



Implementing CSR: Challenges and Implications for HRM

Lavina Thanjan
19. April 2011

Agenda

- Globalization and Outsourcing
- Global Governance
- Human Resource Management
- Culture
- Various HRM approaches
- The role of HRM
- Discussion

Globalization and Outsourcing

- Main aim of a company: generate profit
- Maximize profit:
 - Cost cutting
 - Increase sales
- Possible solution: Outsourcing
 - Low priced labor
 - Lax regulations
 - Tax havens

Globalization and Outsourcing

- Outsourcing comes along with Globalization
- Globalization is „*the process of intensification of cross-area and cross-boarder social relations between actors from very distant locations, and of growing transnational interdependence of economic and social activities.*“ Scherer and Palazzo, 2008, p. 415
- *Globalization can be defined as a process of intensification of cross-border social interactions due to declining costs of connecting distant locations through communication and the transfer of capital, goods, and people.*

Scherer and Palazzo, 2011

Globalization and Outsourcing

- Globalization may cause the violation of human rights, the lack of environmental protection,...
- Rules and regulations are needed.
- The lack of global regulation can only partially be filled by NGO's.

Global Governance

- Multinational companies (MNC's) themselves step in and engage in „global governance“ . (Code of conducts, global governance initiatives)
- On the other hand, MNC's capitalize the lack of regulation (violation of labor standards / human rights).
- In this connection, Human Resource Management (HRM) plays a key role since it is responsible for the recruitment, development and dismissal of the company's staff.

Human Resource Management

- *Human resource management (HRM) involves the effective management of people to achieve organisational goals.*

Greenwood, 2002

- *HRM is ... „the productive use of people in achieving the organisation’s strategic business objectives and the satisfaction of individual employee needs.“*

Stone, 1998, p. 4

Human Resource Management

- *„The effective management of human resources is aimed at searching for the right people, and subsequently qualifying and motivating them to fulfil the organizational goals.“*

Anderson et al., 2001

- Due to globalization, HRM has to deal across various countries and different cultures.

<http://www.youtube.com/watch?v=LImhTTFu4b8>

Culture

Hofstede distinguishes five cultural dimensions:

- Power Distance
- Individualism vs. Collectivism
- Masculinity vs. Femininity
- Uncertainty Avoidance
- Long-term Orientation vs. Short-term Orientation

Geert Hofstede

Various HRM approaches

- There are plenty of HRM models...

Traditional / functional HRM

- Goal: enhance efficiency
 - Better performance through job satisfaction
 - Instrumental / functional view of employees:
Employees as resource (hard HRM -
Management)
- ➔ This concept is highly criticized from an ethical perspective

Strategic HRM (SHRM)

- Strategic perspective of HRM: tailor organizations in order to increase company performance

International HRM (IHRM)

- HRM with a global perspective
- HRM is „the aggregate of the various HRM systems used to manage people in the MNC, both at home and overseas“.

Taylor et al., 1996, p. 960

Strategic international HRM (SIHRM)

- HRM with a strategic and global perspective
- *...„human resource management issues, functions, and policies and practices that result from the strategic activities of multinational enterprises and that impact the international concerns and goals of those enterprises“.*

Schuler et al., 1993, p. 720

Positivist HRM

- *Follows 3 premises:*

1. *separation of business and political sphere*

2. *shareholder value maximization*

3. *social responsibility only for long term value maximization of the firm*

➔ This concept is highly criticized being manipulative as a management tool to control!

Post-positivist HRM

- HRM incorporating an ethical perspective on a micro-level (individual employee) or a macro-level (HRM design, decision making).
- Respecting principles of soft HRM (leadership).

Various HRM approaches

- There are plenty of HRM models
- Models for researchers and practitioners
- User-friendly versions for practitioners
- HRM strategy should primarily focus on efficiency
- Ethical perspective should support economic approach to be taken seriously

The role of HRM

Stakeholders of MNC's:

- Shareholder / Investors
- Employees
- Suppliers
- Public / NGO's
- ...

→ Economic vs. Political / ethical role of HRM

The role of HRM

Economic role:

- Focus on efficiency
- Performance orientation
- Maximize profit
- Shareholdervalue principle
- Hard / instrumental HRM-approach

The role of HRM

Political / Ethical role:

- Stakeholdervalue principle
- Commitment to the public
- Soft HRM-approach
- The political role is object of reserach

→ Both viewpoints need to be considered!!

The role of HRM

Ethical commitment

- *„In globally dispersed firms, the difficulty for HRM is to find a way to be locally responsive while at the same time globally integrative.“*

Scherer and Voegtlin, 2011, p. 13

The role of HRM

- Routine vs. Innovation
- Instrumental vs. Ethical
- Universalism vs relativism

Discussion

- Have you heard of a code of conduct (in your company)?
 - Do you care about CSR with respect to a possible appointment? Would you waive a high salary?
 - Can the HRM of a company influence the employment of the staff?
 - Will the political / ethical role of HRM become
-
- <http://www.youtube.com/watch?v=GggyVO21hw8>