

# **Hewlett-Packard's Global Citizenship Program**

## **Social and Environmental Responsibility (SER) program**

**: The Model of CSR Alliance with Profit, the Corporation's Ultimate Goal**

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Corporate Social Responsibility

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Eileen Hur

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## Hewlett-Packard's Global Citizenship Program

: The Model of CSR Alliance with Profit, the Corporation's Ultimate Goal

### I. HP's Approach to Corporate Social Responsibilities: Global Citizen Program

Hewlett-Packard (HP) is known as one of the initiative models for the corporate social responsibility (CSR) and one of the successful models of the CSR. Like many other firms, the start was a philanthropic measure of charity and donation to the local community. This idea of being responsible business to its community has been expanded to the Global Citizen Program with the expansion of its business. This Global Citizen Program by HP is designed to cover broad spectrum of management in general but with the concerns of social responsibility which including issues of ethics and compliance, environmental sustainability, supply chain responsibility, social innovation, and privacy.<sup>1</sup> This has been great brand building strategy, which led to the 9<sup>th</sup> place in overall consumer evaluation.<sup>2</sup> Greenpeace also marked HP as the most environmental friendly electronics in 2011 by its Green Electronics Reports Card.<sup>3</sup> However, these rankings credibility by the organizations should also need to be examined. One positive feature of the Greenpeace would be its financial status is purely based on donations of individuals and supports from related foundations. Though still its independence should be closely examined through separate project.

This inside monitoring procedure has been increasing its transparency through the annual reporting, later HP made those report available online, which was the starting point for HP's active involvement in CSR. However, this extra effort was the consequences of the HP's scandal with its poor management of the suppliers in 2004 including the relation with Foxconn.<sup>4</sup> Also, even after the system of HP has been evaluated as a successful model of the CSR, still the corporate strategy embedding the issues mostly in two major sectors of the CSR: environment and labor standard. In 2007 Greenpeace accused HP for using toxic chemical for its

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<sup>1</sup> [http://www.hp.com/hpinfo/globalcitizenship/commitment/global\\_citizenship\\_strategy.html](http://www.hp.com/hpinfo/globalcitizenship/commitment/global_citizenship_strategy.html)

<sup>2</sup> [http://thecro.com/files/100Best2011\\_List\\_revised.pdf](http://thecro.com/files/100Best2011_List_revised.pdf)

<sup>3</sup> [http://www.greenpeace.org/international/Global/international/publications/toxics/2010/version16/Ranking%20ables%20Oct%202010-HP.pdf](http://www.greenpeace.org/international/Global/international/publications/toxics/2010/version16/Ranking%20tables%20Oct%202010-HP.pdf)

<sup>4</sup> <http://www.ethicaltrade.org/news-and-events/blog/anne-lindsay/foxconn-suicides>

products and the same problem lasted till 2009, Greenpeace exercised the protest against the HP, by giving HP public shame by painting HP's rooftop.<sup>5</sup>

However, compare to labor issue, environmental concern is still under better control. Most of active problem solving measures related to CSR are focused on the environmental measure. For even its web site provides separate section for its sustainability measure. However, this is not because HP aims for higher environmental standard but with better environmental standard, the company can achieve better profitable model. It is well stated in HP's website and its annual report, its environmental measure is more focused on the consumer sustainability. Also it could be seen from their first move, which started from recycling of ink cartridges and the further developments are related to improvement of energy efficiency of the products which is one of the important criteria for the customers of its products. Like quality control of the company, the environmental measure aligns well with its profit strategy which is strong drive force for the company by itself.

