

Exploring the Integration between Corporate Social Responsibility and Human Resource Management Practices: Cases of SMEs in Johor, Malaysia

Salasiah Ma'erat¹, Siti Sarah Omar^{1*}, Mohd Asmadi Mohd Angsor¹

¹ Faculty of Technology Management and Administration,
Universiti Tun Hussein Onn Malaysia, Batu Pahat, 86400, MALAYSIA

*Corresponding Author: sarah@uthm.edu.my

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Abstract

In this day, CSR has been a primary factor in how businesses recruit, retain, and motivate potential employees. Due to growing concern about CSR and the value of CSR to HRM in an organization, researchers have emphasized an increased interest in debating the integration between these categories. However, the lack of empirical research on the integration between CSR and HRM in practice has led to a lack of understanding of how these two ideas are linked in dynamic and complex organizational CSR. In order to bridge this knowledge gap, this exploratory study examines to what extent CSR is embedded in HRM functions, and proposes a framework for integration between CSR and HRM. The population of this research were SMEs in Malaysia, which have implemented CSR in their organization's HRM function. This is positioned in an exploratory paradigm and uses qualitative research methods, based on data from an interview with SME companies in Malaysia. For the research instrument, researchers were used an interview method with selected SME employees. The interview information were analyzed by using thematic analysis and NVivo software. Findings revealed that SMEs companies value and implemented CSR that focusing on their external and internal stakeholder such as employees, customers, environment and society. In addition this study found that, CSR and HRM are linking function with two groups which CSR to HRM and HRM to CSR. This study provides both theoretical and practical contributions, especially in identifying the linking between CSR and HRM as well as role of HRM for the success of CSR operations. The framework enables the evaluation of the organization's integrated socially responsible and human resource activities. Besides that, it help to discover and use the benefits resulting from the linkages between CSR and HRM; to utilize it for establishing CSR concepts and instructional objectives in industry and other private sector groups.

1. Introduction

In present competitive environment, employees, customers and stakeholders expect companies to be responsible corporate citizens in addition to providing high quality products and services (Shen & Zhang, 2019). As a result, corporate social responsibility (CSR) has become embedded in current organizations as a strong

statement of their identity and values. CSR, in the broadest sense, refers to a company's moral commitment to both external and internal stakeholders to be accountable for the things it produces, the way it does organizations, and the overall organizational impact on society. CSR incorporates critical organizational acts that go beyond what is legally required and generally enhance some type of social good. Frequently, these gestures are intended to foster community goodwill (Jang & Ardichvill, 2020). Companies that employ CSR actively are frequently rewarded with strong brand images, improved reputations, improved employee commitment and increased financial performance (Lombardi *et al.*, 2020; Miller & Akdere, 2019; Budhiraja & Yadav, 2020). Although many companies have acknowledged the concept of CSR by incorporating it into their mission and vision and collaborating with their partners to achieve corporate goals, the process of properly integrating social responsibility into their daily operations has not been fully realized especially in SMEs (Maldonado *et al.*, 2020). Numerous researchers have increasingly focused their attention on the function of HRM capabilities in executing the CSR in this scenario. HRM is critical in achieving the above goal, since it is one of the approaches for securing employee support and commitment to CSR policies and practices.

Due to the growing concern about CSR, the value of CSR to all stakeholders in an organization, including internal employees, can not be overlooked in today's business world. Because every company requires support from its employees for long-term sustainability. In addition, employees' well being should take precedence over the interests of external stakeholders, as employee commitment increases productivity for the company. Employers will benefit from the study's findings because they will provide valuable insight into managers' ability to better understand their employees' needs. And their expectations of organizations, which will help them develop a more effective strategy for establishing a committed workplace.

In addition, the concept of CSR is applicable only to large multinational corporations, and due to the size of the enterprise, SMEs have limited CSR (Maldonado *et al.*, 2020). Therefore, SMEs should have started to incorporate CSR into their daily activities. Given the relative importance and net performance of SMEs, the objective of this study is to understand the extent to which SMEs are adopting the concept of CSR. Companies seeking to gain trust and reputation in the marketplace must incorporate CSR values into their business.

2. Literature Review

2.1 Embedding CSR into HRM

The embedded perspective, argues that divisional collaboration is required to achieve shared company goals (Kahn, 1996). CSR and HRM are intimately connected and interdependent and serve the same purpose. In other words, they cross paths because they have similar objectives (Gond *et al.*, 2011). As a result, expertise in CSR and HRM may be needed. According to Jang and Ardichvill (2020), HRM has a strategic function in embedding CSR practices within the organization, as CSR is also promoted as a strategy for sustainable development. Then, according to Lombardi *et al.*, (2020), CSR will attract and retain talent by establishing a positive employer brand, educating employees about inclusiveness and equal opportunity, selecting practices, implementing decent job standards, and establishing clear CSR values, which contribute to HRM. HRM may inspire and motivate employees, clarify business strategies, and promote social responsibility and sustainable growth.

Furthermore, Sarvaiya (2014) suggests that CSR may be incorporated into HRM by integrating employee-related aspects as part of CSR. According to studies, the four most essential human resource components for CSR are health, safety, and well-being, training and development, work-life balance, and gender diversity and equality. CSR, in particular, helps in the study and resolution of significant employee issues that are important to attaining business goals and controlling their societal impact. Garavan *et al.* (2010) contend that CSR should begin with internal stakeholders and be incorporated into HRM operations. It is feasible to incorporate CSR concepts into employee practice in order to promote social responsibility in HRM.

