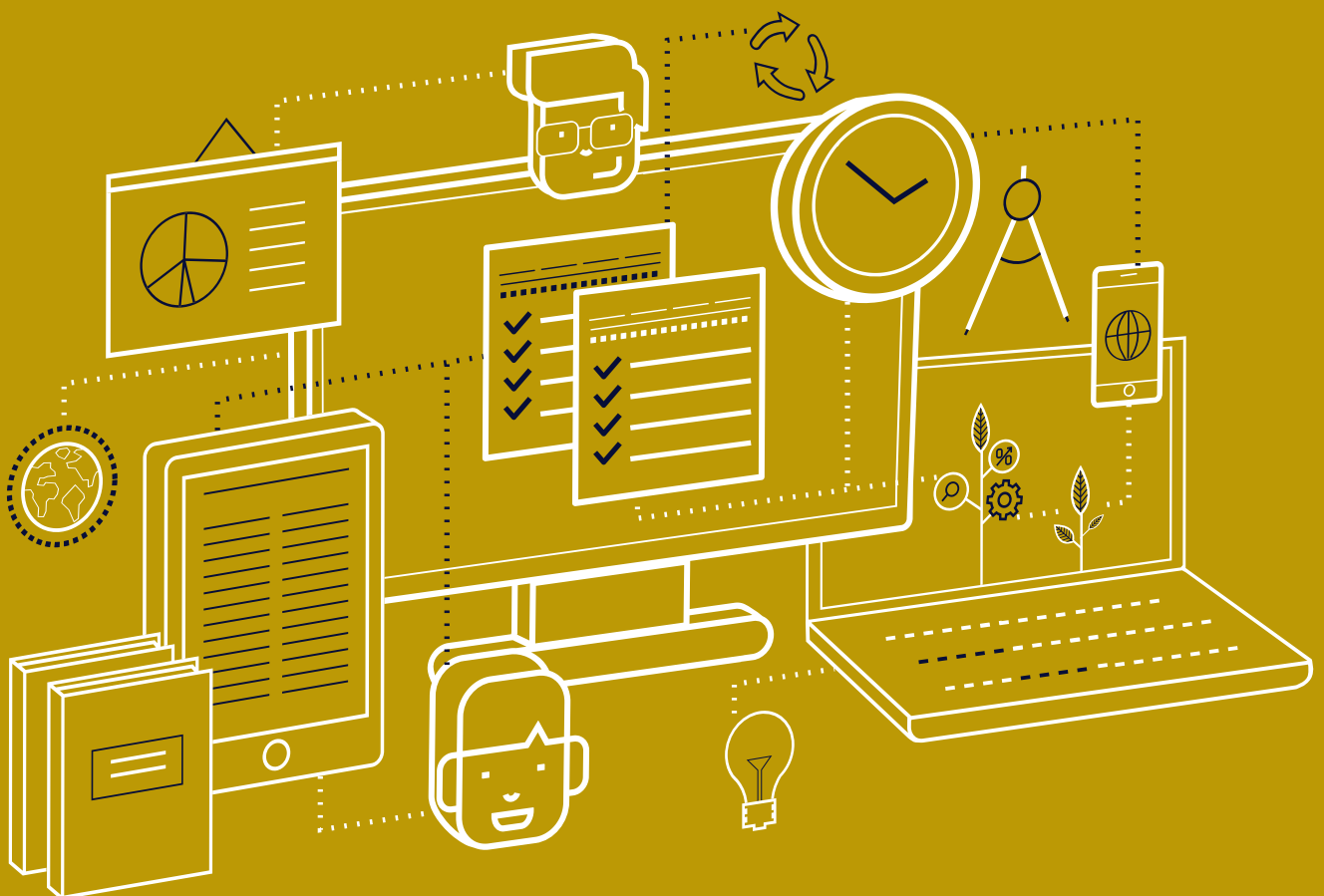


RESPONSIBLE BUSINESS

HOW CAN HR DRIVE THE AGENDA?



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EXECUTIVE SUMMARY
DEFINING THE KEY THEMES

1



THE DEFINITION

There has been renewed interest in the idea of 'responsible business' in recent years as businesses re-evaluate their role in fractured, rapidly changing societies characterised by high uncertainty.

'Responsible business' itself is a contested term; different organisations use different terminologies and definitions vary. We define responsible business as the responsibility a business voluntarily takes for its social, economic, and environmental (SEE) impacts i.e. core business behaviour and activities.

THE CONCEPT OF PURPOSE

Many organisations are finding the concept of 'purpose' useful for defining and leading with their values. A purposeful organisation respects the dignity and value of people, while simultaneously serving society by delivering value. In other words, purpose is about people, but equally it goes to the heart of products and services, and it guides how a company plays out its societal role. In many organisations that have defined purpose, HR has played an important role in helping culturally embed that purpose.



3



FACTORS DRIVING RESPONSIBLE BUSINESS

A wide range of defensive, strategic, and altruistic factors are driving responsible business. Many organisations cite altruistic factors, such as 'it's the right thing to do', as the key drivers of responsibility in their organisation. However, in practice, for many businesses, there is likely to be a combination of drivers, with some factors carrying more weight than others for individual corporate leaders and for different parts of a business – especially those operating globally.

