

CHAPTER 2

SOCIAL RESPONSIBILITY AND HUMAN RESOURCE MANAGEMENT

A. OVERVIEW

This chapter discusses the some of the challenges face by human resource management in responding to changes in society as well as issues related to ethics and social responsibility. Near-constant changes in workforce composition, skills, worker expectations and work-life relationships require well-conceived and effectively implemented HR practices and systems that must be continuously reviewed from a strategic point of view. Pressure from a variety of external constituents and/or the desire to “do the right thing” greatly influence decisions related to ethics and social responsibility and are influenced and affected by human resource management.

B. LECTURE OUTLINE

1. **OPENING CASE - Safeway**

In response to escalating competition, Safeway developed a program designed to make it an employer of choice. Given that most of its customers were female, Safeway developed a “Championing Change for Women” program designed to promote the development of its female employees into managers. The program provided flexibility relative to its hours, allowing employees to achieve work/family balance. As part of its program it also developed the Women’s Road show, in which female executives visited various locations throughout the country to assist with learning, networking and development.

2. **WORKFORCE DEMOGRAPHIC CHANGES AND DIVERSITY**

1. Demographic changes in society have greatly impacted the composition of the workforce. In addition, numerous laws protect diverse groups in our society from discrimination in employment Most organizations have developed some kind of diversity management program in response to one or both of these factors.
2. Diversity initiatives can be designed to ensure legal compliance or to truly promote and encourage respect for others and differences. There is a marked difference between a diversity programs that attempt to address these motivations, as illustrated in Exhibit 2.1.
3. Diversity is a strategic business issue for an overwhelming majority of organizations/employers. Pricewaterhouse Coopers has created the position of Chief Diversity Officer which reports directly to the Chairman of the Board.
4. Generational diversity is becoming increasingly prevalent as individuals live and remain in the workplace longer than in previous years. Different generations need to be able to work alongside each other in contemporary organizations. Exhibit 2.2 illustrates some of the characteristics of different generations found in the workplace. Retailer Abercrombie and Fitch has developed practices which effective allow it to manage Generation Y employees. Generation Z employees share many similarities with those of

Generation Y but also have some important differences.

5. Increasing laws and company policies which prohibit discrimination based on sexual orientation have been implemented. The ongoing evolution of same-sex marriage has created dilemmas and challenges for employees. Similarly, gender identity has become an increasingly important diversity issue with many state and local laws which prohibit discrimination based on gender identity or expression as noted in Exhibit 2.3.
6. Religion and religious expression has is becoming an increasingly salient issue for organizations with a significant increase in discrimination claims being filed.
7. Individuals with disabilities are protected by the Americans With Disabilities Act yet still suffer from stigmatization and underemployment. Walgreens has implemented a model program to assist with the employment of individuals with disabilities.
8. Hasbro, Texas Instruments, Intel and PepsiCo have both developed innovative approaches for managing diversity in the workplace.
9. Other dimensions of diversity which create challenges for organizations include the management of professionals, shifting employee loyalty and personal and family life dynamics.
10. The development and support of affinity groups is one way in which organizations manage and encourage diversity. Both Frito-Lay and PepsiCo have successfully embraced this strategy with successful business results.

3. ETHICAL BEHAVIOR

1. Many employers are now considering ethics and ethical behavior in light of major bankruptcies, scandals and business meltdowns. However, ethics are subject to personal values and convictions.
2. Common ethical concerns for HR include off-duty behavior, ownership of work and non-compete clauses. These latter two issues have been dealt with at Intel through an intrapreneurship program. The use of medical marijuana has become an important consideration for employers given the conflict between federal and state laws.
3. Ownership of work and the use of non-complete clauses are two areas of ethical concern for employers and employees.
4. The Sarbanes-Oxley Act of 2002 provides sweeping measures to control deception in accounting and management practices by increasing government oversight of financial reporting, holding senior executives more responsible than previously and protecting whistle blowers.
5. Many organizations and some industries have developed their own code of ethics. The Society of Human Resource Management (SHRM) has developed such a code for HR professionals, displayed in Exhibit 2.6. This code presents core principles, intent and guidelines in a number of areas, including: Professional Responsibility; Professional Development; Ethical Leadership; Fairness and Justice; Conflicts of Interest; and Use of Information. Exhibit 2.7 provides some guides for developing a code of

ethics or code of conduct.

