

ROLE OF HUMAN RESOURCE IN SOCIALLY RESPONSIBLE BUSINESS IN LITHUANIA

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Abstract

With the development of economy and society, people are paying more and more attention to corporate social responsibility. Paper analyse Corporate Social Responsibility (CSR) attention on human capital situation in Lithuania, examine information on corporate social responsibility and human resource in different sectors enterprises in Lithuania. In recent years, as the meaning of CSR constantly expanded, the interrelationship among CSR, corporate strategy and sustainable development of human resource management of corporations is growing. Study on researches about CSR situation in Lithuania indicates that companies assume their role as profit seekers and taxpayers while the implementation of the principles of social responsibility are of little relevance. Good practice in some organizations on human resource management, companies guided by the principles of equality, diversity grants, supplementary pension scheme, and equal career opportunities for people regardless of their age, sex, ethnicity, religion, etc. In reports, we find human resource management system, which deal with all the issues related to employees that includes employment, compensation, health issues, motivation, administration and training. Reports confirm importance of human capital for successful sustainable development.

Key words: Corporate social responsibility, Human Resources

JEL Code: A13, J24, M14

Introduction

Corporate Social Responsibility (CSR) is an ideology, policy and practice of companies characterized by the voluntary incorporation of social and environmental issues and the values of respect for man, society and nature in cooperation with all relevant public, business and government bodies. Social responsibility has never been more prominent on the corporate agenda than it is today. Our societies are facing extraordinary challenges: increasing inequality, rising poverty rates, unstable economies, climate change and a raft of other issues. CSR system that nurtures a cohesive and enjoyable society encourages business leaders and employees to take an active interest in social activities. The public everywhere has expectations on business that extend beyond providing goods and services, providing jobs and

benefits, and making profits—although these certainly rank highest (Carroll, 2015). Managers of socially responsible companies are developing a new attitude towards business and entrepreneurship in society by developing a socially responsible attitude towards their employees and they are striving to create a socially favorable working environment. Company employees are the biggest and most important asset of the company. It is only thanks to them that we are making rapid progress every day. The aim of the paper is to analyze the concept of corporate social responsibility in the theoretical aspect, the regulation of corporate social responsibility (CSR) in Lithuania and find out how human resources (HR) importance grow implementing CSR in Lithuania companies. A Systematic Review and Analysis Recent attention to employee-focused corporate social responsibility (CSR) and ethical aspects of human resource management (HRM) has been paralleled by an increased focus on research and practice linking CSR and HRM (Gond, Igalens, Swaen, & El Akremi, 2011; Morgeson, Aguinis, Waldman, & Siegel, 2013; Shen, 2011; Voegtlin, Greenwood, 2016). HRM plays a significant role in how CSR is understood, developed and enacted. It is not surprising that research calls for research on the relationship between CSR and HRM (DeNisi, Wilson, & Biteman, 2014). However, despite increasing research activity on the CSR-HRM nexus, a comprehensive examination of the relationship between these two constructs is yet to be undertaken. Voegtlin, Greenwood, (2016) argue that such an endeavour is relevant and necessary. It is relevant, because changing institutional conditions in a globalizing business environment. CSR can be applied to the HR toolkit, resulting in a roadmap or pathway for human resource practitioners to follow who wish to contribute to the achievement of their organization's sustainability and business aspirations, thereby improving social and environmental conditions locally and globally. The amount of human capital directly affects indicators of social and economic development (Sycheva, 2019). Likewise, the more stable is socioeconomic situation in the country, the more rational is the investment in human capital and effectiveness of its use. Human resource professionals have a key role to play to help a company achieve its CSR objectives. Employee involvement is a critical success factor for CSR performance. Human resource managers have the tools and the opportunity to leverage employee commitment to, and engagement in, the firm's CSR strategy. Typical employee performance indicators adopted by leading CSR firms, such as diversity and inclusion; health, safety and wellness; work-life balance; employee benefits and engagement; anti-discrimination, turnover; labour-management relations, professional development, employee volunteering, etc. Employees prefer to work for organizations aligned with their values; thus,

incorporating CSR into the employee brand can enhance recruitment and retention, particularly in tight labour markets. Integrative approaches to CSR and HRM uncover a number of significant ideas for research. Importantly, they highlight that HRM does not act in isolation, it is much more relational and interconnected, not only at an interpersonal level but also the societal level (integration of the economic and ethical, and integration of business and society). The European Commission believes that CSR is important for the sustainability, competitiveness, and innovation of EU enterprises and the EU economy. It brings benefits for risk management, cost savings, access to capital, customer relationships, and human resource management.

