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# Bridging the Great Divide? Making Sense of the Human Rights-CSR Relationship in UK Multinational Companies

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## Abstract

Human rights (HR) and corporate social responsibility (CSR) are both fields of knowledge and research that have been shaped by, and examine, the role of multi-national enterprises in society. Whilst scholars have highlighted the overlapping nature of CSR and HR, our understanding of this relationship within business practice remains vague and under-researched. To explore the interface between CSR and HR, this paper presents empirical data from a qualitative study involving 22 international businesses based in the UK. Through an analysis based on sensemaking, the paper examines how and where CSR and HR overlap, contrast and shape one another, and the role that companies' international operations has on this relationship. The findings reveal a complex and multi-layered relationship between the two, and concludes that in contrast to management theory, companies have bridged the 'great divide' in varying degrees most notably in their implementation strategies.

**Keywords.** Human rights, corporate social responsibility, UK multinational enterprises, qualitative research, sensemaking and organizing.

## Abbreviations

- HR (Human Rights)
- BHR (Business and Human Rights)
- CSR (Corporate Social Responsibility)
- MNE (Multi-national Enterprises)
- UDHR (The Universal Declaration of Human Rights)
- SAO (Sensemaking and Organizing)

## 1. Introduction

Globalization, and the accompanying growth in the perceived size, power and reach of multi-national enterprises (MNEs), has raised important new human rights (HR) questions and concerns about businesses' impact on workers, indigenous peoples, the environment and public policy (Brenkert, 2016). In 1999 the intensification of such concerns, and the accompanying anti-globalization protests in Seattle, triggered "a powerful wave of research in business academia that has since explored the role of business on issues such as climate change, labor and human rights, and environmental degradation" (Doh & Lucea, 2013, p. 186).

The resulting research into the conduct and social impacts of business may have been largely driven by the conduct of MNEs and some infamous high profile international cases (Wettstein, 2012), but it

has mainly developed in specialized fields such as 'business and society' or 'business ethics'. As a result, there are comparatively few contributions within the mainstream international business (IB) literature (Doh, Husted, Matten & Santoro, 2010; Doh & Lucea, 2013; Giuliani & Macchi, 2014; Kolk, 2016; Kolk & Van Tulder, 2010), and these mostly adopt a broad CSR perspective rather than an explicit HR focus. Giuliani, Santangelo & Wettstein (2016) characterize this comparative lack of attention to HR by IB scholars as a missed opportunity for the field, as well as for our general understanding of MNEs' HR conduct. A further missed opportunity is the under-utilisation of CSR knowledge and research in BHR scholarship (and vice versa). Despite scholars acknowledging their overlapping and complementary natures (Wettstein, 2012; Ramasastry, 2015), they have mainly developed separately and our knowledge and understanding of their relationship within business practice remains vague and under-researched.

An opportunity therefore exists to integrate the work of scholars who have developed business and human rights (BHR) as a distinct academic field with IB and CSR scholarship, and to better understand the relevance of BHR for IB and CSR. In this paper we seek to contribute to the integration of these fields by drawing on a qualitative study that explored how the notion of human rights was used, interpreted and managed by 22 international businesses based in the UK. Focussing specifically on the relationship between HR and CSR, the paper aims to address three interconnected limitations of the BHR literature.

Firstly, although scholars have developed a well-articulated rationale for extending HR responsibilities to business, and large MNEs in particular, it remains a predominantly theoretical and normative case (McPhail & Adams, 2016), providing little insight into how companies actually make sense of and use HR internally. To develop the field further, the debate now needs to move beyond whether MNEs have HR obligations, to consider the management strategies needed to promote HR standards in practice (Arnold, 2016; Posner, 2016). This paper contributes significantly to this process by presenting empirical research concerning how a sample of large international companies understand and relate to HR vis-à-vis CSR, and the extent to which their global presence shapes and influences this relationship.

Secondly, the academic discussion about BHR has tended to focus on companies' external impacts, influences and stakeholders and their responses that 'protrude' to be visible externally. For example, O'Brien and Dhanarajan's (2016, p. 542) 'status review' of the corporate responsibility to respect HR is limited largely to published company policies, reports and impact assessments. Whilst a small amount of research does exist on companies' internal practices (such as Arkani & Theobald, 2005, and McBeth & Joseph, 2005), it lacks an explicit IB focus. What we know about how MNEs understand and respond to their HR responsibilities is limited primarily to an external analysis of their rhetoric, and what is actually happening in relation to HR within MNEs remains largely obscured. This lack of information is problematic. As Obara (2017, p. 3) argues, "(d)eveloping policies or arguments based on what companies should do will likely fall short without an in-depth understanding of what companies actually do and what they consider their responsibility to be".

Finally, despite much common ground, the fields of HR and CSR are subject to a 'peculiar disconnect' (Wettstein, 2012. p. 740) and have largely developed in parallel to one another (Ramasastry, 2015). One explanation for this is the different origins of the two, with CSR rooted predominantly in business and management scholarship while BHR emerged largely from legal scholarship (Giuliani et al., 2016; Ramasastry, 2015). As a result, the relationship between HR and CSR has received comparatively little attention in both the BHR and CSR fields (Smith, 2013), and there has been very little cross-fertilisation of theories, concepts and research. To address this, Wettstein (2012) calls for scholars in both BHR and CSR camps to work together and/or use each other's knowledge to bridge, what he terms, a "Great Divide" (p. 739).

This paper responds to the calls of Wettstein (2012) and Giuliani et al. (2016) to integrate HR and CSR perspectives, as well as the need to explore them from an IB perspective. It extends beyond the philosophical and legal debates about whether MNEs have HR responsibilities and how they might be enforced, to consider the activities and processes occurring within companies to better understand their response to HR pressures in practice. Doing so allows us to tackle a range of important questions such as: Is the academic divide between HR and CSR reflected inside companies? Do business managers perceive HR and CSR as overlapping fields and approach them in similar ways, or do they treat them as separate areas with differing commitments and responsibilities? To what extent is this relationship influenced and shaped by companies' international operations and strategy? For example, does the global reach of a company shape its perception, approach and management of HR and CSR? Exploring these issues from an international business perspective is important. Through this study's emphasis on how companies address HR in practice, often in response to pressures resulting from actions, pressures and stakeholders operating across borders and down supply chains (Kolk, 2010, 2016), it contributes to the type of problem-driven research exploring "real, contemporary issues in global business" that Doh (2015, p. 609) calls for more of in IB scholarship. Given that HR currently represents one of the most pressing issues facing MNEs, this paper provides much needed data, currently lacking in the IB field, concerning how HR (vis-à-vis CSR) are interpreted and managed.

This paper addresses these questions and other knowledge gaps concerning HR and CSR within MNEs through an analysis of data from a qualitative study on the development of HR within 22 large UK-based international companies. It begins with a summary of the literature on HR, CSR and their inter-relationship within IB scholarship. It then explains the methodology used to gather empirical data from the study companies and the sensemaking approach employed to analyse this data (Weick, Sutcliffe & Obstfeld, 2005). The findings are presented using Weick et al.'s (2005) three stages of sensemaking, showing how companies noticed, interpreted and then implemented HR. The paper concludes by discussing the theoretical and practical implications of the relationship between HR and CSR within MNEs that the research reveals, together with a consideration of limitations and avenues for future research.

## **2. Theoretical background**

To appreciate the relationship between CSR and HR, it is first necessary to consider the evolution of each in an IB context.

### *2.1. CSR and IB*

The evolution of CSR within the IB literature is detailed in Kolk's (2016) review analyzing fifty years of contributions within *Journal of World Business*. As Kolk notes, CSR has proven a highly contentious concept, and whilst it is well-established within multiple management literatures, it lacks a consensus definition (Husted & Allen, 2006). Indeed, it has been characterized as a collection of disparate good intentions rather than a coherent theory or set of practices (Baron, 2001).

Discussions about the perceived expansion of the social responsibilities of business has been complicated by the emergence of other related but distinctive concepts such as sustainability and corporate governance (Kolk, 2010). For MNEs the situation is further complicated since their CSR agenda will be split between local CSR issues linked to the specific countries they operate in, and global CSR issues that transcend national boundaries (Husted & Allen, 2006). To simplify the debate about CSR, Kolk (2010, 2016) distinguishes between two broad schools of thought. The first concerns efforts companies make to respond to and/or further a socio-environmental cause by voluntarily going beyond regulatory compliance (sometimes referred to as 'systematic overcompliance'). This is seen

as crucial when businesses operate in states in which laws can be weak, and enforcement weaker still (Posner, 2016). The second concerns a broader approach to managing a business encompassing economic profitability, legal compliance, ethical conduct and making socially constructive contributions, and is broadly in line with the classic 'four faces' conception of CSR proposed by Carroll (1999). This approach encourages a consideration of all socio-environmental contributions and impacts of MNEs (particularly when operating across borders), of stakeholder expectations beyond those of regulators, and of all potential sources of pressure on them to be socially responsible (Kolk, 2010).

