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CSR-HRM interface: Necessary partnership for creating sustainable and responsible business practices in fashion industry

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Abstract

This study talks about the integration of HRM with CSR in the fashion industries in order to create sustainable tomorrow by inhibiting the significance of the same with Triple Bottom Line and Green HRM. It also throws light on how different fashion brands have made significant changes in their production processes in order to sustain in the industry by creating sustainability which is the major demand of the current times. Often companies fail to understand the nexus between HRM and CSR. If the two incorporated in a right way, HRM could definitely provide an interesting and dynamic support to the company's CSR Model. The study has a major emphasis on how HRM and CSR integration have helped in ensuring social sustainability. Also, it throws light on the fact that how different fashion brands have started shifting to the entire new sustainable process in terms of both production methods creating less carbon footprint as well as adopting innovative raw material that can further help in creating future sustainability. Potential steps are taken in order to replace the fast driven fashion industry with the slower one where there is less waste generation that is causing deteriorating effect to the environment.

Keywords: HRM and CSR, sustainability, CSR model, deteriorating

1. Introduction

Fashion Industry is one of the most disruptive industries. Over a period of time, it has been realised that the fast fashion industry is causing potential harm to the environment. Many companies are gradually shifting to the slow fashion industry in order to create sustainability. For attaining higher profitability goals, the companies started Fast Disposable Fashion. However, over the period of time it was realised that this trend is heading the environment towards a massive destruction in the near future. Thus, many companies realised this impending danger over the environment and have started shifting to the more sustainable means of production in order to create a better tomorrow. The industry is filled with Responsible Leaders who have a vision to create a promising future by creating a corporate functional chain that shall help in bringing sustainability to the industry. This study talks about contribution of Human Resource Management (HRM) to Corporate Social Responsibility (CSR). Corporate Social Responsibility involves creating a business model that is socially, economically and environmentally accountable towards the society and its various other stakeholders i.e., customers, suppliers, shareholders, and many more. Many companies fail to understand the potential relationship between CSR and HR. Public Enterprises are striving hard to create sustainability by undergoing product and process innovation. These enterprises are playing a major role in not only initiating, but also shaping the social conscience and green sense of responsibility by incorporating the same with the company operations for creating a better sustainable future. (Cohen, 2017)^[1].

CSR is a social obligation that has its significance beyond the profit maximisation objective of the company. Many companies have understood the significance of the same and have even started a separate division for the CSR Activities in their organisation. They have made a CSR Department led by CSR Managers and staff. As it is already known that CSR has become a compulsory obligation to be fulfilled as per the Companies Act, 2013; the companies of the fashion industries have started shifting their production processes closer to the ethical and socially responsible processes in order to create sustainability to survive in the longer run.

2. Research Methodology

An extensive review of secondary data was done in order to bring out the main purpose of the research. Also, various websites and journals are referred in order to understand the current scenario in fashion industry. The websites of famous fashion brands were referred to gather up-to-date developments.

3. Discussion & Findings

3.1 Exploring the nexus between CSR-HRM for better conceptual analysis

HR Managers play a responsible leadership role in implementing CSR Goals of the organisation. Often companies fail to understand the relationship between CSR-HRM. HRM deals with hiring, recruiting, managing and deployment of the employees in the organisation. CSR has its role to play right from the hiring phase. The HR Managers can ensure to hire such prospective candidates that have an inclination and zeal to contribute to the society. CSR helps in implementing and enforcing HR Strategies in more efficient way. It helps in creating responsible leadership where the HR Managers not only have an obligation of fetching and managing efficient talent for the company, but also are playing heroic role in creating sustainability and working for the society. The relation between HRM and CSR is complimentary in nature where the absence of any one will create an utmost difficulty for the management for successful implementation of business strategic goals. CSR has two major focuses in any business: Internal CSR and External CSR. The Internal CSR deals with creating fair, equitable and responsible treatment of the workers. Human Resource is one of the most important assets of any organisation. Ensuring their welfare is the utmost concern for any organisation. The External CSR talks about Triple Bottom Line which inlays major focus over creating social, economic and environmental sustainability. (Voegtlin & Greenwood, 2016)^[8].

