

“A human resource practice for a healthier organization”

ABSTRACT

According to the human resources literature, researchers on HR have had a focus on demonstrating a positive relationship within the practices of HR departments in organizations and its financial performance, turnover, and productivity, while its relationship with the field of corporate social responsibility has been criticized and challenged. To improve the performance of companies, it is considered beneficial that the company has implemented some training initiatives for its employees (programs in career development, education or skills). With data obtained from Bloomberg, this empirical study will determine whether the training given by the company to its employees has any focus on creating and developing abilities on corporate social responsibility will have a positive impact on its performance (which is represented by turnover). At the same time, the study confirms that the cost paid by the company in training with an HRD for each employee has a significant impact on in its training period also has a positive effect on the company's performance

KEYWORDS

CSR, HRD, Turnover, training programs

INTRODUCTION

According to the human resources literature, researchers on HR have had a focus on demonstrating a positive relationship within the practices of HR departments in organizations and its financial performance, turnover, and productivity (Huselid, 1995, Chuang & Liao, 2010; Collins & Smith, 2006; Gelade & Ivery, 2003; Gong et al., 2009; McClean & Collins, 2011; Jiang et al., 2012), while its relationship with the field of corporate social responsibility has been criticized and challenged (Turnbull & Elliot, 2005; Bierema, 2009).

More important, for practitioners of HR areas inside organizations, the more they know about the results and importance of CSR development skills on the performance of the organizations, the more they will be introduced to the area of CSR and helping their society. At the same time, it will be confirmed that if the cost paid by the company in training for each employee and the total hours each company engages in its training period also has a negative effect on the company's turnover. At their research, Gond et. al. (2010) highlight that the HR department have an important role at promoting a positive behavior, at creating an engaged workforce and at creating an environment where CSR is set in at the lifecycle of the employee.

José Manuel Salazar-Xirinachs, assistant director-general for policy of the International Labour Organization (ILO, 2013), in his feasibility study for a global business network on apprenticeship expresses various concerns, most notably that 73 million young people are unemployed, many others more are not studying or training or working but are counted as unemployed because they are discouraged to search for a job or prepare for one.

ILO's study (2013) confirms a frustration when discussing the issue of training because of the differences created when thinking from a perspective of private sector companies and from the government. The former feel they are making a payment for training which does not add value to the company and the latter believes that there should be greater involvement by companies in developing their curriculum. More results from the ILO's study (2013) declare that the principal complaints are about the quality of training in general, among which stand out a vocational training curriculum not reflecting the skills, competencies and abilities required by industries. There is a lack of updated equipment at schools and there is a lack of practical experience from teachers.

These ideas may concern organizations as they are striving to make sense of their investment decisions and, at the same time, base their investments on adding value to the organization. There is not enough evidence to show why investments in development activities are shrinking. The main purpose of this study is to answer the following research question: how will an implementation of a training program influenced by CSR affect the organization? Does CSR work as a moderating effect on the performance of an organization?

With data obtained from Bloomberg, at this empirical study I will determine whether the training given by the company to its employees has any focus on creating and developing abilities in corporate social responsibility and whether it will have a negative or positive impact on employee turnover. At the same time, I will show that if the cost paid by the company in training for each employee and the total hours each company engages in its training period also has a negative or positive effect on the company's employee turnover. Specifically, data will be obtained from USA corporations because of the availability of

information about HR training programs and the specificity of CSR training development abilities.

This study makes contributions to the CSR and HR literatures streams. It is organized in three sections: the theoretical framework (which give a complex explanation for HRD, CSR and turnover as an outcome of a firm performance), methodology, results, discussion and future investigations.

THEORETICAL FRAMEWORK

Defining Corporate Social Responsibility

There is an abundance of definitions in the literature for CSR (Carroll, 1979; Wood, 1991; Frederick, 1994; Waddock, 2004; Aguinis, 2011) that gave an extent explanation on the outcomes of CSR. I will follow and use the definitions gave by Aguinis (2011:855): “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance” and Frederick (1994): “refers to the capacity of a corporation to respond to social pressures. Act of responding, or achieving a generally responsive posture to society”

Carroll (1979) explains that CSP is a multi-dimensional construct based on three dimensions: a basic definition of social responsibility (which includes four types of responsibilities: economic, legal, ethical and discretionary), an enumeration of the issues for which social responsibility exists and a specification of the philosophy response. Garriga and Melé (2004) denote that CSR could also be seen only as a strategic tool that would achieve economic objectives and wealth creation.

