

acirrt working paper

**Corporate Citizenship and Human
Resource Management**
A new tool or a missed opportunity?

working paper 89 by
Gianni Zappalà
Director, Orfeus Research
Honorary Research Associate
acirrt, University of Sydney
February 2004

A version of this paper is forthcoming in
The Asia Pacific Journal of Human Resources (Review Issue) 2004

E-mail: gianniz@orfeusresearch.com.au
Web: www.orfeusresearch.com.au

a c i r r t

u n i v e r s i t y o f s y d n e y

research, training & information services on the world of work

www.acirrt.com

acirrt@econ.usyd.edu.au

Abstract

This paper examines the relationship between the social dimension of corporate citizenship (Corporate Community Involvement) and Human Resource Management. It begins by briefly reviewing the positive effects that corporate community involvement can have on Human Resource Management outcomes such as employee motivation, morale, commitment, recruitment, retention, development and teamwork. Despite the potential employee related benefits and importance of employees to corporate community involvement, it presents findings that the Human Resource Management function is not playing a significant role with respect to decision-making and implementation of corporate community involvement among top companies in Australia. The paper outlines four possible reasons that may help explain this apparent inconsistency as well as stimulate further research on the relationship between corporate citizenship and Human Resource Management. It concludes by suggesting that the limited role of Human Resource Management in corporate citizenship has potentially adverse implications for the Human Resource profession as well as the overall effectiveness of corporate community involvement for all stakeholders.

About the author

Dr Gianni Zappalà is the Director of Orfeus Research, a consultancy that specializes in providing research, evaluation and corporate citizenship services (www.orfeusresearch.com.au). He has degrees in Economics and Political Science from the Universities of Sydney, London and Cambridge. Prior to establishing Orfeus Research, Gianni held teaching and research appointments at The Smith Family, the Universities of Sydney, Cambridge (Fellow of Emmanuel College & Judge Institute of Management Studies), Wollongong, the Australian National University, Parliament House, Canberra and the NSW Department of Industrial Relations. Gianni has published widely in social and economic policy, labour market analysis, immigration and citizenship, political representation and participation, education, community development, volunteering, and corporate citizenship. He is an Honorary Research Associate at acirrt.

Introduction

Corporate citizenship or corporate social responsibility (CSR) means understanding and managing a company's influence on society and all its stakeholders. It can be simply defined as 'business taking greater account of its social, environmental and financial footprints' (Zadek 2001). A key component of corporate citizenship that focuses on the social dimension is Corporate Community Involvement (CCI) - or the structures and policies companies have in place to provide financial and in-kind assistance (e.g. corporate philanthropy) as well as contributions of time and expertise (e.g. employee volunteer programs) to the wider community (Cronin & Zappalà 2002). It is a dimension of corporate citizenship that places particular emphasis on engaging employees in community programs and is also referred to as Employee Community Involvement (BITC 2003a).

Human Resource Management (HRM) is a distinctive approach to the management of employees that 'seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an array of cultural, structural and personnel techniques' (Storey 1995). Employees are seen not as a cost to be managed, but as an asset to be developed - a key stakeholder of the firm. The aim of HRM is to use practices that assist in the development of innovative, flexible and committed employees. These practices, often referred to as High-Performance Work Systems (HPWS) or High Commitment Management (HCM) are premised on the belief and evidence that human resources provide firms with a competitive edge (Pfeffer 1998).

This paper examines the relationship between corporate citizenship and HRM and the role that the HRM function plays in the community involvement practices of companies in Australia. Recent trends and evidence provide good grounds for arguing that there is a role but some studies suggest that the HR function is not as involved in CCI strategy and implementation as the potential HRM benefits of CCI would lead us to expect. The next section briefly reviews the main drivers and HRM benefits of corporate citizenship and community involvement. Findings on where the responsibility for CCI decision making and implementation lies within companies are then examined. Four main reasons for HRM's low level of involvement in CCI decision making and implementation are put forward, before looking at the possible implications that HRM's apparent lack of involvement may have for CCI and HRM.

HRM and corporate citizenship: drivers and benefits

The main drivers of corporate citizenship and community involvement, especially over the last two decades have been mainly external to companies and include:

- Improving corporate reputation and brand management, a key asset in the 'new' or knowledge economy (Zadek 2001);
- The proliferation of high profile indexes that rate corporate citizenship performance. In Australia, Reputex, formerly known as the Good Reputation Index, rates the performance of the top one hundred companies in Australia according to environmental, governance, social and *workplace* criteria. The companies are rated by nineteen groups, including the Australian Council of Trade Unions (ACTU) for the workplace category;
- Pressure on companies from non-government organizations (NGOs) to provide greater transparency and accountability, especially in the areas of environmental impact and human rights;
- Greater consumer sophistication and awareness with respect to product safety and manufacture (e.g. consumer boycotts of textiles or shoes produced with child labour);

- The rise of socially responsible or ethical investment funds. In Australia, the *Financial Services Reform Act 2001* imposes obligations on superannuation, life insurance and managed funds to disclose the extent to which they take account of environmental, social, labour and ethical standards in their investment decisions (Zappalà 2003a);
- New governance structures that place greater emphasis on cross-sectoral partnerships between governments, NGOs and business, especially in areas of social policy;
- The need for companies to improve stakeholder relations and gain a social 'license to operate' from the community;
- The desire to improve government relations in order to avoid longer-term regulation (Zappalà 2003a).

