A HUMAN RESOURCE PERSPECTIVE ON POLICIES TO SUPPORT CORPORATE SOCIAL RESPONSIBILITY

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Abstract

Within the last decade, the phenomenon of Corporate Social Responsibility (CSR) has gained significance in the corporate world from a marketing context, yet very little empirical work exists to highlight its importance from a human resource context. CSR is often embedded in the sustainability agenda of the organization, in which different factors impact the CSR based human resource (HR) policies of an organization. The data were collected through interviews and Telenor’s mission and policies for employees, society, environment and customers were analyzed. Three themes emerged in the interview that affected the CSR based HR policies: management style, economic impact of CSR on the organization and the overall CSR strategic approach of the firm. The paper concludes that CSR is strongly emphasized in Telenor Pakistan’s approach and reflected in its codes of conduct, policies as well as management style.

Keywords: Corporate social responsibility, Human resource perspective, HR Policies, Telenor, Economic impact, Strategic approach

JEL Classification: Z000

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581 PAKISTAN BUSINESS REVIEW OCT 2015
Introduction

The importance of Corporate Social Responsibility (CSR) for organizations is emphasized both in academic theory and business practice. CSR is embedded in the sustainability agenda of organizations that evaluates the impact of the organization on the environment, the society, employees, suppliers and customers. The incorporation of this CSR philosophy in an organization is dependent upon a lot of factors. Some of these factors or themes were explored in this paper.

Telenor Pakistan

The telecom sector in Pakistan is one of the fastest developing sectors of Pakistan’s economy and playing its crucial role for economic growth. This sector having approximately more than 100 million users with more than 1.36 million employees and various unidentifiable other beneficiaries. This immense growth increased the pressure on companies operating in this sector to gain competitive advantage through the effective use of its statistic business aspects, one of them is CSR which is also becoming a binding force with its users.

Telenor Pakistan, a subsidiary of Telenor was selected for the study. This particular organization was selected because it is one of the world’s largest multinational firms in the telecommunications sector. It offer voice, data, and content and communication services in various markets across Europe and Asia, serves more than 148 million customers, and employs a workforce staff of approximately 32,900 professionals. The company started operations in Pakistan in March 2005 and currently serves more than 30 million customers in Pakistan. In 2004 Telenor founded Telenor Pakistan that began operations in March 2005, reaching its breakeven in 2007. Due to its aggressive marketing and advertising and social initiatives, it is the fastest growing cellular network of Pakistan.
Telenor and CSR

Faced with a turbulent global environment Telenor has used corporate social responsibility (CSR) as a survival strategy. CSR is a crucial competitive element as public opinion and customer preferences are aligned with the behavior of organizations towards society and environment. In this context Telenor views sustainable development critical to its long-term success and from 2012 it added information on social and environmental performance in its annual report. Telenor also publishes an annual Sustainability Report. Telenor has a code of conduct called “Telenor Way” focusing on employees as the most important asset for the firm. The three main components in the Telenor Way are: a strong customer focus, never to compromise on our business ethics and a leadership based on empowerment. The Telenor Way, coupled with the CSR business strategy, Telenor focuses on human rights and cooperates with relevant third parties. Other organizations are also focusing its attention on CSR like National Bank of Pakistan, Coca-Cola Company and Ufone, Mobilink are in telecom sector.

Literature Review

Organizations are integrating environmental and social concerns into their products, their operations, and their management style. This includes ethical and transparent interactions with all of their stakeholders, particularly their employees. Organizations and employees are dependent upon each other as they support each other and create value in constant exchanges with each other (Van Marrewijk, 2003).

CSR is a process that aims to accept the responsibility of the company for its actions and positively impacts the environment, employees, consumers, communities, and all other stakeholders. While this trend started in the USA and Europe, organizations in developing countries are also adopting CSR, particularly those situated in Asia (Chapple &
Moon, 2005). Organizations must try to integrate the CSR strategy into their overall business strategy.