4. **CORPORATE SOCIAL RESPONSIBILITY/SUSTAINABILITY**
Corporate social responsibility in the form of sustainability involves taking a more macro approach to managing an organization's relationship with its external environment. Organizations are being increasingly expected to consider the effects of their operations, decision and business on the social and natural environment. Exhibit 2.8 examines some of the proven positive links between environment and economic performance. General Electric has developed a model program related to sustainability and Gap has set standards for offshoring of its manufacturing operations. Exhibit 2.9 provides some HR-related standards of the Global Reporting Initiative. Brandix has been a model employer in the area of social responsibility.

5. **CONCLUSION**
 1. Organizations operate in dynamic environments are must evolve and adapt to changes in society, including changing demographics and lifestyles and expectations to contribute to, rather than take from, the larger society.
 2. Human resource management strategies can facilitate organizational responses to society.

C. EXHIBITS

EXHIBIT 2.1

EXHIBIT 2.1		Differences Between Legal Compliance and Managing Diversity	
	Compliance with EEO Laws	Managing Diversity	
Impetus	Mandatory, forced, external	Voluntary, internal	
Focus	Productivity, compliance	Understanding	
Elements	Usually limited to race, gender, ethnicity	All elements of diversity	
Company Culture	Fitting employees into existing culture	Creating a culture that is fluid, adaptive	
Outcomes	Preferences, quotas	Equality	
Time Frame	Short-term, one-shot	Continuous and ongoing	
Scope	Independent of other HR activities and company strategy	Fully integrated with other HR activities and company strategy	

EXHIBIT 2.2

EXHIBIT 2.2

Generations in the Workplace¹⁴

Generation	Percentage of Workforce	Contributions	Leadership Preferences	"Fit" Sought
Traditionalists (1922–1945)	8%	Diligent, stable, loyal, detail oriented, focused, emotionally mature	Fair, consistent, direct, respectful	Contribution (experience, balance, caring)
Baby Boomers (1946–1964)	44%	Team oriented, experienced, knowledgeable, loyal	Equality, democratic, personable, mission focused	Relationships (security, coworkers)
Generation X (1965–1980)	34%	Independent, adaptable, creative, nonconforming	Direct, competent, informal, flexible, supportive	Job (challenge, participation, outcomes)
Generation Y/Millennials (1981–2000)	14% (increasing)	Optimism, multitasking, socially responsible, diverse, tech-savvy	Positive, mentor, motivational, organized	Culture (progressive, autonomous, flexible, fast paced)