This list is by no means exhaustive however many companies now recognize that corporate citizenship can have a positive effect on their financial performance through its influence on factors like reputation, consumer confidence and loyalty, government relations, access to capital and risk management. The key message from this well documented work is that companies can do well by doing good (see Margolis & Walsh 2001; Orlitzky et al 2003 for an extensive review of this issue).

More recently, a key driver of corporate citizenship has been internal to firms - a range of employee issues and outcomes that go to the heart of HRM. Studies have noted that an important mediating factor in the positive relationship between corporate social performance and corporate financial performance is the beneficial effect that corporate citizenship and community involvement practices can have on employee morale, motivation, commitment, loyalty, training, recruitment and turnover (Weiser & Zadek 2000; Tuffrey 2003; Orlitzky et al 2003). In short, a key component of the business case for corporate citizenship is the HRM benefits for companies. Indeed, many employee-based corporate citizenship or community involvement practices can be significant complements to HRM systems (Caudron 1994; CCPA 2000). As one review of the HRM benefits of CCI noted, 'corporate community involvement programmes can play a significant role in addressing the key challenges faced by human resources managers, leading to direct benefits to a company's bottom line' (Tuffrey 2003, 4).

While there are few Australian-based studies of the HRM benefits of corporate citizenship, the remainder of this section provides a summary of the key HRM or employee-related benefits of CCI drawing on Australian studies and examples where available.

Employee motivation, morale and commitment

There is now an extensive body of research that demonstrates that corporate citizenship has positive effects on employees' motivation and morale as well as on their commitment and loyalty to the organization (Weiser & Zadek 2000; Tuffrey 1995, 2003). A survey of almost 25,000 people across 25 countries found that 80 per cent of people who worked for large companies stated that they felt greater motivation and loyalty towards their jobs and companies the more socially responsible their employers became (EnviroNics International 2002). Similarly, a survey of European employees found that almost 90 per cent expressed greater loyalty to employers who were socially responsible (cited in Weiser & Zadek 2000). Another study of employees in U.S. companies found that a company's corporate citizenship activities had a positive effect on the average employees' satisfaction and loyalty. In particular, employees involved in employer-sponsored community events were 30 per cent more likely to want to continue working for their employer and help it succeed (cited in Weiser & Zadek 2000).

Why do employees feel more motivated and have higher levels of morale and commitment if their employer is a good corporate citizen and they can participate in community-based

activities? A key reason is that money is not the only factor that influences how employees feel about their jobs and their employer. Many employers have realized that non-monetary rewards and needs of employees have been overlooked in the drive for efficiency. As one commentator stated:

The search for what motivates staff has become something of a crusade for leading-edge companies. Many are recognising that money is not - and possibly never was - the best motivator. Employees are looking for more. They want the kudos of working for a respected and successful organisation. *They want opportunities for personal development...and meaning in their work...they want to know they are making a difference - not just to the corporate bottom line, but to the community in general. For corporate Australia...the focus has turned from the employee's paypacket to the company's ability to prove its mettle as a corporate citizen (Cave 2002, 32, emphasis added).*

Michael Rennie, director with McKinsey & Company in Australia, and also on the Board of several not-for-profit organizations, describes practices associated with corporate citizenship as enhancing the 'spiritual quotient' (cited in Cave 2002, 34). This refers to whether an employee's job is able to engage them on an emotional level and provide them with a sense that they are making a difference:

The search to give workers meaning is one of the drivers behind corporate citizenship. By associating themselves with community issues, companies demonstrate their concern for the community, which has internal and external benefits (Cave 2002, 34).

A recent survey of corporate community involvement among the top one hundred companies in Australia (by revenue) found that improving employee morale was an important rationale for companies introducing community involvement programs (Zappalà & Cronin 2003). The same survey found that while all companies consulted with at least one stakeholder when formulating their CCI policies, companies were most likely to consult with their own employees when formulating their CCI policy, suggesting that employees are seen as a key stakeholder with respect to CCI. Furthermore, of those companies that measured and evaluated their CCI activities, they were also most likely to do so for their employees. Westpac, a leading Australian company in terms of corporate citizenship, for instance, measures the extent to which its community involvement program contributes to employee commitment. One Westpac group executive, Ann Sherry, recently claimed that:

Our employee-commitment index - which measures the preparedness of staff to go the extra mile - has jumped 10 per cent in the last year. Annual staff surveys show clear improvements in the way individuals feel about the organisation. It [Westpac community program] has given work real meaning for a lot of people (cited in Cave 2002, 36).