Doh et al. (2010) highlight several global trends in which scholars in IB and business ethics share a common interest. These include the relative decline in the power of the nation state; the emergence of non-governmental organizations, many of which are international in their outlook and operations (Doh & Lucea, 2013); the proliferation of self-regulatory bodies; and changes to the perceived responsibilities, roles and structures of MNEs. Despite this commonality, and an acknowledgement of increasing attention in some IB scholarship outlets towards ethical issues, the two sets of scholars remain mostly interested in different aspects of MNEs and their behavior (Doh et al., 2010).

These changes in the IB environment, and the MNEs within it, are also making the voluntary 'overcompliance' approach to CSR problematic. Judged in terms of compliance and beyond, CSR becomes unworkable for MNEs operating in multiple country contexts with different legal rules and norms, and varying approaches to the implementation and enforcement of regulations (Kolk, 2010). This makes knowing where legal compliance begins and ends difficult. The growing power of MNEs and their adoption of roles and responsibilities previously the remit of governments mean that they often act within 'regulatory gaps' where states find controlling them increasingly difficult (Doh et al., 2010). Some commentators argue that MNEs increasingly act as political and/or quasi-state entities (Wettstein, 2009) wielding significant power and authority within the international political system (Korbrin, 2009), making them difficult to regulate. Finally, there is an argument that the negative social impacts MNEs are associated with, particularly with respect to HR, do not simply concern the legality of their actions, but their relationship, and often complicity, with other actors such as host governments (Giuliani & Macchi, 2014; Korbrin, 2009; Schrempf-Stirling & Wettstein, 2015).

Kolk (2010, 2016) recommends approaching CSR in terms of understanding the socio-environmental issues and pressures that MNEs face. Considering CSR in terms of power, compliance and regulatory gaps can focus the debate too narrowly on the potential harm that MNEs can cause. As Kolk (2010, p. 139) states "(t)he call to help address a range of social and environmental problems, including poverty, health, human rights, climate change, has specifically been made towards companies that operate across borders, and in a multitude of different locations, including developing countries." An alternative approach based more on understanding issues, pressures, stakeholder expectations and societal repercussions, opens the door to considering their potential positive contribution. Kolk's (2016) analysis highlights the emergence of HR as a major CSR issue for MNEs, and also as an opportunity for interdisciplinary research. One step towards taking this opportunity may be to move beyond considering HR as one set of CSR 'issues', to view it as a distinctive field of research, theory and practice.

## *2.2. HR and IB*

BHR issues are not inherently confined to IB, since small and local firms can be involved in rights abuses (Giuliani, 2016). However they are rarely discussed in a purely domestic context, and certain issues are only meaningful in an international context such as complicity with oppressive regimes (Giuliani & Macchi, 2014; Schrempf-Stirling & Wettstein, 2015). The rapid increase in the number, power and wealth of MNEs, as well as the outsourcing of production to foreign suppliers, has brought into sharp focus vastly different national systems and expectations (legal, economic and cultural) that managers

are faced with (Muchlinski, 2001). This has been exacerbated by the inability (and/or unwillingness) of governments to control and regulate companies within their borders (Cragg, 2012; Doh, et al., 2010). Business managers have navigated their way through these 'governance gaps' (Ruggie, 2013) with little guidance or training, often relying on existing CSR concepts to inform decision making (Baden, 2016). Increasingly, however, companies are turning to the HR concept, with its bedrock of international HR standards (Donaldson, 1989), to guide business practices globally, suggesting that the CSR concept as a self-regulatory tool is inadequate for MNEs (Ruggie, 2013).

An international perspective is embedded within the BHR field, partly due to the role of MNEs in triggering HR concerns (Wettstein, 2012), and partly reflecting the importance attributed to the Universal Declaration of Human Rights (UDHR) as internationally agreed principles which, it is argued, should guide companies' global ethical conduct (Frankental, 2002). Despite the global focus of this debate, BHR scholars have only rarely explored how companies use the HR concept and principles within their international practices, such as how companies can navigate different home and host standards (Donaldson, 1989) and how US multinational companies improve HR standards in countries they operate in (Spar, 1998). In IB scholarship, the coverage of HR issues has mostly been indirect and, as summarised by Kolk (2016, p. 29-30), implicit in work on trade unions, managerial (moral) discretion, corporate citizenship, and poverty and economic development. A more explicit treatment of HR has surfaced in IB scholarship more recently through work seeking to explain and/or measure corporate social irresponsibility (CSiR). For example, Fiaschi, Giuliani and Nieri (2017), conceptualize CSiR as HR violations to explore whether Latin America MNEs were less likely to commit irresponsible acts when investing in countries with a strong and effective media. Similarly, Strike, Gao and Bansal (2006) use a CSR ratings index (including HR as one of seven dimensions) to analyze whether the international diversification of US companies increases the likelihood of CSiR. Such studies, and their use of HR to analyse IB conduct, is encouraging and demonstrates a more explicit inclusion of HR in IB work. However, this research has so far located their analysis in the CSiR, CSR and IB fields, and has generally not discussed the implications for BHR scholarship and business practice.

For the most part then, BHR scholars have not systematically applied IB ideas and research in their work. This can be attributed, in part, to the attention scholars have directed towards the development of BHR as a distinct and credible academic field. To do this, it has been necessary to focus on, and address, the deep and widespread belief that HR protects individuals from state abuse (Muchlinski, 2001). Whilst this perspective continues to dominate the HR discipline (Cragg, 2012), BHR scholars have done much to draw attention to power in all its forms, particularly economic, and the moral responsibilities that (should) flow from it (Cragg, 2012; Wettstein, 2010). BHR scholars have also greatly enhanced our understanding in other ways. For example, in Brenkert's comprehensive review of the contribution of business ethicists (to the BHR field), he points to areas such as the type of corporate HR responsibilities, the extent of these responsibilities, and the nature of business complicity in HR abuses. He also notes that whilst business ethicists have conceptualized and justified HR in a number of ways, they share in common a view that HR "are a) rights; b) held by individuals; c) matters of significant importance (high priority); and d) inalienable" (Brenkert, 2016, p. 279).

This broad definition of HR is a view this paper shares and one that considers HR, at their simplest level, as "literally, the rights that one has simply because one is a human being" (Donnelly, 2003, p. 10). Specifically, HR are considered the most fundamental moral rights (Gewirth, 1996), held equally by all persons (Habermas, 2010) and exist independently of legal, political, social or cultural membership (Griffin, 2008; Wettstein, 2012). A distinctive feature of the HR concept (in contrast to the CSR concept for example) is its dual emphasis on rights *and* responsibilities. As morally justified claims or entitlements (Donnelly, 2003), HR places a correlative duty on others to fulfil a valid claim, thus giving HR, as a concept and a discourse, its moral force. This duty is primarily located in the government realm reflecting the fact that in practice HR are protected and realized through political

means and have been institutionalized within, and enforced by, state-level legislative processes and organizations (Freeman, 2011). But, as highlighted above, BHR scholars have done much to highlight the moral, legal and political responsibilities that result from economic (corporate) power, particularly the impact of MNEs on people's well-being and the broader socio-economic conditions so critical for the realization and enjoyment of HR.

Finally, in terms of what HR protects or realizes, many features have been proposed in the literature such as agency (Griffin, 2008), interests (Nickel, 1987), equality (Donnelly, 2003) and capabilities (Nussbaum, 1997). In this paper we highlight three as representing the most referenced across the field: that of autonomy, life/well-being and security. Together, these represent the basic requirements needed for a life of dignity (Nickel, 1987) and, as universal "moral minimums" (Shue, 1980, p. ix), they establish "the line beneath which no one is to be allowed to sink" (*ibid*, p. 18). In relation to Brenkert's review (of the business ethics literature), this conceptualization of HR embraces elements of the restrictive position (where HR are considered basic moral rights) and the expansive perspective (which views HR as protecting and promoting human dignity).