On the other hand, like many other global manufacturing firms, HP also heavily relies on the China's low cost labor to increase their profit and its competitiveness in global market through the strategy of keeping the product cost low. This management strategy has been a prevention of the improvement of the labor standard in China. In 2004, IBM, Dell, and HP have been accused for sweatshop conditioned and it has not been improved and those companies, including HP do barely show effort to improve the condition of their global suppliers.<sup>6</sup> 2008 global economic recession only worsened the problem. Not only companies do not improve working condition with better facilities or reasonable working hours with higher cost, but these companies' high need for cheap labor holds back even Chinese government from enforcing the labor standard for its people to keep its business conditions friendly to the global firms. It is not surprising that Foxconn has been a great part of HP's supply chain, which now has more fame over Apple's shady supplier from China, yet even with the recognition of the labor condition problem, there has been no active measure practiced to improve the working condition but waiting for Chinese government to implement proper regulation.<sup>7</sup>

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<sup>5</sup> <http://www.greenpeace.org/usa/en/multimedia/videos/Hewlett-Packard--Hazardous-Products/>

<sup>6</sup> <http://www.guardian.co.uk/technology/2012/feb/20/foxconn-apple-china-wages>

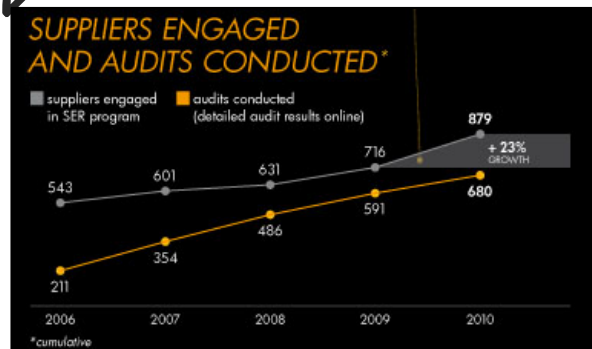
<sup>7</sup> [http://www.fpif.org/articles/labor\\_rights\\_in\\_china](http://www.fpif.org/articles/labor_rights_in_china)

Unlike sustainability, other issues of CSR are not truly integrated with the profit model of HP. All electronics producers are competing for the lowest price, and this low price is heavily relying on global supply chain with lower criteria or regulation over working conditions. Considering the industry trends, the most problematic concern with HP's case would be pursuing the labor standard over its supply chain. This paper will be focusing on measuring the HP's effort to improving the labor condition and its credibility focusing on its Social and Environmental Responsibility (SER) program; what is the driving force of pursuing better labor standard and how HP trying to meet that criteria along with its own model of CSR. The most important concern would be how and why HP makes the credible actions with its promises to the society.

## II. Measuring the Credibility of Global Citizenship Program in terms of Labor Standard

### 1. Self-monitoring

Most of the HP's model of Global Citizenship Program is rely on its own self-monitoring system. Self-monitoring is not a new concept for companies. Most of the time companies are self-monitoring system for the quality control without special concern, most of the time this self-monitoring is trusted by the society. This kind of self-monitoring is credible because the credibility problem with the product quality control will directly harm the company's profit in short-term, while ruin the whole brand image of the company in long-term. Since the quality of the product is most of times, the most important criteria for the customer's choice which is hard to build the trust while easy to lose. Therefore, the dishonest reporting will potentially drive the company out of the industry or harm the company in unrecoverable way like Toyota failing quality control in 2010.



Compare to that, the issues of reporting CSR has lower cost. Now the credibility becomes questionable since the cost of implementing the CSR measure to the management system or production process might cost

more than the cost of mal-reporting. Only possible direct cost would be the brand image that has been built throughout the PR.

To increase the credibility of its CSR measure, HP adopted auditing. HP is placed audits over their global supply chains, and put extra effort to the region with comparatively lower standards or requirements. In addition to that, since the production process involves multiple tiers of value chain, HP implemented the auditing requirement by its code not only to their direct suppliers but also to the subordinate suppliers for its first tiers.<sup>8</sup> This way, HP can spread its management ethic with relatively low cost with better efficiency. HP, however, the method of the audit is informed auditing where auditors visit scheduled before their visit, it is hard to generalize the result to the all the production facilities. Even though the audit is informed, since HP constantly and frequently put audits to its suspicious practices, the self-monitoring can get more effects as a diagnostic measure for the CSR concerns.