The main objective of this study is to identify the role of management styles, strategic and economic significance in developing HR based CSR policies are still unfamiliar area. On various platforms our conceptual framework requires attention as the company policies should be facilitating to its employees that will ultimately lead towards the betterment of society and enhanced performance. (Inyang, Awa, and Enuoh, 2011) In current academia discussions, research findings and even in discussions, the focus in on the nature, direction, participation and process of CSR but CSR as a corporate phenomenon in actual fact should be a strategic approach and methodology for organizations to gain competitive advantage and to address issues with its concerns and through those interfaces, it may help to achieve success in their business goals.

Management Style

Management Style is important in CSR. Management Style means that managers make decisions with a transparent and integral managerial style. The managers use on-site audits to ensure that their employees comply with minimum CSR standards and hence use such audits to ensure this compliance. Managers must embrace a social management style so that they can move the overall quality of their CSR programs (Van Marrewijk, 2003). Furthermore they can extend this management style to the management of even their suppliers. Managers can perform on-site audits to ensure supplier compliance with their organization’s minimum CSR requirements (Palacios Marqués & Devece Carañana, 2013).

Economic Impact of CSR

At the turn of the 21st century, the linkages between financial performance and CSR have been explored by various researchers
A Human Resource Perspective on Policies


Some people consider CSR to be a fashion of the 21st century, because they consider CSR to be a philosophy that is in contradiction to the profit-oriented philosophy of an organization. They believe that corresponding to the obsession of organizations with ISO standards and certifications that emerged in the last few years CSR too is a similar obsession of the corporate world. Others believe that CSR leads to cost-reduction that impacts the economic state of the organization. This latter group believes that just as standards and certifications improved the product and processes of organizations that eventually benefited consumers and society, this CSR trend too will have an immense impact on society.

Strategic Firm’s Approach to CSR

Management of the organizations need to use effective management styles and approaches to enhance the integrity of the ethical, social, and environmental aspects of their business. This translates into the four fundamental pillars that refer to CSR: environment, social action, health, and disability. Now a days firms with latest and advanced versions of HRM are focusing on CSR and its strategic and competitive nature leading towards improved performance and outcomes. (Buciuniene and Kazlauskaite, 2012; Gond, Igalens et al. 2011)

Organizations can have different strategic approaches to CSR. The most common approach is corporate philanthropy where aid, donations and sponsorships are provided to under privileged members of the community. Another approach is using CSR for risk management by which organizations strategically identify risks and set up plans for improvement (Palacios Marqués & Devece Carañana, 2013). Organizations can also embed CSR into the core business strategy by creating value and promoting sustainability (Porter & Kramer, 2006).
Based HR Policies

Productivity can be enhanced by formulating HR policies for managers and employees that treat them as a valuable part of the organization (Wolf, 2012; Gond, Igalens et al. 2011, Buciuniene and Kazlauskaite 2012).

Strategic Human Resource Management incorporates strategic nature of various aspects of organization to create more value, effective planning, cost reduction, enhancing internal and external quality, and to augment organization’s capacity to face change to gain a competitive advantage also turned the focus towards CSR. (Gond, Igalens et al. 2011; Buciuniene and Kazlauskaite, 2012) Becoming a strategic business partner, HRM at the moment is more participative in decision making coupled with policy formulation at corporate level, the HR experts are shaping CSR creativities in various policy agendas.

The organization can draft policies that focus on improving the satisfaction of their company staff, and once these policies are properly enforced within the organization, they can extend these policies to their supply chain members. This CSR approach would ensure that even their supplier’s employees have a higher quality of life particularly those whose jobs put them in greater physical risks (Palacios Marqués & Devece Carañana, 2013).

Methodology

Usually researchers follow a quantitative approach but here we used a qualitative approach to explore more about the underlying area. Qualitative approach provided a more open space to get little more options as compare to quantitate approach. We therefore, extracted the themes out of the relevant literature existing, then turned those themes into interview points to extract the relevant answers from the respondents appropriately and within the scope of the study.
A qualitative approach in the form of an interview is the main methodology adopted that provided a real-life context in understanding CSR practices of the ICT sector in Pakistan. Semi-structured interviews were used to obtain management feedback and relevant information. This technique allowed the interviewee to explicitly express their general points of view in detail while not getting de-tracked during the interview. It also allowed the interviewer the opportunity to ask questions for getting a comprehensive answer or re-explain a certain answer. In order to explore Telenor’s CSR strategy, an in-depth semi-structured interview was conducted with the Corporate Responsibility Specialists in the Corporate Communications and Responsibility Department who had been working at Telenor for at least more than 2 years and were Project Managers for three of the biggest CSR projects at Telenor i.e. Khuddar Pakistan, Hum Qadam and Emergency Response projects. All of these projects required close coordination with the HR department. The interviews lasted approximately three hours. The interview focused on two main topics. The first topic was the general goal and objectives of Telenor on CSR and the second topic was related to the policies Telenor drafted in order to achieve these CSR goals.

