

Human Resource Training and Development as Facilitators of Corporate Social Responsibility

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Abstract

Recent corporate social responsibility (CSR) literature has emphasized the importance of labor practices in the CSR implementation. The research presented in this paper explores how employees respond to human resource training and development of CSR in the context of a developing country. Based on primary data collected via a self-administered survey in Vietnam, we provide evidence of the perceptions of employees of CSR and conclude that CSR can be an effective way for firms to maintain positive relationships with their employees.

Keywords: Corporate social responsibility, human resource training and development, job satisfaction, Vietnam.

1. Introduction

Many companies are realizing that Corporate Social Responsibility (CSR) is a high profile notion that the business world perceives as strategic (Porter & Kramer, 2006). Several studies have shown that firms that perform socially responsible activities enjoy benefits such as customer satisfaction and favourable customer evaluations (Brown and Dacin, 1997; Luo and Bhattacharya, 2006; Marin et al., 2009). However, the effectiveness of CSR activities on internal stakeholders (i.e., employees) has remained largely neglected (Larson et al., 2008), while a recent global survey of 1,122 corporate executives suggests CEOs perceived that businesses benefit from CSR because it increases attractiveness to potential and existing employees (Economist, 2008).

In addition, although some previous studies emphasized the relationship between CSR and organizational commitment (Rodrigo and Arenas, 2008; Brammer et al., 2007; Rupp et al., 2006; Peterson, 2004), the way in which CSR initiatives influence employees' commitment to the organization remains unclear. The studies neglected to consider employees' self-evaluation of CSR initiatives. Therefore, it would be helpful to consider whether employees identify primarily through self-evaluation of CSR initiatives or through reflected evaluation of them.

There is increasing concern in organizations that employees respond to labor practices (i.e., human resource development) of CSR. However, it is difficult to find strong evidence of this in both the strategic management and

human resource literature. In addition, the employee perception of CSR in the developing world is still fragmented and has not yet developed. The main objective of this paper is to advance our understanding of employee perception of human resource training and development (HRT&D) through a survey of employees of twenty companies in the list of Global Compact Network Vietnam, as a first step in dealing with its benefit to organizations and as a compliment to the literature on the relationship between human resource management and CSR.

2. Literature review

Barnett (2007) stated that CSR is a form of corporate investment characterized by a dual orientation towards the improvement of social welfare and stakeholder relations. This focus on stakeholder relations explains why employees, as a stakeholder group, impact CSR policy. Employees perceive, evaluate, judge and react to CSR programs and actions (Rowley & Berman, 2000; Rupp et al., 2006). However, employees as a unit of analysis have received limited attention in past CSR literature (Aguilera et al., 2007; Swanson & Niehoff, 2001). Past CSR and human resource management research has mainly focused on relationships between leadership and corporate social behavior (Swanson, 2008; Waldman, Siegel & Javidan, 2006), or defined socially responsible leadership (Waldman & Siegel, 2008). Although some theoretical models of Corporate Social Performance explicitly included employees as a level of analysis (e.g., Wood, 1991), few studies have investigated CSR's influence on employees' attitudes and

behavior.

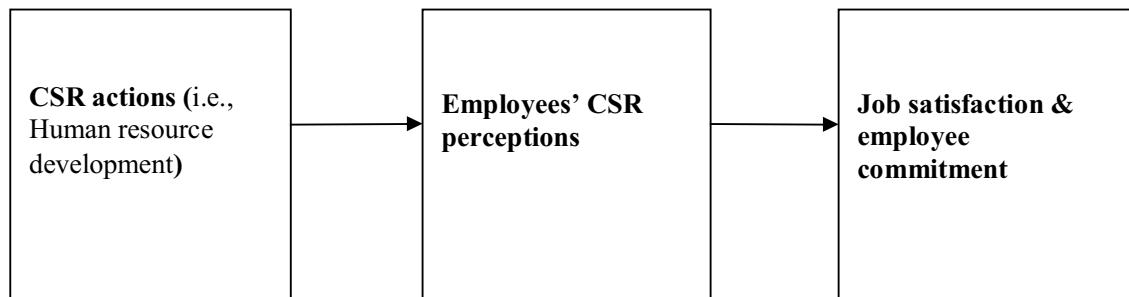
Some studies have focused externally, looking at the influence of CSR on prospective employees (Albinger & Freeman, 2000; Blackhaus, Stone & Heiner, 2002; Luce, Barber & Hillman, 2001). These studies show how a socially responsible reputation influences corporate attractiveness for prospective employees such as undergraduates, or MBA students. CSR's effect on organizational attractiveness is stronger for job seekers who have many job choices, and when they have prior knowledge of CSR and/or are directly concerned with the issues addressed by CSR. Strand et al. (1981) demonstrated that to determine how improved societal or environmental corporate performance impacts organizational attractiveness for applicants, it is necessary to consider both job and organization attributes. Therefore, CSR can be seen as a useful marketing tool for attracting the most qualified employees and is an important component of corporate reputation. However, these studies say little about CSR influence on actual employees.