EXHIBIT 2.3

EXHIBIT 2.3

LGBT Protection in the United States by State and Territory

- 1972: No LGBT civil rights at the state level, although the first local protections were enacted this year in Michigan (in East Lansing and Ann Arbor)
- 1973: District of Columbia: Sexual orientation protected in all employment
- 1975: Pennsylvania: Sexual orientation protected in state employment
- 1979: California: Sexual orientation protected in state employment
- 1982: Wisconsin: Sexual orientation protected in all employment
- 1983: New York: Sexual orientation protected in state employment Ohio: Sexual orientation protected in state employment
- 1985: New Mexico: Sexual orientation protected in state employment
Rhode Island: Sexual orientation protected in state employment
Washington: Sexual orientation protected in state employment
- 1987: Oregon: Sexual orientation protected in state employment
- 1988: Oregon: Sexual orientation no longer protected in state employment
- 1989: Massachusetts: Sexual orientation protected in all employment
- 1990: Colorado: Sexual orientation protected in state employment
- 1991: Connecticut: Sexual orientation protected in all employment
Hawaii: Sexual orientation protected in all employment
Minnesota: Sexual orientation protected in state employment
New Jersey: Sexual orientation protected in state employment
- 1992: California: Sexual orientation protected in all employment
Louisiana: Sexual orientation protected in state employment
New Jersey: Sexual orientation protected in all employment
Vermont: Sexual orientation protected in all employment
Oregon: Sexual orientation protected in state employment
- 1993: Minnesota: Sexual orientation and gender identity protected in all employment
- 1995: Maryland: Sexual orientation protected in state employment
Rhode Island: Sexual orientation protected in all employment
- 1996: Illinois: Sexual orientation protected in state employment
Louisiana: Sexual orientation no longer protected in state employment
- 1998: New Hampshire: Sexual orientation protected in all employment
- 1999: Iowa: Sexual orientation and gender identity protected in state employment
Nevada: Sexual orientation protected in all employment
Ohio: Sexual orientation no longer protected in state employment
- 2000: Delaware: Sexual orientation protected in state employment
Iowa: Sexual orientation and gender identity no longer protected in state employment
Montana: Sexual orientation protected in state employment
- 2001: Indiana: Sexual orientation protected in state employment
Maine: Sexual orientation protected in state employment
Maryland: Sexual orientation protected in all employment
Rhode Island: Gender identity protected in all employment
- 2002: Alaska: Sexual orientation protected in state employment
New York: Sexual orientation protected in all employment

2003: Arizona: Sexual orientation protected in state employment
California: Gender identity protected in all employment
Kentucky: Sexual orientation and gender identity protected in state employment
Michigan: Sexual orientation protected in state employment
New Mexico: Sexual orientation and gender identity protected in all employment
Pennsylvania: Gender identity protected in state employment

2004: Indiana: Gender identity protected in state employment
Louisiana: Sexual orientation protected in state employment

2005: Illinois: Sexual orientation and gender identity protected in all employment
Maine: Sexual orientation and gender identity protected in all employment
Virginia: Sexual orientation protected in state employment

2006: District of Columbia: Gender identity protected in all employment
Kentucky: Sexual orientation and gender identity no longer protected in state employment
New Jersey: Gender identity protected in all employment
Washington: Sexual orientation and gender identity protected in all employment

2007: Colorado: Sexual orientation and gender identity protected in all employment
Iowa: Sexual orientation and gender identity protected in all employment
Kansas: Sexual orientation and gender identity protected in state employment
Maryland: Gender identity protected in state employment
Michigan: Gender identity protected in state employment
Ohio: Sexual orientation and gender identity protected in state employment
Oregon: Sexual orientation and gender identity protected in all employment
Vermont: Gender identity protected in all employment

2008: Kentucky: Sexual orientation and gender identity protected in state employment
Louisiana: Sexual orientation no longer protected in state employment

2009: Delaware: Sexual orientation protected in all employment
Delaware: Gender identity protected in state employment
New York: Gender identity protected in state employment

2010: Virginia: Sexual orientation no longer protected
Missouri: Sexual orientation protected in state employment

2011: Ohio: Gender identity no longer protected in state employment
Massachusetts: Gender identity protected in state employment
Hawaii: Gender identity protected in all employment
Nevada: Gender identity protected in all employment
Connecticut: Gender identity protected in all employment

2012: Massachusetts: Gender identity protected in all employment

2013: Puerto Rico: Sexual orientation and gender identity protected in all employment
Delaware: Gender identity protected in all employment

2014: Virginia: Sexual orientation and gender identity protected in state employment
Maryland: Gender identity protected in all employment

2015: Kansas: Sexual orientation and gender identity no longer protected in state employment
Utah: Sexual orientation and gender identity protected in all employment
Guam: Sexual orientation and gender identity protected in all employment

