




Global Employment Law, Industry Relations, and International Ethics

Presentation Slides

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Global employment law, industrial relations, and international ethics



Human Resource Management

Global employment law,
Industrial relations, & International ethics

Aradhna Malik
Assistant Professor
VGSOM, IIT Kharagpur

Sources

Briscoe, D.R., Schuler, R. S. & Claus, L. (2009). *International human resource management: Policies and practices for multinational enterprises*. NY: Routledge.

Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7th Ed.)*. New Delhi: PHI Ltd.

The institutional context of international business

(Briscoe, Schuler & Claus, 2009)

- International organizations
 - UN
 - ILO
 - OECD
 - WB & IMF
- International trade organizations & agreements
 - WTO
 - NAFTA
 - Mercosur/Mercosul
 - Andean Community
 - ASEAN
 - APEC
 - EU
- Commercial diplomacy

The institutional context of international business (Contd.) (Briscoe, Schuler & Claus, 2009)

- Commercial diplomacy
 - Trade negotiations
 - Impact of policy decision making
 - Government regulations
 - Legislation
 - Standards
 - Industrial subsidies
 - Corporate conduct

Equivalent employment standards as stated by various international organizations

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(Briscoe, Schuler & Claus, 2009)

- Freedom of association (i.e. the right to organize and bargain collectively)
- Equal employment opportunity and non-discrimination
- Prohibitions against child labor and forced (prison or slave) labor
- Basic principles concerning occupational safety and health
- Consultation with workers' groups prior to carrying out substantial changes such as work force reductions and plant closures
- Grievance or dispute resolution procedures
- Use of monitors (internal or external) to audit employment practices

MNEs and issues in IHRM

(Briscoe, Schuler & Claus, 2009)

- Understanding international labor standards and regulations
- Conducting an analysis of the labor and employment laws and practices in each of the countries within which the MNE operates
- Determining the extent to which extraterritorial laws apply especially for countries that have enacted such laws
- Analyzing labor and employment issues that are common to all MNEs such as problems with adaptation to labor relations and local cultural practice

Extraterritorial laws (Briscoe, Schuler & Claus, 2009)

- Factors that govern the extent to which the extent to which two operations are determined to be integrated:
 - The interrelations of their operations
 - Common management
 - Centralized control of labor relations
 - Common ownership or financial control

Application of national law to local foreign-owned enterprises (Briscoe, Schuler & Claus, 2009)

- Comparative law
- Immigration/ Visas
- Data privacy/ protection
- Anti-discrimination
- Termination and reduction in force
 - Business closure
 - Workplace closure
 - Diminishing economic need for the work
- Intellectual property

International Labor Relations

(Briscoe, Schuler & Claus, 2009)

- International union membership
- Evolution of international labor relations and organizations
 - World Federation of Trade Unions (WFTU)
 - International Confederation of Free Trade Unions (ICFTU)
 - International Trade Union Confederation (ITUC)
 - European Trade Union Confederation (ETUC)
 - World Confederation of Labor (WCL)
 - Trade Union Advisory Committee (TUAC) of the OECD
 - Global Union Federations (GUFs)

In practical terms, unions view MNEs as being able to:

In practical terms, unions view MNEs as being able to (Briscoe, Schuler & Claus, 2009)

- **Locate work in countries with lower social protections and lower wages and benefits, staying away from countries with stronger unions and stronger protections and higher wages and benefits**
- **Force workers in one country, faced by competition from workers in other countries, to 'bid down' their wages and benefits to keep their jobs**
- **Take advantage of differences in legally mandated benefits for workers by restructuring the operations in countries where the costs of work force adjustments are lowest and thus force excessive dislocation burdens on workers in these low-benefit countries**
- **Outlast workers in the event of a labor dispute in one country because cash flows (and the ability to maintain business) are at least partially maintained by operations in countries where there are no disputes**

Obstacles to multinational bargaining

(Briscoe, Schuler & Claus, 2009)

- **Diverse industrial relations laws and practices in different countries**
- **Lack of any central, international authority for labor relations or global labor law**
- **Major economic and cultural differences among different countries**
- **Employer opposition**
- **Union reluctance at the national level, because the national leadership often fears that multinational bargaining will transfer power from them to an international leadership**

Obstacles to multinational bargaining (Contd.) (Briscoe, Schuler & Claus, 2009)

- **Absence of a centralized decision-making authority for unions**
- **Lack of coordination of activities by unions across national boundaries**
- **Differing national priorities**
- **Employee unwillingness to subordinate local concerns to the concerns of workers in other countries**

Questions to be addressed during global collaborations (Briscoe, Schuler & Claus, 2009)

- What rules will apply to the resolution of disputes?
- What rules will apply to the process of negotiations?
- What law will cover the negotiations, e.g. between companies in two or more countries?

Multinational enterprises and labor relations: Approaches (Briscoe, Schuler & Claus, 2009)

- Hands off: Local managers handle everything
- Monitor: Local managers handle everything but report to senior management who keep a tab on things
- Guide and advise: Constant advice from central management to local management
- Strategic planning: Global strategy governs local operations and management
- Set limits and approve exceptions: Very limited freedom of action. Exceptions need to be approved by headquarters.
- Managing totally from headquarters
- Integration of headquarters IHR and line management in the field: Global strategy works hand in hand with local mgmt.

Issues of concern to local union environments

(Briscoe, Schuler & Claus, 2009)

- Existing trade unions
- Level of organization
- Focus breadth
- Affiliations
- Type of workers
- Union density
- Focus of labor relations
- Negotiation partner
- Employers associations
- Operation method
- Issues typically covered by union agreements
- Binding force of union agreements
- Strikes and industrial action
- Union free

International Labor Relations (Contd.)

(Briscoe, Schuler & Claus, 2009)

- Works councils:
 - Made up of elected representatives of the firm's work force
 - Have the right to receive information and consultation relative to many decisions a firm makes
- Co-determination
 - Legal requirement in which employees are represented on supervisory boards or boards of directors and participate in major strategic decisions – agreement of employees required
 - Systems of co-decisions
 - Dual system: Supervisory board (consisting of 1/3 employees) supervises the board of directors
 - Single tier system: Only one board of directors & employees have one or two representatives
 - Mixed system: with obligatory participation of employees but only an advisory role



International Labor Relations (Contd.)

(Briscoe, Schuler & Claus, 2009)

- Litigation risks in global labor relations
- Development of a strategic global industrial relations policy

International framework of ethics

(Briscoe, Schuler & Claus, 2009)

- Ethical relativism to ethical absolutism
- Bribery and corruption:
 - Some countries consider bribery to be an acceptable business practice
 - Mexico: La mordida
 - South Africa: Dash
 - Middle East, India & Pakistan: Bakhsheesh
 - Germany: Schimmengelt
 - Italy: Bustarella