By the self-monitoring measure itself, the HP's model should be considered as the corporate strategy. CSR is another type of the brand building strategy which can differentiate your company from others producing relatively similar product. Even though HP has put consistent effort for pursuing the measure of CSR, with only the measure of self-monitoring, the effort stays at the level of cheap-talk. Even though HP has been making this claim costly, by building the image of higher moral ground compare to other firms in the industry which will provide higher moral expectation to the customers increasing the burden for the future accusation, still the method needs extra caution with its credibility until it proves that the system has the true integration with the company's business model by the examining the relation with the targeting customers and investors of the company.

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<sup>8</sup> [http://www.hp.com/hpinfo/globalcitizenship/environment/supplychain/ser\\_program.html](http://www.hp.com/hpinfo/globalcitizenship/environment/supplychain/ser_program.html)

## 2. Third Party Involvement

### i. Non Profit Partnership with the Business of a Better World (BSR)

To make complement for the self-monitoring system, HP conducts many of its CSR project with the Business of a Better World, nongovernment and nonprofit organization. There is also ongoing project with BSR improving the working condition of supply chains especially targeting those in China. In 2007, HP, with the collaboration with BSR and China Training Institute, developed the Focused Improvement Supplier Initiative (FISI), a program that provided 40 top tier HP suppliers with the tools and resources to improve CSR management within their facilities.<sup>9</sup> This project is not only focusing on passive improvement of working condition, but also by educating the workers and management positions, this project tries to change the culture of the working environment general in China; productivity, working hours, wages and benefits, worker communications, management systems, root cause analysis, Chinese laws and regulations, the environment, health and safety, and the European Union's Restriction of Hazardous Substances and Waste Electrical and Electronic Equipment directives.<sup>10</sup> For HP, third party involvement is finding partner for the implementation of their measure or conducting the research project with the concerns with its business practice than the monitoring itself.

Occasionally, third party nonprofit auditors involve with the process of the auditing global supply chain. However, this does not necessarily mean that there is more independence and credibility. BSR takes part of audits since HP is a member of the organization, that paid membership label the as socially responsible. Since the business membership is given to the organization that pays its annual fee according to its size of the business, the true independent relation of the third party does not exist in this relationship between HP and BSR. With the financial dependence, the organization becomes more like an agent of the company. This principle-agent relation between two entities becomes more evident considering the composition of the board

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<sup>9</sup> <http://ctichina.org/v2/en/node/150>

<sup>10</sup> <http://ctichina.org/v2/en/node/150>

<sup>11</sup> <https://www.bsr.org/en/our-network/eligibility-dues>

directors in BSR. Most of the board positions are filled by private firms' management position, which proves that this organization is created by the needs of the private firms to label them as a socially responsible company.

Because of the financial dependence, the organization's involvement is not going to improve the credibility the system of monitoring. However the organization function as the networking herb for the private firms which provides the CSR network among companies, help them to cooperate among the issues and reach the agreement that helps avoiding the race to the bottom with distrust among companies and force themselves to the better sustainable and socially responsible performances under the competitive market. However, BSR helps HP to conduct the project related to CSR.

ii. Private-Private Bonding: Electronic Industry Citizenship Coalition

2004, HP, Dell and IBM released an Electronics Industry Code of Conduct to promote industry standards for socially responsible business practices across their global supply chains.<sup>12</sup> Electronics Industry Code of Conduct is the voluntary measure that the participants make a commitment to follow the Electronics Industry Code of Conduct. This code is pursuing the better standards to the working conditions in the electronics industry supply chain, which makes sure that the working conditions are safe and the workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.<sup>13</sup> This code by itself is a quite improvement that enforcing the implementation of better standards of labor through not only first but second and third tire of the chain. Since this action was direct response to the accusation of sweatshop working condition over the suppliers in the China.

