Human resource development as an element of corporate social responsibility

Tracy Wilcox

Asia Pacific Journal of Human Resources 2006; 44; 184
DOI: 10.1177/1038411106066395

The online version of this article can be found at:
http://apj.sagepub.com/cgi/content/abstract/44/2/184
Human resource development as an element of corporate social responsibility

Tracy Wilcox*
University of New South Wales, Sydney, Australia

This paper discusses the concept of corporate social responsibility as it applies to human resource development (HRD). It is argued that the economic and political power enjoyed by contemporary corporations brings with it an associated set of responsibilities and duties, particularly in the light of issues emerging in the global and local political environment. These issues arise in part from a shifting of the regulatory ground from the achievement of 'social good' to 'economic good', and the shifting of risk from business organisations to individuals and communities. The paper considers the impact of these changes on human resource development. Some of the areas in which an organisation's social and ethical responsibility can encompass HRD practices are explored, and possible HRD responses to the issues and concerns raised are discussed.

Keywords: corporate social responsibility, ethics, human resource development

Within corporations, human resource management activities such as recruitment and selection, performance and reward systems or restructuring may give rise to a number of easily recognisable ethical issues. Human resource development (HRD) has been considered more benign and, with a few exceptions (e.g. Hatcher 2002), has been exempted from ethical scrutiny. However, as the social and economic consequences of corporate activity are becoming clearer, a number of HRD implications are being brought into relief. For this

* An earlier version of this paper was presented at the 11th Annual Conference of the Australian Association of Professional and Applied Ethics, Richmond, NSW 2004. I would like to thank Michelle Greenwood, Doreen Tan and Karen Wilcox for their helpful comments on earlier drafts.

Correspondence to: Tracy Wilcox, School of Organisation and Management, University of New South Wales, Sydney, New South Wales 2052, Australia; e-mail: t.wilcox@unsw.edu.au
reason, a discussion of the ways in which corporations may respond to their powers with ethically informed HRD decision-making is timely.

This paper commences with a consideration of some of the reasons why issues of corporate social responsibility have emerged in business and practitioner literature. The emergence of these issues is tied to an increased awareness both of the power of corporations in the global economy, and of some of the negative repercussions of global economic activity. Ethical analysis suggests several reasons for an acceptance of a range of responsibilities and duties towards those affected by the actions of business organisations, both individually and in aggregate, and some of these reasons are considered. The paper then moves to an exploration of the interconnection between HRD issues and social responsibility, especially the responsibility towards marginalised workers. Finally, some potential means of addressing some of the issues raised are presented.

The argument that corporations possess an unprecedented degree of power and influence has been well articulated in popular forums (Kelly 2001; Bakan 2004), and in the business ethics literature (Ferrell, Fraedrich, and Ferrell 2005, 226–30; Shaw and Barry 2001, 213–14; Carroll 2000). The complex nature of global corporate operations and financial activity can serve to concentrate the power of many corporations, with their economic reach extending well beyond their nation of origin. Public debate about the misuse of corporate power has been sharpened by an increased public awareness of the positive and negative consequences of corporate activities. Controversies over corporate collapses, tax evasion, and workplace safety have raised public awareness of corporate social responsibility, and of the consequences of irresponsible actions.

The growth of corporate power has been facilitated by an increasingly market-oriented political and regulatory agenda, in Australia as well as elsewhere. Trade liberalisation and deregulation have reshaped patterns of trade, foreign investment, financial transactions and technology transfer (UNCTAD 1994) and have impaired the viability of entire industry sectors – as the decline of local manufacturing in industrialised countries illustrates. Corporate decisions to move manufacturing and, more recently, service operations offshore to take advantage of lower labour costs become part of this context.

The government in Australia has perpetuated this market-oriented regulatory agenda through legislation such as the recently introduced Workplace Relations Amendment (Work Choices) Act 2005. The Work Choices Act constrains the institutional framework for resolving employment relations issues using an independent arbitration body (the Australian Industrial Relations Commission (AIRC)); an institution that has historically considered a range of perspectives, both social and economic, when making decisions. It has been argued that the expanded use of the corporations power of the Australian Constitution reshapes the character of employee–employer relations in favour of employers (Munro 2005). Along with the removal of safety net conditions and the explicit economic
agenda set for the Fair Pay Commission, the reliance on corporations power represents a further shifting of the government regulatory ground from 'social good' to 'economic good'. The impact of this shift on both corporations and individuals is likely to be significant.