Overall, most companies in Australia see CCI 'as a way to maintain trust, support and legitimacy with the community, governments and *employees*' (CCPA 2000, 11) and are beginning to act as though they believe the benefits claimed for CCI with respect to improving human resource outcomes such as employee morale and commitment.

Recruitment and retention

Studies have found that firms with higher reputations and extensive corporate citizenship programs are seen as more attractive to potential applicants (Greening & Turban 2000; Tuffrey 2003). As one proponent of corporate citizenship has noted:

In the 1980s, few job applicants would have raised questions about a company's social or environmental responsibilities. Now, most companies expect such questions, and know they need adequate answers if they are to recruit the best graduates (Cowe 2002, 62).

A recent survey by Business in the Community of 1,000 employees across the UK also found that firms with socially responsible practices are better able to attract, retain and motivate employees (BITC 2003b). Another survey of 25,000 people in 25 countries found that 70 per cent of those who worked for large companies thought their company needed to become more socially responsible (EnviroNics International 2002). Confirming the increasing importance of non-monetary factors in employee motivation, one study found that a good corporate reputation was rated as the second most important characteristic when choosing a potential employer, after career growth potential and before starting salary (cited in Weiser & Zadek 2000). Therefore, having a reputation as a good corporate citizen will provide a potentially bigger and better applicant pool from which to choose future employees from.

In Australia, the survey of CCI among companies in Australia referred to previously, found that almost all companies communicated their CCI policies and activities to their employees, primarily through employee newsletters and emails (Zappalà & Cronin 2003). Interestingly, it also found that a small number were also beginning to communicate their CCI activities in their recruitment material and employment contracts. The importance of CCI for attracting and retaining employees and being seen as an 'employer of choice' is being recognized across several companies in Australia (CCPA 2000). While there are no standard formulas for being an 'employer of choice', integrating company values into the everyday work practices of employees through community involvement activities is a key feature of those companies that rate highly in 'employer of choice' surveys and awards (Fox 2003).

Some other Australian examples include:

- Shell Australia that acknowledges that the introduction of its community involvement program was a result of increased expectations from their employees, because they 'want to work for a company they are proud of' (cited in Khoo 2002).
- The courier company DHL Worldwide Express. Commenting on their community involvement program where employees act as mentors for senior high school students in disadvantaged areas of Sydney, DHL Human Resources manager stated:

In becoming 'employers of choice', there's a need for companies to demonstrate social responsibility in order to attract and retain staff. In our recruitment process, many applicants mention that they've looked up our community activities on our website. It's becoming an important issue for prospective employees when they're sizing up employers (cited in Khoo 2002).

- The pharmaceutical company Bristol-Myers Squibb. Explaining the company's reasons for initiating their community involvement program, the managing director for Australia and New Zealand stated:

The audience [for the CCI program] is our current employees - the reason for doing this is absolutely to create a culture our staff are proud to align themselves with. They are pleased to see their employer making a commitment to this sort of thing (cited in Cave 2002, 36).

Improved employee development, skills and teamwork

Studies show that certain CCI practices, like employee volunteering, defined as a 'commitment by a commercial organisation to encourage staff to volunteer in the not-for-profit sector' (Volunteering Australia 2001) can create a shared sense of purpose and loyalty among employees, helping foster employee teamwork, cohesion and improve employee skills such as leadership (Caudron 1994; Weiser & Zadek 2000; Lee 2001; Tuffrey 2003; Zappalà 2003b). An evaluation of employee volunteering based on a survey of Westpac employees found that participation in the employee volunteer program had beneficial effects on employee morale and team work and that employees saw the EVP as a good way to achieve the company's community involvement objectives rather than a cynical public relations exercise (Zappalà 2003b). The study also found that employees were primarily motivated to participate in the EVP out of a desire to make a difference and contribute to the community, gain an understanding and awareness of community issues as well as for personal reasons such as improving their self-esteem.

