



# The linkage between HRM, CSR and performance outcomes

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## Abstract

**Purpose** – The purpose of this paper is to look into the current corporate social responsibility (CSR) and human resource management (HRM) developments in Lithuania and to study the relationship between CSR, HRM and organisational performance outcomes.

**Design/methodology/approach** – A survey of 119 medium and large-sized organisations (over 100 employees) in Lithuania was conducted to study CSR and HRM implementation in the country and to test the relationship between CSR, HRM and organisational performance outcomes.

**Findings** – In total, 78.1 per cent of the respondent organisations have a written or unwritten HR strategy. Only 38.8 per cent have a CSR statement, but more than half of respondent organisations have a code of ethics, corporate values statement and diversity statement (respectively 65.4, 63.0 and 53.1 per cent). Research findings show that there is a linkage between HRM, CSR and performance outcomes – organisations with more developed HRM, i.e. those where HRM performs a strategic role and the HR function performance is evaluated, have better developed CSR policies. The latter were found to have an impact on organisational and financial performance outcomes.

**Research limitations/implications** – The study is built on the Cranet survey data, therefore not all CSR-related HRM practices are analysed. Due to a limited number of organisations using CSR-related HRM practices, the statistical analysis fails to determine statistically significant relationships between the usage of those practices, the level of CSR development and performance outcomes.

**Practical implications** – Organisations that are socially responsible and follow a strategic approach to HRM exhibit better performance outcomes, profitability in particular.

**Originality/value** – The paper confirms the existence of the HRM-CSR-performance linkage, i.e. organisations with better developed HRM, where HR plays a more strategic role and its performance is more evaluated, also have more developed formal CSR policies, which in turn has a positive impact on organisational and financial performance outcomes.

**Keywords** Lithuania, Corporate social responsibility, Human resource management, Organizational performance, Business strategy

**Paper type** Research paper

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## 1. Introduction

It is not only financial competitiveness that the survival of a nowadays organisation depends on. It is no less relevant for organisations to justify their existence in the eyes of their multiple stakeholders. Respectively organisations face increasing pressure to act in a socially responsible manner.

To demonstrate their corporate social responsibility (CSR), organizations develop codes of ethics, publish CSR statements and reports, and call in independent auditors to assess the implementation of their CSR policies and practices. However, in this context there arises a question regarding the benefits of CSR. CSR may be of value to employees

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