Aguinis and Glavas (2012) review of the CSR literature has found that scholars study CSR at different levels; also through their research they confirm that interest in the topic of CSR has increased over time. Normally, the majority of research about CSR has focus on the organizational level of analysis, so it is important for academics to start making progress at their research of the individual level.

Importance of CSR for HRD

When organizations invest in human resources they want to increase their productivity, become more adaptable to emerging opportunities at the marketplace or to enhance their reputation with key stakeholder (Rondeau et al., 2009). Normally, an alignment of CSR with the mission and values of any corporation would be an important predictor of CSR (Aguinis and Glavas, 2012). At the same time there is a perception (Aguinis and Glavas, 2012) that CSR is good for business and would be a detonator to increased competitiveness and legitimacy.

In their study, Gond et al. (2010) group the practices of the HR department into three categories: (1) those that are advance practices reported as CSR, usually are managed by HR, which are those practices regarded as part of HR not as CSR, some examples are training, health and safety, HR planning, and support of labour unions; (2) those practices at the overlap of CSR and HR, practices that focus on employees and relies directly on HR support, they are part of the CSR strategy, they normally are related to diversity management, gender equality issues, and policies aiming at facilitating the integration of disabled employees within the workplace; and (3) those CSR practices that are involving HR, they normally focus in external stakeholders, they tend to enhance the local

environment and the life of communities in foreign countries. Training programs for development or employees are located at the first categories, they are practices that are managed by HR departments and not by CSR.

The involvement of CSR activities and policies have a positive influence to the employee performance, to the identification of the firm, or different attitudes, to the identification of the employee with the firm and commitment to it (Aguinis and Glavas, 2012). HRD considers employees as a cost to be minimized or as an asset to exploit to be aligned with CSR (Garavan and Mcguire, 2011).

To improve the performance of companies, it is considered beneficial that the company has implemented some training initiative for its employees (programs in career development, education or skills). Implementing and integrating CSR will bring cultural changes that will work as proof of adopting new and different work practices (Maon et al., 2009). Werre (2003) express that policies or the organization (in my case: training programs) should reflect that the culture changes, and also the environment should be guided by how employees sees CSR.

Schooling tends to be all the formative process an individual gain at school, high school and college before being part of a human capital workforce. Nafukho et al. (2004) express that education and schooling are deliberate investments that prepare the labor force and increase productivity of individuals and organizations, as well as encouraging growth and development at the international level. For a training to be correlate positively with organizational results, it needs to affect employees' skills, motivation and work structure. (Delaney and Huselid, 1996). Every educational program or training should depend on the strategic orientation followed by the firm. Also, the gains in productivity need to exceed the cost of the total investment so a correlation can be announced. As the literature has found before, an investment in education should be justified when returns are generated at the same time or from when productivity increases.

Over the past 60 years', researchers have made an effort to study and define HRD, Hamlin and Stewart (2011) revealed many contradictions, confusions and controversies concerning the identity of HRD, they identify 24 forms of definitions researchers have given to HRD.

There has been an academic debate between giving or not a definition to HRD, where Lee (2001) argue that HRD should not be define on philosophical, theoretical and practical grounds, while Gold, Rodgers and Smith (2003) express that sooner or later HRD will need to determine the core elements of its base of disciplinary knowledge, and getting to an agreement about what the HRD field is and where boundaries lie relative to other fields. Adding to the discussion, McGoldrick, Stewart and Watson (2001) identify that the process of defining HRD by academics, researchers and practitioners will be frustrating (due to the lack of clear boundaries and parameters), elusive (due to a lack of depth empirical evidence for some conceptual aspects) and confusing (due to confusion over the philosophy, purpose, location and language of HRD).