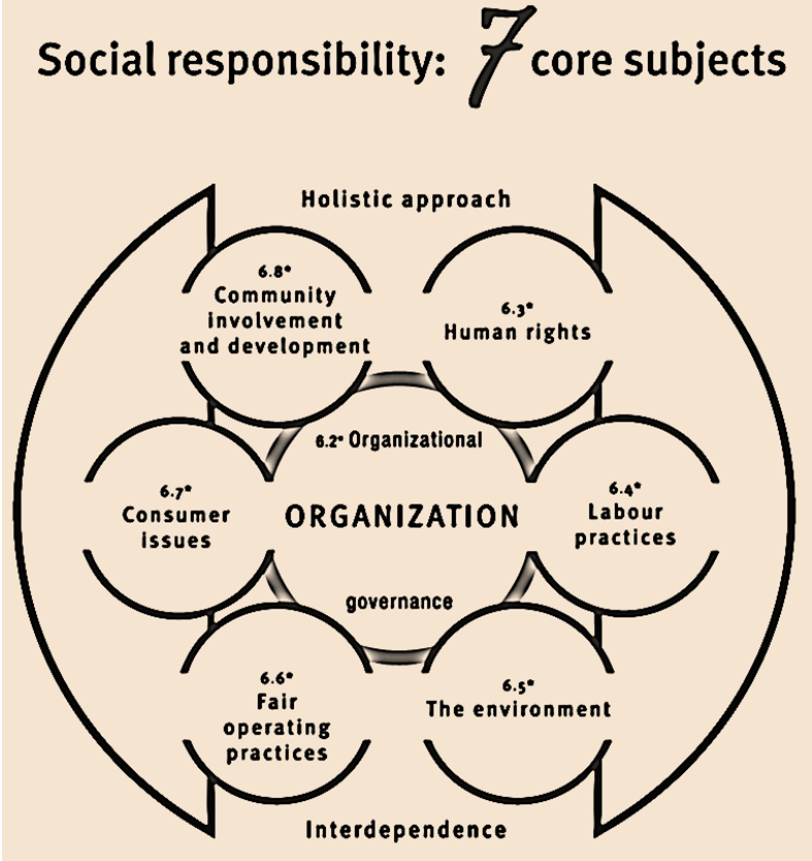
1 Role of human resource in socially responsible business in Lithuania

Lithuanian scientists (Dagilienė, Leitonienė, Grencikova, 2014; Pauzuoliene, Mauriciene, 2013; Zickiene, S., Juozaitiene, L. 2013.) argues that corporate social responsibility is based on the adaptation of the principles of sustainable development in its activities. The Ministry of Social Security and Labor of the Republic of Lithuania provides the following definition of corporate social responsibility: “Corporate social responsibility is the responsibility of a company for its impact on the environment and society. Companies, together with public and public sector partners, are seeking innovative systemic solutions to social, environmental and wider economic well-being.” Development of CSR influenced by the macroeconomic environment that consists of all economic sectors and their interactions. In order to analyse the influence of the main macroeconomic aspects on the development of CSR were used SWOT analysis of CSR promotion policy (Simanavicienė et al, 2011). Social responsibility forces companies to change their internal processes, to look for new, more optimal ways of doing business. Employee concern, accessories, flexible schedules, in-service training and similar initiatives increase consumer satisfaction and loyalty. This not only benefits the employees, but also the company itself, as employees are more motivated and satisfied, and therefore perform better. Majority of Lithuanian companies follow these standards: ISO 14000, ISO 26000, SA8000 and OHSAS 18001.

ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. This means acting in an ethical and transparent way that contributes to the health and welfare of society. ISO 26000 addresses 7 core subjects: 1.Organizational Governance, 2.Human Rights, 3.Labor Practices, 4.The Environment, 5.Fair Operating Practices, 6.Consumer Issues, and 7.Community Involvement and Development. Economic

aspects, those of health and safety and the value chain are processed through the 7 core subjects, when appropriate. Human resources related to 1,2,3,7 core subjects.