Employee volunteering has been the fastest growing form of CCI during the 1990s and will continue to grow (BITC 2003a; CCPA 2000; Zappalà 2001). A survey of Employee Volunteer Programs (EVPs) in the U.S., found that 81 per cent of companies supported employee volunteering as a core business function (Points of Light 2000). Organizations such as the Points of Light Foundation and Business in the Community have well established programs to develop and support the spread of employee volunteering among companies in the U.S. and Europe. Australian trends also suggest that EVPs are growing in popularity and are a significant part of community-business partnerships (Zappalà 2003b; Zappalà & Cronin 2003). The survey of CCI among the top 100 companies in Australia found a relatively high proportion of companies (61%) supported some form of employee volunteering, with almost all of them also offering rewards for employee participation in voluntary activities through employee newsletters, and presentation of awards and certificates (Zappalà & Cronin 2003).

Companies can also involve and support their employees in community programs through the establishment of internal workplace giving programs. In some instances, companies have a list of charities to whom they donate based on employee preferences, and they then match any gifts made by employees as well as facilitate payment through automatic payroll deduction schemes (Peters 2001). According to the Australian Charities Fund (ACF), one of several organizations in Australia that administer workplace giving schemes, workplace giving can 'build employee morale through mobilizing significant funding and through volunteer involvement' (ACF 2003). While workplace giving schemes are more extensive in North America, they are on the increase within Australian companies (Moran 2003). The survey of CCI practices among companies in Australia found that just over half of the companies had a payroll deduction facility for employee donation programs. Just over one-third of companies also had program to match employee donations and research by the ACF suggest that employer matching is on the increase (Zappalà & Cronin 2003; Allen 2003).

In summary, the human resource management benefits from corporate citizenship and community involvement practices are many and mutually reinforcing, and are a key way that corporate social performance leads to improved financial performance (Orlitzky et al

2003). While companies will continue to undertake corporate citizenship and community involvement for a variety of reasons that often focus on external factors (e.g. improved image and reputation), they will also do so for the internal 'human resource' and 'people benefits'. There is increasing evidence that companies see their employees as key and genuine stakeholders in their corporate citizenship programs.

Decision-making on CCI and the HRM function

The above section suggests that many CCI practices relate to issues that go to the heart of the HRM function, such as employee motivation and morale, commitment and recruitment. This would lead to an expectation that the HRM function within companies should play a significant, if not key role in the decision-making and implementation of CCI policies and practices. The evidence, at least in Australia, does not support this contention, but rather suggests that the HR function is not involved in CCI decision making and implementation.

The previously referred to survey of CCI among the top one hundred companies in Australia found that the corporate and public affairs/relations function was the key decision-making unit with respect to CCI in two out of five companies (Cronin & Zappalà 2002). In almost one-quarter of companies, primary responsibility rested with the CEO's office (Table 1). Given the prominent role of employees as stakeholders in CCI the negligible role that the HR function played in decision-making on CCI (2%) is somewhat surprising.

Table 1 Primary responsibility for decision making and implementation of CCI

Function	Responsibility for decision-making (%)	Responsibility for implementation (%)
Corporate or Public Affairs/Relations	39	49
CEO's Office	24	5
Community Relations	12	12
Marketing	7	12
Corporate Communications	3	7
Human Resources	2	2
Other (a)	14	13

Source: Cronin & Zappalà (2002)

Notes:

- a) Responses to this option included company foundations and site or divisional managers.

Even more surprising is that the role of the corporate or public affairs/relations department further increased with respect to the *implementation of CCI activities* (Table 1). While it is understandable that the role of a strategic unit such as the CEO's office decreased with respect to the implementation of CCI activities, it remains puzzling why the role of the HR function did not at least increase vis-à-vis the implementation of CCI policy.

Two main points can be drawn from the discussion thus far. First, the corporate citizenship and community involvement literature and practice regards employees as key stakeholders. Employees are both a source of pressure for companies to adopt community involvement programs, as well as supposed beneficiaries of such programs. Employers also benefit through improved employee morale, motivation, commitment and recruitment. Second, the negligible role of the HRM function with respect to CCI decision-making and implementation in Australia appears to be inconsistent with the importance of employees to CCI policies and activities within companies. Why does the HRM function seem to have such a small role in CCI decision making and implementation given the clear HRM implications?

Discussion: What role for HRM?

What factors may help explain this apparent inconsistency in the relationship between CCI and the HRM role among companies in Australia? Four possible reasons are offered, that should be seen as exploratory and in the spirit of stimulating further research on the HRM dimension of corporate citizenship. Indeed, further research in this area may be a fruitful way of beginning to explore how employees react to certain types of HRM practices, an area of research recently noted as surprisingly lacking in much of the HRM literature (Grant & Shields 2002).