After reading different definitions and ideas to describe HRD, Hamlin and Stewart (2011) definition was one that include different perspectives, and ideas of several authors into one definition: "HRD is any process or activity that helps or enables individual, groups, organizations or host systems to learn, develop and change behavior for improving or enhancing their competence, effectiveness, performance and growth", and would be the definition selected for my research.

There is a need to do research that will help academics to understand the processes and mechanisms through which CSR actions and policies lead to particular outcomes (Aguinis and Glavas, 2012); making me ask myself if the training policies of companies would have a change at performance if they are moderated by CSR. Also from Aguinis and Glavas (2012) there is a need to conduct HRM on CSR and address mechanism that link CSR with outcomes.

Garavan and McGuire (2011) explain that developing leadership capabilities that demonstrate the principles and values of CSR, employee awareness around CSR, sustainability, and ethics will facilitate collaborative development processes with stakeholders having as a result enhanced knowledge skills and CSR competencies, corporate reputation, strong relationship with green suppliers and the community, strong clarity about the value of a societal approach to competitiveness, development of a corporate culture that respects and recognizes societal issues, and being recognized as a responsible employer.

Turnover as a measure to HRD guided through CSR

Trying to give an importance to study CSR as an HRD culture, I used turnover as a measure (dependent variable) point to see if depending on the training/development program that the organization is implementing there would be a change in the performance of an organization.

In Gardner, Wright, and Moynihan (2011) words, firms main ways to use HR systems and programs to obtain competitive advantage is by reducing turnover. Turnover can be seen as a performance outcome (Gardner, Wright, and Moynihan, 2011), and as an important outcome for firms to manage. Zimmerman (2008) confirms that employee turnover is a problem that mostly all of the firms have to deal with and that it can be control by making changes to the work environment.

To understand turnover, it can be explained through literature and a theory: social identity theory (Garavan and McGuire, 2011). Henri Tajfel (1981) defines social identity as the part of the individual's self-concept which derives from his or her knowledge of membership to a social group (or groups) together with the value and the emotional significance attached to it; meaning that, the social identity theory supports the idea that all individuals are motivated to achieve and maintain a positive self-concept. Tajfel, Bundy and Flament (1971) introduced this theory specifically to explain that a person's social identity emerges from the natural process of social categorization. Explaining that if the employee (individual) don't fell identify with the way the organization is acting, he or she can immediately change or leave the job for another he or she feel related with.

For Tajfel and Turner (1986) there are some reactions to negative social identities, some of them are: individual mobility, social creativity, and social competition. The most important variable for understanding my research would be individual mobility, which means that individuals will try to leave, or dissociate from their group, on this strategy attempts to achieve upward social mobility, to pass from a lower to a higher status group. The important thing is that the low status of one's own group is not there by changed.

In their meta-analysis, Griffeth, Hom, and Gaertner (2000) extend previous work made on the same topic: antecedents and correlates of employee turnover (Hom and Griffeth, 1995). Turnover has been related through time with: demographic predictors, job satisfaction, organization factors, work environment factors, job content, external environmental factors, behavioral predictors and cognitions and behaviors about the withdrawal process. In fact they measure training correlation with turnover, but as a

demographic predictor which means that the employee or individual already is trained with certain knowledge and not that the firm use training as a program inside their program structure.

For Gardner, Wright, and Moynihan (2011) some practices of HR are aim to reduce turnover and there are others that seek to increase turnover between employees or group of employees. In the same line of investigation, Vitaliano (2009) declare that training can be seen a labor cost and specifically question the effect on the turnover rate of employees when a large firm is being judged as an outstanding employer because of being socially responsible (having a positive CSR reputation). My research will prove the effect that a training program (HRD) has on turnover.

**MODEL LINKING HRD VARIABLES WITH FIRM PERFORMANCE
(TURNOVER) THROUGH CSR**

Like I explained before, training belonging to HRD practices have an impact on turnover, but does CSR has an impact between this relation?, does CSR is important for organizations?, can CSR be a variable that made a significance to employees that in fact would made them stay at organizations? Making assumptions with the social identity theory (ideas), the turnover and HRD constructs and the literature expose at the theoretical framework, I made the following hypotheses:

Hypotheses development

- H1:** A company investing in training programs have a negative effect on its employee turnover in a long term.
- H2:** A company engaging hours in training programs have a negative effect on its employee turnover in a long term.
- H3a:** A company investing in CSR training programs (moderation) have a more negatively effect on its employee turnover in a long term.
- H3b:** A company engaging hours in CSR training programs (moderation) have a more negatively effect on its employee turnover in a long term.

