


Corporate Social Responsibility: CSR 

Implementing CSR: Challenges and Implications for HRM



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FS 2012 Seminar CSR 1

Corporate Social Responsibility: CSR 

Agenda:

- Multinational Corporations today
- Human Resource Management
- SIHRM Systems
- Cross-Cultural Management
- Perspectives of HRM
- Creating Ethical Capability

- Discussion

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Multinational-Corporations today

Globalization:



„ 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.“

Scherrer and Palazzo, 2011

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Multinational-Corporations today

- Outsourcing (low-priced labor, price war, tax heavens → race to the bottom)
- main goal: maximize shareholder-value
- different stakeholder groups
- Pressure to adopt globally standardized policies, need to remain responsive to local conditions
- lack of worldwide rules and regulations (human rights, labor conditions, environment)

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Multinational-Corporations today



Examples:



<http://www.wwf-juugend.de/leben/fair-kaufen/faire-kinderarbeit>



<http://de.wikipedia.org/w/index.php?title=Datei:Chiquita.svg&filetimestamp=20080212233414>

Multinational-Corporations today



Examples



www.indiadaily.org/entry/outsourcing-a-boon-or-bane-india-is-still-deciding/stablogsimages.com/images/2008/03

Multinational-Corporations today

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- NGO's try to fill gaps of regulations
 - MNC's engage in global governance (code of conducts, global governance actions)
 - institutional pressure to implement CSR
- Implications for HRM practices: for example the UN Global Compact refers to minimum labor standards



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

Stone, 1998

„ HRM involves the effective management of people to achieve organisational goals“

Greenwood, 2002

→ HRM accepts “use” of people: raises ethical questions: can a person be called a resource?

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Strategic HRM (SHRM) (Taylor, 1996)

- explicitly link HRM with the strategic management goals of the organization.
- achieve coordination among the various HRM practices

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International HRM (IHRM)

- *“IHRM is the aggregate of the various HRM systems used to manage people in the MNC, both at home and overseas”*

Taylor et al. (1996)

→ HRM with a global perspective!

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Human Resource Management



Strategic International HRM (SIHRM)

- HRM with a strategic and global perspective!
A way for MNCs to effectively manage and control their overseas operations
- Resourced Based View (Barney 1991): a firms resources can gain competitive advantage, if the resources are valuable, rare, imperfectly mobile and can't be copied
- RBV in SIHRM: development of firm-specific competencies, complex social relationships, culture, tacit knowledge, ethical capability



SIHRM System



- Question: How will the MNC manage its HRM functions at the international affiliates?
- Overall approach: 3 generic SIHRM orientations
 - adaptive
 - exportive
 - integrative

(Buller, 1999)

SIHRM System


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Adaptive SIHRM orientation:

- HRM system reflects the local environment
- differentiation
- HRM specialists with local knowledge

→ low internal consistency, high external consistency



Exportive SIHRM orientation

- fully transformation of the parents HRM system
- using the home countries HRM policies and practices
- high integration

→ high internal consistency, low external consistency

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SIHRM System


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Integrative SIHRM orientation:

- takes “the best” approaches
- substantial global integration with allowance for some local differentiation
- transfer can go in any direction

→ high internal consistency, moderate external consistency

What is the best approach? → cross-cultural management and ethical capability

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SIHRM System



- MNCs have to find the best fit between the firms external environment, its overall strategy and its HRM policy
 - Influence: the environment of the host country
 - legal environment (labor issues)
 - cultural environment
- 2 variables influence the degree to which the MNC is able to transfer its parent company's HRM system

Cross-Cultural Management



- no simple answer to the question what is ethical behavior across different national cultures
 - Hofstede (1984): Culture has a strong influence of the success of using foreign management systems
- 5 cultural dimensions:
- power distance
 - individualism vs. collectivism
 - masculinity vs. femininity
 - uncertainty avoidance
 - long-term vs. short term orientation

Cross-Cultural Management



Donaldson (1996) : 2 extreme positions:

relativist: takes the familiar approach → “when in Rome, do as the Romans do”

absolutist: the home country cultural and ethical values must be applied everywhere as they are at home

→ *There should be a moral free space, that allows for judgment based upon unique circumstances*

Perspectives of HRM



“mainstream” HRM:

- HRM = mechanism for the attainment of organizational goals
- individualistic (focus on the employee as a unit)
- focus on efficiency (instrumental and functional, hard HRM, shareholder value)


“critical view” of HRM

- HRM = rhetorical and manipulative, tool to control the workers
- pluralist (multiple purposes and goals) and collective (employees as a group with needs → Stakeholder theory)
- soft HRM = people orientated, hard HRM = production focused
- soft HRM as a version of hard HRM?


(Greenwood)

“mainstream” or “critical view” of HRM?

Perspectives of HRM



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- M. Friedmann (1979): “business must stay within the rules of the game, engage in open and free competition without deception and fraud”
 - Difference between cause no harm and actively promote the good!
- producing the greatest good for the greatest number of people
- ethical frameworks: assume a positive obligation
 - Where the market fails to safeguard individual rights, the organization has to step in


→ Both perspectives need to be considered!

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Creating Ethical Capability



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Transformational Leadership:

- CEO and other key leaders (responsible for human resources)
- communicate an ethical vision (by words and example)
- leader must be sensitive to sources of resistance

Enhancing organizational learning

- creating “shared mindsets” (transnational teams)
- goal: establish a corporate code of ethics, ethical culture

Implementing specific HRM practices

- selection: hire and promote the right people
- training: employees must be trained to understand code of ethics
- appraisal and reward: should signal clearly the ethical standards of the MNC

(Buller)

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Use of People



- Under what circumstances, if any, is it allowable to use employees as a resource?

“The proposition that individuals must be treated with respect does not mean that people can never be used as a resource. But there are certain moral rights that the employee has which can’t be violated.”

“Through the selling of their labor to an organization, employees are selling their willingness to act in the interest of the company

M.Greenwood

Discussion



- To what extent, if at all, should the organization act in the interest of its employees?
- Under what circumstances can high management salaries be ethically justified?