

Corporate Social Responsibility and Human Resources Management: What Joint?

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Abstract

Corporate Social Responsibility (CSR) marks moments of rupture. It reappears with greater intensity in the debate on sustainable development. We observe that the economic and environmental aspects of sustainable development take precedence over the social dimension. However, it should be noted that social responsible practices towards employees were at the origin of the Human Resources Management (HRM) function in the 1870s in the U.S following the reflections on the "Labor problem."As stakeholders, employees remain the basis for any public or private organizations. This article discusses the practices of human resources management in the promotion and development of CSR within these organizations.

Keys words: corporate social responsibility; human resources management; labor problems; welfare work

Introduction

To integrate into the global economy, and promote economic growth, Morocco has launched various reforms since the 1980s to integrate globalization imposed on Morocco to match or at least come close to international standards. It is no coincidence that in 2004 the labor code was revised and in 2006 the National Human Development Initiative (NHDI) had emerged. Corporate Social Responsibility (CSR) in the managerial area of Moroccan organizations has a particular interest and suggests that this is an innovation especially in the context of the renewed sustainable development. Indeed, it reappears with more intensity in the debate on sustainable development whose economic and ecological dimensions take precedence over the social dimension. However, the concept of CSR, controversially, is not new: its genesis arose during the debate on the labor problem in order to establish social relationships in the development of industrial capitalism.

1- Social Tensions

The formalization of the concept of social responsibility is rooted in the history of the United States for the period of prosperity and reconstruction following the end of the Civil War, which lasted between 1865 and 1901, a period when the United States were experiencing economic, industrial and demographic growth without precedence. All factors were present: large work force with the massive arrival of immigrants, opening to science and progress... The major concern of business leaders at the time was centered on increasing productivity: *"in examining the mid-to-late 1800s, it is apparent that emerging businesses were especially concerned with employees and how to make them more productive workers.*

Then, and now, it is sometimes difficult to differentiate what organizations are doing for business reasons, i.e. making the workers more productive, and what the organizations are doing for social reasons, i.e. helping to fulfill their needs and make them better and more contributing members of society".¹The various entrepreneurs of the Second Industrial Revolution contributed to the development of large industrial cities.

This period called "golden age" was characterized by the development of the mining industry, railway, extensive agriculture, banking and speculation. It is also the age of the formation of large corporations controlling sectors such as steel and oil, the proliferation of patents and U.S technological development, the opening of institutes and training of engineers, scientists...

Urbanization and industrialization which were poorly controlled also caused upheaval of human and social order: crowded cities, poverty and urban pollution, violence, unemployment, banking crises, emergence of corporations concentrating economic power in the hands of a minority, political corruption at all levels of power, mismanagement of natural resources and social unrest. The situation in the field of industry showed serious difficulties and failures materialized by strikes, protests in the workplace.

Indeed, the massive industrialization in the United States was accompanied by:

- The emergence of large factories with increased production units that had as consequence the need to hire managers to supervise the workforce. Their mission was to look into the conditions of the workers (hiring, firing, pay, promotion...). The implementation of management supervision of employees in large companies succeeded the personal relationship between employee/owner in small craft enterprises. Arbitrary and insensitive attitudes of some managers which were represented by violence on the workplace have only increased the frustration of employees.
- Changes in production techniques have generated mechanization replacing skilled craftsmen. The remoteness of the employee to his boss in the large highly mechanized factories were accompanied by problems at the working class such as the deskilling of labor, deteriorating working conditions, insecurity in the level of employment and compensation and so on.
- An economy in recession/depression about half of the years between 1870-1900 generated the scarcity of jobs exacerbated by the influx of immigrants.
- The hard-fought business has forced employers to scale back wages, to accelerate the pace of work or to neglect the basic safety precautions.

All these factors have generated social tensions exacerbated by the growing affluence of the rich and the strong tendency towards greater inequality of income and wealth (Lindert and Williamson 1980)². Thus social problems were risks that had to contain.

2 - The problem of «labor problem" or the search for a social basis

Employment relationship management had its origins in the United States, under the banner of industrial relations. Industrial relations were born following problems in the workplace known as "labor problems". This concept was born in the late 19th century to signify the problems of the employment relationship and the struggle between capital and labor. It emerged in response to:

- a traditional economy based on the system of the invisible hand that supported the free and unregulated competition and promoted efficiency in production and the harmony of interests between labor/capital.
- Social Darwinism, an ideology postulating uncontrolled competition, allowed the stronger to win his place as leader in both business and politics.

Both doctrines were hostile attitude to any legislative or union (Bendix 1956, Dorfman 1959)³

¹Archie B. Carroll .A history of CSR concepts and practices" ch.2 p: 20 ; 21) in the Oxford Handbook of Corporate Social Responsibility. Andrew Cran, Oxford University press 2008

²Williamson, Jeffrey, and Peter Lindert. (1980). American Inequality: A Macroeconomic History. New York: Academic Press.

