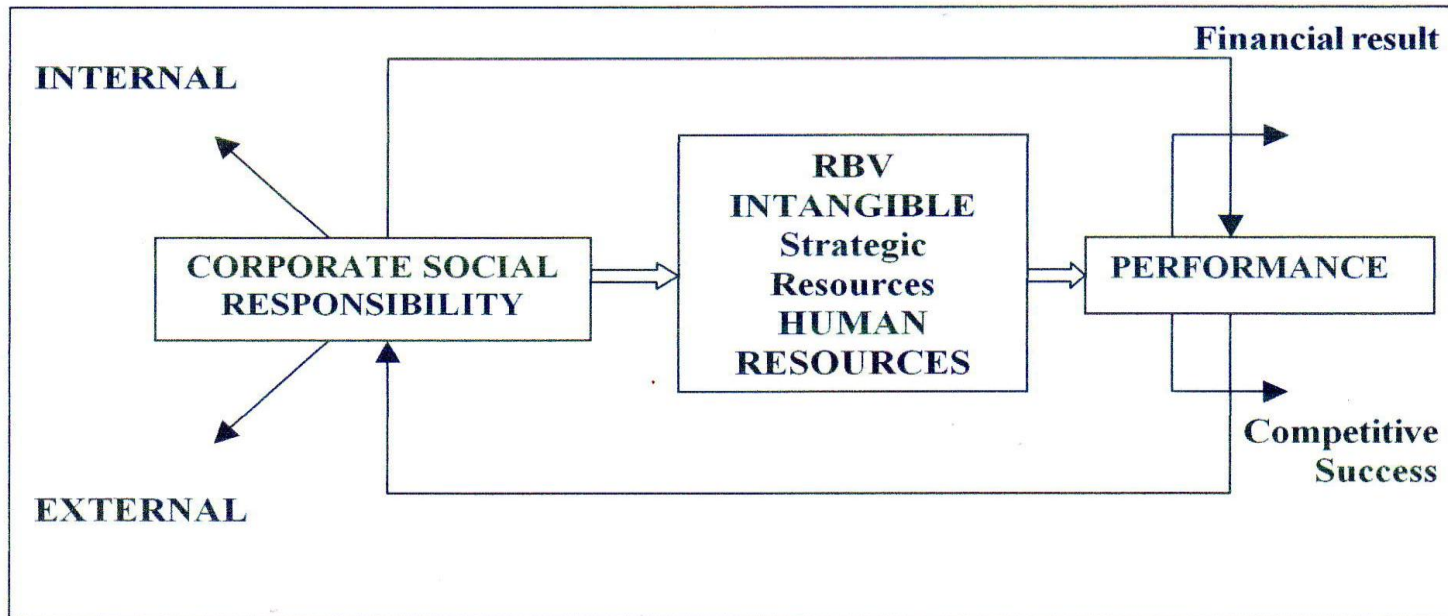
- **NO DISPUTE AT WORK**

Socially responsible companies are based on trust and commitment. This causes fewer uncertainties, risks and to improve outcomes.

4.Theoretical Model



Figure. **THEORETICAL MODEL CSR-DEVELOPMENT INTANGIBLES HUMAN RESOURCES-PERFORMANCE**



We suggest the following proposition:

P: Corporate Social Responsibility is a resource from the Resource-Based View that can develop other intangible strategic human resources getting a better performance.



In this way we propose:

- **P1a.** Corporate social responsibility itself is a strategic resource which can achieve better performance directly.
- **P1b.** Corporate social responsibility is a meta-resource to develop other intangible human resources to achieve better performance.



- Financial results may be a performance indicator, but there are many problems to get consistent data, so we incorporate another such as competitive success for a long time (Camisón, 1999).
- In this way, **competitive success** is based on previous works such as Quinn, and so we establish the following dimensions:
 - Internal efficiency (innovation)
 - Customer satisfaction
 - Human resources satisfaction

5. Conclusions



- Drawing on Resources- Based View of the firm, **CSR can become a strategic resource for them and it can help develop other internal resources** such as talent, culture, commitment, trust, employee know-how to get sustainable competitive advantages.
- Intangible resources may help **explain the relationship between CSR and financial performance and competitive success.**
- We should incorporate **corporate social responsibility in the new human resources management system to achieve innovation and competitive business.**
- There are some **limitations about CSR definition** but the voluntary nature and the answer to society by them are present in each one of them.
- The **performance** variable is multidimensional and **may include other dimensions** to define competitive success.

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