In addition, Stefano *et al.* (2018) emphasized the distinction between employee and employer, stating that the value-based hiring process, employee training, performance management, career management, and compensation and reward management systems are all examples of HRM department activities that promote or influence CSR activities. As Kumar (2019), described, HRM is an element of CSR management. As a result, the CSR strategy appeared to be consistent with HRM. Lombardi *et al.* (2020), indicate that they are critical for employee engagement and CSR participation since they generate value for the company. Celma *et al.* (2014) recommended that HRM embed CSR concepts into existing HRM functions and initiate new CSR initiatives inside the company in order to enable feedback and employee participation. According to Maak *et al.* (2016), CSR has an impact on HRM and that the majority of CSR strategies have both internal and external influences. Internal factors include how employees are treated, while external elements address the demands and aspirations of external partners. Akremi *et al.* (2018), also stated that human resource practices are an aspect or guiding force in CSR and that various human resource practices have a positive effect on the organization's CSR.

2.2 Linked of CSR and HRM in SMEs

According to Sharon (2013), implementing CSR policies and practices into everyday management processes such as employee training, the structure of an organization, equal opportunity, social inclusion, and sustainable growth continues to be a struggle for the majority of companies. This is because CSR is a relatively new concept for certain SMEs and extends above environmental management and legal requirements. As consumer, supplier, investor, and employee interest in CSR grows, companies are obliged to confront how and when to organize these activities and allocate resources to stakeholders (Mezei & Kareem, 2017). In this context, the relationship between SMEs and their employees can be viewed as a prerequisite for CSR, as SMEs that demonstrate a high level of responsibility toward their own employees are more likely to practice CSR toward their stakeholders and the social and natural environment. In turn, the notion of HRM is critical for promoting CSR, since it has been defined as the policies, procedures, and processes that affect employees' behaviour, attitudes, and performance. Additionally, HRM procedures include job analysis and design, recruiting, training and development, performance appraisal, compensation and benefits, employee relations, and safety and health (Yam, 2013).

Although research in the field of HRM has improved the tendency and concept of effective human resources from an internal company perspective, recent attention has shifted to the impact of HRM on organizations, social, and environmental efficiency (Baek & Kim, 2014). Sancho (2018) concludes that, as a result of different interests and limited resources in HRM, SMEs have historically made insufficient contributions to CSR policy. Similarly, Sarvaiya *et al.*, (2018) discovered that, despite the fact that HRM provides excellent support for CSR in terms of recruiting, growth, workplace diversity, and engagement, there is still room for improvement. Organizations have a limited role for HRM in CSR. However, the role of HRM is critical in a variety of areas, including organizational change, safe working conditions, health and well-being, and team building. Usually, these activities are supervised by the organization's line managers (Herrera, 2020). The dispute between human resource managers and line managers is complicated, but it can be handled by professionals and practitioners of corporate social responsibility who are currently compete for power and resources (Kumar, 2019).

HRM is essential to understanding, implementing, and delivering CSR in the workplace. This can help foster adherence to CSR practices and principles, as well as the development of CSR values, to promote a socially responsible culture in the workplace (Shen & Zhu, 2011). Similarly, how companies conceptualize and implement CSR certainly has an impact on staff and human resource managers. CSR can help motivate employees, foster loyalty, and organizational identification, as well as identify targets that HRM can use to provide incentives and rewards to employees, or even apply criteria for decent work. HRM practices are important for SMEs today.

2.3 HRM Practices in CSR

2.3.1 Employee Recruitment and Selection

In general, the exploitation of most CSR projects has multiple impacts on HRM. CSR can initially be a sensible strategy to attract talent and improve a company's competitive advantage (Adetunji & Ogbonna, 2013). This image of CSR affects the attractiveness of the organization and ultimately the intentions and decisions of job seekers. Companies involved in CSR activities are generally more likely to be identified as excellent companies. A socially responsible organization can help individuals who respect ethics or have a strong moral identity to keep a socially acceptable identity. Together with businesses that suit their relationship and safety needs, potentials can now look for businesses that share their moral and ethical ideals (Bauman & Skitka, 2012).

Turban and Greening (1996) observed that CSR had a positive correlation with the reputation of the company and thus with the attractiveness of job seekers. They discovered that CSR provides applicants with a competitive advantage, as they are more likely to seek work in organizations with high levels of social responsibility than in companies with low levels of social responsibility (Turban & Greening, 2000). Evans and Davis (2011) indicate that CSR had a greater effect on attracting applicants than those who had received prior CSR training and achieved better results on other value-based measures in job role requirements. Waples and Brachle (2020), examined the views of applicants on the relevance and the effects of CSR characteristics on the attractiveness of companies. In addition, they found that the environment, social ties, and diversity factors have a significant influence on the attractiveness rating.

Furthermore, there are indicators that millennials can be different than members of earlier generations from CSR efforts. Supanti and Butcher (2019), show that the current millennial generation of companies committed to CSR and prioritizing a mentally healthy work environment are more receptive to reflecting on their beliefs. Applicants who are passionate about a certain social cause or concern can through CSR efforts be more accessible to companies with similar principles. It can make sense to adopt a more focused position on social concerns if an organization wants to recruit young talent.

2.3.2 Compensations Systems

Compensation in the HRM function is likely to be influenced by a company's choice of CSR program. Employee compensation is multifaceted in that it may include the exchange of talents and time in exchange for a variety of incentives. According to Thompson and Bunderson (2013), employees often maintain exchange relationships with their employers by using three currencies such as economics, money, and tangible advantages. The second type is socioemotional, which includes things like work security and training possibilities. Third, there are ideological considerations, such as the opportunity to contribute to a broader social purpose.