The first possible explanation relates to the fact that 'ethical issues have been of marginal significance to the unfolding academic debates around human resource management' (Winstanley & Woodall 2000a: 5). While human resource management and industrial relations scholars have previously touched on the social responsibility of business argument (Beer et al 1984; Flanders 1970), it has failed to make sustained inroads into the discipline - either of a practical or conceptual nature. Furthermore, studies that focus on employee reactions to the practice of HRM are more notable by their absence, with few adopting an explicitly 'stakeholder' approach for understanding employee outcomes such as morale, motivation and satisfaction (Guest 1999; Grant & Shields 2002). It is quite probable that CCI initiatives were not originally perceived as being either relevant or significant with respect to employee outcomes by HRM scholars and practitioners. Initial models of corporate citizenship focused more on the three traditional goals of the Triple Bottom Line concept - economic, social and environmental dimensions and with the exception of issues such as 'sweat shop labour' tended not to focus on HRM (Elkington 1997).

Second, there may also have been a view (not solely confined to the HR profession) that corporate citizenship was just another management fad that would soon disappear. So while the 'literature on ethics and HRM is reaching an adolescence...the HR establishment is both bemused and intrigued by some of these developments' (Winstanley & Woodall 2000b, 47). In other words, the limited role of HR in CCI may be simply the result of the HR profession not being quick enough to realize the importance and implications of the growth of corporate citizenship to overall corporate strategy and operations.

A third possible explanation relates to the growing prominence and role of corporate public affairs in companies, a function that is primarily responsible for communications supporting corporate culture change and external relations. A recent survey of the function in large companies in Australasia found that its role and influence had increased over the last decade (CCPA 2001). The function's role has become better resourced within large companies and carries out a greater range of activities than it did in the past, and in some cases integrates employee, media, government and other stakeholder relations (CCPA 2001). The function has achieved an elevated status within companies and become more closely integrated with business operation and strategy. For instance, over 70 per cent of senior corporate public affairs executives report directly to the CEO (CCPA 2001). The survey also found that one of the greatest advances in corporate public affairs management had been the 'increasing sophistication in stakeholder relations and community consultation, a growing focus on corporate social responsibility and a move toward triple bottom line reporting' (CCPA 2001, 15-6).

These findings may suggest that this function has 'usurped' some of the responsibilities that were previously considered the preserve of the HR department. A key public affairs role, communicating to and influencing external stakeholders in the form of lobbying, advocacy and provision of information, for instance, has in the past been seen as a role that the corporate HR department fulfilled (Purcell & Ahlstrand 1994). This 'takeover' may have occurred as a result of the increased integration in terms of communications to

internal and external stakeholders (e.g. wanting to convey consistent messages to employees, media and government) that corporate citizenship initiatives like Triple Bottom Line reporting require (Macken 2002). While this may in part explain the concentration of CCI decision-making within the corporate and public affairs department, especially from a coordination perspective, it would still not account for the limited HR role in terms of implementation.

A final explanation concerns the changing role of the HR function in companies (Purcell 2001a). Much ink has been spilt in the HRM literature over the last decade concerning the meaning of 'strategic HRM' (Purcell 2001b; Truss et al 2002). The traditional view has been that HR plays a largely 'tactical' role (Purcell & Ahlstrand 1994). The exhortation was for HRM to become more 'strategic' by ensuring that its policies and practices were integrated and aligned with the overall business strategy. Recent research on the role of the HRM function, however, has questioned the simplistic dichotomy of 'strategy' versus 'operations' or 'tactics' and stressed the importance of 'implementation as strategy' (Purcell 2001a; Truss et al 2002). One study has put forward a model that emphasizes the types of involvement of HRM in decision making processes according to when it is involved and whether it is proactive or reactive (Buyens & De Vos 2001). The authors note that '...the role of the HR function as a strategic partner of the organisation can be fulfilled in different ways, varying from involvement in strategy formulation to mere implementation of strategic decisions' (Buyens & De Vos 2001, 75).

Drawing on the work of Ulrich (1997), the authors argue that strategic HRM has two possible meanings. First, the place the HR function has in the overall process of strategic decision making in an organization and second, the strategic orientation of the core functional areas of HRM, such as recruitment, selection, training and development, and commitment. Within this second meaning, the HR function can create value in four domains:

- The management of strategic human resources - activities aimed at aligning HRM and the business strategy;
- The management of transformation and change - ensuring the organization has capacity for change;
- The management of employees - listening and responding to employees and providing necessary resources to perform; and
- The management of administration - efficient HR administration.

They argue that although the HR function creates value in each of these four domains, 'existing theories concentrate almost exclusively on its [HRM's] involvement as a strategic partner, without reference to the core areas of HRM' (Buyens & De Vos 2001, 75).