Fig. 1: Social responsibility - 7 core subjects of ISO 26000



Source: ISO 26000

SA8000 measures social performance in eight areas important to social accountability in workplaces, anchored by a management system element that drives continuous improvement in all areas of the Standard. An accredited SA8000 certification provides ongoing and reliable assurance that an organization is upholding social performance expectations, while also continuously improving their management systems to address and prevent social and labor risks. Social Responsibility (SR) should be viewed as a way of conducting business, which enables the creation and distribution of wealth for the betterment of its stakeholders through the implementation and integration of ethical systems and sustainable management practices (Pauzuoliene, Mauriciene, 2013). Lithuanian Association of Responsible Business LAVA, whose members are companies declaring their socially responsible business in Lithuania. This association can also be described as a platform for sharing good practices of responsible business. These examples provide a stimulus for learning, developing HRM, and growing

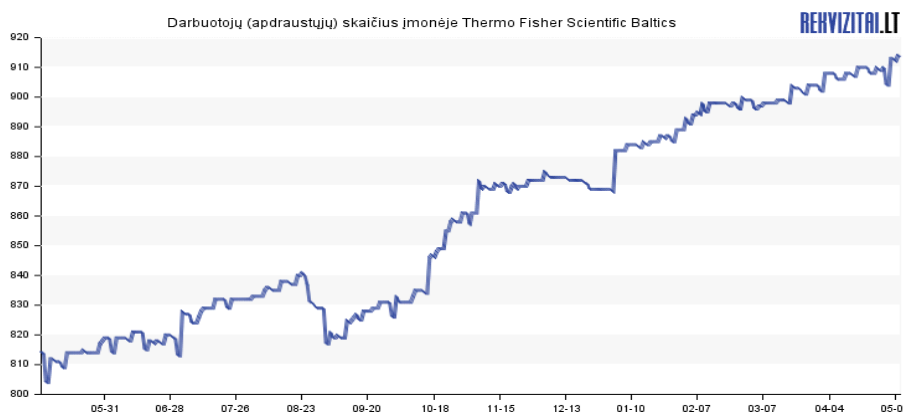
sustainable business development in the country. The biggest voluntary initiative of CSR worldwide is Global Compact. Since 2005, there is the National Responsible Business Network operating as a part of the Global Compact initiative in Lithuania. Companies that joined the Global Compact, declare that they apply 10 principles of social responsibility, disclosing in annual social reports for stakeholders. Companies are free for choosing reporting schemes, according their reports are of different size, what causes difficulties in analysis, comparison and evaluation (Zickiene, Juozaitiene, 2013). Relatively small number of companies make these statements, but also at the same time, they are different in content and structure, and therefore not always comparable (Dagilienė, et al, 2014). Some of UN Global Compact members in Lithuania: „Kraft Foods“, „Danone“, „Nordic Sugar Kėdainiai“, Swedbank, Teo, LESTO, PakMarkas, Thermo Fisher Scientific Baltics, AB Lietuvos Geležinkeliai, Šiaulių Bankas.

2 Examples of good practice of HRM in CSR in Lithuania

We found examples of good practice: Telia Lietuva, LESTO, PakMarkas, Manvesta, Swedbank, Šiaulių Bankas AB, Thermo Fisher Scientific Baltics, AB Lietuvos Geležinkeliai (Lithuanian railways) (LG). „Telia Lietuva“ inform society and stakeholders about continuously responsible business conduct yearly. The management system cover all requirements of the OHSAS18001 / ISO45001 standard. Telia Company considers employees as its most important resource and focuses on health and well-being. Health and well-being of our employees creates the foundation for a great employee experience. A healthy and safe work environment is a responsibility of everybody. The company implement procedures for all employees to participate in the healthy and safe work environment development. In 2018, Telia Lietuva extended the validity of the Occupational Health and Safety certificate (OHSAS 18001). This certificate confirms that company's management system meets the highest standards and demonstrates a responsible approach to occupational safety. For many years, Telia Lietuva has been encouraging its employees to choose healthy lifestyle and active leisure. Employees can choose from four additional health insurance plans. Telia take care of the financial well-being of our employees. Telia Lietuva employees, who have been working for more than one year, can participate in our special program 'Kaupk su Telia' (Save with Telia). The point of this program is that the funds allocated by the employer accumulated in one of the Tier III pension funds of SEB Investment Management selected by the employee. In total, 927 employees use the save with telia program. Telia Lietuva has established the

Social Needs Fund, which managed together with representatives of Trade Unions. In addition, in 2018 implemented a new personnel management system. The changes have ensured that our employees can connect to the system and see all open job positions in Telia. Any employee willing to volunteer may spend eight hours per year on it during work time. Lithuania Railway (Lietuvos Geležinkeliai) (LG). Employee safety and health is of the highest priority in LG Group of companies. For a purpose to create a safe labour culture, the first workday of each month since April 2018 announced a safety day and special attention paid at employee safety and health. LG Group of companies continuously measures occupational risks in workplaces of employees, carries out check-ups of departments, prevents employee alcohol consumption at work, controls whether employees arrive to workplace safely using railroads, how the assessment of occupational risks is implemented. Great attention is paid at prophylaxis of staff health – the Company funds periodic compulsory and thorough diagnostic health check- ups, employees receive health insurance contracts and all staff is insured against accidents. All employees have access to receive free influenza vaccines, whereas employees under biologic risk factors receive a tick-borne encephalitis vaccine. Thermo Fisher Scientific is the world leader in serving science and with that position comes a great sense of responsibility to the global community. Thermo Fisher Scientific Baltics seeing a significant increase in the involvement of our colleagues through our volunteerism programs that designed to inspire the next generation of scientists. We also continue to invest in our signature STEM scholarships to make a science-based college degree a possibility for more students. According to sociological research, for the fourth year in a row have the highest reputation among all Lithuanian companies. As a result, the number of employees is constantly increasing