### 2.3. CSR and HR

The commonalities between CSR and HR in terms of the central role of business ethics in both fields, and the increasing prominence of HR as a perceived responsibility of business (Ruggie, 2013), can all promote an assumption that the two fields are closely intertwined. Such an assumption was challenged by Wettstein (2012, p. 739-740) whose exploration of the relationship between the two revealed 'a peculiar disconnect' and a 'Great Divide'. Wettstein offers three explanations for this disconnect. Firstly, CSR has evolved to focus on notions of voluntarism beyond legal requirements (Kolk, 2010), whilst HR are principally considered as a legal and/or political construct and therefore as a legal responsibility (Cragg, 2012). Secondly, HR are frequently viewed as tools targeting state power and abuse (the public domain), whereas CSR represents an apolitical concept (belonging to the private domain). Finally, CSR scholars may feel they lack the expertise to apply HR ideas competently, since HR is known as a contested and controversial concept (Sen, 2004), beset with numerous and competing accounts about their nature, purpose, content and reach (Nickel, 1987). Despite all this, Wettstein (2012) points out that:

"these elaborations ought not to imply that CSR has avoided or downright ignored human rights issues; in fact, many of the problems that CSR scholars are regularly dealing with are, at their core, human rights problems" (p. 751)

BHR scholars highlight that HR issues are inherent in much CSR thinking and research, particularly concerning labor, employment and consumer rights, and that CSR research often (implicitly) addresses them (see Ramasastry, 2015, pp. 240-242, and particularly Wettstein, 2012, pp. 746-747). Crucially however, this analysis within CSR largely takes place without any explicit reference to, or application of, HR theory and discourse.

Three key reasons are offered by BHR scholars as to why CSR theory and practice should integrate and employ HR ideas. Firstly, the HR concept has generated a critical mass of thinking and reflection on the minimal standard of morally expected behavior (Campbell, 2007). This provides a rich source of knowledge concerning the most fundamental and basic human interests that must be respected for a dignified life, irrespective of end-goals (Campbell 2012). Secondly, the HR concept provides a widely agreed set of universal moral principles, via the UDHR, that MNEs can use as an ethical code to guide their conduct globally (Frankental, 2002; Ramasastry, 2015). Finally, a CSR perspective theoretically informed by HR would help to move CSR beyond an emphasis on voluntary and business case associations (Ruggie, 2013; Wettstein, 2012) which is perceived as undermining MNEs' ability to contribute to HR improvements (Giuliani & Macchi, 2014). HR, as a language of social justice,

obligations and justified claims, can potentially provide a powerful moral rationale to justify and guide CSR activity irrespective of cost-benefit analyses or corporate (economic) performance (Campbell, 2012; Wettstein, 2008 & 2009). It can also provide a tighter and more coherent frame of reference for MNEs' conduct than CSR, which is often interpreted as concerning 'nice to have' initiatives and allowing companies too much discretion over what issues to address and how (Giuliani et al., 2016). This provides greater potential to connect the consideration of HR with core business processes (Giuliani et al., 2016).

One drawback of the work on HR vis-à-vis CSR is its predominant focus on what HR theory *offers* CSR scholars and practitioners. Much less attention is given to how CSR thinking might inform BHR literature and contribute towards the protection and promotion of HR. Ramasastry (2015) wonders, after noting that the BHR field is shifting towards one of binding law and state enforcement: "(h)ow we can channel the strength of the CSR movement to encourage stronger corporate promotion and fulfilment of HR?" (p. 250). Wettstein (2012) suggests a potential way forward, arguing that the positive and proactive elements of the CSR perspective can help broaden the BHR debate beyond its current 'do no harm' focus. Thus, rather than focus on corporate wrongdoing and negative rights and responsibilities (that is, to refrain from directly violating HR), both BHR scholars and corporate practitioners can draw on CSR thinking to consider how economic power can contribute in a positive way towards the protection *and* promotion of HR. Again, this analysis, whilst thought provoking, is entirely speculative and further insight could be gained by exploring these issues within actual business practice.

The literature exploring CSR, HR and MNEs provides insight into what corporate responsibilities towards HR might be and how they relate to existing legal wisdom (McCorquodale, 2009; Muchlinski, 2012) and moral principles (Cragg, 2012; Wettstein, 2012); the allocation of HR responsibilities between governments and corporations (Donaldson, 1989; Ruggie, 2013); and, stakeholders' perception of corporate conduct and performance in relation to HR (Dhir, 2012). What we lack, however, is a clear picture of how international firms understand, relate to and respond to their perceived responsibilities in respect of HR vis-à-vis CSR particularly in the global context. This paper addresses these knowledge gaps and, using data on the practices of 22 large companies, makes a significant contribution to the three interconnected fields of HR, CSR and IB. Firstly, in terms of HR, this paper provides much-needed information, currently lacking, on how companies perceive, conceptualize and manage HR internally. It explores issues such as when companies commit to HR, how they understand HR, and what type of role they adopt (do they, for example, assume a 'do no harm' stance towards HR, thus reflecting the current focus of the BHR debate)? Secondly, this paper enhances our understanding of the HR-CSR relationship and examines whether a "Great Divide" (Wettstein, 2012, p. 739) exists between HR and CSR within business practice. Do companies, for instance, treat HR and CSR as overlapping domains or do they perceive them as separate areas with different commitments and responsibilities? Another aspect of the HR-CSR relationship that this paper sheds light on, is whether, and in what ways, business engagement in HR shapes and influences CSR practice. For example, does HR, and its discourse of moral responsibility, justice and equality, help to move companies' CSR approach away from its voluntary and business case associations? Conversely, how does CSR impact on companies' HR practices? Can, as some have argued, the 'overcompliance' and proactive approach that typically forms part of companies' CSR strategy broaden their engagement in HR beyond 'do no harm'. The final important contribution this paper makes relates to the IB field and examines whether the understanding and management of HR, as well as the relationship between HR and CSR, is shaped by companies' global outlook and operations. For example, given how the international perspective permeates the BHR field, we can perhaps expect that companies' global practices influence when and why companies' commit to HR. Also, in terms of the management of HR and CSR globally, do managers use HR (rather than CSR) to navigate and address competing claims and expectations that emerge from cross-border activity? These are some



of the pressing questions and issues this paper analyses specifically from a business and management perspective. In doing so, it goes some way towards the integration of these fields that scholars have recently called for, and, together, they provide us with a more holistic approach in which to analyse and understand the conduct of MNEs in respect of HR and CSR.

### **3. Methodology**

#### *3.1. Research design*

This study addresses the lack of data on how the notion of HR is used, interpreted and managed within international businesses. Given that it was exploring an emerging field of practice, a qualitative and interpretivist research design was adopted for its flexibility and ability to capture in-depth and nuanced data on context, meanings, processes and attitudes (Denzin and Lincoln, 1994). Semi-structured interviews were chosen as the main data collection method to capture both the subjective views and experiences of participants and, through them, the broader 'social world' of the corporate setting, such as the formal meaning(s) adopted and the generic processes involved. This method also allowed new themes and directions to emerge inductively which is important when studying a field where little is known empirically (Zalan and Lewis, 2004).

#### *3.2. Sample and data collection*

A purposive sample was drawn up from participant companies in a 2009 UK Government study of HR that the researchers were involved in. This study explored companies' awareness and understanding of HR, any practical steps they had taken to engage with HR, and any perceived needs they had for support and guidance on the topic. The study employed mixed methods including an online questionnaire and follow-up semi-structured interviews. Companies were recruited via three methods: firstly online advertisements through business organisations (such as The Confederation of British Industry), secondly email invitations using a purchased database of Chief Executives and Managing Directors, and finally a Government email list of business contacts. A total of 105 companies completed the survey and their responses were scrutinised to find candidates suitable for this research that had recognized and made some response towards HR. A total of 31 companies were viewed as potentially suitable and contacted via email, and the 22 that agreed to be interviewed provides the sample for this paper.

As Table 1 shows, a range of industries were represented in this study and the companies were generally large and successful enterprises with the majority employing between 1,000-50,000 people (including four with over 100,000 employees worldwide). With one exception, annual turnover exceeded £500 million, and most operated in multiple countries (with 14 operating in over 11 countries). The only single country companies in terms of operations were one large and autonomous subsidiary of a global retailer, and one international transport hub, that was strongly international in its customer base and strategic orientation. Whilst this sample is not representative in a statistical sense, it does reflect the type of businesses that have formally recognized HR (Ruggie, 2007, p. 19), namely those that are generally large, wealthy, multinational enterprises with dedicated people, teams and/or departments responsible for managing ethical and social commitments.