Moreover, much of the risk associated with the ownership of capital has been shifted both to the state and to individuals, particularly the employees of firms (Van Buren 2003, 141). For example, the health costs associated with manufacturing and service work are often borne by individuals and communities. It has been argued that the taxation systems of countries such as the United States and Australia also function to shift the risks of corporate decision-making onto individual taxpayers, insofar as many large corporations pay less than standard corporate tax rates (Dawkins 2002; Anderson and Cavanagh 2000; Baragwanath and Howe 2000). Deetz (1992, ix) has contended that a corporate 'colonisation' of everyday life and institutions is occurring.

This backdrop of global economic and political activity creates a unique place for business organisations, particularly global corporations. An analysis informed by ethics suggests that, in taking this place, organisations must also accept a degree of responsibility for the consequences of their actions, whether unintended or intended. Individual organisational decisions can, in aggregate, cause collective social harm (Van Buren 2003, 131). In acknowledging their social responsibilities, organisations are compelled to consider their duties to those who may be affected by these decisions and actions.

**Taking corporate social responsibility seriously**

Definitions of corporate social responsibility (CSR) range in their degree of detail and prescription. Carroll (2000) maintains that all corporations hold economic, legal, ethical and philanthropic responsibilities, moving beyond the notion of simply complying with laws and avoiding harm to society, to an expectation that business organisations actively contribute to the public good. In this sense corporate social responsibility encompasses notions of corporate citizenship and community involvement (Zappalà 2004), as well as corporate sustainability (van Marrewijk 2003). This broader notion contrasts with minimalist conceptions which perceive corporations as responsible only to owners and shareholders, and contest the nature of the duties that business organisations ought to accept. This view, informed by a particular and influential school of economic thought, is still widely held, and was evident in a 14-page feature in *The Economist* (Crook 2005) which caricatured CSR initiatives in firms.

Other disciplines, not surprisingly, look at business–society relationships through different lenses from those adopted by economists. The field of business ethics, for example, is informed by the discipline of philosophy, and to a lesser extent sociology, social psychology and political economics. When these lenses are used, it becomes clear that business decisions are never solely...
economic ones: they are interrelated with the social systems within which they operate. There will always be some impact on humans or ecosystems.

In essence society, through political, legal and institutional means, grants corporations their right to exist and operate. This must be borne in mind when considering corporate social responsibility; it is erroneous to isolate business considerations from those of society. Bowie (1999, 82) views the firm as a 'moral community', based on co-operative relationships first and foremost. These relationships depend on the values held by decision-makers within organisations. Corporations act as moral agents through the decisions and actions of their managers, so that just as they can make 'rational' economic or strategic decisions so they also make ethical decisions. Businesses (and managers) can never be considered intrinsically amoral, or devoid of any moral considerations (Carroll 2000, 39–40). For these reasons, ethicists argue that corporations can and should be held responsible for the consequences of their actions (Margolis and Walsh 2003; Carroll 2000, 34–6).

Further argument for an increased acceptance of social responsibility on the part of business organisations stems from a recognition of the widespread negative effects of the global economic system. One of the chief criticisms of our contemporary global economy is that the living conditions of the world’s poorest are declining relative to that of the world’s wealthiest. The needs of those at the bottom of the economic pyramid remain largely unmet. The International Labour Organization (ILO) has reported that one-third of the world’s labour force of approximately 3 billion people are unemployed, underemployed, or earn less than is needed to keep their families out of poverty (ILO 2001a). Yet the world’s largest corporations, which together account for 25 per cent of global economic activity, employ less than 1 per cent of its workforce (Anderson and Cavanagh 2000). The ILO has found, not surprisingly, that low-skilled labour bears much of the adverse effects of global economic activity (ILO 2003). Although this situation cannot be directly attributed to the actions of any particular corporation, the global reach of corporate activity extends in many ways into the lives of those marginalised by low income, job insecurity or market changes. Trade in agricultural commodities, exploitation of natural resources, foreign investment activity and the production of low cost goods all contribute in aggregate to the polarisation of wealth and opportunity.