2016: Montana: Gender identity protected in state employment
New York: Gender identity protected in all employment
North Carolina: Sexual orientation and gender identity protected in state employment
Louisiana: Sexual orientation and gender identity protected in state employment
New Hampshire: Sexual orientation and gender identity protected in state employment
Louisiana: Sexual orientation and gender identity no longer protected in state employment

2017: Indiana: Sexual orientation protected in all employment

EXHIBIT 2.4

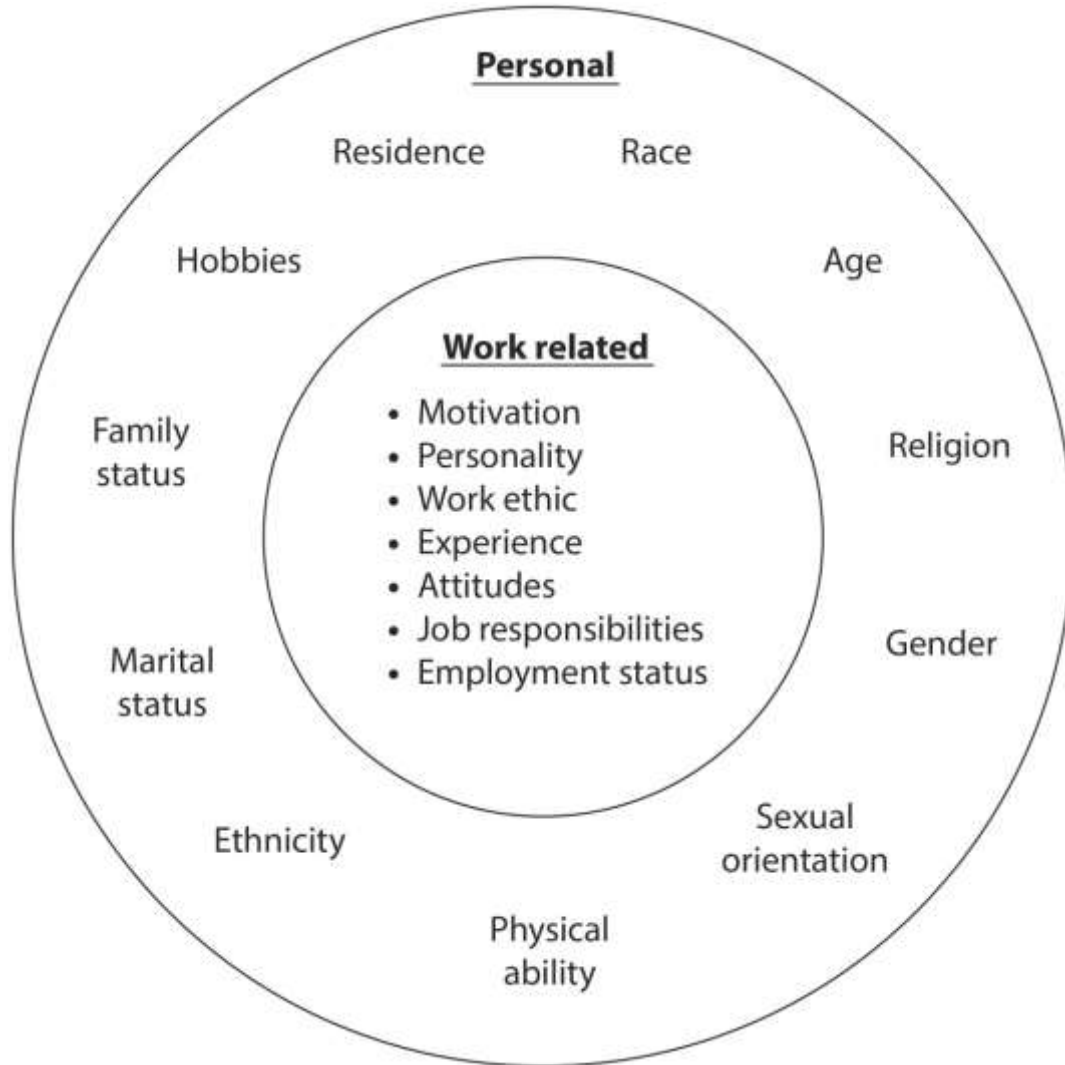


EXHIBIT 2.5

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The Strategic Management of Diversity