We sought to conduct key respondent interviews by identifying the person most closely responsible for HR matters within their company. Although interviews were initially arranged with one respondent per firm, other employees were invited to take part by some respondents. As a result, 30 participants were interviewed for this study (of which 17 were female), mostly at their place of work during 2010 and 2011. All respondents, bar one, were significantly involved in developing their company's HR and CSR approach. The other respondent had recently joined their organization, but they stressed that

they had been in regular and close contact with their predecessor (responsible for developing the company's CSR and HR approach) and thus felt able to talk about the trajectory of the company's strategy. The titles of respondents varied considerably (see Table 1) with the majority operating within a dedicated function for social responsibility. In four companies, however, responsibility had been incorporated within existing functions: three with the Human Resources Director and one with the company's Health and Safety Manager.

**Table 1. Overview of Participant Companies and Respondents**

Sector	Number of employees	Countries operate in	HR Policy	CSR Policy	Position / Title	Gender
Business Services, Legal, Recruitment	149,000	157	No*	Yes	Senior Manager, Climate Change and Sustainability	F
Business Services, Legal, Recruitment	95,000	30	Yes	Yes	Director of Corporate Assurance	M
					Head of Social Responsibility	F
Business Services, Legal, Recruitment	9,055	23	No*	Yes	Partner	F
Extractive	106,000	10	Yes	Yes	Social and Community Development Manager	M
Extractive	13,477	20	No*	Yes	Corporate Citizenship Manager	F
Extractive	34,800	50	Yes	Yes	Head of Human Resources	M
Financial Services	161,000	34	Yes	Yes	Corporate Sustainability Manager	M
Financial Services	29,000	34	Yes	Yes	Group Head CR	M
Hotels, Restaurants and Catering	2,000	8	Yes	No	Managing Director	M
Infrastructure and Utilities	28,106	2	Yes	Yes	CR Manager	M
IT, Electronics and Telecommunications	184,600	170	Yes	Yes	Head of Policy & Strategy on CSR for Procurement	F
					Policy - Internet	M
					Human Resources	F
IT, Electronics and Telecommunications	83,900	70	Yes	Yes	CR Manager	F
Manufacturing, Engineering	136,000	6	No*	Yes	CR Manager	F
Manufacturing, Engineering	42,000	30	No	Yes	Group CR Manager, Commercial Integrity	F
Manufacturing, Engineering	12,000	34	Yes	Yes	Director, Group Human Resources	F
Manufacturing, Engineering	59,000	50	No	Yes	Community Relations Manager	M

Retail and Consumer Goods	178,000	1	No	Yes	UK Ethical Standards Country Manager	M
					Ethical Standards Officer	M
Retail and Consumer Goods	22,550	13	Yes	Yes	Director of CR	F
					CR Manager	F
Transport	35,000	5	No	Yes	Group Company Secretary	F
					CR Manager	F
Transport	48,500	5	No	Yes	Head of Corporate Communications	M
					Head of Customer Relations	F
					Human Resources Director	F
Transport	67,549	12	Yes	Yes	Group Health and Safety Manager	M
Transport	1208	1	No	No	Community Team	F

\* In the process of developing a separate HR policy (at time of interview)

The interviews, on average, lasted between 60-70 minutes and provided a rich insight into the development and management of HR and CSR within the sample companies. Recognizing, however, that respondents' private views could permeate (and bias) the organizational focus of the study, it was clarified with participants (where needed) who or what unit of analysis was being referred to. Respondents, however, were equally careful and particular about whose 'voice' they used, be it their own ('personally', 'speaking for myself'), their immediate colleagues ('my team', 'this department'), the organization ('the company', 'we think') or others in the business ('the CEO believes', 'employees think'). Also, to address the limitations associated with retrospective accounts, where participants may simplify and structure their past recollections in a linear fashion (Schwenk, 1985; Golden, 1992), a range of secondary materials were collected as part of the study. This included the participant companies' annual reports (e.g. financial, corporate responsibility), formal policies (e.g. HR, CSR, environment, code of conduct) and website content, as well as internal documents given to the researcher by participants (such as magazines, reports, policies, surveys and newsletters). This material informed the study in two principle ways. Firstly, publically available information was collected and read before the interviews took place. This provided researchers with background information on the company, and was used to cross-check with participants their recollections of the HR and CSR process. Secondly, whilst the interview data formed the main dataset of the study, secondary (corporate) material was used during the data analysis process to inform coding and interpretation.

### *3.3. Data analysis*

The data analysis process was conducted in a number of stages. Interviews were firstly transcribed in full and read without any note making or sections highlighted. During the reading of the interview transcripts, it became clear that before any thematic coding could take place it was necessary to compile a summary of each company's HR and CSR trajectory (as the data appeared to be highly complex and 'messy' at this stage). Constructing the 'journey' of 22 companies proved to be time-consuming, but it provided a deep insight into the complexities and nuances of the HR and CSR 'story' and how this played out within each company. Once the company narratives were in place, the data was ordered and reduced further through thematic coding (using NVivo) which involved noting recurrent themes and patterns. Coding at this stage was based on "informant's first order conception of what is going on in the setting" (Van Maanen, 1979, p. 540) and respondents' own words and descriptions were used where possible for coding (emic) categories.

Initial coding produced an abundance of codes within many different thematic areas. To clarify, simplify and better understand the nature and structure of these codes and themes, the constant comparison technique (adopted from grounded theory) was used. This involved an iterative process of comparing features within and between codes, moving back and forth with the interview transcripts, secondary corporate documentation and the account of each company's HR trajectory (compiled previously). During this process, codes and themes were continuously amended, deleted, merged and developed, leading to a smaller and more refined set. Using this data complication technique represented the move towards the interpretation stage (the meaning of this data) and from first-order (emic) respondent categories to second-order (epic) researcher categories, constructs and concepts.

The final stage involved analysing and re-ordering the categories and themes using the Sensemaking and Organizing (SAO) Model developed by Karl Weick (1969, 1995) as an analytical framework. This process-based model focuses on how organizations 'organize' as a response to developments and challenges in terms of the perceptions, interpretations and experiences of organizational members (Helms Mills, Thurlow & Mills, 2010). It thus helps scholars explore the processes by which organizations understand, simplify and place order on an unsettling or surprising issue or event. This

analytical framework aligned well with the study's aim of exploring what companies did when 'faced' with HR for the first time and the process they took to make sense of, and organize, HR internally. It involves three overlapping stages or processes. Stage 1 (enactment), focuses on when a disruption is first noticed and enacted (i.e. brought into existence) as a topic or issue confronting an organization. It represents the point at which the process of sensemaking begins, prompting a search for meaning to answer the key question of this stage: "what's going on?" (Weick et al., 2005, p. 412). The second stage (selection), focuses on the initial impression of what might be happening and includes a search for labels and categories with which to describe and give meaning to a situation by addressing the question: "what does this mean?" (Weick et al., 2005, p. 410). The interpretation given to a situation then prompts the main question and focus of the third and final stage: "what next?" (Daft and Weick, 1984, p. 286). This stage focuses on how organizations externalise their interpretation and bring this "meaning into existence" (Weick et al., 2005, p. 410) via formal decisions and concrete action. Critical to this stage is the learning gained from this action which is reflected upon and new knowledge retained for future use which can, over time, form part of the 'schemata' (the memory or frame) of the organization and influence how future situations and circumstances are enacted (Stage 1) and interpreted (Stage 2).

The analysis and re-organization of the codes and themes within the three stages of Weick's model resulted in a further phase of data complication in which codes and themes were further scrutinized and compared to tease out the different features and properties within each stage. Again, this involved an iterative process between the codes and themes, noting in particular differences and contradictions within them, and relating back to the interview transcripts, the company case narratives, the study's conceptualization of HR, corporate secondary material, and academic literature (particularly Weick's work). The result of this process was the development of a stable set of categories which described and presented the key features and processes within each stage as they related to how companies interpreted and implemented HR. As mentioned, earlier the raw data was 'messy' and complex, but via the application of Weick's process model it helped to recontextualize the data and understand its features in greater depth, resulting in a more abstract level of interpretation.

#### **4. Findings**

The findings below are presented using the three main stages of the SAO model. Whilst this is useful to illustrate the development of HR within companies, the stages should be thought of as highly inter-dependent, such that "one process shades into another" (Weick, 1979, p. 145).