According to Deci and Ryan (2018), the organization's CSR programs, which often include contributions to wide societal issues, may fall under the exchange of ideological currency. Employees who work for or are given the option to engage in a company's CSR programs may feel they have a greater societal calling. CSR participants can meet the individual ideological and value requirements of employees which go beyond monetary gains. Besides the currency award, people who accept or remain in a post probably take intangibles forms of social and ideological currencies into account. Many researchers have started to suggest that people are not motivated solely by money (Sorauren, 2020). The research on ideological currency and its existence in many sectors is still emerging. In other words, employees and potential employees must be aware and care about the chance with their employer (Krause & Moore, 2017).

Employees who desire ideological or other value-related currency are intrinsically motivated rather than extrinsically motivated (Thompson & Bunderson, 2013). Deci and Ryan (2018), a smart organization that values CSR would most likely motivate employees to work more passionately. CSR programs can be used by businesses to exhibit such ideas. HRM is well-known for dedicating a significant portion of a company's budget to compensation. Because of higher intrinsic motivation, a corporation concerned with CSR can obtain more profitable work from employees for the same amount of money.

Furthermore, CSR efforts may have compensation repercussions in addition to normal CSR endeavours. Controversial CSR programs will elicit a stronger reaction from the public than ordinary ones (Sun & Yu, 2015). According to Hong and Minor (2016), employees felt more committed to organizations that engaged in CSR activities that were well accepted by the public. Those who enthusiastically support a company's CSR initiatives may perceive them to be more socially beneficial. Some people may work longer hours or make larger monetary sacrifices in order to work for their firm. Furthermore, Diaz *et al.*, (2018) stated that companies can attract employees who are willing to accept lower compensation in exchange for a job. In other words, employees in CSR organizations may be willing to work for less pay if they perceive that job satisfaction is not only dependent on financial gain. CSR companies, on the other hand, may be willing to pay higher wages because they care more about their employees than their competitors (Sun & Yu, 2015). Furthermore, the organization has the ability to attract highly educated and experienced people. These employees may demand higher pay as a result of the labour market's limited supply of qualified human resources. It is also possible that corporations will increase employee salaries in order to attract and keep them. In that instance, a CSR company's staff costs will be higher (Sun & Yu, 2015).

2.3.3 Training and Development

There is an increased demand for trained and skilled employees in today's competitive employment environment. Employee training not only aids in the development of important professional skills, but it also displays those businesses are serious about investing in and providing possibilities for career advancement for their employees. Both training and development are centred on the improvement of employees' knowledge, skills, and attitudes. According to Shen and Zhang (2019), in terms of CSR, training becomes mandatory at each step of expansion and diversification. As a result, employees must gain the necessary knowledge as well as build skills and talents in order to operate more effectively and boost output. Training and development are essential components of corporate learning. As a result, it must be carefully planned, coordinated, and implemented in order to result in greater production and growth and so retain long-term competitiveness.

Ardichvili (2015), claimed that in education and training staff members, HRM may play an active role in particular CSR integration techniques. HRM may be essential in addressing CSR concerns and fostering responsible work practices by improving employees' knowledge and encouraging them to interact with CSR issue. Furthermore, Miller and Akdere (2019), discovered that employee training and development on CSR concerns resulted in good views toward society and the organization. Simola (2014) emphasized the value of education in the organization when it comes to teaching crisis management is important. Hui *et al.* (2020) found that training and development improve the identification of personnel with organizational CSR goals and commitment. Such training and development programs are crucial in ensuring that the HRM function is undisputed and can help to place CSR activities at the forefront (Ardichvili, 2015).

In addition, training and development strategies will be developed to assist employees in acquiring and developing CSR knowledge, skills, and competencies (Guerci *et al.*, 2016). According to Jang and Ardichvili (2015), managers must be equipped with the following skills to support organizational CSR initiatives,

experience and comprehension of the principles of the process structure, group dynamics and the ability to engage in the team to support both tasks. Employees must also strengthen their communication and networking capabilities. Garavan and McGuire (2020) argue that developmental initiatives should highlight employees' communication skills with diverse stakeholders and a grasp of the impact of corporate operations on society. According to Cohen (2017), taking into account the CSR objectives of the organization, the requirements of each particular role, and the extent to which each employee is engaged in CSR, decisions on specific skills should be made in the light of certain positions which include activities associated with CSR, such as the CSR Manager, HR Manager and other management personnel.

2.3.4 Performance Appraisal and Management

There is a set of criteria produced for all members of the company within the content of performance management and appraisal. These parameters include job duties, job performance, and employee performance quality. These aspects serve as indicators for performance management and appraisal. An effective performance appraisal is a critical tool for giving employees with appropriate feedback. It regularly assists businesses in achieving their organizational aims and objectives (Jackson *et al.*, 2016). The job description must be related to and aligned with the activities and goals. The human resources department should incorporate the major dimensions into the performance appraisal rating system. These dimensions could include collaboration, teamwork, diversity, and creativity (Liebowitz, 2016). Managers' comments on employees' performance throughout the year enable them to improve their expertise, proficiency, and competencies.