CSR directed towards employees can be perceived positively by both prospective and

incumbent employees. Riordan, Gatewood & Bill (1997) found that employee's perceptions of corporate image can positively influence job satisfaction, and negatively influence turnover and turnover intentions, while Swaen & Maignan (2003) suggest that CSR can directly influence employees' adoption of socially responsible behavior within corporations. Some other researchers have investigated how CSR may influence incumbent employees. These studies provide strong empirical support for CSR's influence on employee (or organizational) commitment (Aguilera et al., 2006; Brammer et al., 2007; Maignan & Ferrell, 2001; Peterson, 2004). Except for the study of Aguilera et al. (2006) that includes CSR impact on job performance, no studies have explored CSR influence on employees' attitudes and behavior beyond organizational commitment.

Few previous studies have examined if the relationship between CSR actions and job satisfaction and employee commitment is mediated by other variables, which explains the present knowledge gap on CSR's influence on actual employees (Swaen & Maignan, 2003; Swanson & Niehoff, 2001). This is a mediat-

Figure 1: An Integrative Model of CSR influence on Employees



ing mechanism that links CSR actions and job satisfaction and employee commitment. Therefore, based on the analysis, we propose a theoretical framework, shown in Figure 1, that links CSR actions to job satisfaction and employee commitment. CSR actions have a direct effect on employees' CSR perceptions and an indirect effect on job satisfaction and employee commitment that is mediated through employees' CSR perceptions.

3. Methodology

In this study, we used the Principals and Standard Indicators in Sustainability Reporting Guidelines (GRI, 2006). The Guidelines draw upon the instruments directly addressing the social responsibilities of business enterprises and include five major Indicator groups: (i) employment, (ii) labor/management relations, (iii) occupational health and safety, (iv) training and education, and (v) diversity and equal opportunity.

In the training and education indicator group, there are 3 sub-groups: average hours of training per year per employee by employee category, programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings, and the percentage of employees receiving regular performance and career development reviews.

Based on the training and education indicator group, a research questionnaire was designed to capture data for exploring the employees' perception of human resource training and development in the context of Vietnam. The questionnaire included nine

aspects of labor practice related to training and development:

- (1) quality of training programs;
- (2) expectation of employees about quantity of training programs;
- (3) self-improvement;
- (4) improving on the job training;
- (5) the role of leaders in human development and training in the workplace;
- (6) providing training on organizational culture for new employees;
- (7) providing oriented training for new employees;
- (8) human resource development strategy;
- (9) providing finance support for training.

These measures were adapted from the literature and refined to fit the present study. We used a 5-point Likert-type scale (1 = 'strongly disagree' to 5 = 'strongly agree') to measure all constructs. Detail of the questionnaire used in this study is shown in the Appendix.

Firms for this study were selected on the basis of two criteria. First, companies that engage vigorously in CSR initiatives should be considered. The second criterion concerns the diversity of industries to maximize the variance among the variables. We have interviewed Mr Florian Beranek, Chief Technical Advisor of the CSR Vietnam Project of the United Nations Industrial Development Organization (UNIDO) and Vietnam Chamber of Commerce and Industry (VCCI) and Mr Nguyen Quang Vinh, Director of VCCI's Business Office for Business Sustainable Development about the sample of firms. Both

of them suggested that the sample of firms should be the firms in the list of Global Compact Network Vietnam because these firms have taken up the initiatives of CSR practices. Hence, the firms in the list of Global Compact Network Vietnam were considered. A final sample of twenty companies participated in the study.

A total of 200 questionnaires were sent to employees of twenty companies in the list of Global Compact Network Vietnam in March, 2012. A total of 89 responses were collected, and 83 were used for the analysis.

4. Results and discussion

Male and female responses are 44 and 39 respectively in Figure 2. We separated the gender in order to assess the gender equality in the development opportunities of employees in these companies.

The proportion of employees with different experience in the survey was illustrated in figure 3. Work experience of employees were divided into 3 groups: under 3 years, from 3 to 6 years, and more than 6 years. We divided employees into 3 experience groups because we would like to examine whether different experience of employees leads to a different perception of HRT&D or not.