³Bruce E. Kaufman. (2008). Managing the Human Factor: The Early Years of Human Resource Management in American Industry. Ithaca, NY: Cornell University Press

The labor problems concept has become the focus of both social reformers and revolutionaries who saw it was time to make the observed changes viewed in industrial workplace condition. Both acted or disagreed on a reform. Their opinions differed on how to achieve this. Therefore movement, known as the Progressive Era, extending from 1900 to 1914 came from two different sources: 1) Engineers whose goal was to promote the scientific management of work ; industrial psychologists who sought to use new concepts and psychological methods to increase industrial efficiency, employee satisfaction and solve problems in the workplace, that we call the "perspective employer" ;and 2) industrial labor economists who defended the interests of workers such regulation, the promotion of trade unions that we call "the perspective employee".

3 -The employer perspective

3.1 –the mechanistic approach: use science to rationalize work

Personnel department and procedures did not exist before the First World War. In most plants the issues concerning the staff management were delegated to foremen whose mission was the increased production with a low cost? To achieve this goal, the foreman abused his power (hiring, firing, promotion...) by arbitrary methods, excessive control, and aggressive language against workers. The system, called "Drive system" was effective because it aroused effort. Indeed, workers could only submit to it because the only alternative open to them was the immediate removal and replacement of potential job seekers in front of the factory gates. The often deplorable conditions for workers (low wages, 12 hours per day, poor security conditions, discrimination and autocratic treatment by managers pushed workers to revolt through strikes, generating production disruptions.

Scientific management was born shortly before the beginning of the 20th century, leading by Frederick Taylor who focused on plant managing. The goal was to find one way to do, the "one best way", to apply management practices of personnel and production. His assumption was based on two arguments:

1) Production methods were inappropriate; 2) the production and management are governed by immutable natural laws that operated independently of human judgment. Thus, Taylor used "science" to streamline the work based on the time and economy of movement. A technique here commended at the selection, training and remuneration in relation to performance. Taylor reorganized the production process as a double division: Vertical and horizontal.

The vertical level: design and command tasks are the responsibilities of the management, the worker merely carries out: he is not paid to think. At the horizontal level, the work is divided, parceled into elementary gestures thus requiring no qualification. The organization of work is a stultifying character by repeating a gestured ovoid of any meaning and deprives workers of any learning through the involvement and improved production methods. Indeed, the only way to do this is the "one best way" which returns engineers and foremen whose legitimacy is their expertise. Taylorism dehumanizing work through hunt enables cadences and salary compensation based on performance. This has generated strong protests, absenteeism, important turnover, social conflicts and union group... Taylorism, set up to rationalize the work, became the emblem of the capitalist exploitation of man by man. With the aim of ending the conflict, limiting the power of unions, and ensuring the sustainability of capitalism, it became urgent to find a more humane way to work. Company managers were assigned the task of improving the quality of life of the workers.

They have sponsored and funded various activities such as: canteens, changing rooms, infirmary, leisure activities, home loans, etc... Working for the welfare work had multiple reasons: philanthropy, or prevention of unionism, or additional compensation. In most cases, the belief remained that the welfare could make profits through greater involvement and retention. However, these practices involved only a minority of companies, others continued to operate according to the "drive system" as a personal motivation way. Proponents of improving personnel management advocated making a full function detaching of the powers of supervisors or direct managers. New personnel practices were developed and formalized in procedures such as selection using aptitude tests. The welfare work and paternalistic activities were centralized at the Department of Personnel Management. In France, the emergence of an autonomous function took place between 1917-1935. Furthermore, new approaches based on sociology and psychology has emerged because the management system in place to rationalize the work showed weaknesses: the main one was that Taylor and his colleagues failed to take into account the human factor. The search for the "how" to incorporate the human factor to management practices has given birth to the term human relations in the science management language.

3.2 - Human relations approach

Proponents of scientific management focused on the field of engineering to find solutions to problems in the workplace, while supporters of the human relations school used the new science of psychology. Humanistic vision took root with the human relations school (or psychosocial approach), born through the 1929 economic crisis, and the development of socialist ideas. This view tended to upgrade the Human in the context of work by living in satisfying environment, valuing capabilities, recognition of efforts, positive stimulation, involvement in the exchange and communication, etc.... These were the basic needs that every human research at work should get involved and consequently contribute to business results. The vision of human relations (or psychosocial) tackled Human Resources Management (HRM) initially in terms of the working conditions and then spread to other psychological variables such as skills of managers in inter personal relations, the needs or the broadening tasks. The postulate that if these variables existed, they would generate motivation, commitment and job satisfaction. Certainly this vision has focused on human factor neglected in Taylor's technocratic vision but did not resolve the divide that existed between top management and the operational whose mission has not changed and remained the execution makeover with ingredients of humanism. Indeed, the purpose has remained the same: a focus on HRM technicians basis, it rose to a HRM emphasizing the relational aspect for greater productivity and profitability. It did not change the preeminence of top management (the vertical division of labor), and was not, in this sense, a real break with the Taylorist system. Moreover, the human relations school has introduced the human factor as a variable to consider but it was not the only one whose managers should care: other variables emerged such as social, technical and cultural contexts. Instead of a single universal vision focused on the "one best way" a new approach integrating contingency factors should be considered.