Data Analysis and Discussion of Emerged Themes

Analysis of secondary data available on Telenor Pakistan, the Telenor Group, along with interview revealed that the ICT sector has significant potential for CSR. This sector can contribute to the socio-economic growth of Pakistan and have a significant impact on both internal and external stakeholders. The CSR policy of Telenor Pakistan is centered on environment, society and management style. The latter incorporates the HR element of CSR that falls under the sustainability domain of the organization. Telenor has incorporated an Environmental Management System (EMS) that looks into environmental impact of the organization in compliance with international standards and its internal policies and codes of conduct.

Emerged Themes

Three main themes emerged in the interview that impact the CSR-based HR policies of Telenor Pakistan. These three themes are: the management style, the economic impact of their CSR activities, and the overall strategic approach of the firm towards CSR. These themes are discussed below:

Management Style

The first theme that emerged was management style. Management style implies that the management engages in decision-making that is transparent, inclusive and integral.

“We have used our existing recruitment processes, procedures and policies and we have tried to make them inclusive and accessible”

A good management style encourages corporate citizenship behavior where employees are oriented to actively engage in operational activities and projects.

“This way employees also take ownership of the projects, get to know these projects and get to work in them ….”
Managers can motivate employees by becoming role models and set expectations that they themselves can act upon.

“… one should lead by example and others should follow.”

Furthermore, value addition and problem-solving approach must be encouraged in their decision-making that exhibits effective utilisations of all resources i.e. financial, technological, human etc.

“We don’t channel just financial resources or financial support in cash or kind for such activities, we also channel valuable human resources into those initiative”
“It is based on what needs to be done and how can Telenor contribute to it and add value to that cause. “

A good management style must incorporate open and efficient communication within the workplace and with external stakeholders. The HR department can play an important role in the coordination and communication of the norms, values and standards that impact various aspects of employee’s jobs.

“A dialogue was held regarding inclusion of persons with disabilities in the mainstream the workplace and the educational institutions around the UNCRPD (United Nations Conventions on Rights of Persons with Disabilities) that ….”

“We are in coordination with our HR offices. They [HR] work in close coordination….”

“we are a very dynamic organization and work in close collaboration with all the educational institutions.”

All managers regardless of whether they are performing HR functions or project management functions must enforce and adhere to non-discriminatory fundamental rights of employees. This non-discriminatory management style can start at the actual hiring stage of employees, where candidates are not segmented based on gender, ethnicity, disabilities, economic or educational backgrounds etc. Candidates are recruited based on purely their competency and skills, and assessed and evaluated based on these competencies.

“You need to provide equal opportunity. You need to hunt for talent and diversity; quota or no quota. As an employer you need to provide equal opportunity, you should not discriminate on the basis of physical abilities or disabilities, gender, race, ethnicity etc”

“We [Telenor] believe in equal opportunity, diversity and talent.”
“… We don’t discriminate within the institutions that this is a high-end institution and [this one is not] because then we are marginalizing a huge segment of your population and of your human resource that does not have access to those [educational] institutions.”

Good managers support and encourage diversity in the workplace, and stay clear of stereotyping or other judgmental biases.

“… We have on board people from every [different university such as], public sector universities, private sector universities, local universities, foreign universities, high-end universities and normal universities, so called, and that’s how we have collaborations with higher educational institutions….”