3.2 Triple Bottom Line and Green HRM

Green HRM talks about aligning environmental strategies with the HR Goals in order to create sustainability. It works on creating awareness among the employees in order to create sustainability in such a manner that every employee is made responsible towards the environment in a special manner which can further help in accomplishing the sustainability goal of the organisation. CSR can be linked with creating more awareness towards environmental degradation, mitigating the effects and creating business practices that can bring out sustainability through better and responsible employee engagement.

The Triple Bottom Line is a concept that talks about making the firms more responsible where they work on creating sustainability. It guides the organisations to create social, economical and environmental sustainability that can in turn work on the 3P's: People, Profit and Planet. The social aspect (People) deals with the community and customer where they are provided with the product which is made via organic and safe methods which will not cause any potential harm to the customer. Moreover, it talks about being socially responsible by doing various activities for the upliftment of the society like child education, women empowerment, rural development, sanitation maintenance and coordinating with NGOs. The internal stakeholders include employees. CSR encourages fair hiring practices,

equitable wage rate, fair treatment at the work place and proper working conditions. The economical aspect (Profit) deals with undergoing such business practices that helps in profit maximisation while reducing the cost and mitigating the risk caused to both business and environment. The environmental aspect (Planet) involves revamping production methods which will help in reducing the carbon footprints by shifting to sustainable practices that are in sync with sustainability in terms of raw material extraction, production process, packaging and transportation. (Miller, 2020)^[5].

3.3 Applicability of CSR: Governing Law

As per the Section 135 of the Companies Act, any company that have a net worth of Rs. 500 crore or more or the turnover of Rs. 1000 crore or more or a net profit of Rs. 5 crore or more in a given financial year shall be responsible for devoting 2% of the average net profit of the immediately three preceding financial year towards the CSR initiative. Company shall have a distinct CSR Policy, CSR Committee, disclosure of the same in the Director Report and to publish the same of the website of the company. Those CSR Activities shall be in adherence to the Schedule VII of the Act. (Kaushal, 2016)^[2]. Thus, India has made it compulsory for the big corporate houses to contribute portion of their funds towards uplifting the society on the social and environmental parameters. This will in turn helps in creating a sustainable future.

3.4 Drivers of Sustainability in Fashion Industry

Fashion industry has always been criticized for creating increasing detrimental effects over the environment due its fast-moving culture. The extraction of raw material (from animal rearing) and waste generated due to sudden shift in fashion trend has remained the most alarming concerns of all times. The innovative trends going-on in the fashion industry in order to create sustainability is discussed below:

3.4.1 Upcycling and recycling

Upcycling involves making new product out of the waste material that helps in reduction of waste in production process. The new product thus created can be of equal or greater value. Markets are filled with handbags made out of recyclable material. Recycling runs on the concept of 3R: Reduce, Reuse and Recycle. Here, 'Reduce' means reducing the dependency on natural resources for the raw material; 'Reuse' involves using the clothes in order form rather than abandoning them while 'Recycle' involves using recycled material for carrying production. The classic example of the same comes from Adidas and Parley who went forward using the waste plastic obtained from the oceans for manufacturing sneakers. (Todeschini, Cortimiglia, Callegaro-de-Menezes, & Ghezzi, 2017)^[7].

3.4.2 Sweatshop free

It was observed that various big international brands took advantage of contract manufacturing in the developing and under-developed countries in order to reduce the production cost by relying over cheap labour in the host country. This raised serious concern in various countries because the labour was exposed to poor working conditions. It is important that HR Managers create a transparency about the working conditions in terms of equitable wage rates, fair treatment and ensuring the fulfilment of human rights at the

workplace for all temporary, contractual and permanent workforces.