##### *4.1. Stage 1. What's going on? Noticing and understanding HR*

Sensemaking begins once an issue such as HR (or CSR) is first noticed. The HR 'journey' of the study companies began with a trigger, or 'cue' (Weick, 1995, p. 49), prompting them to notice HR as a 'thing' creating dissonance. Although a diverse range of triggers emerged, some very unique and situation specific, three common sets of cues were identified: developing and/or reviewing a CSR strategy; media attention, scrutiny and criticism of corporate conduct; and leadership from Executive Board members and other actors (such as middle managers).

For this paper, cues relating to CSR development are of greatest interest, and represent the trigger most cited by respondents (11 companies in total). This transpired in three particular and separate ways. Firstly, HR was first 'noticed' by three companies when developing a new CSR strategy. One for example was alerted to HR as relevant when consulting external stakeholders about their CSR approach, who then ranked HR as a key concern. Secondly, five companies became aware of HR whilst reviewing their CSR approach and/or policies. For these companies, the inclusion of HR was considered an important way to broaden and improve their CSR strategy:

*... we were updating and reviewing that [CSR], again part of the what do we do to improve our corporate social responsibility. I think we just felt we didn't have a human rights policy and being a global company we absolutely felt it was the right thing to do (Manufacturing Company).*

For two companies this was part of "pushing the boundaries" of their CSR strategy, to go above and beyond legal requirements and external expectations. For both companies, their remodelled CSR strategy was part of a broader corporate ambition to become global leaders in their fields and CSR and HR were perceived to contribute towards this by helping to improve corporate reputation and image externally:

*I think in anything that we do we always want to be the best. Whether that's for a reputational point of view or just for our people to feel proud of what we do. And I think we're in a position where we've a really strong CSR reputation but so do many other businesses. So what is the next issue that businesses have to be facing, and [human rights], we felt we need to be doing something about it (Business Services Company).*

In two companies, HR was used to enhance their CSR approach in anticipation of a global expansion, particularly entering markets with poor HR records (with China and the Middle East highlighted as examples).

*... human rights has been added to that [CSR strategy]. And it's really been driven by the desire for international growth where you are more likely to potentially be entering a country that does not have the human rights that we perceive we have and therefore we felt we need to have something (Business Services Company).*

A HR position and policy was thus viewed as an important way to improve their CSR strategy by providing, as one company stated, "an infrastructure for how we should behave globally". For another company, it helped them address "a legislative vacuum" they faced in some countries either in terms of weak regulation or "you may have very sophisticated laws, in China for example, but they're quite often not enforced".

It is notable from these findings that the international dimensions of these companies seem intertwined with their recognition and understanding of HR. This confirms Brenkert's (2016) point that globalization processes are driving the HR agenda at a firm level as well as a more macro one. Thus their identities as global companies and concerns about how they behave globally, international expansion strategies, perceived HR risks related to certain international markets, and ambitions to be global leaders, underpinned many companies' explicit initial recognition of HR. It is also conceivable that a trigger relating to media attention and criticism of corporate conduct may be more relevant to companies operating across international boundaries, since a foreign company engaged in perceived abuses may be more newsworthy than a domestic company engaged in the same behaviors.

The third and final CSR-related way that HR was noticed, was via a corporate restructuring process within three companies (comprising a merger with another company, the acquisition of another company, and moving from a centralized to a group structure). This prompted the development of a new or revised CSR strategy, which offered one respondent the opportunity to completely overhaul the company's CSR approach. This fundamental rethink allowed them to expand their CSR work and formally incorporate HR commitments:

*Around 2005 the company was going through quite a difficult phase 'cos it was the product of a merger ... and then I joined in 2006 and sort of completely restructured corporate responsibility, the governance, how it all works, the policy frameworks, the management systems, resetting the business case and everything like that (Insurance Company)*

In only one company did the reverse happen, that is, CSR was recognized and formalized after, and because of, action taken on HR. Here, even though HR was formally engaged with before CSR, it was then subsumed within the company's CSR strategy that was considered a 'broader' field. HR was then positioned within the labor branch of CSR, specifically as part of their supply chain standards and processes (Wettstein, 2012). This development was seen, in retrospect, as resulting in HR losing some of its 'visibility' and 'explicitness' within the company:

*The one that I worry that might get squeezed out of all of this is human rights. Cos the more it moves into sustainability I think human rights risks getting squeezed (Retail Company)*

As well as CSR influencing *when* companies first noticed HR, it also affected *how* companies first approached and interpreted HR. For companies with CSR governance structures and processes, such as teams, internal committees and practitioner forums, respondents primarily used these channels to debate, discuss and clarify the meaning and relevance of HR. The majority of the companies (18 out of 22) had developed a formal CSR approach (including governance processes) before HR was recognized as a strategic issue. Moreover, it was the CSR structures themselves, such as a CSR manager or strategy review that for 11 companies triggered a focus on HR. These structures also played an important role in the further stages of interpretation and action.

#### 4.2. Stage 2. What does this mean? Interpreting and prioritizing HR

Once HR was recognized by companies, there followed an effort to address the question 'what does this mean?' Existing CSR mechanisms provided many companies with a useful and efficient way to clarify the meaning of HR. The process of developing a formal position on HR varied significantly amongst companies in terms of the process duration, the sources of information used, and the number and types of people involved. Three key sets of findings emerged from this stage; that being how HR and CSR were interpreted; the labels and language used to discuss them; and the nature of the relationship between the two concepts.

The meanings attached to HR were diverse in nature, but five main understandings emerged, that of HR as:

- vague, complex, abstract and conceptual:  
*... there's a misunderstanding and lack of knowledge of what human rights is, are. It's difficult to understand on a conceptual level ... There's so much confusion out there in terms of all the standards, all the different reporting (Professional Services Company);*
- connected to the global arena, supply chain operations and non-UK countries:  
*... a lot of firms like ours within the professional services space were a bit cavalier on the human rights side because we think well, we have no supply chain, I'm not Primark, I don't have children in India putting beads onto sandals for me, I don't employ anyone under the age of 21. So we are pretty cavalier about stuff like that. Bribery, corruption, child labor, you know, we kind of think (it) doesn't apply (Law Firm);*
- concerning employees and workplace commitments:  
*We see human rights as more an issue for the workplace in terms of our staff policies, hiring practices and promotions - the workplace rather than operations (Telecommunications Company);*
- associated with legislation, regulation and compliance, particularly employment law:  
*In the UK our human rights practices both internally and externally are predominantly guided by UK legislation (Transport Company); and*



- belonging to the state and government arena, perceived as the main perpetrator of, and protector from, HR abuses:  
*... the natural reaction of our colleagues is generally to immediately think of things like the secret police and the army committing human rights violations in perhaps sort of akin to the traditional Amnesty International type campaign (Extractive Company).*

CSR by contrast was understood by companies either as voluntary and philanthropic measures such as charitable donations, employee volunteering and sponsorship of community initiatives, or as ‘the way we do business’ and ‘a natural part of doing business’ (where social, environmental and economic commitments are embedded within, and treated as, core business responsibilities). This split provided an apt practical illustration of Kolk’s (2010, 2016) two schools of thought concerning CSR for MNEs.

The use of language and labels is important within sensemaking, as they construct, describe and convey meaning (Weick, 1979, 1995). As Basu and Palazzo (2008, p. 127) highlight, the language firms use to describe and justify their actions is important in understanding “how they interpret their relationships with stakeholders and view their broader responsibilities to society”. Within the sample companies the terms ‘HR’ and ‘CSR’ were mostly used in an official and formal way (e.g. in corporate reports and policies), but HR, in contrast to CSR, was not employed as an overarching label or framework to structure their companies’ ethical approach. The term was also deliberately avoided by respondents when communicating with employees and departments about HR. Several reasons were offered for this, including:

- its conceptual and abstract nature, meaning employees may find it difficult to understand and relate to their work:  
*If you were to go out and talk to our contract managers who are running very large contracts several thousand staff etc. about current day human rights issues they probably would look completely blankly. It’s too broad, as a subject he’ll switch off (Professional Services Company);*
- its controversial status particularly in the UK given the ‘bad press’ it receives:  
*... human rights unfortunately I think in the UK doesn’t have a positive image where the media’s not really necessarily helped. So people see human rights as a hindrance rather than something they need to take personal responsibility for (Business Services Company);*
- its association with the public, not private, realm (Freeman, 2011) and especially with state abuse and oppression which is in line with Seppala’s (2009) findings that the extension of HR debate into the international business arena has not really shifted the focus away from the public state-centric nature of that debate:  
*People look at the term human rights and think this is a big subject. How do you actually make it more acceptable to people in the local language and everyday language rather than thinking human rights is about state abuse and people in other countries with the injustice of some of the systems etc. (Retail Company).*

Instead, respondents preferred to focus on specific HR issues or areas and communicate this internally using familiar and/or well-known corporate language: terms that employees would grasp (the meaning of) quickly. For example, ‘risk’ and ‘health and safety’ were terms frequently highlighted by respondents, as was the need to ‘sell’ the importance and vision of HR in economic terms (where the ‘commercial benefit’ of HR is articulated particularly when addressing the Executive Board).