The code contains basic commitment for the treatment and the condition of the labor force. Even if the code contains through and strict standards over the labor and the communication process requires the companies to responsible for the issues in regular basis, this commitment lacks the legal binding. Without proper enforcement

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<sup>12</sup> <http://www.eicc.info/>

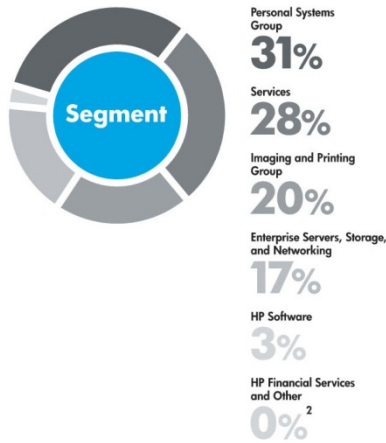
<sup>13</sup> [http://www.eicc.info/eicc\\_code.shtml](http://www.eicc.info/eicc_code.shtml)



measure, there is not clear cost for the companies considering the facts that there is no way the consumers can directly recognize or evaluate the participation of the company's commitment. Again, this measure of private voluntary binding does not put extra pressure or cost over the company. Even HP claims that they have been working with Faxconn since 2004, to improve the treatment still Faxconn is one of big suppliers in China and HP still enjoys the benefit of cheap labor with the excuse of the keeping its competitiveness in the market.

### 3. Profit Management and CSR

#### III. Consumer Composition and Sensitivity to CSR

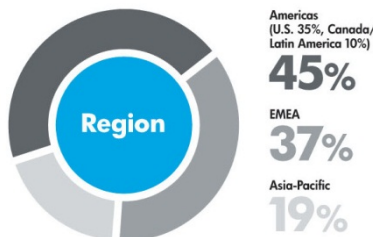


Almost 70 percent of the HP's revenue comes from the product targeting individual consumers.<sup>14</sup> This indicates that consumers can exercise pressure to the company effectively through their choice of product. Also, HP's general profit composition by sector shows that most of their profit relies on the sales of personal computer, the products directly targeting individual customers. Because HP's profit model is highly dependent on the individual consumers, the change in consumer behavior can make difference of the company's performance.

With the effective effort to form a collective action, the consumers can create the force to enforce the companies to change its behavior or accelerate the change. However, not many of electronic consumers are sensitive to the CSR factor of products, even the UCSD bookstore targeting specifically high educated group of consumers still does not have indicators available for these issues. Therefore, there is not enough incentive for

<sup>14</sup> [http://media.corporate-ir.net/media\\_files/irol/71/71087/AR11/HTML2/default.htm](http://media.corporate-ir.net/media_files/irol/71/71087/AR11/HTML2/default.htm), Financial Highlights

the company to put effort to change behavior which could possibly help differentiate it from others in the market. Since the product differentiation is not designed well enough, HP has no special feature across their products. This allows large availability of the substitutive products available in the market, relatively low loyalty of the customers. Consumers with low loyalty can affect action of the consumers and the company. Unless, there is direct harm to the consumers, consumer groups are reluctant to make collective action to pressure company. In addition to this, if there are lots of substitutes, the consumers would rather just choose alternative. Although consumers tend to change their action easily with their choice, there is no indicator available yet CSR factors are not serious concern of the consumers, there is less chance of pressure from the consumers will be created. HP products are more vulnerable or sensitive to the consumers' indirect signal. Since the change of the consumption can affect the short term profit, also going to affect the investment considering its effect to the financial statement and later the overall growth of the company, though for the company, it is clear that consumers will not react to the change which will only cost more for the production. There are salient consumer groups who can make the change through their action, but not yet organized enough. This makes the leeway for the companies only react to provide low cost product to secure its market compatibility.<sup>15</sup>