Non-government organisations (NGOs), investor groups and some government agencies have contended that if business organisations enjoy the benefits of the global economy they should help to solve some of its problems (Margolis and Walsh 2003, 268–70). The fact that market mechanisms have largely replaced the state as the primary vehicle for resource allocation (UNCTAD 1994) renders this argument particularly salient. From an ethical perspective, the rights of corporations to participate in global and local economic systems are always connected to their responsibilities towards those affected by their actions, regardless of whether those effects are intended or not.

The arguments outlined above represent, in part, elements of two influ-
ential ethical orientations; a teleological (or consequentialist) standpoint and a deontological (or non-consequentialist) perspective. Teleological orientations point to the need to weigh up the consequences of any actions on those affected by it, as we have here. A deontological orientation is represented in the Kantian notion of duty (Bowie 1999). A central tenet of this notion is the duty held by social actors (organisations in this case) to respect the humanity of all people, and not to treat people as means to ends (Bowie 1999, 43–5).

In a sense, both of these orientations are integrated in stakeholder theory, which holds that organisations have duties to diverse stakeholders and ought to consider the consequences of proposed actions for these stakeholders. The broad view of corporate social responsibility thus considers the duties owed to social as well as economic stakeholders. This perspective encourages us to consider the ‘big picture’ implications of corporate strategies and decisions. Of particular interest are the decisions that contribute to new patterns of employment and work-life, and the impact of those decisions on the livelihood of individuals and communities. These issues will be explored in the following sections.

HRD in the global economy

The dominant global economic framework, with its associated values and priorities, often leaves little space for consideration of the ‘human’ in human resources. More generally, Kochan (2004, 134) sees the HR profession as ‘turning inward’, that is, not considering the needs of stakeholders apart from those of their own business unit or company. He argues human resource professionals have ‘lost … their credibility as steward of the social contract’, as evidenced by the huge increases in CEO salaries, apparently condoned by human resource managers, and the low prioritising of workforce needs.

Human resource development, which remains an important component of human resource management, is characterised by an interlocking array of perspectives, with important policy work carried out in the macro as well as micro (or organisational) domains. A consideration of macro policies and micro practices provides important insight into the interconnection between HRD activities in individual organisations and the wider global systems within which these activities are embedded. In considering both domains, the grounds for acknowledging HRD as an element of CSR become clear.

In the organisational domain, training and development and the associated adult learning activities have largely escaped rigorous ethical investigation, due to the relatively innocuous nature of these activities (Woodall and Douglas 2000, 116). Increasingly, though, like many other areas of human resource management, the ‘strategic spin’ has put many of the foundational ethical givens of HRD at risk, with employees primarily considered as instruments for achieving corporate goals which centre on the enhancement of a firm’s knowledge capital. In this context, HRD for the sake of employee
development or job enrichment becomes hard to justify and HRD strategies may ignore individual needs entirely. For ethicists, the recasting of adult learning in this manner is problematic as it risks ignoring the Kantian imperative that humans should never be seen as means to an end, but as ends in themselves.

The adoption of a macro perspective throws light on the importance of education and training to social and economic responses to globalisation (ILO 2001b); access to education and training is intrinsically linked to the well-being of a society. An ethical analysis of HRD should thus consider the contributions, both positive and negative, of HRD activities to the global scenarios outlined earlier in this paper. According to the ILO, if countries are to take ‘full advantage’ of the opportunities presented by the information economy, they must ‘ensure their population’s access to, and raise public and private investment in, education and training’ (ILO 2001b). Unfortunately, in Australia we are witnessing the reverse in both the state and business spheres – there has been a reduction in employer-funded training and a reduced commitment to HRD in general (Hall 2000). This reduced commitment on the part of business has particular consequences for those workers who are marginalised through the cumulative effects of organisational priorities and regulatory decisions, as will be explored below.