According to Renwick *et al.* (2016), managers must manage performance in order to achieve CSR effectiveness, which includes developing performance indicators, performing performance audits, and adopting information systems. Performance evaluation is encouraged, and it includes discussions about CSR and other issues. Managers are held accountable in performance reviews for meeting performance targets. Performance management encourages negative consequences for instance criticism and suspensions to keep employees on their toes. Certain staff employees have information and abilities that supervisors do not have in terms of tacit knowledge. These abilities are used to develop methods for identifying, addressing, and managing emergencies inside an organization, as well as preventing situations with adequate solutions (Li, Tang & Chen, 2015). Employee empowerment and engagement begin with senior management commitment, which is demonstrated by the creation of management functions that guide the execution of employee job performance. Senior managers must show an interest in the duties entrusted to their staff, and numerous of their behaviours, such as rewarding employees, communicating effectively, and increasing competency, are linked to creative HRM management techniques (Haddock *et al.*, 2016).

Additionally, Christina *et al.* (2017) noted the purpose of performance management is to raise employees' understanding of CSR and corporate goals, allowing for a maintained ethical attitude in this area through the implementation of CSR-related measurements and benchmarks. Managers and staff would engage in procedures that supported and reinforced the attainment of organizational goals in order to be rewarded and promoted (Knudsen, Geisler, & Ege, 2013). Different top-down and bottom-up tactics are meanwhile employed for internal communication to engage employees in organizational objectives and to provide them with the opportunity to help them develop and accomplish organizational or team objectives (Guerci & Carollo, 2016). To be effective in enhancing a CSR strategy, the HRM objectives must be adequately identified and managed in the business strategy of the corporation as much stability as traditional profit-oriented objectives (Christina *et al.*, 2017). Additionally, Christina *et al.* (2017) show that employees are more likely to be interested in CSR when it is integrated into management and its objectives may be included in both manager and employee job descriptions, and the HRM function has more credibility to promote it.

3. Research Methods

Interviews were conducted with the HR managers and executives as well as employees in SMEs companies. A face-to-face interview and using a video conference platform interview were conducted where the researcher ask a series of open-ended questions. Approximately, 8 participant from 4 SMEs company in-depth interviews were interview by using face-to-face and using a video conference platform interview method is adopted for the nature of this research seeing that it is an interpretive approach which enables the researcher to understand human experiences at a holistic level. This method provide rich and in -depth information, which allows researchers to understand the unique and general aspects of the interviewees, as well as the meaning of the experience. In other words, researchers able to explore where necessary to obtain data that are considered useful and expand their understanding, so as be able to fully understand the views or situations being interviewed. Interview data were collected in the form of notes and interview recordings, and then transcribed in data analysis. To obtain approval from the interview respondents, the researcher were request permission to conduct the interview via e-mail, attaching the research letter obtained from the university and the questions

raised during the interview. Besides, internal memos for secondary evidence were gathered and analyzed as secondary data collection.

4. Data Analysis and Findings

4.1 Integration of CSR in HRM Practices

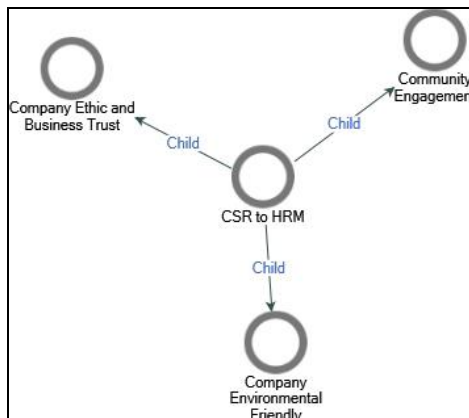


Fig. 1 Role of CSR in HRM

The embedded between CSR and HRM is examined by evaluating how CSR is relevant to HRM and what variables determine such relevance. The stakeholder perspective was used to describe this interaction. This summarizes the analysis of the empirical data and discusses the compatibility of the stakeholder approach with the study's conclusions. When looking at how CSR is applied to HRM in recent research the key themes show that this relationship is affected by the context. Based on what was found, we can say that CSR-related factors have the most impact on what CSR represents for HRM. CSR can be a part of HRM, for example, if a company has a well-balanced CSR strategy that includes external stakeholders. On the other hand, if the CSR strategy is focused on things outside the company, there may not be effects on things inside the company that have to do with employees.

The empirical findings support the assertion made by Maon *et al.* (2017) that external CSR development is a key factor in influencing the reach and implementation of CSR. It affirms that organizations may display various degrees of integration with organizational activities depending on their stage of CSR growth (Zu & Song, 2019). For instance, information from the study's interviews suggests that external stakeholders are likely to take precedence if an organization is still developing its CSR strategy. This essentially captures the organization's first reaction to the mounting pressure from outside stakeholders. According to the results, in this case, resolving workers' ethical concerns was considered as less important than fostering good ties with the surrounding community and complying with environmental regulations. This is comparable to the phases of CSR as defined by Mason and Simmons (2016), who noted that in the early stages of growth, CSR may have little connections to HRM and that HRM may continue to be "hard" with little regard for employee welfare. Through employee-focused activities, CSR aids in the development of "soft HRM" throughout the traditional stage. Finally, CSR may be integrated with HRM in the post-conventional era to promote "ethical HRM" (Mason & Simmons, 2016). According to the empirical data of this study, organizations with very well CSR policies may be properly integrated into their HRM operations.

The nature of the sector is another element influencing the breadth of CSR, since businesses operating within various industries embrace CSR differently (Chih *et al.*, 2017). According to Branco and Rodrigues (2015) categorization, it can be proven that service organizations that are closer to the community show greater care for the social aspects of CSR. According to findings, this group comprises businesses like food and beverage, agriculture, transportation, and manufacturing sectors. These businesses had thorough CSR policies that were effectively integrated with HRM concerns. It may be claimed that these businesses understand the rationale behind community and environments ethical issues and how they affect brand perception. To engage with HRM and achieve socially responsible community engagement and company environmental friendly were heavily involved in external CSR activities. In addition, the empirical findings showed that industrial organizations that employing natural resources or pose a danger to the environment, such as forestry, electronics, and construction continued to place a higher priority on the environmental components of CSR than on HRM. As a result, organizations that care about the environment are eager to pursue environmental projects. Therefore, it can be claimed that the scope of CSR is closely correlated with external CSR development as well as industry variety.