As we have seen in the above section, HRT&D focus was on nine aspects. Employees expressed different perceptions and understandings about the HRT&D of their companies, consistent with the Hemingway & MacLagan (2004) results about employee perception about CSR in the United Kingdom. Their study shows that employees often exhibit different understandings of organizational CSR policies.

Figure 2: The proportion of employee's gender responses to the survey

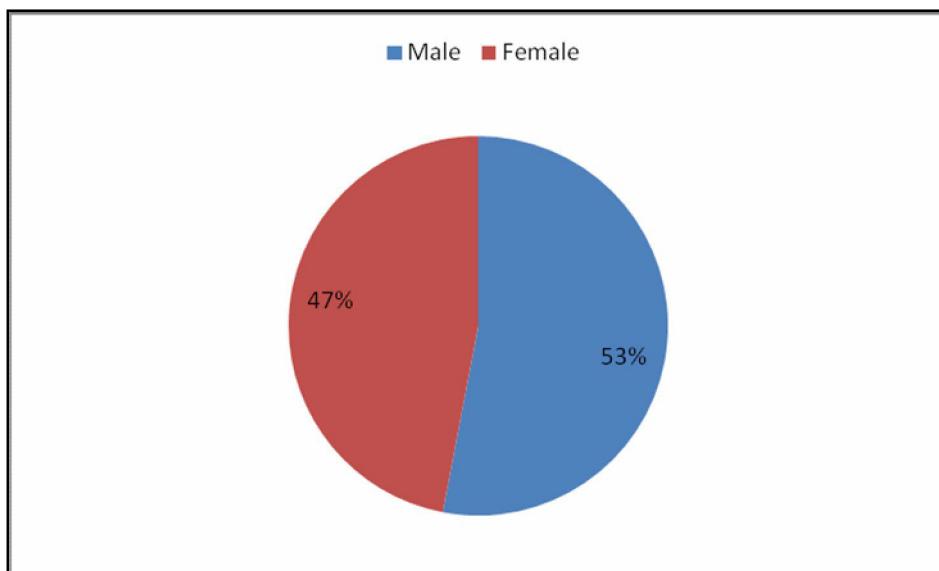
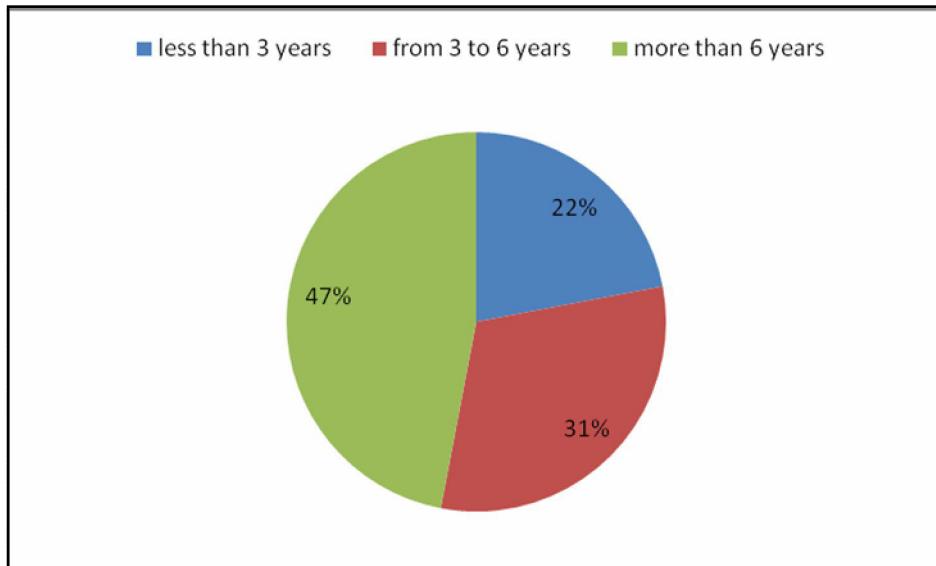


Figure 3: The proportion of employees with different experience responses to the survey



Clearly, the products and clientele of each firm varied significantly and appeared to have influenced the differences in organizational culture and values that we detected in the employees' descriptions of HRT&D activities and processes. Indeed, HRT&D activities in each firm also varied, and HRT&D managers worked in different ways. These organizational differences in turn may have affected the variation appearing in employees' understandings about HRT&D, consistent with the results of Husted & de Jesus Salazar (2006) and McWilliams et al. (2006). They found that widely varying CSR practice occurs in different sectorial and regional contexts.

More detail about the result of the survey of employee perception about CSR in Vietnam is in Table 1. We calculated the average score of total 83 employees, male employees, female employees, less than 3 years work experience

employees, from 3 to 6 years work experience employees, and more than 6 years work experience employees for nine aspects.