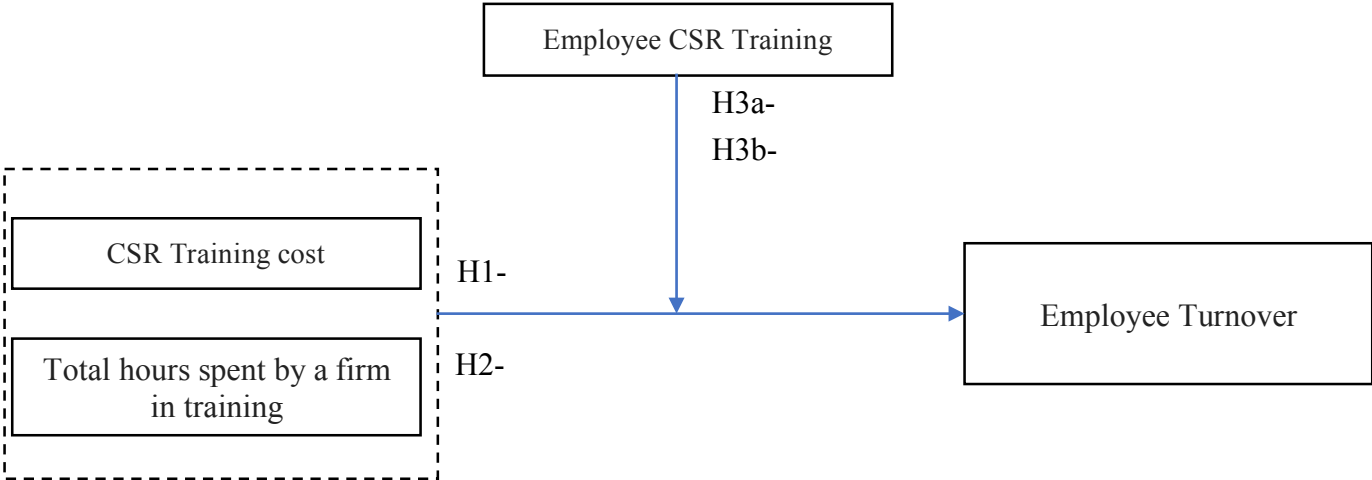


Figure 1: Proposed Model of Study

METHODOLOGY

I have presented three hypotheses, in order to give an answer to the research questions regarding turnover and CSR training programs. In this section of the methodology I will start detailing how the data was gathered, how the sample was established, and the technique used to do the analysis.

Design and Sample

Looking for data that specified if does a company is offering CSR training programs, with data obtained from Bloomberg, specifically a sample composed of firms from USA that were active in the NYSE. This empirical study will determine whether the training given by the company to its employees with a focus on creating and developing abilities on corporate social responsibility will have a decrease at the employee turnover; at the same time, it will be confirmed that if the cost paid by the company in training for each employee and the total hours each company engages in its training period also has a negative effect on the company employee's turnover. The period covered in this paper is from 2006 to 2016, and the final sample consist of 1690 firms with their information given at the NYSE for the period given (11 years). This gives a total of 18,590 observations.

Measures

-Dependent variables

**Employee Turnover*

Number of employees that left the company within the past year expressed as a percentage of the average total number of employees. High employee turnover may indicate that employees are unsatisfied with their work at the company or their compensation, or that conditions at the company are unsafe or unhealthy.

-Independent variables

**Employee Training cost*

Amount the company spent on employee training during the reporting period.

**Total hours spent by a firm*

Hours the company spent on employee training during the reporting period as reported by the company.

-Moderating variables

**Employee CSR Training*

Discloses whether the company conducts training courses for employees on Corporate Social Responsibility (CSR).

Control variables

**Return On Assets*

The return on assets is an indicator that express the level of profitability the company represent to its assets.