3.4.3 Reducing transportation carbon footprints

Transporting the raw material to the manufacturing unit and then shifting the final products to the local markets/consumers results not only in high transportation cost for the business, but also increases the carbon emission in the environment that increase the carbon footprint of the product. Manufacturing the product closer to the place of consumption decreases the transportation cost and also create the employment opportunities for the local community. Not only this, it helps in reducing the carbon emission due to transportation. (Todeschini, Cortimiglia, Callegaro-de-Menezes, & Ghezzi, 2017)^[7].

3.4.4 Say no to animal rearing

We have commonly heard about animal rearing for producing food products. Many of the people have gone vegan in order to reduce the burden over the poor animals for satiating our hunger. Lately, same concept has touched the fashion industry. It involves restraining the use of material extracted from animal rearing. This also helps in reducing the energy consumption which is done for processing the raw material extracted from the animals. (Todeschini, Cortimiglia, Callegaro-de-Menezes, & Ghezzi, 2017)^[7].

3.4.5 Second hand clothes

It is advisable to donate the clothes not in use to the one in need of the same. Big Bazaar, a renowned departmental chain store calls for the donation of the clothes in exchange of shopping coupon. These clothes are donated or recycled for further use. Donating party clothes or baby clothes are the one included in this category.

3.4.6 Rental fashion apparels

Many businesses run on subscription service for apparels. (Todeschini, Cortimiglia, Callegaro-de-Menezes, & Ghezzi, 2017)^[7]. In this, the one using the apparel is not the owner of the same. They simply take the apparel for certain occasion on rent and once the purpose is served, they return it to the actual owner. This helps to promote the reuse of the costly apparels that are meant to be wore on special occasions and are later abandoned. High-cost marriage clothes falls under this category.

3.5 Challenges faced by Fashion Industry for going sustainable

Most of the businesses talks about CSR on papers but fails to implement them in real world. This is because integrating HRM-CSR is not as easy as it looks like! Motivating the workforce for being socially responsible has always remain a challenge for the HR Managers. Thereby, managers may integrate the CSR duties with some monetary and non-monetary incentives in order to motivate the employee for being socially responsible. The challenges that the companies encounter while implementing sustainability goals are as follows:

3.5.1 Green fashion: success rate on ground level

Many companies came up with the green fashion products. But when the product was administered, it was just a low-quality product with high price tag. This fashion is meant to

go out of trend faster than any other which creates more waste. (Kozlowski & Bardecki, 2012)^[3]. It is important that companies understand that going green just for the sake of adhering to CSR Policies and providing low or sub-standard products at high rates is not a good practice.

3.5.2 Increased social cost

Creating more burden over the employees to come up with remedies to reduce the cost to the environment. This may result in overtime, increased stress for accomplishing goals and job layoff on not achieving the targets.

3.5.3 Higher manufacturing cost

Making use of energy efficient machinery involves investment in new upgraded technology and discarding the old one. Many businesses may not be ready to shift to new upgraded technology due to lack of funds.

3.5.4 Fail to provide transformational solution

Many fashion brands failed to create the urgency of sustainability agenda among the consumers due to which the products do came into the market but were not purchased by the consumer as they hardly paid heed to them. (Kozlowski & Bardecki, 2012)^[3].

3.5.5 Fail to identify the real problem

Many companies came up with energy and water efficient washers and dryers. Other came up with sustainable fabric and textiles. No doubt that all these would reduce the potential harm over the environment but innovations like these will not alone solve the problem. (Kozlowski & Bardecki, 2012)^[3].

Companies need to make a proper plan which includes the series of interlinked practices that will in-turn together help in reducing the carbon footprint and to create high order sustainability.