Table 1 Summary Role of CSR to HRM

CSR role	Relevance of CSR to HR	Description
Community engagement	<ul style="list-style-type: none"> • More focus on charity • Employ CSR activities 	<ul style="list-style-type: none"> • CSR widens the scope of operational management donation to charity programs or activity for the community • Company and employee involvement in volunteer CSR activities in the surrounding community.
Company environmental friendly	<ul style="list-style-type: none"> • Focus on environment 	<ul style="list-style-type: none"> • Trying to reduce air pollution
Business ethics and trust	<ul style="list-style-type: none"> • Focus on quality 	<ul style="list-style-type: none"> • Providing good and standard product quality to customers

Table 1 shows three ways in which CSR and HRM are related to external stakeholder issues. First, research showed that by combining welfare and ethical-social issues, CSR may increase the scope and implementation of such community elements. By providing numerous wellness programs, CSR, for instance, may help HRM broaden the emphasis beyond environment consciousness to total environmental friendly. Similarly to this, CSR may include customers' social concerns in business ethic and trust, ensuring the customer and product are well taken (Wilcox, 2016). This suggests that CSR addresses moral and social issues as well as reinforcing its core welfare premise.

Regarding the applicability of HRM to CSR, the study discovered that by addressing employee-related issues within the purview of internal CSR, HRM may be integrated into CSR. According to the study, four HRM factors which are recruitment and selection, training and development, compensation, and performance appraisal were most often related to internal CSR. In particular, CSR assisted in identifying, analyzing, and addressing substantial employee-related problems that are essential to the organization's objectives and managing its social effect. A job opportunity, eliminating discrimination, salary inequity, and career advancement are just a few of the aspects that the organizations in the current study addressed about employee stakeholder groups. Employees are the main internal stakeholders, hence such important concerns need CSR's attention. By implementing global internal CSR it helped HRM create long-term, sustainable solutions. Researchers discovered that CSR-committed companies looked at these internal problems and, in accordance, worked with HRM to develop their CSR strategy.

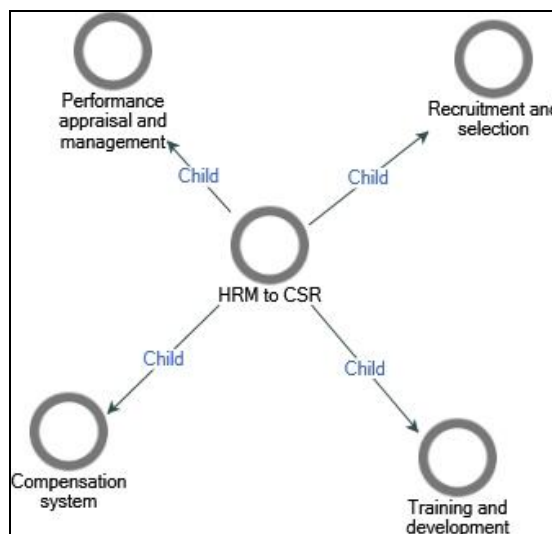


Fig. 2 Role of HRM to CSR

Participants stated that while HRM supervises employee-related factors, CSR helps to build socially responsible activities. This information was relevant to how such concerns are tackled from a CSR viewpoint. Table 2 illustrates how CSR, in particular, expanded the range and applicability of such employee characteristics by including welfare and ethical-social considerations. For instance, CSR enabled HRM to shift the emphasis from compensation to overall welfare. Similar to this, CSR integrated employees' social concerns into training

and development, ensuring the employability of marginalized workers. To address the social and ethical concerns of workers, CSR prompted HRM to make commitments above and above what is required by law. This suggests, CSR addresses moral and social issues as well as reinforcing its initial welfare concept.

The results of the current study concur with those of Truss *et al.* (2019) and show that the type and location of HRM within an organization also have a significant effect in determining the HR function. Results showed that internal characteristics in the HRM, such as the effectiveness of HRM functions and managers' competencies, directly affect their ability to contribute to CSR. For instance, if HR operations have a commanding and strategic position inside the organization, HR professionals may play substantial roles in CSR. According to this point of view, study results revealed that organizations relying on temporary and externalized labor would not have a strong human resources department, and as a result, HR might not have an impact on CSR. Similarly, the findings of the study confirm that differences in industry also affect the character of HRM and its relationship to CSR. The results show that businesses in related industries could have HR roles with a comparable makeup (Schuler & Jackson, 2015). As a consequence, it was discovered that service-based organizations have highly strong HR departments, such as manufacturing and transportation companies, which may lead to a significant contribution to CSR. The studies also highlight the importance of HRM "role expectations" (Truss *et al.*, 2019). In other words, HRM's strategic involvement in CSR is influenced by how the organization views it. They could have less exposure to the CSR approach if organization members think of them as "micro functionalists" (Fenwick & Bierema, 2018). As a result, the HRM contribution to CSR depends on internal structural factors.

