

A Discussion on the Need for Better Labor Policies to Address Gaps between Corporate Social Responsibility and Human Resource Management in Sri Lanka

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Abstract

This research was meant to bridge the existing conceptual and practical gap that exists between the Human Resources Management (HRM) practices and the Corporate Social Responsibility (CSR) principles, particularly when it comes to Sri Lanka that needs better labor laws. The paper has conducted a qualitative, comparative study of the Sri Lankan labor laws in comparison to Japan, which is a highly industrialized country with effective labor laws. Through the results of the study, there is no doubt that despite the high level of regulation, the Sri Lankan labor laws contain severe gaps in development, regarding the issues that currently have the highest significance to the contemporary employee and the female population. Nevertheless, the smooth interconnection between CSR and effective HR management strategies has been established because of the successful labor regulations in Japan. Consequently, the conclusion of the study suggests that Sri Lanka should promptly amend its labor legislations with respect to specific issues like maternity leave, menstrual leave, paternal leave as well as food facilities at the workplace.

Keywords: *Human resource management (HRM), labor laws and regulations, reconciliation, employment protection, employer-employee interactions, corporate social responsibility (CSR).*

INTRODUCTION

a) Background of the Study

The contemporary business world has slowly realized the benefits of the dualistic approach of people management in an organization, which is referred to as human resource management (HRM), and the focus on delivery of positive societal good, which is referred to as corporate social responsibility (CSR). The concepts of CSR extend beyond mere altruism, in which a company bears some moral responsibilities, especially to those within the firm who are its external stakeholders. The theory proposed by Armstrong in 2020 explains that this is a primary concept that has been successfully implemented by HRM to promote equity, welfare, and dignity in employees. The key issue of this study is the gap between employee care as stipulated by the Sri Lankan labor laws and CSR policy. Turban and Greening (1997) state that good labour policy acts as an intermediary between the CSR policy of a company and an agreed set of HR Rights, which ultimately enhances the morale and commitment of the employees, and performance.

b) Objectives

Companies across the globe are under the pressure to show that they are good corporate citizens. CSR practices are identified as critical strategies to recruit and keep skilled people resources, which are imperative in creating a competitive advantage in company, besides being a matter of moral cost (Maignan and Ferrell, 2001). Thus, the major challenge facing the emerging economies such as Sri

Lanka is to ensure that the minimum governance structure (or labor laws) is well developed to capture new social norms. This would ensure that there is no gap between desired CSR and actual HR practices.

c) The objectives that this study wanted to accomplish were:

- I. To identify and determine the relationship between HRM and CSR within a company.
- II. To make a critical comparison of Sri Lankan and Japanese labor laws to the contributors of the major and contemporary benefits to the employees or workers such as menstrual leaves, work-based breastfeeding facilities, and paternal leaves.
- III. To come up with evidence based recommendations to legislative and corporate policies that can effectively incorporate CSR in mandatory HR practices.

This paper contributes to the debate on whether there are major legal loopholes that affect the performance of Sri Lankan organizations in meeting its social responsibility. The comparison of the Sri Lankan originating labor laws, including the Shop and Office Employees Act and the Maternity Benefits Ordinance, to the one of a large economic player, like Japan, might find a particular ground to justify a resurgence of the policy. It would aim at obtaining a legal solution that would align corporate behavior-framing CSR programs with HRM practices to the end of attaining employee welfare.

LITERATURE REVIEW

a) The CSR-HRM Link: Strategic Integration

CSR and the HRM management have acquired increased relevance to the corporate society as a whole in the past decades. In case companies embrace social responsibility, they are able to beat their competitors. According to Suresh (2006), little research has been conducted to ascertain the benefits of the CSR approaches in people management. Luckily, a number of scholars have recognized the significance of the HR management in setting and maintaining up CSR objectives. Thomas and David (2010) further state that the impact of the HR management to the ability of a company to attain its CSR goals is enormous. Although the CSR activities may impact employees, as has been mentioned, they are not part of the HR strategy.

As evident in this study, the human resource management has been declared as an important internal tool in undertaking corporate social responsibility of a business or more correctly, transforming the general CSR obligations into objectives related to an organization. Amit (2016) attempts to explain why skill is addressed related to CSR in terms of the value of a company to employees. It has also provided future potential development areas and latest methods in the contemporary companies. It is necessary to have a bigger picture of the way CSR impacted people and the company. HR should be given the mandate by companies to act as a talent management trustee within the working structures. To facilitate the introduction of legitimate changes in multinational organizations, the institutions should indeed enhance the ability of HR to help staff to become more responsible and part of their corporate governance ideologies.