If the former view of strategy is taken, the minimal role of HR in CCI decision making might be interpreted as being indicative of HRM's marginal status within companies, particularly as CCI is increasingly being seen as a strategic issue for companies (McIntosh et al 2003). Even if we draw on the latter view of strategy, that HR's role is multi-faceted and that a strategic approach to HRM is also about implementation, the news is not good. As was seen in the previous section, not only did the HR function have little to no involvement in *CCI decision making*, but also in *CCI implementation*. The minimal role of HR in CCI, according to this view, can therefore be interpreted as a lost opportunity for the HR function to add value to CCI activities that contribute to the core areas of HRM. This is not to suggest that HR should be totally responsible for CCI activities, as the 'strategic management of people is not purely within the domain of influence of the HR department' (Truss et al 2002, 60). The nature and relatedness of many CCI activities to employees and HR 'domains', however, suggests that a greater role for the HR function is warranted. Indeed, according

to some, an increased role for the HRM function should be expected if the popularity of CCI practices like employee volunteering and workplace giving programs continue (Weiser & Zadek 2000; Tuffrey 2003).

Does it matter?

Whatever the reason may be, does it matter and should the HR profession be concerned? Given the centrality of the claimed potential benefits of CCI to HR outcomes (e.g. in terms of employee recruitment, retention, motivation, morale), then there is cause for concern if the HR role continues to be excluded from what some believe will become an accepted part of corporate behaviour. From a narrow and self-interested perspective, the concern relates simply to the potential marginalization of the HR role that may occur as CCI becomes seen as a more strategic area for companies (McIntosh et al 2003). From a wider perspective, it could be argued that HR should be more involved in the decision-making and implementation of CCI policies and practices if CCI is to be effective and successful.

A recent report on corporate citizenship based on a survey of almost 150 global companies hinted at the dangers if responsibility for the social responsibility agenda remains solely with corporate affairs and public relations personnel (Ernst & Young 2002). It concluded:

This approach [responsibility being left solely to corporate affairs and public relations] in isolation will fail to realise business value associated with effective CSR reporting for a number of reasons, including: inability to balance actual CSR performance with stakeholder perception; potential misalignment between the leadership direction of senior executives and the position being communicated to internal and external stakeholders; and an inability to develop appropriate and robust metric frameworks that are relevant to stakeholders and acceptable/useful to business units (p.13).

It went on to state that if the management of corporate citizenship focuses on perception without attention to actual performance, companies risk losing the trust of key stakeholder groups such as employees. Conversely, if performance is not communicated appropriately to key stakeholder groups, this may result in the potential benefits of corporate citizenship initiatives not being realized, such as a 'failure to attract high calibre talent despite having a well-rated workplace (with regard to employee expectations)' (Ernst & Young 2002, 13). The recent UK survey of employees conducted by Business in the Community that highlighted the recruitment, turnover and motivation benefits of corporate citizenship also found that only 45 per cent of employees felt that the corporate citizenship rhetoric and values that helped attract them to their employer was implemented (BITC 2003b). One of the organizations that sponsored the survey concluded that the 'challenge for HR departments is to make sure that the voice of employees [with respect to corporate citizenship] is heard loud and clear throughout the business' (BITC 2003b). A similar warning on the risks of HR professionals remaining aloof from 'stakeholder' approaches has also been echoed by recent work on the role of ethics in HRM:

Raising employee expectations without being able to sustain the resources to conduct social auditing or participation, is highly risky in terms of both retaining employee support and also maintaining profitability and effectiveness (Winstanley & Woodall 2000a, 12).

The suggestion is not that HR departments instigate 'turf battles' over CCI with their colleagues in corporate/public affairs. Rather, it would seem that there is a strong case for the HR profession to play a more proactive role in defining, implementing, adding value to

and monitoring CCI policies and practices if they are to involve and meet the expectations of a key stakeholder of corporate citizenship - employees. Furthermore, the involvement of HR in such decisions should occur early in the process to ensure maximum impact (Buyens & De Vos 2001, 83).

Table 2 presents some examples of how the HR function could add value to the CCI policies and practices of companies. In keeping with a broader view of 'strategy' this involvement can range from assisting the translation of CCI policy throughout the company by appropriate HR policies (e.g. recruitment material, contracts) to the implementation and development of employee volunteer programs and the monitoring of such practices on firm performance.

Having a greater role for HR also matters from an ethical perspective because of the 'changes which have taken place in HRM over the last two decades' (Winstanley & Woodall 2000a, 7). In particular, these authors note the preoccupation with 'high commitment' work systems and the desire to 'capture hearts and minds', the practices of which (e.g. employee volunteering) often extend beyond the traditional boundaries of the organization into the realm of the private. So while in the shareholder model, 'the ethical role of the HR professional would be limited to supporting the enlightened self-interest of the employer rather than the rights of employees' (p.10), a stakeholder model assumes a greater role for 'ethical stewardship' by the HR professional and function (Winstanley & Woodall 2000a).