Table 2 Summary Role HRM to CSR

HRM roles	HR roles in CSR	Description
Recruitment and selection	<ul style="list-style-type: none"> • Focus on job opportunity • Focus on employee's characteristic 	<ul style="list-style-type: none"> • Aligning CSR components in HR practices such as recruitment and selection • HRM can check potential employees for their sensitivity toward CSR topics
Training and development	<ul style="list-style-type: none"> • Measurement and reporting 	<ul style="list-style-type: none"> • Training development practice is measured through CSR indicators and disclosed in CSR reports.
Compensation and benefit	<ul style="list-style-type: none"> • Managing employee well-being and engagement 	<ul style="list-style-type: none"> • Incentive depending on the result achieve. • Career development
Performance appraisal	<ul style="list-style-type: none"> • Preparing employees for the CSR change and accommodating the culture shift towards CSR 	<ul style="list-style-type: none"> • Influencing employees' behavior. • Promoting CSR as employees' routines. • Accommodating changes in HR policies and practices.

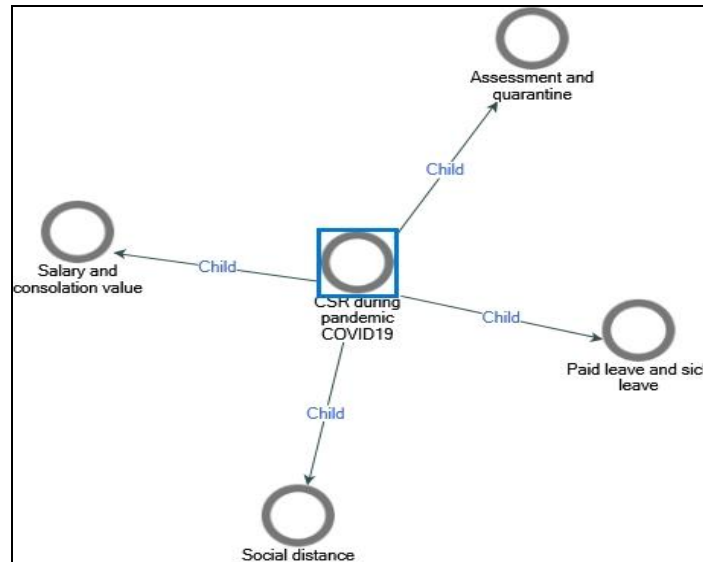


Fig. 3 Role of CSR during Covid-19 Pandemic

The COVID-19 pandemic is one of the world's most impact shocks (Brammer *et al.*, 2020). Its direct and indirect effects, which come from security precautions related to capacity of spaces, and social distance, make companies more vulnerable to external forces that are out of their control. This can lead companies to make short-term decisions that focus on immediate profits to ensure their survival, which leaves less money for CSR (Haessler, 2020). These decisions would only care about one group of people, such as shareholders or employees, or a group of stakeholders, such as both shareholders and employees and would be made to make sure the company stays in business, no matter how the pandemic affects society. But we have also seen many companies have taken the initiative to get involved in different CSR activities, especially those that can help fight the virus right away. In this way, the social changes have had a big impact on CSR in the sense that companies have pushed for more honest and real policies that help solve the most pressing problems on a global scale (Aguinis *et al.*, 2020). As companies respond rapidly to the new reality brought about by COVID-19, they choose the sorts of CSR efforts to adopt, often without understanding the implications that these choices may have on both their people and their organizations. The company has implemented CSR initiatives to focus on their employees, such as health assessment and quarantine, continuing to pay salaries to employees even when the company is not fully operational, providing consolation value to those affected by COVID-19, and implementing social distance at work, where some employees work remotely or in shift rotation.

As for working from home, to make sure that workers who do their jobs from home have the tools they need (Hamouche, 2020). In reality, remote working requires that employees and managers have access to tools like Zoom, Microsoft Remote Desktop, team viewer, and Microsoft team which not all organizations can afford because their budgets are different. Second, to make sure that employees who work from home have good communication, supervision, support, a way to track their performance, and a new way to get paid. HRM professionals also need to help managers who are in charge of remote teams for the first time. The safety of workers while they are at work is the responsibility of the employer. They must make sure that there are no dangers at work that might harm them or injure them physically or mentally. Therefore COVID-19 has created a new workplace hazard that poses a major risk to workers and a challenge for managers and HRM professionals. According to the working environment and the employee's job position, several factors may influence an employee's health.

4.2 Framework Integrated CSR Practices into the HRM

Figure 4 depicts the model, which is based on the theoretical model of stakeholder viewpoint. The concept argues that CSR and HRM are fundamentally connected via a stakeholder-based strategy. As previously defined, the stakeholder approach helps both CSR and HRM in addressing their responsibilities to the internal stakeholder group of workers. Therefore, workers are essential to promoting the reciprocal link between CSR and HRM for two reasons. First, CSR recognizes workers as internal stakeholders and may have linkages to employee-related actions, hence establishing CSR's applicability to HRM. The second component of the relationship argues that HRM may have a role in CSR since CSR efforts involve the direct and indirect engagement of workers. Such jobs are also dependent on organizational circumstances, including the structure of CSR inside the organization and the HRM functions. This reciprocal relationship requires coordination and communication between HR and employees. Each component of the framework is described in further detail below.