In contrast to this (avoidance of HR language), a number of companies (nine in total) articulated that the overarching term adopted, such as CSR or sustainability, served as a useful label by helping to arrange existing policies, areas and activities under one umbrella. This offered a number of perceived

benefits, such as being able to communicate more easily the ethical approach of the company (both internally and externally) and helping to identify gaps and drive improvements:

*... the whole corporate social responsibility has got a much higher profile and we've been doing a lot of these things for a lot of time but now you've got it under a heading and that's what I think has helped us. It's when you put a name or title on it, people look at it more closely (Manufacturing Company).*

When interpreting and clarifying the meaning of HR, companies sought to develop a sense of which HR they considered important and what responsibilities they had in relation to them. It was noticeable that some companies' understanding of HR as vague/abstract (Frankental, 2002; Nickel, 1987), controversial (Sen, 2004), state/public domain focussed (Freeman, 2011; Ramasastry, 2015), or irrelevant to their supply chain, explicitly acted to position HR as not strongly applicable to the company or its management. The issues recognized as HR were also narrower in scope than CSR, with classic labor rights (such as anti-discrimination, safety and collective bargaining) referenced most often. In defining the reach of HR commitments, companies generally focussed on negative rights and responsibilities, reflected in the language of 'respect', 'not knowingly impinge', 'mitigate any harm', 'identify negative impacts' and 'do no harm'. Participants, however, were keen to stress that for two areas, the safety of employees and equality of opportunity and diversity, they had exceeded, or aimed to surpass, societal expectations and/or state regulation. Other HR commitments that companies stressed (as surpassing expectations) concerned particular conditions and challenges in countries and/or regions where they operated. For example, extractive companies highlighted their HIV/AIDS work in South Africa, two retail companies described their lobbying of the UK Government on forced labor in the UK agriculture sector, and one service company highlighted their decision to implement high (UK) labor standards across their business (including suppliers) to address the lack of state welfare particularly in emerging economies. Some respondents reflected on these activities and the extent to which companies should address country-specific issues and challenges. For example, a mining company representative highlighted the ongoing challenge of "*not wanting to be a surrogate for government*", and a manager from a retail company commented (in relation to structural inequalities of countries they operate in):

*... exactly how can we be responsible for these things especially in countries like say Pakistan or China. We're so small in that game that's being played out in those countries politically, socially, economically, how the hell can we begin to influence it?*

In terms of CSR commitments, companies adopted both negative and, in contrast to HR, positive (or proactive) responsibilities. For example, a 'do no harm' position was largely adopted for environmental commitments (that being, to alleviate the business impact on the environment), and a proactive strategy was evident particularly towards the community and wider society (as initiatives that aimed to make a positive difference to the regions they operated in). This common conflation in companies' responses of exceeding both legal compliance and stakeholders expectations suggests a blurring between Kolk's (2016) two schools of thought on international CSR, with companies appearing to seek 'overperformance' against expectations to complement regulatory overcompliance.

As well as comparing the content and reach of companies' HR and CSR commitments, it is also interesting to observe where HR did not surface in relation to CSR for companies. CSR areas including the environment, community and product safety/use stood out as rarely being explicitly related to HR. Of these three areas, community is significant given that much of what companies' included within their community investment work contributes towards the protection and promotion of many basic HR (but are not explicitly identified as such). For example, companies detailed an array of voluntary activities, charitable donations and sponsorships they supported, such as:

- educational programmes (for disadvantaged children and the long-term unemployed);
- micro-financing projects (for women in particular);
- social inclusion initiatives (targeting homelessness, substance abuse and mental health);
- poverty alleviation schemes (notably clean water, housing and clothing); and,
- infrastructure development (the construction of schools and hospitals and/or sponsoring of staff).

These examples relate to many basic HR either directly, such as education, employment, health, and adequate standard of living, or indirectly, such as enhancing the general autonomy and dignity of people through empowerment, social inclusion and development initiatives. Reflecting on this in relation to the study's conceptualization of HR, and the three fundamental interests (autonomy, life/well-being and security) considered essential for a dignified life, the 'community' branch relates mostly to the interests of life and well-being. Interestingly, this was the area addressed least by companies in terms of their explicit HR commitments, with the interests of autonomy and security receiving much more HR recognition by companies.

#### 4.3. Stage 3. What next? Implementing HR

By interpreting HR and identifying specific commitments, the study companies reduced much of their ambiguity surrounding the meaning and relevance of HR. Having developed a more nuanced and refined understanding of HR, companies then asked 'what next?' in terms of bringing their HR "meaning into existence" (Weick et al. 2005, p. 410).

When exploring what companies did next to act on, demonstrate and organize their understanding of HR internally, respondents were keen to discuss the structures, systems and mechanisms in place for both HR and CSR. Indeed, many referred to these structures and processes when describing their companies' interpretation of HR and CSR:

*Of course away from human rights on the international stage it becomes more recognizable once we get beyond the term to the policies and practices in human resources and how we are dealing with our employees. So we'll talk about HR [human resources] policies, access for employees and customers, freedom from discrimination, equal opportunity, work-life balance, flexible working, diversity (Telecommunications Company).*

The reason for this is threefold. Firstly, it represents a relatively straightforward and non-threatening topic which, as something tangible, respondents could recall and describe with ease. Secondly, for many of them this represented their current focus, either in terms of setting up governance structures for the first time, or requiring their ongoing attention and management. Thirdly, respondents' identified the implementation of both HR and CSR as their greatest challenge (in the entire process), particularly in terms of encouraging employees to adopt and execute policies in their work. A key exacerbating factor was the complexity involved in developing and implementing effective business strategies across multiple business units and countries, as well as communicating the value of HR and CSR to a workforce with very different values, backgrounds and capabilities.

*... it's a complex business. I mean we're in 34 countries, underwrite business in 130, multitudes of functions and leaders, all with different opinions, mindsets, you know, you're trying to pull it all together. So, yeah, it can be quite difficult implementation wise (Insurance Company).*

*.... it is a little bit alien in places like Russia for example or Kiev where you do spend more time trying to get people engaged in understanding why you would do it as an organization (Law Firm).*

Differences in the nature of the implementation and organization of HR within the sample companies reflected two key dimensions: (a) the HR/CSR relationship and whether HR was viewed as a part of CSR with existing CSR structures and processes used to integrate and implement HR commitments, and (b) the extent to which HR was integrated within core organizational strategy and governance processes. These dimensions are reflected in Figure 1, which categorizes companies' HR response by drawing upon Maon, Lindgreen and Swaen's (2010) Stages of CSR Development Model. This framework also reflects a sensemaking perspective and views companies as moving through three cultural phases starting with an initial reluctance to recognise CSR, followed by a reactive 'CSR cultural grasp phase, during which organisations become familiar with CSR principles' (p. 29), and finally CSR becoming 'embedded' in a more proactive and strategic manner. In this case, we apply the same logic and lexicon to HR's development. The model proposes four types of firm in terms of the role of HR and its relationship to CSR as follows:

**Figure 1: A Typology of HR Responses**

<b>CSR-HR Relationship</b>	Integrated	Dutiful Defenders (2 Firms)	CSR Strategists (12 Firms)
	Separate	HR Beginners (6 Firms)	Compartmentalized Carers (2 Firms)
		Grasped	Embedded
		<b>HR Role</b>	

1. HR Beginners

Companies in this group have formally 'grasped' HR by noticing it and becoming familiar with its principles, but have not yet practically addressed it or integrated it with existing CSR initiatives or core company strategy and governance processes. In other words, they remain at stage two of the SAO framework, and amongst the sample companies two had simply investigated the meaning of HR but had concluded that the business did not impact on HR (thus resulting in minimal action). CSR amongst four of the six HR beginners in the sample was mostly limited to voluntary and philanthropic measures such as charitable donations and staff volunteering, although the other two had integrated CSR commitments more strategically through their values framework, employee KPIs and risk management procedures or had "embedded CSR everywhere".