As seen in Table 1, training and development is focused with a 3.68 point average. Overall, employees in the survey were satisfied with the quality and effectiveness of HRT&D activities. Those at the highest levels of experience in the organization have the most positive impressions of their companies' HRT&D activities. Our finding is similar to the results from a qualitative study of HRD managers in eight large North American firms (Fenwick and Bierema, 2008). They found that experienced employees have an explicit commitment to CSR. However, their study tends to focus on employee learning and promotion, employee ownership of development, and employee safety and respect.

Regarding gender, Table 1 shows that

Table 1: Summary of survey results

Statements	Average	Male	Female	Less than 3 years	From 3 to 6 years	More than 6 years
1. My company provides high-quality training programs for employees.	3.78	3.75	3.82	3.83	3.81	3.74
2. My company justified the employee's expectation of the number of training programs.	3.55	3.45	3.66	3.5	3.38	3.68
3. My company provides opportunities for self-improvement of the employee.	3.78	3.82	3.74	3.67	3.69	3.89
4. My company provides good “on the job training” for employees.	3.83	3.88	3.74	3.83	3.6	3.97
5. Managers and supervisors play an important role in training for their staffs.	3.80	3.86	3.72	3.89	3.69	3.82
6. My company provides an extensive training program on corporate culture for employees.	3.69	3.59	3.79	3.78	3.69	3.64
7. My company provides an oriented training program for new employees.	3.59	3.61	3.56	3.67	3.58	3.56
8. My company has a good training and development strategy.	3.60	3.70	3.49	3.61	3.42	3.72
9. My company sponsored or provides financial support for training programs.	3.54	3.52	3.56	3.56	3.38	3.64
Human resource training and development	3.68	3.69	3.68	3.70	3.58	3.74

employees' perceptions of HRT&D at their organizations were not different between males (3.68 point) and females (3.69 point), and perceptions remain fairly positive. This demonstrates that employees still believe that their companies are acting responsibly within their communities.

5. Conclusions

This article explored issues of HRT&D involvement in organizational CSR initiatives. The literature indicating the benefits of implementing CSR in organizations stresses the importance of training, with respect to internal stakeholder - employees. The study showed the roles and challenges of CSR in promoting employees' commitment and job satisfaction in companies. As an exploratory study it was limited in scope, focusing on perceptions reported by 83 employees in twenty different companies. However, the survey pointed to

some interesting issues and possible patterns that are important to acknowledge in beginning the examination of HRT&D's potential involvement in CSR initiatives.

Although the study was intended as an exploratory pilot for a larger study surveying HRT&D practices of CSR in Vietnamese companies, there is clearly a need for further research. Some research questions that would yield useful insights into this issue might be: What are the reasons for the exclusion of HRT&D units in the design and incorporation of organizational CSR initiatives? What are the specific constraints on HRT&D in terms of CSR engagement? How does HRT&D involvement in CSR vary by sector, size and regional location of firms? What are HRT&D managers' attitudes in particular sectors towards CSR now? In-depth case studies where HRT&D personnel have experimented with multiple CSR practices would be useful.

APPENDIX

The research questionnaire

In order to support the management board to improve employee commitment and job satisfaction, kindly spend 5 to 7 minutes to complete this questionnaire. This questionnaire is designed to make completion as easy as possible. Most questions can be answered by simply ticking boxes. Very little information will need to be looked up. If the requested information isn't available or would be very difficult to obtain, please provide us with your best estimate. All information and answers will be kept as confidential.

1. Company name:

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2. Gender: Male Female

3. Duration of working in the company

Under 3 years 3 – 6 years More than 6 years

4. Kindly indicate your agreement with the following statements. Choose from 1 to 5

for each below statement (1 = ‘strongly disagree’ to 5 = ‘strongly agree’):

Statements	Agreement level				
	1	2	3	4	5
1. My company provides high-quality training programs for employees.	1	2	3	4	5
2. My company justified the employee’s expectation on the number of training programs.	1	2	3	4	5
3. My company provides opportunities for self-improvement of employee.	1	2	3	4	5
4. My company provides good “on the job training” for employees.	1	2	3	4	5
5. Managers and supervisor plays an important role in training for their staffs.	1	2	3	4	5
6. My company provides an extensive training program on corporate culture for employees.	1	2	3	4	5
7. My company provides an oriented training program for new employees.	1	2	3	4	5
8. My company has a good training and development strategy.	1	2	3	4	5
9. My company sponsored or provides financial support for training programs.	1	2	3	4	5

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