Fig. 1: Number of employees at Thermo Fisher Scientific Baltics 2018.05-2019.05



Source: Rkvizitai.LT

The Lithuanian branch of Thermo Fisher Scientific employs more than 600 highly qualified specialists and over 100 scientists and researchers. Thermo Fisher Scientific employs over 80,000 people worldwide. ESG metrics reinforce the importance of sustainable business practices as another key driver of growth. Embracing a diverse and inclusive culture is a differentiator in today’s war for talent and in ability to build the strongest team possible to execute strategy. Having highly engaged colleagues is critical to the success of Mission and Vision. It is imperative that they have opportunities to learn, grow and influence company culture. Through Practical Process Improvement (PPI) Business System, enable colleagues to become problem-solvers and to implement change where they see opportunity or waste. Thermo Fisher want all colleagues to achieve their full potential and career aspirations. Committed to the development of all diverse, global colleagues, enhancing their skills and knowledge to achieve current and future business objectives. Talent at Thermo Fisher is an organizational capability; that is, actively manage talent through deliberate, intentional rotations. Executives and leaders participate in frequent discussions around organizational talent, leveraging workforce data and predictive analytics to better anticipate the needs of business based on growth and market demand. At Thermo Fisher Scientific, diversity and inclusion (D&I) engrained within culture. Through D&I initiatives colleagues enabled to openly share the wide range of perspectives they represent, creating an environment where differences are truly valued, authenticity is a state-of-being and everyone feels like they belong. Diversity and inclusion strategy is greatly enabled by Employee Resource Groups (ERGs).

Fig. 1: Thermo Fisher Scientific Employee Resource Groups



Source: Termofisher CSR 2018

These groups bring together individuals with similar interests to improve the colleague experience and to support key initiatives. ERGs are vital to effort to continuously reinforce that all colleagues are valued and can make a difference for customers and for each other. ERGs are focused on supporting our organization in four key areas: recruiting, communications, career development and driving higher levels of community involvement. Each ERG is championed by an executive sponsor and key leaders throughout company. Company Manvesta employees are the biggest and most important asset of the company. It is only thanks to them that we are making rapid progress every day. As a growing company, Manvesta is constantly monitoring the job market and looking for new and energetic employees. Collaborates with higher education institutions and hires young professionals to undertake internships in the company each year. It aims to help young people successfully enter the labor market and to better understand the needs of employers. Companies operating in the Lithuanian market could follow the examples of good practice and improve their corporate social responsibility. Typical employee performance indicators adopted by leading CSR firms, such as diversity and inclusion; health, safety and wellness; work-life balance; employee benefits and engagement; anti-discrimination, turnover; labour-management relations, professional development, employee volunteering, etc. Most of the companies examined focus on attracting highly qualified professionals from universities, colleges, collaborating, providing internships, and encouraging their staff to study at universities by enabling them.

Conclusion

All in all, companies using management and HRM systems that promote social responsible business significantly enhance their image in a socially responsible society and significantly increase employee loyalty, commitment to work, and motivation, leading to much higher quality of work, effective management and positive change. in organizations.

Companies operating in the Lithuanian market could follow the examples of good practice and improve their corporate social responsibility and HRM by implementing appropriate quality standards and annual reporting.

Most Lithuanian company, aware of its social responsibility and voluntarily taking on additional obligations to improve business practices, implement modern human resource management technologies, uses technologies that protect natural resources, materials that are not harmful to human health, and production processes.

HRM could positively impact the achievement of performance related goals of CSR
Human resource professionals have a key role to play to help a company achieve its CSR objectives.

Employee involvement is a critical success factor for CSR performance.

CSR can be applied to the HR toolkit, for human resource practitioners to follow who wish to contribute to the achievement of their organization's sustainability and business aspirations, thereby improving social and environmental conditions locally and globally.

Companies pay great attention to human resources and attract highly qualified professionals from universities, colleges, collaborating, providing internships and encouraging their employees to study.

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