2. Dutiful Defenders

In this group, companies consider CSR and HR to be overlapping domains, but they have not embedded them within core business processes. The two sample companies in this category addressed HR using CSR structures, predominantly within the employee branch of CSR, although one also included it, to a lesser degree, in their customer-facing commitments. Overall the emphasis is in line with grasp-phase characteristics (Maon et al., 2010) of self-protection (defensiveness) and compliance-seeking (duty), although one company was evolving towards a more proactive approach.

### 3. Compartmentalized Carers

These companies demonstrate the 'caring' characteristics of the embedment phase (Maon et al., 2010) and have integrated HR within core business processes yet treat it as separate from CSR. The two sample companies in this category were notable for having adopted a more embedded approach to HR whilst lacking a formal CSR strategy. In addition to stressing their commitment to, and compliance with, HR obligations arising from employment legislation, they emphasised HR through mechanisms such as their corporate values (as the primary means for implementing employee policies) and staff training programmes.

### 4. CSR Strategists

CSR strategists view HR as an integral part of CSR and both are embedded within core strategy and governance processes. This represented the largest group within the sample, and amongst the twelve companies in it, there were three main variations in the focus of the relationship between HR and CSR. Firstly, some were mostly focussed on employee and workplace responsibilities within CSR processes (such as equal opportunities and diversity policies) and to a lesser degree focussed on customer commitments (such as privacy, access and inclusion measures). Secondly, some companies located HR specifically within the supply chain area of CSR. For example, two firms had developed new supply chain mechanisms for HR (both for assessing business opportunities in non-UK countries) which were then integrated within their overall CSR approach. They also stressed that CSR and HR were treated within their company's core risk management processes so that, as one respondent explained, it sent "*a clear message to the business that this wasn't going to go away*". For other companies, they had also set up new HR supply chain procedures but with the addition of employee and workplace responsibilities, (one to assess investment opportunities in non-UK countries and the other when expanding operations in countries with poor HR records), and both had then incorporated these new measures within their overall CSR strategy. The final main variation (in the HR /CSR relationship for strategists) was that some firms sought to balance elements of employee, supply chain and risk orientation, with one integrating more HR elements within CSR and core processes than any other. These included commitments towards employees and the workplace (such as equal opportunity policies), customers (notably disability access) and suppliers/supply chain (mainly as responsible investment criteria). This company's risk-based 'fiscal' framework was used as the overarching approach for identifying, implementing and monitoring their CSR and HR commitments.

Taken together, the three sensemaking stages reveal the CSR/HR relationship to be complex and multi-layered. The next section discusses this further and explores what these findings mean for both CSR and the protection and promotion of HR.

## **5. Discussion and conclusions**

### *5.1. Contribution*

This paper focuses on the relationship between HR and CSR within 22 large international companies and explores how they overlap, contrast and influence one another. By drawing on empirical data collected as part of a qualitative study, it contributes much needed data, currently lacking, on the HR and CSR practices and processes *within* MNEs and advances our knowledge of BHR, CSR and IB in a number of important ways.

First, the study revealed that, for most of the sample companies, CSR represented a significant field of past learning that shaped the development and management of HR within companies. This is not to imply that other factors were unimportant, but that CSR represented a clear organizational-level 'frame' (the retained knowledge and 'memory' of the organization) that directly influenced when companies noticed HR and how these commitments were then organized and implemented. Whilst some BHR scholars have speculated that companies subsume HR within CSR (such as Frankental, 2001), this study found evidence of this and highlighted where and how CSR shaped and influenced HR within business practice and the effects of this (something which previous literature has lacked given its focus on what HR theory offers CSR). Given the study's sensemaking lens, it is understandable that companies used their existing CSR knowledge and experience to address and talk about HR. If the goal of sensemaking is to achieve "the feeling of order, clarity, and rationality" (Weick, 1995, p. 29), then CSR provided a quick, convenient and economical way for companies to make sense of HR. By using existing CSR processes and mechanisms, it helped companies explain and legitimize HR (or the particular area being targeted) and encourage the type of action required from staff to realize HR commitments in practice. Also, because employees were already familiar with these (CSR) structures, HR measures could be incorporated within employees' everyday organizational routines and practices – something which Dutton and Dukerich call a "well-learned response" (1991, p. 519) – thus avoiding the need for additional training or awareness raising measures.

Despite the apparent benefit that CSR provides companies (vis-à-vis HR), the study highlights the potential drawback of this approach and the danger that HR becomes 'hidden' within CSR structures, processes and language, thus risking the loss or dilution of HR principles and goals. This would especially concern those who have argued that HR must have an explicit and visible presence within companies, both in terms of the language used and its location within corporate structures (Frankental, 2002; Wettstein, 2008). Without this explicitness, the moral force of HR (as rights *and* responsibilities) can be lost, such that "if we do not talk about rights, we do not talk about obligations. No one has an obligation to generate economic growth, but everybody has a duty to respect human rights" (Wettstein, 2008, p. 252). It was difficult to ascertain whether the integration of HR within companies' CSR efforts affected the protection and realisation of HR. Of those that had implemented HR, most were in the early stages of this process and had yet to fully appreciate and measure their HR impact. Clearly, this area would benefit from further research, specifically the effect of incorporating HR commitments within CSR (does it, for example, dilute the moral force of HR?) and, related to this, whether an approach based on HR will bring the type of benefits that scholars have argued for (will it, for example, result in a greater depth and breadth of commitment and corporate responsibility?).

This study also found that the relationship between HR and CSR may not always develop as conventional models and theories suggest. Two assumptions can be implied from Maon et al.'s (2010) consolidative model of CSR development, and the various stage models of CSR development that they draw upon. One is that as CSR within an organization moves from reluctance to grasp to embedment, the understanding of what CSR means evolves somewhat 'monolithically'. Although Maon et al (2010) note that the progression between stages is not guaranteed, and that different sub-cultures within different parts of an organisation may demonstrate different responses, the overall impression is of companies relating to a single, coherent concept of CSR. Another assumption is that the CSR agenda broadens as it progresses through the different stages. For instance, during the grasp stage, the emphasis is on legislative compliance and potential threats to the licence to operate, creating a narrow CSR agenda. With CSR embedment, the agenda broadens to include CSR issues that represent opportunities for innovation and value creation, until in the most advanced stages of embedment the company has "reached wide-ranging CSR by adopting new ethical values that are committed to human well-being and the fulfilment of the ecological sustainability of the planet" (Maon et al., 2010, p. 22-23). If this is the case, one would expect HR to be embraced by MNCs where CSR concepts were deeply embedded. However, two sample companies within the 'HR Beginners' group had not (yet) formally

committed to HR despite a more embedded and advanced adoption of CSR. Moreover, the two sample companies that were 'Compartmentalized Carers' had integrated HR into their core business processes without yet having a formal CSR strategy. Therefore, rather than HR being an element of advanced CSR, which follows other more established responsibilities in being recognized (as was the case for 'CSR Strategists'), HR was seen to be leading in the development of MNC's sense of social responsibility. For one of the 'Compartmentalized Carers', the international context played a crucial role in triggering and shaping this development in that their awareness of HR was sparked by public criticism of their overseas activities. This could also suggest that CSR developmental models have not taken into account, or do not adequately reflect, how companies' global presence shapes the development of, and relationship between, CSR and HR.

Another important contribution this study makes is in highlighting the significant role that companies' international presence has on the HR-CSR relationship, particularly how HR influences CSR practice. For example, the integration of HR within CSR structures was used by some companies as a way to identify the fundamental interests they should observe across all business operations. Finding that HR was used to help navigate different legal, economic and value systems supports the claims by BHR scholars that HR strengthens CSR by providing it with a moral foundation and ethical code for global conduct (Wettstein, 2012). Despite this, the study also found that other companies used HR as a mechanism to enhance their CSR strategy particularly when expanding their business internationally and/or mitigating the risk of operating in countries with poor HR records. This suggests, as Kolk and Van Tulder (2010, p. 120) highlight in relation to companies' use of CSR internationally, that the HR concept was employed as a strategic tool by companies, helping them to identify risks and enhance their reputation globally. That the international realm exerts an influence on when and how companies use HR (*vis-à-vis* CSR) is not surprising (given this reflects the origin or 'trigger' for the BHR debate and field itself). However, the strategic use of HR and the apparent conflict in rationales (moral versus economic) will concern those that espouse an ethical basis for corporate HR involvement (such as Arnold, 2010; Cragg, 2012; and, Donaldson, 1989). This study suggests that despite the various attempts by BHR scholars to develop a compelling moral justification for corporate HR responsibilities, more work is needed for this to gain traction amongst businesses. Such a task is made even more difficult if we accept Ramasastry's (2015, p. 238) argument that the BHR debate has shifted towards a legal perspective (and rationale), meaning that the message companies increasingly hear stresses binding law, compliance and state enforcement as the principal means to address corporate HR impacts. The two perspectives, however, need not be in conflict in that BHR scholars can make more explicit the ethical foundation (and the moral rights) that the legal perspective rests upon (Wettstein, 2009, p. 145).