RESPONSIBLE BUSINESS GOALS

Businesses are focusing their responsible business goals on a broad range of issues, including increasing environmental sustainability, building a more diverse and inclusive organisation, and creating products and services that will solve social problems, among others.

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We find that many organisations are trying to do everything at once, rather than selectively focusing on a few key issues that are fully aligned to business goals. Unsurprisingly, HR tends to be focused on the 'HR' elements of responsibility, such as diversity and inclusion and employee wellbeing. Cross-functional working is an important strategy for pursuing a broader responsibility agenda, because it provides more critical mass than that provided by just one function.



THE BUSINESS CASE

There is a business case for responsibility, particularly for those organisations that have made responsibility key to their customer attraction and retention strategy, and those highly visible global companies that have been targeted by, or fear being targeted by, activists.

However, there are critiques of the evidence for responsibility, and there is still a market for the products and services of less responsible businesses. Nevertheless, we believe that, as the consequences of climate change and social inequality come to the fore, organisations will experience an inexorable push toward responsibility if they want to maintain optimal business conditions and their social license to operate.

6 THE RESPONSIBLE BUSINESS STRATEGY

Responsible business strategy should be 'built-in' rather than 'bolt-on'.

In large, multinational companies, the most effective responsibility strategy is one that is so closely aligned to the larger strategy of its business, as to be one and the same. Smaller organisations should also define a responsibility strategy that is embedded into their business goals. There is some research evidence that, as yet, for many organisations responsibility remains more cosmetic than part and parcel of the business's strategy and purpose.



7 STAKEHOLDER VIEWS



Stakeholder views are critical to the process of developing a responsibility strategy.

Organisations have to take a dual approach to designing their strategy – they must look both outside-in (external stakeholders' wants and needs of the business) and inside-out (the organisation's wants and needs of stakeholders). Taking this dual approach to the development of responsibility strategy is likely to show up some limitations to the current business strategy, and thus will almost certainly lead to some (significant) changes to it – or more likely still, to a new strategy. We find that some organisations are missing this key step of stakeholder engagement.

8 FRAMEWORKS

There are many frameworks that can help an organisation to articulate and organise its responsible business strategy. Different frameworks serve different purposes – auditing current activities, defining new goals, plotting a future course, clarifying challenges – and may be used at different times. We find limited evidence that organisations, on the whole, are systematically using frameworks to support the development and evolution of their responsible business strategies; however, this finding may be more a reflection of HR's limited engagement with responsibility than a reflection of the organisation's actual practice.



9 HR'S CONTRIBUTION TO RESPONSIBLE BUSINESS

There are a number of challenges on the transformational journey to becoming a responsible business. These include gaining leadership buy-in, collaborating effectively across functional boundaries, embedding the responsibility mindset into the organisational culture, and narrowing the gap between good intentions on responsibility and actions undertaken.

We find that the HR function is poised to maximise its contribution to the business by supporting colleagues to overcome many of these challenges; however, the HR function's contribution to responsible business appears to be limited, thus far.

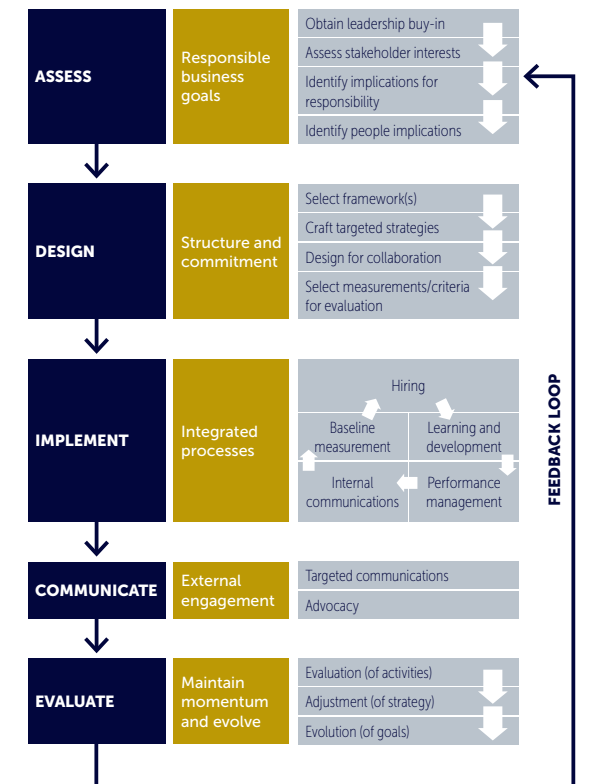
One of the key contributions HR can make to responsible business is around embedding responsibility into the organisation. How does the organisation behave? How does it hire? How do its people learn and develop? How is responsibility communicated within the organisation? And how do performance objectives and rewards reinforce responsible business goals?



10 THE CRF STRATEGIC RESPONSIBILITY FRAMEWORK

We introduce The CRF Strategic Responsibility Framework, which guides HR practitioners through what we see as the key steps along the responsibility journey, highlighting issues, challenges, and effective strategies at each step.

While it may be particularly useful for functions just starting their journey with responsibility, it can also serve as a useful reference tool for functions working at all stages of responsibility maturity.



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