Another factor that needs to be considered is that the HP's consumer composition among the region. More than half of the revenue shows high concentration on the America continent followed by Europe.<sup>16</sup> Compare to Asia, these regions has relatively longer consumer exposure with the concept of CSR

which means informed choice can be expected. However as European Commission pointed out through its A renewed strategy 2011-14 for Corporate Social Responsibility, the consumer attention to CSR has been growing, still the improvement is not containing enough sufficient awareness. Also the information is not available in regular basis yet this acknowledgement involves price premium, consumers do not have enough

<sup>15</sup> <http://www.humanresourcesjournal.com/2012/02/foxconn-wage-increases-may-impact-world-electronics-industry/>

<sup>16</sup> [http://media.corporate-ir.net/media\\_files/irol/71/71087/AR11/HTML2/default.htm](http://media.corporate-ir.net/media_files/irol/71/71087/AR11/HTML2/default.htm), Financial Highlights

incentive to make informed and better choice by themselves.<sup>17</sup> Therefore European commission, by setting up a new action plan, tries to improve the consumer action more effectively where this kind of specific effort is not yet found in developing regions.

Another important concern, as it mentioned in the concerns in European Commission report, would be the information availability. Only sign for the CSR concerns that the customers can find is the fact that the product is the Energy Star qualified. This means that the product is made to use less energy and meets strict energy efficiency guidelines set by the Environmental Protection Agency and U.S. Department of Energy.<sup>18</sup> However, this environmental concern is more leaning towards the process of operation of the product rather than its production process like CO2 foot print or other possible environmental concerns including toxic element safety. More importantly, there is no indicator for other concerns like labor condition of the production process. It is because the energy efficiency of the product has more direct relation with the function and the usage of the product. With higher efficiency the consumer can benefit by lower operational cost. This indicates that the most of the consumers, who buy the HP product individual level, do not have enough concern about CSR performances; rather the customers are less tolerant to the increase in price of the products. Therefore, there is not enough extra outside pressure for the company to make credible label or commit its product with extra cost of the product management.

Consumer pressure for the socially responsible action has been improving yet not very effective. First, the indicator is not available or easy to recognizable compare to organic food or fair trade coffee. For the overall electronic goods, there is no general agreement or standardized label indicating the companies' performance over CSR. In addition to that, considering the consumption pattern of the consumers, it is hard to expect that the additional information about the CSR performance would affect the choice of the products. This only gives incentive to the companies to stay at low standard of CSR.

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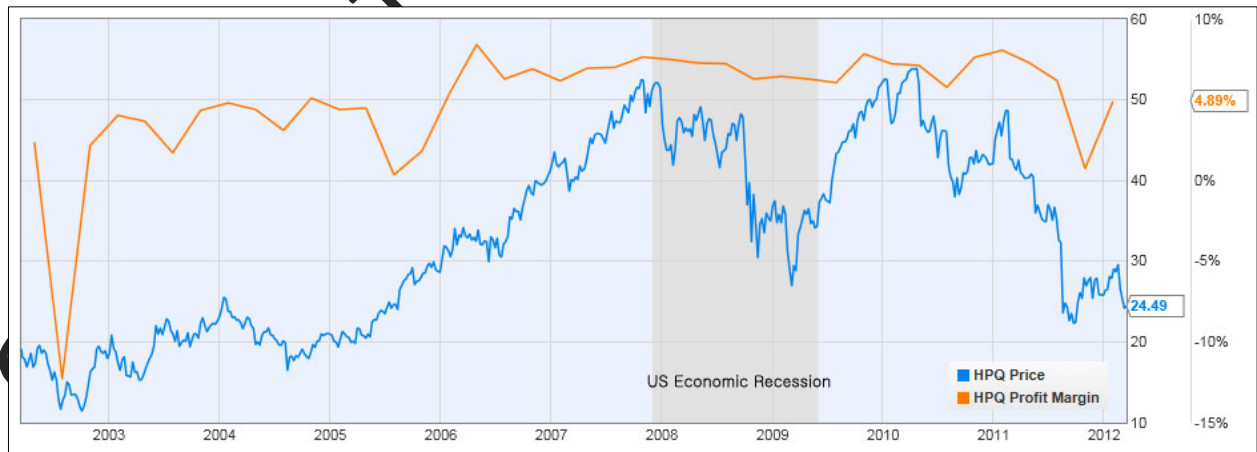
<sup>17</sup> [http://ec.europa.eu/enterprise/newsroom/cf/\\_getdocument.cfm?doc\\_id=7010](http://ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=7010)