Table 2 Possible CCI areas corresponding to HRM domains

HRM Domain	Examples of CCI categories
Management of strategic human resources - HRM as strategic partner	<ul style="list-style-type: none"> • Translation of CCI strategy into HR policies and practices; • Coaching of managers with respect to CCI issues; • Implementing rather than advising role
Management of transformation and change - HRM as change agent	<ul style="list-style-type: none"> • Balancing organizational and individual needs; • Integrating CCI policies and practices into broader organizational change processes; • Overcoming barriers to CCI related changes
Management of employee contribution - HRM as employee champion	<ul style="list-style-type: none"> • Using CCI to provide 'HRM with heart and soul'; • Ensuring CCI practices align with goals to increase employee commitment, motivation & trust; • Value employee contributions to broader community
Management of firm infrastructure - HRM as administrative expert	<ul style="list-style-type: none"> • Managing costs of CCI; • Delivery of services such as 'matching donation' programs; • Monitoring success of CCI programs; • Dealing with social and legal issues associated with CCI practices; • Managing EVPs

Source: Adapted from Buyens & De Vos (2001:80).

Conclusion

Corporate citizenship is about companies understanding and taking account of their wider influence on society and integrating social, ethical, environmental and economic values in their core decision making. Corporate Community Involvement - the structures and policies companies have in place to provide financial and in-kind assistance as well as contributions of time and expertise to the wider community focuses on the social dimension and places particular emphasis on engaging employees in community programs.

While there are a range of external factors driving companies to adopt the corporate citizenship route, a key driver of corporate citizenship and CCI more recently has been internal to firms. Corporate community involvement policies can have a positive effect on a range of employee processes and outcomes that go to the heart of Human Resource Management: employee motivation, morale, commitment, recruitment, retention, development and teamwork.

There is some evidence, however, that despite the importance of employees to the CCI policies and practices of companies, the HRM function is not playing a significant role with respect to CCI decision-making and implementation among top companies in Australia. The paper outlined four possible reasons that may help explain this apparent inconsistency as well as stimulating further research on the relationship between corporate citizenship and HRM:

- The marginal role of ethics and stakeholder approaches to HRM
- The view among HR professionals that corporate citizenship is just another management fad
- The growing importance and role of the corporate and public affairs function in companies
- The changing roles of the HRM function in companies and in particular the meaning of 'strategic HRM'.

The limited role of HRM in corporate citizenship has potentially adverse implications for the HR profession itself as corporate citizenship and CCI become areas of greater strategic importance for companies. Minimal HRM involvement in the decision-making and implementation of CCI policies and practices may also diminish the overall outcome and effectiveness of CCI for all stakeholders.

References

- Allen, Lisa (2003) 'Corporate giving days are fading', *Australian Financial Review*, 31 October.
- Australian Charities Fund (ACF) (2003) *Workplace Giving - Information Sheet*, Sydney: ACF.
- Beer, M., Spector, B., Lawrence, P., Mills, Q and R. Walton (1984) *Managing Human Assets*, New York: Free Press.
- BITC (Business in the Community) (2003a) *The business case for employee community involvement*, London: BITC
- BITC (Business in the Community) (2003b) *Responsibility: Driving innovation, inspiring employees*, London: BITC
- Buyens, Dirk and Ans De Vos (2001) 'Perceptions of the value of the HR function', *Human Resource Management Journal*, 11(3), pp.70-89.
- Caudron, Shari (1994) 'Volunteer efforts offer low-cost training options' *Personnel Journal*, June, pp.38-44.
- Cave, Michael (2002) 'Go ahead, motivate me!' *BOSS Magazine, Australian Financial Review*, June, pp.30-36.
- Centre for Corporate Public Affairs (2001) 'Public Affairs shifts to centre stage', *Corporate Public Affairs*, 11(1), pp. 7-16.
- Centre for Corporate Public Affairs in Conjunction with Business Council of Australia (2000) *Corporate Community Involvement: Establishing a Business Case*, Sydney: BCA.
- Cowe, Roger (2002) 'Promises, promises', *BOSS Magazine, Australian Financial Review*, August, pp.60-3.
- Cronin, Caitlin and Zappalà, Gianni (2002) 'The coming of age of corporate community involvement: An examination of trends in Australia's top companies', Working Paper No.6, Research & Social Policy Team, The Smith Family.
- Elkington, John (1997) *Cannibals with Forks: the Triple Bottom Line of Twenty-First Century Business*, Oxford: Clapstone Publishing.
- EnviroNics International (2002) *Corporate Social Responsibility Monitor*, EnviroNics International.
- Ernst & Young (2002) *Corporate Social Responsibility: A survey of global companies*, Ernst & Young: Environment and Sustainability Services Group.
- Flanders, Allan (1970) 'The internal social responsibilities of business' in *Management and Unions: The theory and reform of industrial relations*, London: Faber.
- Fox, Catherine (2003) 'Off to work - Best employers 2003', *BOSS Magazine, Australian Financial Review*, March, pp.20-27.
- Grant, David and John Shields (2002) 'In search of the subject: Researching employee reactions to Human Resource Management', *The Journal of Industrial Relations*, 44(3), pp.313-334.
- Greening, D. W and Turban, D. B (2000) 'Corporate social performance as a competitive advantage in attracting a quality workforce', *Business & Society*, 39(3), pp.254-280.
- Guest, David (1999) 'Human resource management - the workers' verdict', *Human Resource Management Journal*, 9(3), pp.5-25.