**Sales of the company*

Data analysis

Because the sample is form by firms through eleven years, a panel data analysis will be conducted. Because some variables where too big for the sample new variables where created "lnETC" (Employee training cost) and "lnTHST" (total hours spent by a firm). Stata version 13 will be used to run the panel, which appear to be strongly balanced. To decide between a random effects and fixed effects model, researchers often rely on the Hausman

(1978) specification test. The Hausman test is designed to detect violation of the random effects modeling assumption that the explanatory variables are orthogonal to the unit effects. The Hausman test confirm that the panel required a random-effects approach. (P=0.0898>.05). A log-likelihood heteroscedasticity test was perform, and the result confirm that the data needed to be correct. A Wooldridge test for autocorrelation was perform, and the result confirm that there was no need to correct any data for this condition. As the estimating method, I decided to use the General least squares method to correct the heteroscedasticity.

RESULTS

Table 1 contains the descriptive statistics and correlations between the variables used for my investigation. All the correlations are below $\pm.4$, which is good.

Table 1: Descriptive statistics and correlation

Variable	Mean	S.D.	ET	lnETC	lnTHST	mod1	mod2	lnSR	ROA
ET	9.807934	7.525679	1						
lnETC	1.788387	2.555283	0.0049	1					
lnTHST	13.31026	2.0284	0.0258	0.5516	1				
mod1	0.3025958	1.12769	0.0532	0.4722	0.2352	1			
mod2	1.987202	4.897649	-0.034	0.0956	0.2083	0.6216	1		
lnSR	7.866727	1.817481	0.0787	0.6563	0.6391	0.2764	0.1545	1	
ROA	5.509257	10.55021	-0.0477	-0.0337	-0.0332	-0.1528	-0.1001	-0.0357	1

Variables

ET: Employee Turnover

lnETC: Employee Training Cost

lnTHST: Total Hours Spent by Firms

*mod1: Employee Training Cost * Employee CSR Training*

*mod2: Total Hours Spent by Firms * Employee CSR Training*

lnSR: Sales

ROA: Return on Assets

Table 2 contains the GLS model results for the analysis. Three models where done.

Table 2: GLS Model

Variables	1	2	3
lnSR	0.287 *** (0.055)	0.456 *** (0.142)	0.750 *** (0.125)
ROA	-0.044 *** (0.010)	-0.085 *** (0.015)	-0.055 *** (0.016)
lnETC		-0.036 (0.078)	-0.406 *** (0.065)
lnTHST		-0.055 (0.090)	0.069 (0.094)
mod1			0.650 *** (0.110)
mod2			-0.190 *** (0.027)

Constant	7.119 *** (0.509)	5.370 *** (1.084)	1.710 ** (0.951)
Observations	1218	354	354

H3a and H3b: a company investing in CSR training programs (moderation) have a more negatively effect on its employee turnover in a long term and a company engaging hours in CSR training programs (moderation) have a more negatively effect on its employee turnover in a long term. It can be proved in model 3 that both moderations are significant (H3a: β :.650, $p < .01$; H3b: β :-0.190, $p < .01$), but H3a is positive and H3b is negative, confirming that in both cases there is a significant change, but the effect would be different for both hypothesis. For H3a it could mean that turnover could decrease when paying for CSR training programs, but for H3b would be the opposite effect, when engaging more hours on CSR training programs would in fact increase turnover.

When the variables ETC and THST doesn't get affected by the moderation, both of them doesn't result significant.

DISCUSSION AND FUTURE LINE OF INVESTIGATION

This study researched specifically how does a CSR behavior on an HRD program like training could affect a performance outcome like turnover on firms. Results demonstrated that there is a fine line between spending too much time on training and investing on the right training program to retain human capital at firms.

Managers need to identify where does a training program is important for their organizations; if well invested, a CSR training program will return (in a long term) investment and will diminish the employees' turnover.

Theoretically this study demonstrates that employees inside organizations would not feel identify with the idea of spending too much time at CSR training programs (according to social identity theory), they would match with a CSR program that would not invest too much of their time.

I strongly recommend for future investigation develop this study at other countries to find out a comparative between different cultures, maybe employees would react different to training characteristics.

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