Furthermore, these CSR activities and good management styles must be extended to the supply chains of an organization. Telenor exhibits a management style conducive to CSR. The organization has drafted comprehensive Codes of Conduct and Supplier Conduct Principles. A further initiative in the form of the “Telenor Way” incorporates CSR into its overall corporate culture. Management style is also reflected in the channeling of human resources towards CSR activities such as encouragement of employee volunteerism activities through Hum Qadam and Emergency Response projects. Telenor Pakistan played a prominent role in 2010 and 2012 floods, in the form of disaster relief and voluntary efforts. Employees volunteer through the Emergency Response System to support earthquake, flood and accident victims free of charge. In this regard they coordinate with international agencies such as the Pakistan chapter of the Red Cross Society (PRCS), the government and other non-profit partners.
Economic Impact of CSR

The second theme that emerged was economic impact of CSR activities. All the five CSR projects Khuddar Pakistan, Hum Qadam, Emergency Response, E-Learning and M-health have a significant economic impact on both Telenor and the overall society. The economic impact for Telenor is in the form of goodwill, attracting competent employees, public private partnerships, and international collaborations and of course profitability.

Organizations engaged in CSR initiatives can have a significant economic impact only if such initiatives are based upon their core competencies.

“ It should contribute directly or indirectly to our core competencies as well as to the economy, the community, the people at large and the overall environment. “

“ We [Telenor] just strive for doing what needs to be done within the identified framework of CSR. We first of all we identify an area where we can actually add value using our core competency, not only in terms of financial contribution but also based around enabling people through the use of ICT. “

The major economic impact of CSR on an organization is in terms of cost-reduction. This aspect was not highlighted in the interview. Rather, the impact of the organization’s CSR initiative on the economy was emphasized. Some of these impacts were: opportunities of employment particularly for those segments who are discriminated against such as the disabled people.

“It is one of the most dynamic sectors of Pakistan so that way we will contribute to the unemployment problem of Pakistan. “
“Telenor can help the society directly by creating jobs, either through direct employment or indirectly along the supply chain. We have more than 3000 employees and indirectly [if we include] with our sales and service centers and our network installations thus enabling thousands and thousands of jobs along the supply chain”

“in fact our entire supply chains through our network of vendors, franchises, point of contacts in the call centers is enabling and contributing to the economy.”

New innovative products and services can be launched that impacts the economy. For example, an organization in the telecommunication business diversifies into mobile banking financial sector and extends financial services to remote and otherwise inaccessible segments of the society.

“We also play a crucial role in the economic turnover. Telenor is a pioneer in the mobile branchless banking sector. It’s a new arena with lots and lots of potential. This is enabling people to freely do financial transactions remotely.”

“People are enabled to carry out transactions, are included in financial and tax networks thus enabling Telenor to contribute indirectly into the economic prosperity of Pakistan. “

“What we [Telenor] are doing is providing them online educational content through our technology, which also includes teacher training, enhancing the teaching learning environment through innovative use of ICTs, global content, cross cultural online engagement and so on. “

The most direct CSR initiative for an organization is in the form of financial funding and sponsorships.
“In our school rehabilitation project that is related to the Emergency Response Project, we have established a fund and we are working with an international partner to rehabilitate more than 50 primary schools in disaster struck areas. “

Organizations can have a significant economic impact on their internal stakeholders or employees as well. Reducing security risks and offsetting medical expenses in the form of medical insurance and coverage for the employees as well as their family members is indicative of economic impacts.

**Strategic Approach of the Firm**

The most important emerged theme in the interview was the strategic approach of the firm towards CSR. While most firms use CSR to generate positive word of mouth and publicity, in reality CSR is not a publicity stunt for an organization. It is a part of the overall business model and organizational philosophy. From the drafting of codes of conduct and policies, to the hiring of the employees, to training and development, to formation of alliances and partnerships, everything incorporated CSR and sustainability concepts.

*Strategically, CSR is not contradictory to the profitability of the organization.*

“…at Telenor, our philosophy of doing business is based on a concept known as ‘shared value’. Which means that even as a business entity we do not strive for profitability only. We try to meet the triple bottom line i.e. the people, planet and prosperity.”

