

The Impact of an Epidemic on Organizational Employees and the Labor Pool: Complex Global Problems and Corporate Social Responsibility

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Introduction

Truly global problems are intricately complex, affecting for-profit businesses, government organizations and agencies, and social/non-profit organizations. Problems such as the devastation of the December 2005 Tsunami, Hurricane Katrina, or global anti-terrorism require our best decision making models. These decisions inherently involve corporate social responsibility and corporate sustainability issues. While many such problems originate from natural crisis or disaster, such problems also face today's businesses in the normal course of operations. This paper explores current corporate social responsibility and corporate sustainability models, and their ability to guide business' response to such global problems. It answers two questions: 1) How do current corporate social responsibility and corporate sustainability models guide business' response to complex, global problems?, and 2) Are these models and definitions sufficient?

Summary of Relevant Literature

Global problems are the political, environmental, and economic problems of one country that have effects on other countries (Cowen, 1989). Carroll's (1999) work identifies four areas of CSR: economic, legal, ethical and discretionary. Attending to

these responsibilities may or may not result in corporate sustainability. CSR is sometimes formed to meet the purposes of various management disciplines. Because of this, current definitions may be influenced by these disciplines (van Marrewijk, 2003). This has resulted in what has been termed a definition of CSR that is too broad to be useful to corporations (Banerjee, 2001). More recent work (van Marrewijk, 2003) delineates corporate social responsibility and corporate sustainability noting that corporate sustainability is the ultimate goal – that is meeting current needs, including those of the shareholders, without compromising the ability of future generations to meet their needs.

Methodology

We use case methodology to explore our research questions. We use a composite case in this paper, a case developed from the experiences of several organizations facing the same global problem. Our case is developed through business news and research articles, and research related to the problem. We identified the common themes and issues in facing such a problem (Strauss and Corbin, 1990), and then used standard case methodology to develop the case (Denzin and Lincoln, 1994). We use the case instrumentally (Stake, 1995) to explore the research questions in detail and their nuances in detail.

The Case

The case explores the issues facing companies who are currently offshoring or are planning to offshore in India, and the impact of the growing HIV/AIDS in India on the employees and the labor pool in general. Offshoring to India has reduced costs and created greater profitability for offshoring organizations. McKinley Financial, the name of the company in our composite case began offshoring in India in 1995, and is looking to expand its services. K. Stone, Operations Director for McKinley in India, has been asked to explore issues associated with significant increases in offshoring in India. In addition to a number of other issues, Stone realized that the AIDS crisis is a serious business risk.

Current estimates of the number of HIV infected persons in India range between five and eight million (Abating, 2004; Serril, 2005). Official government estimations place the figure at 5.1 million persons infected; with an increase of 500,000 expected this year. This means India is second only to South Africa in number of HIV infected citizens. In 2004 an estimated 400,000 persons died of AIDS or AIDS-related tuberculosis in India (Serril, 2005). HIV infection and AIDS will impact corporations operating in India through cost increases in healthcare costs, training expenditures and recruitment expenses (Chatterjee, 2003). HIV/AIDS also have another effect on the workforce; discrimination. People are being discriminated against in the workplace and are in some instances their right to employment is being denied (Serril, 2005). The situation is impacting the Indian workforce in a way that may reduce its viability as an offshore platform.

Currently there are several programs in India to help prevent the spread of HIV and treat those already infected with HIV. These programs are sponsored by smaller Indian businesses and charitable organizations such as the Bill and Melinda Gates Foundation's Indian Initiative on AIDS (BMGF). But as the head of BMGF said, the support is wonderful but it is not enough. There needs to be more support, specifically from the business community (Abating, 2004; Sangupta, 2004; Serrill, 2005).

Stone realizes that the AIDS crisis will impact the long term viability of McKinley's offshoring in India – due to its current and potential impact on the labor pool and the McKinley labor force. Stone feels that the future of the Indian labor force, both native workers and the expatriates who work in India, needs more than normal intervention. He feels the company should develop a plan to respond to the crisis, as have companies in Africa, which are working on education, provision of drugs for infected persons, and AIDS prevention. However, he realizes such an effort is outside the boundaries of what McKinley normally does in terms of involvement in the local and broader community.

Summary

The AIDS crisis in India represents the type of problem that businesses will face in the coming years. We use the case to explore the effectiveness of current corporate social responsibility and corporate sustainability models in shaping business' response to such issues. Our research questions, 1) How do current corporate social responsibility and corporate sustainability models guide business' response to complex, global problems?, and 2) Are these models and definitions sufficient?, are used to identify the strengths and weaknesses of the current models, and to offer guidance to businesses as they consider such global problems.

Full references available upon request.