HRD and marginalised employees

In Australia the widespread job losses across the manufacturing sector have only partly been mitigated by new employment opportunities elsewhere. Service sector employment has increased, but for most of the 1990s, the majority of new jobs were part-time and insecure, often providing few opportunities for skills development. Part-time work remains the ‘driver’ of jobs growth in Australia (Barrett, Burgess, and Campbell 2005, 137). Within this labour market, contingent or casual employees are subject to insecure working arrangements and may have to rely on whatever work they can get. In this sense, they are typically ‘captive’ and ‘disposable’ (Wilcox and Lowry 2000, 34). The experience of contingent workers who are no longer protected by unions and industrial awards is thus one of increased vulnerability and decreased security. Employers are the main beneficiaries of the flexibility associated with contemporary employment practices, while the social and economic costs are, again, increasingly assumed by individuals navigating the external labour market.

As precarious and contingent employment arrangements increase in prevalence, employment security becomes dependent on the possession of competencies relevant to organisational and industry needs. For many people, though, there is little choice in terms of employment or skills development. Contingent and contract workers are significantly less likely to receive work-related training, regardless of gender or industry (Arulampalam and Booth
Further, the responsibility for providing occupational training has shifted from the organisations that benefit to publicly funded universities, TAFE colleges and high schools (Sheldon and Thornthwaite 2005, 413), and to the individuals who increasingly have to pay for such education. This transferring of responsibility away from businesses parallels the shifting of risk noted earlier.

Employees who find themselves marginalised by a lack of appropriate or valued competencies are typically not in a position to bargain for the enhancement of those skills that would maintain their employability (Van Buren 2003, 134, 139). Van Buren (2003) argues that, in the current global business environment, employers have an obligation provide employees with the resources needed to maintain employability, if only for reasons of fairness. In practice this obligation translates into a duty on the part of employers to provide their employees with opportunities to develop appropriate competencies, given that these employers enjoy the economic benefits of flexibility.

For many workers, it is not just the problem of acquiring and accrediting employability skills that is contributing to their marginalisation. It is also the denial of opportunities for life-long learning (Cullen 1998). Those confined to this secondary labour market face long-term poverty and disenfranchisement (Warren 1996, 50). The result of this is social exclusion: the exclusion of individuals or groups from the benefits to be gained from full participation in society – benefits like education, adequate health care and meaningful work (Atkinson and Hills 1998). Social exclusion stemming from the lack of secure employment has become a serious issue, and the need for what the ILO has called a ‘Decent Work’ agenda to address this issue has been recognised (ILO 2003, 4).

A related issue is the marginalisation of women in many sectors. Gender segregation both reinforces and is reinforced by workplace and vocational education and training practices. In the service sector, for example, the majority of women are confined to junior positions, while career development opportunities tend to favour men (Webster, Wickham, and Collins 2002). This imbalance is partly a result of HRD practices which tend to restrict the training of frontline service sector employees to narrowly defined job processes, while minimising development opportunities. Even if these employees have secure employment with some commitment to training, the methods used to promote and deliver skills development can exclude particular groups of employees. For example, a lack of support structures addressing work–family conflicts may keep women away from skills development opportunities.

Similarly, older workers suffer more discrimination than their younger counterparts, and are less likely to have access to the kind of training and skills development that would keep them employable (Hirsch, Macpherson, and Hardy 2000), in part because of negative stereotypes regarding the learning and development capacity of older workers (Gray and McGregor 2003). Unskilled older workers constitute the highest proportion of long-term unemployed in Australia and New Zealand, and because of inbuilt prejudices and
stereotypes, the ‘vicious circle’ of skill gaps and exclusion can be perpetuated (Gray and McGregor 2003, 348).