In its immediate, practical, and pure form, corporate social responsibility can be seen through internal company policies with regard to the personnel, although it is addressed more of an externalist view that involves the company participation in different communities, environmental concerns, and ethical

supply chain governance. Internal aspect of corporate social responsibility has also been called an Employee-Focused Corporate Social Responsibility viewpoint and involves crucial HR responsibilities, which discuss numerous issues, such as fair labor rules, substantial investment in employee training and development, diversity and inclusion, and promotion of a work-life balance.

According to Bauman and Skitka (2012), corporate social responsibility (CSR) leads to external assessments of prestige and reputation of a business, which, in turn, predisposes the employees to feel more willing to be a part of a company that sticks to its main principles and makes them feel accepted and belonging. On the other hand, employees would prefer to be associated with a company which they find likable and familiar, and this can also make them feel better of themselves (Ashforth and Mael 1989; Dutton et al 1994; Pratt 1998).

CSR ideas have been integrated into the HRM strategy to be discussed as one of the steps to win the war on talent (Porter and Kramer, 2006). It has also turned into a severe economical issue and one of the fundamental moral requirements. This integration is aimed at enhancing the HRM practices to bring the values of the company to sight and symbolism, which in turn influences employer attraction in direct proportion. The employees, according to Social Identity Theory (SIT), are actually attracted to the organizations which resemble their values and, best of all, their ethical expression in HR practices, which perfectly fits their personal identities, their concepts of justice, and their morals (Aguinis, Glavas, 2019). When the perceived organizational support is linked to corporate social responsibility, the employees are likely to relate to their perception of being appreciated and treated with respect by the employer. This increases the personal organizational identification, which is obtained by the individual ideas of identity, morality and ideas of justice, hence encouraging greater involvement, commitment, and effort in their work performance (Turker, 2009).

According to considerable quantitative data, employees are usually pro-social and desire to see these values reflected in the companies in which they operate (Jones et al., 2014; Net Impact, 2012). The social identity theories argue that when employees feel that their values are widely shared with the employer, the circumstance makes their subconscious strong and paves way to a greater sense of belongingness to the company (Dutton et al., 1994; Hogg and Abrams, 1993, Hogg and Terry, 2000). As such, the greater the positive CSR, the greater the likelihood of supporting the Organization of Industrial Development because it has shown commitment to ideals that are embraced by the workforce.

b) Theoretical Models of CSR.

The theories of CSR, when applied to organizational responsibility, are based on several critical theories:

Carroll CSR Pyramid: There are four levels of responsibility presented in the base of this hierarchical structure that was developed by Archie B. Carroll in 1991:

I. Economic Responsibility: The responsibility to be profitable, the bottom of the pyramid.

II. Legal Responsibility: The necessity to follow all legislations particularly the labor legislation.

III. Civic/Ethic Duties: The responsibility to act in a moral and ethical manner that is not mandated by the law (consider giving workers more than what the law mandates in regard to payment and working conditions, etc.). This area is a common ground of progressive HRM practices.

IV. Philanthropic Responsibility: Social activities under free will.

The report continues to indicate that under absence of Legal Responsibility or current legislation, ethical businesses must rely on Ethical Responsibility, in which ethical activities are optional and not obligatory.

In 1997, John Elkington was the developer of the triple bottom line theory. This involves a corporate social responsibility (CSR) coupled with sustainability in the long run as measured by a triple bottom line comprising of profit (or economic), people, and the planet. The only role of the HRM function is in the People section. When a company focuses on the social aspect of sustainability, devotion to which is converted into a regulatory one, the institution is concerned with the welfare of its employees, equity, and dignity.

In 1984 Freeman came with this theory known as Corporate Stake holding Theory that argues that to ensure that a business thrives, it must effectively manage all sets of people who can either positively or negatively affect its own objectives. Clarkson (1995) Corporation Stakeholding Theory presents employees as the leading shareholder of a company. The management of the company has the moral duty to this vital group, and that is satisfied by progressive labor policies.

RESEARCH METHODOLOGY

a) Research Design and Method

The qualitative, comparative study adapted in the study had an interpretivist paradigm as its basis. The primary approach that was utilized in the research was a policy-driven benchmark analysis. The only sources of data applied in conducting this analysis were legislative legislation, official publications, scholarly literature on comparative labor laws and other sources that describe the current labor situation in Sri Lanka and Japan. The shortcomings of the legal system at Sri Lanka could be analyzed through this comparison analysis, which made it possible to develop a best practice model in Japan.

b) Conceptual Framework

The report states that a commitment to CSR should be included in the basic labor requirements. The gap between what is now applicable in the case of Sri Lankan policy and a more favorable standard modeled after the Japan example is what leads to the policy restoration that fills the gap in the CSR and HRM practices.