BHR scholars can also strengthen the ethical 'message' of the HR concept by encouraging businesses and CSR scholars to go beyond viewing HR as a CSR 'issue' and/or one that relates only to companies' international operations. To overcome such constrained views of HR, BHR scholars can seek to stress the full range of connections between theory and practice concerning HR responsibilities, and the fields of CSR, IB, business ethics and management. If, as has been suggested, business managers and CSR scholars alike find the HR concept difficult to understand and apply, BHR scholars will need to demonstrate how HR can inform and strengthen the CSR debate both theoretically and in practice. This paper goes some way towards this (in terms of offering the internal business perspective) but such a task will also require careful management to ensure that the core principles of the HR concept (as moral and fundamental rights) are made explicit and do not become hidden or overtaken by dominant CSR ideas and/or language (such as voluntarism and/or enhancing the 'bottom line').

Finally, the study found that, although there is something of a 'great divide' between HR and CSR in management theory (Wettstein, 2012), in terms of business practice the nature and extent of this divide varies and is not as 'great' as it might appear. CSR can provide a trigger for companies to address

HR, a lexicon for them to discuss it without requiring HR terms that many seem uncomfortable with, and it provides systems and processes through which action on HR can be implemented. Whether or not companies have explicitly 'noticed' and/or engaged with HR, CSR initiatives often implicitly address HR contributions, and in many cases community elements of CSR strategies have a strong but unacknowledged HR orientation. It suggests that community initiatives may represent something of a 'hidden bridge' across the CSR and HR divide, and could provide the type of opportunity that some have been calling for (such as Ramasastry, 2015 and Wettstein, 2012) in terms of CSR broadening the HR debate beyond its current 'do no harm' focus. This study did find some evidence of this particularly in relation to companies' international operations. For example, whilst the pre-dominant approach towards HR was focussed on 'do no harm', companies had adopted a more proactive approach in certain areas (i.e. employee safety and diversity) and, of interest to this paper, when faced with particular global conditions (i.e. specific challenges in countries and/or regions where they operated). Interestingly, the areas that companies gave as examples of their proactive HR work internationally were seen by the majority of participants as the 'community' branch of CSR (such as health and social welfare provision) and not as HR commitments. It appears then, that for some companies, these positive and proactive commitments were viewed through a HR lens (rather than CSR) under specific conditions in their international operations. The challenge for BHR scholars, however, is to encourage companies to adopt this practice (where the proactive elements of CSR are considered a HR responsibility) across all their business operations, rather than for particular issues and/or when operating in certain countries and regions. One step towards this is to explore why companies have tended not to view the community branch of CSR from a HR perspective. For example, do companies perceive them as separate arenas or do they prefer to package these activities as CSR measures (rather than HR commitments) so that it gives them the freedom to choose what activities to carry out depending on, for example, corporate funding? Answers to these questions are important. If companies are to assume a much greater role in the protection *and* realization of HR, then we need to better understand why companies are reluctant to use the language of HR and what prevents them from moving beyond the largely 'do no harm' approach to HR.

## *5.2. Managerial relevance*

The findings concerning the relationship between HR and CSR have implications for those managing major companies, and for HR activists and others wanting to encourage them to recognize and commit to HR. For those seeking to promote HR within companies, the presence of CSR strategies and structures acts as a signal of potential readiness to engage with HR, and a potential trigger and conduit through which progress can be pursued. For MNE managers (particularly those with responsibility for HR), using existing CSR mechanisms to interpret and implement HR creates a risk that they become 'buried' within CSR, leading to important areas they protect and promote being overlooked, not fully considered or 'trumped' by other (economic) priorities. Seeking to accommodate HR within familiar corporate processes and language is understandable, but it is important that managers understand HR and how they relate to companies' global and local responsibilities, including knowledge of how and which implementation measures are relevant for specific HR commitments. Practitioners may also find it beneficial to re-examine their companies' CSR strategies to grasp more fully their contribution towards the protection and promotion of HR. By considering *all* CSR activity, particularly community investment measures, practitioners can explore and better appreciate the connections and overlaps between CSR and HR, allowing them to identify how CSR strategy can contribute in a positive way towards the realization and promotion of HR (beyond a narrow 'do no harm' approach) and to demonstrate this to both internal and external stakeholders. Moreover, as international managers increasingly face HR questions and challenges arising from the scale, scope and perceived power of MNEs, so an integrated approach to HR and CSR should help them to move beyond the predominant legal and business case perspectives to address the ethical issues at the heart of HR.



### *5.3. Limitations and future research directions*

This study focussed on UK companies only, creating opportunities to conduct similar research elsewhere. This would indicate whether the prominent role that CSR plays in how UK companies perceive and manage HR is shaped by UK specific factors, such as its legal, political and cultural characteristics, particularly its HR-hostile media (Heinze, 2012), which may shape British managers' HR understanding and choice of vocabulary. Comparative international research could also examine whether non-UK companies position HR separately from the community branch of CSR (and in doing so would reveal more generally where HR are located vis-à-vis CSR). A mixed methods approach would particularly suit this line of investigation. For example, a content analysis of corporate websites and reports would capture the interpretation and positioning of HR in respect of CSR, and a qualitative approach, such as interviews, could explore the reasoning behind this (such as why companies construct their CSR community investment practices separately from HR).

This research primarily considered managerial perceptions of companies' involvement in HR from the perspective of those individuals (or teams) responsible for, and already engaged in, HR and CSR. When examining the processes by which companies responded to HR, this is not necessarily a major limitation, as it is the perception of those closest to that process that is most significant. But future research could enrich our understanding by exploring the extent to which engagement with HR is recognized, and how it is perceived more widely, in other levels of the organization, other countries within an MNE's operations, and in other stages in the supply chain. Related to this, the study focussed solely on companies that have recognized and made some formal response towards HR and therefore is unrepresentative of the majority of companies that have not (Brenkert, 2016, p. 278). Future research that focusses on international companies that have considered HR, but then decided no further action on it is necessary, would provide an insight into the barriers and challenges that prevents companies from fully engaging with it. This could shed light on whether the complexities of international business contexts encourages MNEs to associate HR with a legal and/or government responsibility (Frankental, 2002), as well as whether it compounds managers attempts to make sense of HR, a concept that many find difficult and challenging in itself (Obara, 2017).

Whilst this paper highlighted the different ways that HR shaped CSR and vice versa, the findings do seem to suggest that CSR exerted a stronger influence over companies' HR development, particularly in relation to the recognition of HR (Stage 1) and implementation (Stage 3). The positive and negative aspects of this were discussed but no firm conclusion was reached as to the effectiveness of this approach. Further research is needed to explore the practical effects involved, such as whether adapting HR within CSR helps to promote the implementation and reach of the commitments, or whether HR becomes less visible and effective when addressed within CSR rather than through an explicit HR focus and language. Addressing such questions will require the development of suitable and accurate indicators for each component of HR. This is made more difficult by the methodological weakness within the HR concept itself, in that it is easier to identify cases of direct harm and abuse than to measure indirect and/or positive efforts that contribute towards the realization and promotion of rights.

One perspective that may improve the understanding of the potential to integrate CSR and HR in both theory and practice, and provide opportunities for future research, may involve combining the insights into sensemaking and CSR from the work of Basu and Palazzo (2008) with Kolk's (2016) exploration of CSR for MNEs and the positioning of HR within it. Basu and Palazzo (2008, p. 124) propose a process based approach to CSR "by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioral disposition with respect to the fulfilment and achievement of these roles and relationships". Such an approach locates CSR as central to the management of the business, whilst

side-stepping problems arising from defining CSR in terms of the specific issues involved. Combining such a 'CSR as process' approach with Kolk's (2016) framework that identifies key MNE global and local sustainability impacts (ie concerns about the common good) of 'Planet, People, Prosperity, Justice and Dignity', could provide a powerful way to make explicit, relevant and meaningful the HR issues that confront MNEs to become a more integral part of companies' CSR efforts.

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