<sup>18</sup> [http://www.energystar.gov/index.cfm?c=products.pr\\_how\\_earn](http://www.energystar.gov/index.cfm?c=products.pr_how_earn)

#### IV. Investors Sensitivity to CSR

Individual stockholders or investing banks are sensitive to overall performance of the company. Therefore, CSR performance it only matter when the company's profit fluctuate with the CSR criteria violation. However, the consumer group of HP is more likely to be reluctant to the CSR issue not related to the quality of the product. Yet highly sensitive to the price of the product, if the price of the product increases, the consumers will penalize the company no matter the reason of behind the escalation. This tendency can be revealed through the reporting process. The financial statement, the report that directly targeting investors, does not contains the company's performance in CSR yet if the individual investor who has interest can reach to the separate report, Global Citizenship report that HP provides. This information discretion shows that not in general investors sharing the same concerns about the CSR issues.

HP has been through several scandals with accusation by the nonprofit organizations relating to the several different CSR issues. However, these scandals did not affect the stock price of the company or its profit. Stock price fluctuation is volatile to the economic condition and general performance of the company, but not sensitive to the CSR performance or even the scandals.



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<sup>19</sup>[http://ycharts.com/companies/HPQ/price#series=type:company,id:HPQ,calc:price,,id:HPQ,type:company,calc:profit\\_margin&zoom=10&startDate=&endDate=&format=real&recessions=false](http://ycharts.com/companies/HPQ/price#series=type:company,id:HPQ,calc:price,,id:HPQ,type:company,calc:profit_margin&zoom=10&startDate=&endDate=&format=real&recessions=false)

As the graph indicates, the stock price did not hugely fluctuate with the scandals in past ten years, including 2004 Foxconn labor issue and 2007 and 2009 protest of the Greenpeace against the hazardous material. None of these events actually affected the stock price or even the profit of the firm. Rather the profit and stock price fluctuate with the economic conditions like 2008 US economic recession.

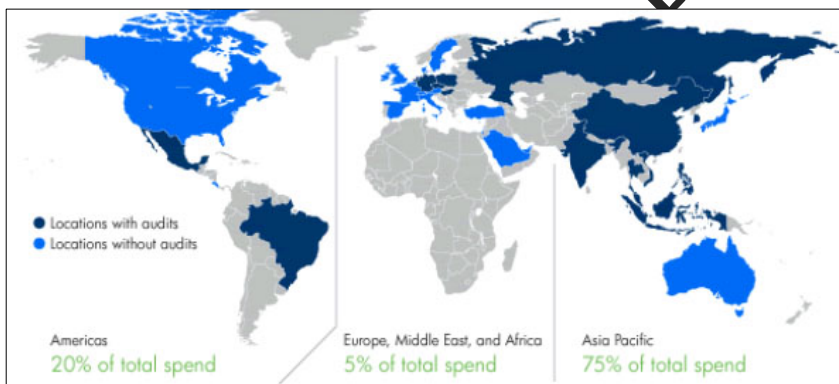
Again, even with the investors, HP provides more information about its environmental concerns which has more relativity with its profit model and market change. Financial Statement and Annual Report of HP 2011 contains separate section about its sustainable model and the development. Though other concerns with the real issue that has huge effect on their cost of production, the labor standard implementation has no information on the information provided directly to the investors. The investors even though they have more power and incentive to change company's performance or behavior since the investors has more direct relation with the management of the company, yet do not recognize the labor issue as a serious problem in terms of company's performance or even not inquiring the information about the issues of the CSR to the companies. Therefore, this indifferent attitude of the consumers and investors set the distance between CSR and the profit management process of the company. They do not incentivize the company to act socially and environmentally responsibly way, even lowering the company's cost of its commitment over CSR performance. This leads to long history of low labor standard abuse or other CSR standards violation outside of the legal binding.