The contextual changes discussed earlier also have clear implications for the career development of employees who are fortunate enough to have secure employment. Van Gramberg, Teicher and Griffin (2000, 20) have argued that as employment relationships become more individualised, ‘employees must be prepared to take an autonomous and proactive stance in terms of their own professional development’. In an era of ‘boundaryless’ careers, all employees are ‘being made responsible for undertaking “projects of self” in relation to work and employment’ as job security and career development opportunities within organisations decline (Claydon and Doyle 1996, 15). The state has also contributed to this situation, by failing to provide an economic and policy environment that supports ongoing employment, instead expecting ‘responsible citizens’ to ‘“lift themselves up” to be employable’ (Hesketh 2003, 8). In these cases, organisations benefit not only from the flexibility discussed earlier but also from the ongoing updating of skills on the part of individuals seeking employment (Van Buren 2003, 133).

Where they do exist in firms, career development strategies are commonly enfolded in succession planning schemes which may rely on the identification of ill-defined and often value-laden attributes. These attributes can have in-built gender, age or ethnic biases, which may be exacerbated by a lack of transparency in the succession planning process. The fortunate employees who are ‘anointed’ through ‘talent-spotting’ exercises often enjoy fast-track developmental opportunities including mentoring and networking; opportunities that may be denied to equally capable women, indigenous or migrant workers, and members of other minority groups.

Some possible responses: HRD as facilitators of socially responsible practices

As we have seen, one of the most significant HRD ethical issues remains the issue of equity and access to the range of developmental opportunities necessary for full participation in society. A right to employability has important implications for HRD, not the least of which is that learning and development programs would need to go beyond narrow job-related outcomes. Other concerns relevant to HRD include elements of career and succession planning, mentoring and the availability of the social networks necessary for full development of one’s occupational potential.

If we consider the interconnections between organisational decisions, collective social harm and social responsibility, there is some scope for some positive intervention, at least, within the HRD profession. A exploration of the three forms of duty owed by organisations articulated by Margolis and Walsh (2003, 292–3) provides some entry points in this regard.
The first type of duty outlined by these authors is the duty to respond to situations or conditions to which an organisation’s actions have contributed, where a causal relationship exists. From an HRD perspective, this duty would arise where training of local employees of multinational corporations is inadequate and fails to prevent the harm which may result from occupational or environmental accidents. A simple HRD response to this scenario would be the adoption of common training standards across the global operations of a corporation. The failure to do this has been acknowledged as one of the causes of the catastrophic accident at the Union Carbide plant in Bhopal, India in the 1980s (De George 2006, 525–8).

The second form of duty is that owed when an organisation benefits from, but does not cause, conditions which are unjust or harmful. Child labour in unregulated economies provides an example here. HRD activities can form a central plank of the organisational response to this second form of duty. In Vietnam, for example, footwear manufacturer Adidas has set up classrooms to educate children who would otherwise have been working in subcontractors’ factories (Beauchamp and Bowie 2004, 624–8).

The third form of duty, the most far-reaching, is what has been called a ‘duty of beneficence’. Beneficence encompasses the duty to aid others when in a position to do so, even if the organisation is not directly responsible for the hardship or harm experienced. It is the duty to help because one can. This notion parallels Carroll’s (2000, 37) idea of discretionary or philanthropic responsibility. Actions by Australian employers to employ and train asylum seekers holding temporary protection visas (who are ineligible for most state-provided support) can be seen as acts of HRD beneficence.

Recognition of these three types of duty necessarily means that any notion of skills development should incorporate the learning needs of those often excluded from skill development programs; in particular those marginalised workers canvassed earlier. Such programs in turn need to be supported by social systems and structures to facilitate ongoing learning. Support could include childcare, funding support for training, and linkages with job-finding databases (Cullen 1998). In order to deal with some of the social consequences discussed beforehand, governments and employers (and the HRD professionals representing those employers) will need to assume some of the responsibility and risk that is currently being shifted to individual employees.

In what at face value appears to be a step in the right direction, some Australian employers and employer associations are seeking to embed what they see as employability skills into the vocational education and training (VET) system. For some employer groups, however, employability encompasses more than generic or work-related technical and interpersonal skills; it includes ‘employer-preferred’ values and personality characteristics (Sheldon and Thornthwaite 2005, 415–18). Sheldon and Thornthwaite (2005) note the irony in employer expectations of these attributes, given the insecure and contingent nature of much employment.
Earlier it was noted that education and training policies can be effective instruments for tempering many of the negative effects of globalisation. HRD professionals acting as individuals and collectively as a profession are seen as essential catalysts in this process (ILO 2001b). Hatcher (2002, 188) goes further, suggesting that HRD practitioners could, for example, assist educators and trainers in the community and advise administrators and policy-makers. Such activity would be particularly effective in multinational corporations.