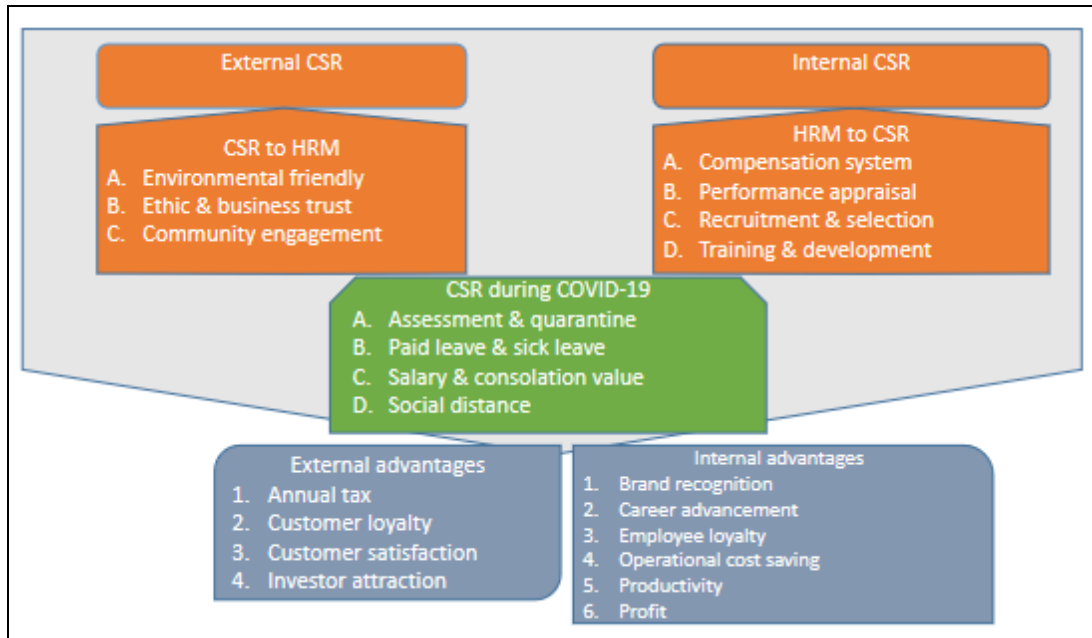


Fig. 4 Framework of Integrated CSR in HRM Practices

Significant findings are discovered in this research study which contributed new insights to the relevant academic studies related to the integration of CSR and HRM practices in SMEs in Malaysia. As presented in the research analysis, it is indisputable that the integration of CSR in HRM is widely practiced in many organizations in Malaysia, including some of SME companies. This study has explored the CSR practices have been implemented in HRM functions, examines to what extent CSR is embedded in HRM functions, and proposes a framework for integration between CSR and HRM.

Consistent with existing literature Duthler and Dhanesh (2018), the data emphasized that CSR involves both external and internal stakeholders. It is evident from the information gathered for this study’s research findings that the type and functions commonly practiced by the SMEs in Malaysia are similar to the studies conducted by past researchers in the international context. The findings of this study discovered that SME companies value and implement CSR that focuses on their stakeholders such as employees, customers, environment, and society. This is associated with the concepts adopted in the Stakeholder theory. The businesses must consider and respond equally to the interests of shareholders, employees, customers, production lines, business partners, and communities.

Integration of CSR into HRM procedures is often accepted as a means of enhancing performance and service quality. This research found that when an HRM conducts a work internally and discovers that they are unable to do the activity efficiently, the choice to incorporate CSR is considered. This is related to the CSR - HRM model's chosen ideas (Diaz *et al.*, 2019). The pleasure of employees contributes to the organization's quest for competitive advantages. Thus, building an HRM role in SMEs based on CSR principles such as objectivity, non-discrimination, and empowerment creates advantages for workers, the firm, and society. Additionally, the integration of CSR and HRM provides individual benefits through boosting employee well-being, as implied by the phrase CSR-HRM. It improves corporate performance by increasing employee happiness and loyalty. This has a positive impact on the long-term sustainability of the organization. The integration of CSR and HRM contributes to societal well-being by positively impacting the communities in which businesses operate and by fostering labor practices that comply with CSR principles. CSR includes performance evaluation and career management practices that adhere to the ideals of fairness, openness, and non-discrimination. A compensation plan includes the distribution of monetary and nonmonetary rewards in a transparent, non-discriminatory, performance-based, and employee-involved way. This observation aligns with the research undertaken by Celma *et al.* (2014).

Past researchers (Melynite and Ruzevicius, 2008; Kumar, 2019) argued there were three groups of linking functions of CSR and HRM. CSR functions identically to HRM functions interdependent link an equal sign between CSR and HRM is used. HRM functions make an impact on CSR and CSR functions make a direct or indirect impact on HRM. However, based on the findings of this study, CSR and HRM are linking function with two groups CSR to HRM and HRM to CSR. The findings pointed out that CSR's role to HRM functions can be integrated by focusing on external CSR for instance environment, community engagement and business ethics and trust within customers. Based on the data, it can be said that CSR-related elements have the greatest influence on the HRM implications of CSR. CSR may be included in HRM, for instance, if an organization has well CSR plan that addresses external stakeholders. Alternatively, if the focus of the CSR strategy is external,

employee-related internal concerns may not be affected. Importantly, empirical studies also revealed that the range and implementation of CSR rely on features of the CSR stage that influence the HRM function.

In addition to HRM to CSR, there will be integrated of internal CSR indicate to the HRM function in implementation CSR such as compensation, performance appraisal, recruitment, and communication of CSR to employees. This study found that HR is more involved in CSR implementation than in its creation. It was also discovered that in certain organizations, HRM plays a leading role in CSR, but in others, HR plays a minor part. This illustrates the effect that contextual factors have on HR contributions to CSR. The research results indicated that organizational characteristics seem to impact the degree to whereby the HR department fulfills its numerous CSR responsibilities. This primarily involves two variables: the CSR framework and the HR department's personality. This matches with the study conducted by (Sarvaiya, 2014; Siddiqi *et al.*, 2021), where they indicated that the roles of CSR and HRM are divided into two group which are CSR to HRM and HRM to CSR while implementing CSR integration in HRM functions. It was found that the contribution of HR in external CSR was necessarily administrative, such as designing and managing the payroll giving system.