#### 4. Government Regulation

The US government has strict regulatory measure in labor standard and its implementation and monitoring is under serious judicial binding. Also the value chain of the production places knowledge-intense sector or management sector of the business near in California or the branches in Europe where you can get the benefit of agglomeration of the research institution and human resources in this area. Not only with the better regulation but also with the demand for quality working environment to keep the human resources in the company, HP has to provide better condition in these areas. With the high standard, not only drive the company more self-

regulatory but also makes government more responsive to this labor conditions and requirement. This public-private bonding actually provides the best regulatory system which does not require any extra monitoring.<sup>20</sup>

However the manufacturing labor-intense sector of the business often placed in developing countries, so far represented by China, these local governments do not have incentive to protect the workers from multinational firms. The strong drawing factor of multinational firms' investment to these countries, which can boost up their economy, has been the cheap wage combined with low regulation. For last 20 years the only country that can meet all these criteria has been China. Now with the economic growth, there is increasing demand for the better condition of work. However, for local government with the competition with other developing countries like Vietnam or Indonesia for the wages and the business conditions, there is not enough incentive to put regulation enforcement to protect the workers from illegal over working or underpayment. The free market competition among the developing countries works as a force to lowering the standard.



One positive sign from the HP model would be that HP intensely put more of its audits to this region. Again, this is not because HP is more ethically acknowledged but it has incentive to do so

considering the cost and the efficiency of the production. First, it is cheaper to improve the working condition compare to moving entire manufacturing plants to other developing countries considering the sunk cost. Also it is not only this cost gets even bigger considering the cost of adjustment to the culture and network building in the region. Second, if the company leaves behind its production line, it will potentially leave the company's strategic information in terms of technology and management. This will let Chinese local competitors catch up even faster in the global market. Third, even though the skills that requires for the assembly line is trivial, the

<sup>20</sup> <http://www.hp.com/hpinfo/globalcitizenship/09gcreport/society/supplychain/audit.html>

time and the cost that would take is at least two months so considering all the factors, HP would prefer to stay with China and be responsive to its workers with improved condition or enforce its suppliers in the China to ensure better condition of working. This management decision will change to the effort to improve the conditions in work until the improvement cost exceeds the cost of moving. This is also can be explained by the international trade regulation procedure.

#### 5. International Standard: International Trade-Non Tariff Barriers

Another driving factor of raising labor standard would be the legal non-tariff barriers between the trade blocs. Countries, with the global trend of free trade, are now using non-tariff barriers to impose legal discrimination towards the products produced in developing countries with low wage and regulation. A lot of trade disputes are over the issue of disguised restriction. Environment and safety of the product is big issue forcing companies to prove the safety if not countries can exercise its emergency measure banning the importation of the product for safety of citizen or conservation of endangered species.

This manipulated form of the protection measures are often criticized by developing countries, for discriminatory measure and market protection to products produced in these regions to the products from the developed countries tend to have low environmental criteria. Also these disputes become more like disputes between Europe and America considering the origin of the production multinational firms with supply chains. Without meeting the standard, there is no way for the company's product can possibly enter the market. International law and regulation is matter of market accessibility of the region. With further study, the actual development of the law could be measured.

However, the labor standard yet has less specified criteria since it is hard to prove the actual harm and cost with scientific measure. Often times, still the measure requires higher labor standard or sustainable measure of the production with less emission of greenhouse gases. International Labor Organization (ILO) set up specified requirement for the protection measure for the human rights in terms of labor. However the nature of international institutions, it does not have enough authority to enforce the measure by itself. Though these regulations combined with the market accessibility, it creates the incentive to change firms' behavior through

building a connection with the CSR measure to its profit model. It is cheaper to put effort to improve working conditions and put proper process of monitoring over the production and its supply chains than losing whole market share in the specific region.