RESULTS AND DISCUSSION

a) Comparison of Labor Policies.

The analysis shows that Sri Lanka has a very regulated yet fragmented collection of labor legislation which were largely founded on the 20 th century concept of a factory and a plantation society (i.e. Maternity Benefits Ordinance No. 32 of 1939) which no longer applies on a twenty first century corporate workplace.

Policy Area	Sri Lankan Legislation (Status Quo)	Japanese Legislation (Benchmark)	CSR-HRM Gap
Paternity Leave (PL)	No statutory Paternity Leave. It is entirely employer-discretionary (CSR driven).	Statutory Paternity Leave (Childcare Leave Law) with subsidies. Encourages shared parenting.	The burden of childcare is legislatively placed solely on the mother, contradicting modern equity and family-friendly CSR principles.
Breastfeeding/Feeding Facilities	No mandatory requirement for a dedicated nursing/lactation space. Time-off is granted, but facilities are discretionary.	Employers with more than 100 employees must provide suitable 'Nursing rooms' (<i>Childcare and Family Care Leave Act</i>). Facilities must be separate, clean, and equipped.	Places undue hardship on returning mothers and creates a deterrent to workforce participation, failing the TBL's social pillar.
Menstrual Leave	No statutory Menstrual Leave. It is non-existent in law.	Not explicitly mandatory across the board, but common in high-performing corporate sector and a legacy of older Japanese laws (though rarely used today, the <i>principle</i> exists).	Complete lack of policy acknowledges a biological reality that affects employee well-being, failing the most basic level of organizational <i>duty of care</i> (Ethical Responsibility).
Parental Leave	Primarily Maternity Leave (12 weeks for the first two children as per the Ordinance).	Comprehensive <i>Childcare Leave Law</i> offers extensive leave for both parents, often subsidized, with robust re-employment protections.	Focus remains on the mother's recovery rather than shared parental responsibility and work-life balance for the entire family unit.

a) Discussion: bridging the CSR-HRM.

Such policies should be applied in the Ethical Responsibility category of the Pyramid of Carroll because of the legal loopholes in Sri Lanka. It is in this regard that the government coerces business to disregard their corporate social responsibility by turning such important perks as paternity leaves and mother-and-child feeding facilities into options.

Nevertheless, Japan has compulsory legislations that require such benefits and in this regard, it is a statutory requirement that companies should ensure that they provide women representation in their companies and take care of their workers. This has become their corporate social responsibility (CSR) which is compliant with the laws of the country hence Mandatory Legislative Responsibility. These gaps need to be addressed to ensure that Sri Lanka benefits its CSR as far as personnel development is concerned.

CONCLUSION

The research shows that the Sri Lankan labor laws should be enhanced significantly to be closer to achieving the ideals that reinforce the bonding between CSR and HRM. The lack of statutory paternity and feeding and menstrual leaves creates a legal vacuum that has been blocking national efforts in promoting gender parity and balance in the business world. To ensure that Sri Lankan businesses live up to their social responsibilities as employers in their own right, progressive and inclusive labor laws, which are grounded on internationally accepted practices, such as that of Japan, is still a necessity.

a) Policy Restructuring Recommendation in Sri Lanka.

Based on similar findings, the Sri Lankan labor laws should have the following policy restorations that are proposed:

I. Mandatory Paternity Leave (PL):

This is a legislative privilege that new dads should be given at least four weeks. To promote their collective responsibility, and to comply with the family-friendly CSR criterion, this should be considered as paid vacations.

II. Facilities in Shops and Offices: Necessary Breastfeeding Facilities:

The Shop and Office Employees Act must be modified so as to oblige all employers with a specified number of workers to ensure that they provide separate, clean, private, and furnished Nursing Room with fridge, chair and electrical supply.

III. Introduction of Menstrual Leave Policy:

To promote compassion and care within an organizational environment, there has to be a policy that ensures the female employees have at least one day or a maximum of three days off every month depending on the personal declaration or medical confirmation.

IV. Parental leave should be modernized:

The current maternity leave policy should be analyzed to allow a comprehensive Parental Leave policy of providing parents a flexible and incentive-based choice of parental leave.

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