Apart from that, this research demonstrated that despite the pandemic COVID-19 outbreak, the chosen SMEs in Malaysia have incorporated CSR, which contributes to the enhancement of the overall organization's performance. According to Rupp and Mallory (2015), CSR research suffers a specificity challenge. Multiple definitions of CSR have been presented throughout time, with the majority focusing on the macro level (Matten and Moon, 2018; Brammer *et al.*, 2020). According to the sustainability literature cited by Aguinis and Glavas (2013), CSR may be integrated inside or external to a company's main operations. The latest epidemic has made this difference between embedded CSR and external CSR even more significant. As companies respond rapidly to the new reality brought about by COVID-19, they choose the sorts of CSR efforts to adopt, often without understanding the implications that these choices may have on both their people and their organizations. The company has implemented CSR initiatives to focus on their employees, such as health assessment and quarantine, continuing to pay salaries to employees even when the company is not fully operational, providing consolation value to those affected by COVID-19, and implementing social distance at work, where some employees work remotely or in shift rotation. This conclusion is reinforced by Nazlieva, (2021), who examined the function of HRM in protecting the health and rights of each employee during the COVID-19 pandemic. Embedded CSR focuses on an organization's fundamental capabilities and incorporates CSR into a company's strategy, procedures, and operations; thus, it impacts all employees. In contrast, external CSR focuses on initiatives that are not incorporated into the strategy, procedures, and operations of a firm (Aguinis & Glavas, 2013). Although secondary CSR may serve noble aims and produce shared benefits for companies and society, it is not incorporated into the firm's everyday operations. In addition, although businesses seldom completely embed CSR, the vast majority adopt certain aspects of CSR, making the implanted spectrum relevant (Aguinis & Glavas, 2013).

In terms of the advantages integration of CSR in HRM functions are divided by two groups which are external and internal advantages. The findings of the study show that a company can reduce their annual tax when doing the donation to the local community, gain customer loyalty and satisfaction because of the standard high-quality product that they produce, and able to attract investors in their company since CSR has shown the integrity of the company. Furthermore, the findings have proven that implementing CSR in the HRM function creates value and has allowed companies to increase their product brand recognition, increase employee and company productivity as well as profit. Regardless, the company improve employee career development as they promised and reduced company operational costs. This coincides with Siddiqi *et al.*, (2021) study. CSR is an organization's ongoing commitment to global development by boosting the quality of life of its workers, and society. In turn, CSR focuses not just on profit but also on the manner in which the firm will contribute to society. Similarly, Jamali, Dirani, and Harwood (2015) suggested that by applying CSR practices, firms enhance the desire of workers to work in an organization; consequently, the organization should be devoted to human rights, thus attracting and retaining candidates for the long term. effective HRM functions can increase employee productivity, increase employee morale, and lead to turnover, hiring costs, and training costs for new employees (Low, 2018). According to studies by Supanti and Butcher (2019), the present millennial is more interested in organizations that practice CSR and priorities a socially healthy work environment that reflects their beliefs. Applicants who are passionately committed to a particular cause or social issue may be more receptive to organizations that show similar values through CSR activities. In the bargain, a study by Paramasivam and Shaari (2017) found that employees who value the importance of CSR have higher organizational commitments than others. They will improve the productivity of the company by demonstrating a positive work attitude and behavior. It shows that, by implementation, CSR within SMEs would have an impact on the organization itself.

5. Conclusion

In conclusion, it is known that CSR is widely practiced in many organizations worldwide, but not many are practiced in small and medium-sized enterprises (SMEs). Due to growing concern about CSR, the value of CSR to

all stakeholders in an organization, including internal employees, can not be overlooked in today's business world. Because every company requires support from its employees for long-term sustainability. In addition, employees' well-being should take precedence over the interests of external stakeholders, as employee commitment increases productivity for the company. Employers will benefit from the study's findings because they will provide valuable insight into managers' ability to better understand their employees' needs. And their expectations of organizations, which will help them develop a more effective strategy for establishing a committed workplace. Thus, HRM practices have the potential to play crucial roles in assisting companies with the implementation of CSR practices. HRM will thus provide an interesting complement to CSR activities, as well as implementation and delivery to SMEs. The framework of linkages between CSR and HRM offered by the authors focuses on human resources since training, motivating, and serving the requirements of workers are crucial to the organization's survival. The framework enables the evaluation of the organization's integrated socially responsible and human resource activities; and the selection of CSR tools for strengthening specific operations. Besides that, it helps to discover and use the benefits resulting from the linkages between CSR and HRM; and to utilize it for establishing CSR concepts and instructional objectives in industry, academia, and other private sector groups. The framework of linkages between corporate social responsibility and human resource management proposes key actions for associating the two concepts, which should be executed to improve the efficacy of organizational operations. The framework may be used not only for the growth of SMEs, but also to promote the dissemination of the CSR idea in business, the private sector, and society.

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Conflict of Interest

Authors declare that there is no conflict of interests regarding the publication of the paper.

Author Contribution

*The authors confirm contribution to the paper as follows: **study conception and design:** Salasiah Ma'erat; **data collection:** Mohd Asmadi Mohd Angsor; **analysis and interpretation of results:** Salasiah Ma'erat, Siti Sarah Omar, Mohd Asmadi Mohd Angsor; **draft manuscript preparation.** All authors reviewed the results and approved the final version of the manuscript.*

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