“…there is first a need for a paradigm shift at the strategic level. Companies should have their vision and strategies very clear and after that pursue these certifications at the operational level.”
Under the umbrella of sustainability, an international index has been developed to rank the CSR based strategic approaches of global organizations. This index not only ranks the organization on environmental related CSR initiatives, but also those that extend CSR to the supply chain.

“And also with regard to environmental sustainability and supply chain sustainability there is this Dow Jones Sustainability Index (DJSI), Telenor has been ranked among the top five companies globally since the last three years.”

Strategic approaches to CSR can also take the form of partnerships and alliances, where long –term, sustainable partnerships are formed with various organizations.

“Telenor believes in strategic partnerships, we never go for any other partnership except in emergency response where the situation calls for immediate financial intervention, other then that Telenor doesn’t go for one-off sponsorships or donations. We believe in forming strategic partnerships with credible international and local partners…..”

Organizations that are dedicated to CSR do not use it as publicity stunts. In fact CSR becomes a part of their business model. Only when CSR is ingrained with the core competency, an organization can create ‘shared-value’ and remove the apparent contradiction between profitability and CSR. Such organizations are committed to CSR initiatives in the long run.

“CSR is an integral part of all our strategies, not having a CSR based approach is not an option at Telenor”
“CSR is ingrained in our business model. As long as we are operational we see ourselves doing CSR initiatives. Our CSR goes with our business. These two things are not separable, they go hand in hand for us.”

Finally, organizations must realize that CSR has a broad scope and requires the set up of proper institutions and collaboration between the private sector, public sector and international bodies in order to become sustainable.

“CSR is a broad field no single organization can do it [alone]. It needs to be done at a policy level, at the legislative level, at a government level and the expectations of the general public needs to be aligned “

While the interview did not highlight operational cost efficiency through this strategic approach of Telenor Pakistan to CSR, it does highlight the financial and non-financial efficiencies in areas of human resources, talent and cross-cultural management (through the E-learning initiative) and reputation.

Therefore, for CSR to become a strategic approach of the firm, a fit between the business and CSR goals and objectives must be achieved. This leads to new business models, and long-term partnerships and alliances with local, national and international public private partnerships.

*Proposed Conceptual Framework*

The three emerged themes discussed above can be integrated into a proposed theoretical framework as follows:
## Table 1: Concept Construct Table

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This framework highlights the significance of management style, strategic approach of the firms and economic impact of CSR in drafting CSR based HR policies, codes of conduct and manuals.

Conclusion and Recommendations

To conclude, this study explored the corporate social responsibilities of Telenor Pakistan in terms of both the projects and the HR policies that support those projects. Telenor’s HR policies are impacted by the management style, the economic impact of CSR on the organization as well as the overall strategic CSR approach of the firm. Telenor being one of the largest multinational firms of the telecommunications sector in the world is advancing its CSR by focusing on both the external as well as its internal stakeholders. (Gond et al. 2011; Inyang, Awa, and Enuoh, 2011) The internal stakeholders are its employees while external stakeholders are the suppliers, customers, environment and the overall society. Corporate Social responsibility was strongly emphasized in their approach by integrating environmental and social concerns into their management and governance in the form of codes of conduct and policies.
Further research can be conducted to check the proposed model quantitatively in the ICT sector. Since this sector is primarily service dominant, other ICT service providers can be interviewed to test the repeatability and generalizability of this qualitative research. Other service sectors can be included in further researches, such as business support, hospitality, housing, consulting, and healthcare because the services sectors have been somewhat immune to the latest economic slump. This research can be replicated on manufacturing sectors such as consumer goods to understand whether or not these emerged themes impact their HR policies. The managerial perspective of this research can be used to fashion strategies, business models and HR policies that progress CSR not only within their own organizations but also throughout their supply chains. Organizations can engage all levels of their management in incorporating CSR in their decision-making and goal setting. By engaging in such CSR based HR policies and codes of conduct organization can attract and retain the best talent that in the long run can create social and economic sustainable value for the firm.
Notes
2- https://www.nbp.com.pk
4- https://www.ufone.com/corporate-responsibility/environmental-initiatives/
5- http://www.mobilink.com.pk


22- Palacios Marqués & Devece Carañana, 2013.


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26- Buciuniene and Kazlauskaite, 2012
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