3.6 Fashion Brands turning out as Torch-Bearers of Sustainability

The fashion brands have started shifting their production methods towards sustainable means in order to do their bit towards the society. Nike, HnM, Zara and Levis came up with organic cotton and recycled polyester. The light weight denim is the new revolution in the fashion industry. These denims take lesser time to dry and involve less transportation cost due to light weight property. Use of cotton for manufacturing involves high labour cost, high chemical cost in bleaching, high child labour and high-water usage. Furthermore, these eco friendly jeans are produced by innovative manufacturing techniques which involves developing natural fibres, using recycled synthetic, developing new eco-textile like lyocell in a closed loop production system, use of polyester instead of cotton to promote diversity and undergoing waterless dyeing, using non toxic dyes and digital printing. If replaced with light weight denim, it will help to overcome all the challenges and will significantly reduce the detrimental effect over the environment. Moreover, Nudie and Levis have attain competitive advantage. They have undergone innovative branding and advertisement. In order to avoid wastage of paper, the 'instruction of use' are printed inside instead the price and instructions tag. The jeans are made with unique material that doesn't require laundering for approximately six months. This is possible by use of Nano-technology

coating that helps in reducing the frequency of laundering. Also, the raw denim undergoes no bleaching and sandblasting. This helps to reduce the health issues among the workers, thus serving the social sustainability objective. This also prevents the exposure of consumers to bleaching and whiskering. (Kozłowski & Bardecki, 2012)^[3].

It is very important that companies understand the Materiality Concept. The materiality concept deals with the question, 'What matters the most?' 'It is important that businesses identify the major issues and what should their companies prioritise first. Not all issues can be addressed simultaneously, thus prioritising plays an important role here. GAP Incorporation is famous for producing sweatshirts. They identified that social sustainability shall be their first target. In late 1900s, major issues involved cases related to human rights, child labour, and freedom of association and hygiene standards. Also, these big brands undergo contract manufacturing in host countries, leaving the labour in pitiable condition. Their other materiality issue included Energy Conservation. By using strategic supply chain methods, the high cost and environmental damage incurred by production and transportation can be reversed to some extent. GAP has adopted various practices to conserve energy. They are participating in US Environmental Agency to reduce Greenhouse Gas Emission. Significant changes are brought to distribution centres and transportation channels to mitigate environmental damage. Car pooling, cycling and shuttle service are few means by which employees are contributing to the environment. Also, GAP is shifting their production to innovative and sustainable designs. Work is done for the reduction of cost in the production process. Such initiatives of GAP are recognised by the San Francisco Bay Area Council for Best Practices as a Regional Transportation for their sustainable transportation techniques adopted. (Cohen, 2017)^[1].

Patagonia on the other hand built a best product that implement sustainable solution to the environmental and climatic crisis. They believe in the power of women where they provide learning, action and leadership support to them. The Body Shop is also involved in making of organic products where they undergo environment friendly production practices. (Cohen, 2017)^[1].

4. Conclusion

The companies need to work in more responsible manner. The government has brought various laws in order to mitigate the further environmental damage. Companies are instructed to strictly adhere with the laws made for the environmental protection. A higher level of code of ethics promoting transparency to reduce corruption is needed to be adopted. As per green paper, the European Commission Document, Corporate Social Responsibility involves maintaining both internal and external stability in order to ensure total social, economical and environmental sustainability. (Woszczyńska, 2015) HRM can help in fulfilling these objectives through a responsible leadership where each employee is needed to communicate that how their small effort can help in creating high level sustainability which can further upon help in mitigating the environmental crisis the whole world is facing today. Motivating the employee to follow ethical code of conduct, promoting fair trade, sweatshop free, laying down clear rules of assessing and rewarding workforce, energy conservation, innovative production practices and bringing

transformational changes can be done through a responsible leadership which can be channelized through HR Department. This study has helped to address the major sustainability issues faced by fashion industry and how the organisations are working to overcome the same. A responsible leadership helps in building social and intellectual capital. The companies in fashion industry are slowly shifting to sustainable business models. Also, the study highlights the resistance against the organic products due to high price at lower quality. It is important that companies in clothing industry show their sensitivity towards the workers and provide them with proper hygienic conditions so as to protect their welfare. Identifying and understanding the problem in a correct way is important so as to channelize the efforts of the organization in right direction.

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