1. Determine why diversity is important for the organization.
2. Articulate how diversity relates to the mission and the strategic objectives of the organization.
3. Define diversity and determine how inclusive its efforts will be.
4. Make a decision as to whether special efforts should be extended to attract a diverse workforce.
5. Assess how existing employees, customers, and other constituencies feel about diversity.
6. Determine specific types of diversity initiatives that will be undertaken.

EXHIBIT 2.6

EXHIBIT 2.6

Society for Human Resource Management Code of Ethical and Professional Standards in Human Resource Management

Society for Human Resource Management CODE PROVISIONS

PROFESSIONAL RESPONSIBILITY

Core Principle

As HR professionals, we are responsible for adding value to the organizations we serve and contributing to the ethical success of those organizations. We accept professional responsibility for our individual decisions and actions. We are also advocates for the profession by engaging in activities that enhance its credibility and value.

Intent

- To build respect, credibility, and strategic importance for the HR profession within our organizations, the business community, and the communities in which we work.
- To assist the organizations we serve in achieving their objectives and goals.
- To inform and educate current and future practitioners, the organizations we serve, and the general public about principles and practices that help the profession.
- To positively influence workplace and recruitment practices.
- To encourage professional decision making and responsibility.
- To encourage social responsibility.

Guidelines

1. Adhere to the highest standards of ethical and professional behavior.
2. Measure the effectiveness of HR in contributing to or achieving organizational goals.
3. Comply with the law.
4. Work consistent with the values of the profession.
5. Strive to achieve the highest levels of service, performance, and social responsibility.
6. Advocate for the appropriate use and appreciation of human beings as employees.
7. Advocate openly and within the established forums for debate in order to influence decision making and results.

PROFESSIONAL DEVELOPMENT

Core Principle

As professionals we must strive to meet the highest standards of competence and commit to strengthen our competencies on a continuous basis.

Intent

- To expand our knowledge of human resource management to further our understanding of how our organizations function.
- To advance our understanding of how organizations work ("the business of the business").

Guidelines

1. Pursue formal academic opportunities.
2. Commit to continuous learning, skills development, and application of new knowledge related to both human resource management and the organizations we serve.
3. Contribute to the body of knowledge, the evolution of the profession, and the growth of individuals through teaching, research, and dissemination of knowledge.
4. Pursue certification such as CCP, CEBS, PHR, SPHR, etc., where available, or comparable measures of competencies and knowledge.

ETHICAL LEADERSHIP

Core Principle

HR professionals are expected to exhibit individual leadership as a role model for maintaining the highest standards of ethical conduct.

Intent

- To set the standard and be an example for others.
- To earn individual respect and increase our credibility with those we serve.

Guidelines

1. Be ethical; act ethically in every professional interaction.
2. Question pending individual and group actions when necessary to ensure that decisions are ethical and are implemented in an ethical manner.
3. Seek expert guidance if ever in doubt about the ethical propriety of a situation.
4. Through teaching and mentoring, champion the development of others as ethical leaders in the profession and in organizations.

FAIRNESS AND JUSTICE

Core Principle

As human resource professionals, we are ethically responsible for promoting and fostering fairness and justice for all employees and their organizations.

Intent

To create and sustain an environment that encourages all individuals and the organization to reach their fullest potential in a positive and productive manner.