- Khoo, Valerie (2002) 'Charity at work', *Sydney Morning Herald*, 14-15 December (My Career section).
- Lee, Louise (2001) 'Employee volunteering: More than good feelings' *Australian Journal on Volunteering*, 6(1), pp.31-39.
- Macken, Julie (2002) 'Trick or treat', *BOSS Magazine, Australian Financial Review*, October.
- Margolis, Joshua D and Walsh, James P (2001) 'Misery Loves Companies: Whither Social Initiatives by Business', Working Paper, Social Enterprise Initiative, Harvard Business School.
- McIntosh, Malcolm., R. Thomas, D. Leipziger and G. Coleman (2003) *Living Corporate Citizenship: Strategic routes to socially responsible business*, London: FT Prentice Hall.
- Moran, Susannah (2003) 'Philanthropy from the shop floor', *Australian Financial Review*, 28 October, p.67.
- Orlitzky, Marc., Frank. L. Schmidt and Sara L. Rynes (2003) 'Corporate social and financial performance: A meta-analysis', *Organization Studies*, 24(3), pp.403-441.
- Peters, Veronika (2001) *Taking the First Steps: An Overview of Corporate Social Responsibility in Australia*, Sydney: State Chamber of Commerce (NSW).
- Pfeffer, J (1998) *The Human Equation: Building profits by putting people first*, Boston, MA: Harvard Business School Press.
- Points of Light Foundation (2000) *The Corporate Volunteer Program as a Strategic Resource*, Washington DC.
- Purcell, John (2001a) 'Personnel and human resource managers: power, prestige and potential', *Human Resource Management Journal*, 11(3), pp.3-4.
- Purcell, John (2001b) 'The meaning of strategy in human resource management', in J. Storey (ed) *Human Resource Management: A Critical Text*, London: Thomson Learning.
- Purcell, John and Bruce Ahlstrand (1994) *Human Resource Management in the Multi-Divisional company*, Oxford: Oxford University Press.
- Storey, J (ed.) (1995) *Human Resource Management: A critical text*, London: International Thompson.
- Truss, Catherine., Gratton, Lynda., Hope-Hailey, Veronica., Stiles, Philip and Joanna Zaleska (2002) 'Paying the piper: choice and constraint in changing HR functional roles', *Human Resource Management Journal*, 12(2), pp.39-63.
- Tuffrey, Michael (1995) *Employees and the Community - How successful companies meet human resource needs through community involvement*, London: The Corporate Citizenship Company.
- Tuffrey, Michael (2003) *Good Companies, Better Employees - How community involvement and good corporate citizenship can enhance employee morale, motivation, commitment and performance*, London: The Corporate Citizenship Company.
- Ulrich, D (1997) *Human Resource Champions, The next agenda for adding value to HR practices*, Harvard: Harvard Business School Press.
- Volunteering Australia (2001) *Corporate volunteering*, Fact Sheet, Canberra: Department of Family & Community Services.
- Weiser, J., and Zadek, S (2000) *Conversations with disbelievers: Persuading companies to address social challenges*, New York: The Ford Foundation.

- Winstanley, Diana and Jean Woodall (2000a) 'The ethical dimension of human resource management', *Human Resource Management Journal*, 10(2), pp.5-20.
- Winstanley, Diana and Jean Woodall (2000b) 'The adolescence of ethics in human resource management', *Human Resource Management Journal*, 10(4), pp.45-48.
- Zadek, Simon (2001) *The Civil corporation: the new economy of corporate citizenship*, London: Earthscan.
- Zappalà, Gianni (2001) 'From 'charity' to 'social enterprise': Managing volunteers in public-serving nonprofits', *Australian Journal on Volunteering*, 6(1), pp.41-49.
- Zappalà, Gianni (2003a) 'Corporate citizenship and the role of government: The public policy case', Research Paper No.4 (2003-04), Information and Research Services, Dept. of the Parliamentary Library, Parliament House, Canberra.
- Zappalà, Gianni (2003b) *The motivations and benefits of employee volunteering: what do employees think?* Sydney: The Smith Family.
- Zappalà, Gianni and C. Cronin (2003), 'The contours of corporate community involvement in Australia's top companies', *Journal of Corporate Citizenship*, 12, pp.59-73.