The most suitable case for this would be the European Union (EU). The EU clearly states that it will firmly impose the promoting core labor standards with the minimum criteria of ILO, and decent work for all in its trade policy. Also EU routinely adopts the cooperation initiatives and incentives to better working conditions in the trade agreements it negotiates.<sup>21</sup>

Since one third of the HP's revenue is from this region, there is clear incentive and the cost that makes the procedure of HP's Global Citizenship program more credible than by itself. By false reporting, the company is not only jeopardizing its short-term revenue, but potentially jeopardizing its investors' interest over company, which can possibly drive the company out of the business. Now with the international law and regulation with the practical interest of the trading blocs, the company firmly internalized the policy to its profit model. This internalization gives the authority to the international organizations even without the procedure of enforcement.

## V. Conclusion

Overall the CSR demand for the electronic industry is relatively low. Still HP set up relatively good system to pursue its philanthropic value to the business and response to the social demand for socially responsible the companies. However, the Global Citizenship program of HP is still questionable in many ways since the program still not fully blended with its profit management model. However with the combination of international organizations and national interest of the market protection, companies can internalize the CSR measure to the management procedure.

With the consumption pattern with the high price elasticity, and the numerous other substitutes for its products, HP has more pressure to drive its production cost down even with the ignorance to the violation of the labor standard. Not only with the consumer relation, but also with the investors only show interest to the overall

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<sup>21</sup> <http://ec.europa.eu/trade/wider-agenda/labour/>



financial performance of the company, HP has no incentive to make credible promises about the issues of CSR by itself where other producers still enjoying the benefit of low cost labor with less care. By emphasizing other CSR measures, the company can still represent itself as socially responsible like HP's emphasizing on the environmentally sustainable management through variety of medium. Energy efficiency is more likely drive the cost of the production down at the same time, with the energy efficient products, HP can satisfy more of consumers, which gives more compatibility in the market. This proves that if the value of CSR has more alliance with the company's profit model, will incentivize company to act more responsive to the issue.

Clearly for the labor condition, not like the environment or quality control, there is no self-driven force or the incentive for the companies like HP to put proper monitoring system or better regulation. This is because these criteria of better working condition is lying against its profit model, while there is not enough outside pressure to drive company to pay more money or attention in the direction of the socially responsible management considering HP's profit model.

With low incentive, HP enjoys the brand of CSR with the least possible amount of effort with the least amount of the cost. HP's measure towards labor standard is heavily relies on the self-monitoring system with the code of conduct that HP have and other electronic industries agreed on. With the involvement of the outside parties, HP can claim better credibility and objectivity of its measure. Though the independence of all the partnerships and third party involved in monitoring and research still questionable. Since the organizations financial source comes from the membership fees which membered companies pay annually, the organizations, rather adding the credibility to the existing procedure, help to competitors in the market to avoid hidden action problem among the companies themselves.

Even with all the race-to-bottom effect, still there is enough evidence that HP impose its effort to impose better condition of work. It is not because HP is innately sensitive to the company ethic. But it is because law and regulation with the market accessibility, drive companies more responsive and responsible to the measure outside of the high legal binding for labor standard voluntarily self-regulatory to the local branches suppliers. Therefore, the credibility of the HP's Global Citizen program has better credibility not by its own self-

monitoring system or third party involvement but because international market requires and forces the company to responsible. This enforcement earns power because the fear of losing the market share would be much higher cost for the company than adding operation cost for better condition. However, the international measure is still requiring minimum, further development of the labor standard could be expected with the private-private network among competitors in terms of human capital procurement. Since the company's profit fluctuates with the consumer choice, the method to change consumer prioritization of the shopping criteria would be great force to raise the criteria. This research could possibly be reviewed with the comparison to the organic food market or consumer safety issues; what made consumption pattern changed and how could this measure can be applied to the electronic industry.

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