4 - The perspective employee: weighting organizational performance compared to the welfare work

The issue of "*Labor Problem*" has become a social issue across the United States. It was necessary to find solutions to issues concerning low wages, accidents at work, excessive hours of work, strikes and other forms of conflict, the high rate of turnover, and child labor. The progressive movement is a period of partial break with the *laissez-faire*. It was a social reform displayed by the American middle class in the early twentieth century until the end of the First World War. According to progressive academics and reformers, the conflict in the employment relationship was the power imbalance between employer and employee. It was necessary to establish institutional forms to balance the power and get better governance through collective bargaining and labor legislation. Unionism and collective bargaining as solutions for workers have been the subject of academic publications, such as "the labor movement in America" by Richard Ely (1886) and a series of writings of John R. Commons and associates at the University of Wisconsin⁴. The reform movement was composed of different groups:

- The volunteers heads of progressive companies have launched various measures for welfare work (canteen, security measures...), and forms of representation of employees.
- Unions that were favorable to collective bargaining to solve the problems of wages and working conditions.
- Civil society, religious organizations, socialists, economists who have called attention to the deplorable conditions of workers in industry.

Progressive reformers have developed measures of social legislation. However, efficient capitalist economy is based on offers market and demand regulated through the mechanism of the invisible hand without too much government interference. Therefore, most of the proposed measures were rejected by the Supreme Court. It took until the New Deal to the government to intervene in the labor market and the social field was no longer seen as unconstitutional by the courts. These two perspectives, the search for an internal solution by engineers as F. Taylor and solutions from outside through regulation have pushed companies to develop service or department to deal with issues related to labor issues: it was the beginning of the personnel management which went on to develop the human resource management.

5 – Corporate social responsibility and human resources management: from yesterday to today

The HRM department as known today has evolved under the influence of several factors including the Industrial Welfare Work.

⁴Bruce E. Kaufman. (2008). *Managing the Human Factor: The Early Years of Human Resource Management in American Industry*. Ithaca, NY: Cornell University Press

In the 1890s, many companies began to establish services for their employees such as service canteens, medical care, recreation programs, libraries, business magazines, and housing (Eilbirt1959; Gospel1992;Spencer1984). Therefore, a new job was created to administer these new activities called Welfare Secretary ⁵.

Motivation having led “*the welfare to work*» was a combination of good business, humanitarian concerns for employees and religious principles. This trend towards the welfare work concerned not only U.S. companies but also the industrialized countries of the time. This form of internal social responsibility was focused on employer-employee relationship. Now this relationship has evolved to include other stakeholders. Indeed, globalization has generated more impact: many actors are impacted (employees, suppliers, customers, civil society...). In this sense, the management with reference to the stakeholders theory reflects a form of social corporate responsibility (Freeman1984)⁶.

Internal stakeholder expresses the relationship towards employees. This relationship has evolved since the time of labor problems when the claims sought to ensure job security and fair treatment in the field of remuneration. Now, the consequences of relocation, research survival and sustainability of SMEs in a competitive market have given rise to a problematic on a different level: a form of job security in a work market where skills can quickly become deprecated. The employee must remain employable. Employability is defined "as the ability of a person to develop his competence, to fulfill a mission and find a job in his current organization or outside despite the changes that affect the environment" (Barjou, B.1997). In the same way in a product or a service, the employee must remain competitive and constantly seek to develop his competitive advantage within his own organization or when looking for a new job. Employability is not solely the responsibility of the employer, but also it engages the employee. In fact, we mean by employability in ascension social responsibility, a form of employability towards human resources that goes beyond organizational requirements in the short term. This concept must exceed the level of limited practical training and mobility. It should integrate a holistic process in addition to the above practices. There should be an inclusive process incorporating more: the evaluation and personal assessment, career management, forward planning of employment and skills, and all opportunities for skills and personal development through ensuring easy communication by eliminating structural and psychological barriers. In short, employees involvement in learning opportunities allow them to strengthen their capital image and confidence, self-esteem, necessary ingredients to ensure flexibility and adaptability in an environment where nothing is constant except change.

Conclusion

Initially the employment relationship is intended as a framework guaranteeing job security and a paternalistic management style. This style generated a form of addiction and compliance from the employee translating into a professional complacency. Indeed, stable organizations with a predictive capability offered benefits such as career opportunities (promotions, performance bonuses...) and social benefits to employees in exchange for their loyalty. However, mutations in the working world, have led to changes in the employment relationship which has become more demanding towards employees. Jobs for life are no longer secure; the employee is within a competitive system where he must survive by providing quality work, performance and even efficiency. To support this change, organizations are aware of the value of their human resources, incorporated a social responsibility approach and centered employability (training, provision of opportunity to develop skills, career management, fair compensation ...). In addition to welfare work, social responsibility that includes employability is a practice that extends beyond the instrumental aspects to integrate the essence of social responsibility namely the ethical dimension.

⁵Bruce E. Kaufman. (2008). *Managing the Human Factor: The Early Years of Human Resource Management in American Industry*. Ithaca, NY: Cornell University Press

⁶Freeman R.E., 1984, *Strategic Management: a Stakeholder Approach*, Pitman, Boston

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