Guidelines

1. Respect the uniqueness and intrinsic worth of every individual.
2. Treat people with dignity, respect, and compassion to foster a trusting work environment free of harassment, intimidation, and unlawful discrimination.
3. Ensure that everyone has the opportunity to develop their skills and new competencies.
4. Assure an environment of inclusiveness and a commitment to diversity in the organizations we serve.
5. Develop, administer, and advocate policies and procedures that foster fair, consistent, and equitable treatment for all.
6. Regardless of personal interests, support decisions made by our organizations that are both ethical and legal.
7. Act in a responsible manner and practice sound management in the country(ies) in which the organizations we serve operate.

CONFLICTS OF INTEREST

Core Principle

As HR professionals, we must maintain a high level of trust with our stakeholders. We must protect the interests of our stakeholders as well as our professional integrity and should not engage in activities that create actual, apparent, or potential conflicts of interest.

Intent

To avoid activities that are in conflict or may appear to be in conflict with any of the provisions of this Code of Ethical and Professional Standards in Human Resource Management or with one's responsibilities and duties as a member of the human resource profession and/or as an employee of any organization.

Guidelines

1. Adhere to and advocate the use of published policies on conflicts of interest within your organization.
2. Refrain from using your position for personal, material, or financial gain or the appearance of such.
3. Refrain from giving or seeking preferential treatment in the human resource processes.
4. Prioritize your obligations to identify conflicts of interest or the appearance thereof; when conflicts arise, disclose them to relevant stakeholders.

USE OF INFORMATION**Core Principle**

HR professionals consider and protect the rights of individuals, especially in the acquisition and dissemination of information while ensuring truthful communications and facilitating informed decision making.

Intent

To build trust among all organization constituents by maximizing the open exchange of information, while eliminating anxieties about inappropriate and/or inaccurate acquisition and sharing of information.

Guidelines

1. Acquire and disseminate information through ethical and responsible means.
2. Ensure only appropriate information is used in decisions affecting the employment relationship.
3. Investigate the accuracy and source of information before allowing it to be used in employment-related decisions.
4. Maintain current and accurate HR information.
5. Safeguard restricted or confidential information.
6. Take appropriate steps to ensure the accuracy and completeness of all communicated information about HR policies and practices.
7. Take appropriate steps to ensure the accuracy and completeness of all communicated information used in HR-related training.

EXHIBIT 2.7

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Guidelines for Developing a Code of Ethics/Conduct

- Need for Personal Integrity—a statement about dealing with individuals both inside and outside of the organization
- Compliance and Laws—addressing intolerance for violating employment, labor, or any other laws that affect the organization
- Political Contributions and Activity—a statement concerning the employer's policy in this domain, including solicitation of personal and/or financial support
- Confidential Information—a statement that identifies what is considered confidential and how such information should be treated, including a statement on employee expectations of privacy
- Conflicts of Interest—a statement that employees are expected to act in the employer's interests in carrying out their job duties along with disclosure requirements
- Books and Records—a statement stressing the practice of using accurate and accepted standards for financial reporting, as well as a prohibition against falsification
- Employment Policies—a general statement on how employees are to be treated, including issues of fairness, discrimination, and safety
- Securities Transactions—a statement on any restrictions that might exist relative to the purchase or sale of stock, as well as a statement and policy directed at insider trading
- Use of Company Assets—a statement that assets will be used only for business, rather than personal interests and needs
- Gifts, Gratuities, and Entertainment—a statement about such relationships and exchanges with clients, with further guidance provided for employees who deal with individuals from other countries where customs, laws, and business practices may differ from those domestically
- The Environment—a statement about the organization's relationship to its environment, if the area of business has an impact on the environment
- Compliance—a statement concerning how the Code of Ethics is to be communicated, certified, implemented, and enforced

Codes of ethics/conduct can be effective only if communicated to all employees and reinforced through the behaviors of senior managers and the organization's reward system. Codes that are developed, then exist, isolated from specific business practices and rewards are likely to have little impact on employees' behavior. Senior managers need to lead by example, modeling the kinds of behaviors expected of employees at all levels of the organization. Finally, such codes can succeed only if a mechanism exists to enforce compliance with their terms, including follow-up and corrective action.