At the workplace level, a number of HRD policies can promote inclusion, equitable access, and employability. These policies and practices can serve to temper some of the social consequences discussed in the previous sections. Some possible firm-level policy responses are outlined in table 1.

Most of the policy responses shown in table 1 represent no more than good practice HRD, yet implementing policies based on well-founded strategies in these areas could have a major cumulative impact on the ethical issues noted here. From appropriate HRD policies and practices, a ‘collective good’ can eventuate. A comprehensive utilitarian analysis would reveal benefits to society as a whole, including a reduction in the cumulative costs of social exclusion. Such costs include those associated with welfare, crime, and the perpetuation of problems from generation to generation (Atkinson and Hills 1998).

Management and executive development is another area of HRD practice that offers much potential for positive ethical intervention. Coupled with performance management systems, these practices signal and reinforce what is important to the organisation. These practices can be revised to encourage ethical decision-making skills and a broader recognition of stakeholder concerns, as well as a critical reflection on prevailing values and practices. It is here that the articulation of business cases for ethical HRD has a place. In

<table>
<thead>
<tr>
<th>Social issue</th>
<th>HRD policy response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry-level skill deficits, vulnerability to job loss</td>
<td>The redesign of junior jobs to allow exposure to a variety of tasks of differing complexity</td>
</tr>
<tr>
<td>Skill differential for women, older workers and minority groups</td>
<td>Equity, access, and affirmative action programs</td>
</tr>
<tr>
<td>Social exclusion for marginalised workers</td>
<td>Regular training and life-long learning opportunities for low-skilled employees and junior, older and contingent workers</td>
</tr>
<tr>
<td>Differential access to career and succession planning</td>
<td>Regular review of training needs, linked to employee development plans; clear and transparent career progression paths</td>
</tr>
<tr>
<td>Uneven distribution of benefits of flexibility, access to career opportunities for part-time employees</td>
<td>Two-way flexibility of working time, and progression available to part-time employees</td>
</tr>
<tr>
<td>Lack of access to developmental opportunities for workers with carer responsibilities</td>
<td>Family-friendly policies available to all grades of employees</td>
</tr>
</tbody>
</table>

Source: adapted from Webster, Wickham, and Collins (2002, 150–1)
drawing links between socially responsible practices and organisational performance, HRD professionals can facilitate the legitimation of CSR strategies within an organisation.

Conclusion

The World Business Council for Sustainable Development has defined corporate social responsibility as embracing a ‘continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as the local community and society at large’ (Holme and Watts, 2000, 4).

The view presented in this paper sees human resource development as part of this broad and encompassing notion of social responsibility, particularly when the connections between macro and micro HRD are recognised. On a macro level, the manner in which global economic systems operate can give rise to unintended consequences which can cause hardship and harm to individuals. The strict separation of ‘business’ and ‘society’, or ‘ethics’ and ‘economy’ is not valid. At workplace and policy levels, recognition of corporate duties can lead to the kinds of improvements in the quality of life suggested by the World Business Council for Sustainable Development here.

A distinguishing feature of ethical thinking is that one does the right thing because it is right, not merely because of a compelling business case. Ethical thinking provides normative rather than purely instrumental reasons for acting in certain ways. It is on this understanding that HRD professionals are invited to think differently about their role in the global economy.

Tracy Wilcox (BApSc Hons, MCom Hons) is a lecturer at the School of Organisation and Management, University of New South Wales and is completing her doctoral studies on human resource management legitimation strategies. Tracy worked as an industrial chemist and later as a human resource professional in the manufacturing sector prior to her academic appointment. Her research interests include ethnographic explorations of human resource practices in firms, ethics and sustainability, and business ethics education.

References


Munro, Paul (Hon.). 2005. *The Work Choices legislation: A factor in the rationale for funding the..."