EXHIBIT 2.8

EXHIBIT 2.8

Summary of Positive Links Between Environmental and Economic Performance

Opportunities for Increasing Revenues	Circumstances Making This Possibility More Likely	Examples
1. Better access to certain markets	More likely for firms selling to the public sector (construction, energy, transportation equipment, medical products, and office equipment) and to other businesses.	The Quebec government now cares about the environmental performance of all vehicles it buys, not only about the price.
2. Differentiating products	More likely when there is: <ol style="list-style-type: none"> a. Credible information about the environmental features of the product b. Willingness-to-pay by consumers c. Barrier to imitation. Wide range of possibilities 	Toyota has announced that all its models will be available with hybrid engines in 2012.
3. Selling pollution-control technologies	More likely when firms already have R&D facilities.	Alcan has patented a process to recycle its own spent pot lining and that of other companies.
Opportunities for Reducing Costs		
4. Risk management and relations with external stakeholders	More likely in industries that are highly regulated and scrutinized by the public, such as chemical, energy, pulp and paper, metallurgy, etc.	Statoil injects 1 million tons of CO ₂ a year beneath the seabed of the North Sea, thus avoiding the Norway carbon tax.
5. Cost of materials, energy, and services	More likely when: <ol style="list-style-type: none"> a. Firms have a flexible production process b. Firms are in highly competitive industries where optimization of resources is important c. Firms are in industries where market-based environmental policies are implemented d. Firms already have R&D facilities 	BP has reduced its emissions of GHGs 10% below their level in 1990 at no cost by implementing an internal tradable permit mechanism (see Reinhardt, 2001).
6. Cost of capital	More likely for firms with shares exchanged on stock markets.	The stock value of Exxon went down by \$4.7 billion following the wreck of the Exxon Valdez.
7. Cost of labor	More likely for: <ol style="list-style-type: none"> a. Firms whose emissions may affect their workers' health b. Firms that seek to attract young, well-educated workers c. Firms located in areas where sensitivity to environmental concerns is important 	A 2004 survey of Stanford MBAs found that 97% of them were willing to forgo 14% (on average) of their expected income to work for an organization with a better reputation for corporate social responsibility.

Source: "Does It Pay to be Green: A Systematic Overview" by Stefan Ambec and Paul Lanoie. *Academy of Management Perspectives*, 22, (4), 2008, 45-62.

EXHIBIT 2.9

EXHIBIT 2.9

Global Reporting Initiatives That Pertain to Human Resource Management⁷⁴

Labor and Decent Work

1. Total workforce by employment type, employment contract, and region.
2. Total number and rate of employee turnover by age group, gender, and region.
3. Benefits provided to full-time employees not provided to temporary or part-time employees.
4. Percentage of employees covered by collective-bargaining agreements.
5. Minimum notice periods regarding significant operational changes, including whether specified in collective agreements.
6. Percentage of total workforce represented in joint management/worker/health and safety committees that help monitor and advise on occupational health and safety programs.
7. Rates of injury, lost days, and absenteeism and the total number of work-related fatalities by region.
8. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
9. Health and safety topics covered in formal agreements with trade unions.
10. Average hours of training per year per employee.
11. Programs for skill management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
12. Percentage of employees receiving regular performance and career development reviews.
13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.
14. Ratio of basic salary of men to women by employee category.

Human Rights

15. Total hours of employee training on policies and procedures concerning aspects of human rights relevant to operations.
16. Total number of incidents of discrimination and actions taken.
17. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights.
18. Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor.
19. Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor.
20. Total number of incidents of violations involving rights of indigenous people and actions taken.

Social

21. Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

Economic

22. Coverage of the organization's defined benefit plan obligations.
23. Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.
24. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.