



Multinationals, Employment Practice and Public Policy

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Introduction

- Two images of firms from our survey of MNCs in Canada: Good firm or bad firm? Strongly embedded or weakly embedded?
- Best of times/worst of times: labour market narratives and the “war of the models” in a context of globalization
- Institutional innovations & public policy platforms: developing institutional capacity and actor capabilities for a globalized economy
- Structure of presentation: I. Seven key trends and their impact. II. Some current thinking about variation in MNCs and their implications for public policy

Trend 1: Geo-Politics, Trade, Local Institutions and Workplaces

- The movement of goods and productive capacity between regions
ex. International value chains: from consumer to Southern China and back (ex. Wal-Mart's southern China strategy)
- The movement of goods and productive capacity within regions
ex. European Community: West-East 1 or East+ (upgrade)
ex. North America: North-Mexico1 or Mexico+ (upgrade)
- Impact: changing roles relative to FDI and within firms; pressures on national and intra-regional institutions from inter-regional trade patterns

Trend 2: The Social Dimensions of Globalization

- Concessions and the negotiation of flexibility in public and private sectors across the globe
- Impact:
 - a) restructuring: movement of productive capacity & jobs;
 - b) pressures on working conditions in North & South;
 - c) jostling for new roles within the MNC: differentiation within and across supply chains?
 - d) lighter national footprints or “hollowing out” of MNCs?
 - e) pressures on public policy?
 - f) an ongoing experiment in the renegotiation of rules and institutions about work in North & South, in Ireland, Canada, Mexico, China & elsewhere!

Trend 3: the Reorganization of Production, Services & Work

- **Competitive Advantage:** new technologies & organizational principles foster move from economies of scale to greater productive flexibility for niche markets & externalization of supply costs through redefinition of frontiers of firm (just-in-time, outsourcing, etc.)
- **Knowledge, Specialization & Autonomy:** higher mobilization of worker knowledge to solve problems & achieve productive flexibility; increased multi-tasking and skilling; more self-regulation through teams and benchmarking/quality systems
- **Impact:** multiplication of types of workers and employment status as work changes spatial location; work intensification v. job enrichment v. job insecurity; productivity is not enough to secure job security; strategic dilemma of buy-in for collective actors (unions & government in this new universe) because of contradictory consequences

Trend 4: Social or economic performance?

- The sources of micro productivity: role of social and human competencies in making similar productive systems work
- Understanding social actors at work and how institutional supports limit or enhance the possibility of aligning social and economic performance ex. foundation and importance of forms of partnership
- Public policy implications: reinforcement of “social” infrastructure at societal, firm and individual levels = both conditions and social capabilities

Trend5: Beyond the Male Breadwinner?

- Transformations in the relationship between sexes: women's progress is linked to the modernization of societies but equality remains an unachieved objective
- Affirmation of women's place in the labour market in the context of greater fragility of the employment relationship
- Continuing difficulties to reconcile labour market participation and social reproduction: Inadequacy of public and private policies has led to *a reproductive work to rule* in the most developed societies of the North where demographic pressures are increasing
- Continued emphasis on migration from the South to address some of these problems in the North but immigration alone cannot fill the demographic gap, so key public policy issue

Trend 6: Strong Pressures for a More Equitable Globalization

- Structural inequalities between South and North = political instability and pressures for a more equitable globalization
- Growing challenge to legitimacy of multinationals: importance of ethical discourse and notions of social responsibility because of vulnerability to social risk and the actions of new social actors and emerging forms of regulation
- Ecological and sustainability challenges of production model
- Return of ethics and values in the search for institutional responses to globalization

Trend 7: Global Firms and their Managers, Architects or Victims, Boy Scouts or Subversives, Local Champions or Piranhas?

- Misapprehension of globalization as a conspiracy among global firms
- The reality: managers under stress, strategically uncertain, both good and arbitrary decisions. Worker experience reinforces & undermines the legitimacy of their firms
- No One Best Way: Strategic uncertainty & faddishness make firms vulnerable to wrong decisions – “near-sighted” capitalism
- Strategic vulnerability of firms open to pressures from other parts of the firm and from workers, consumers, communities, financiers & shareholders.
- Strategic opportunities for social actors and public policy to guide thinking and decisions – reinforcing local champions and providing a framework for enhancing strategic certainty

II. Thinking about the current evolution of MNCs

- Three explanations:
 - 1) Convergence and standardisation
 - 2) Societal effects ex. European, Japanese and American MNCs are different
 - 3) Persistent diversity
- Consequence: generational windows of opportunity within global regions for developing both institutional capacity and actor capabilities

Strategic Opportunities

- Leveraging your role within larger economic regions
- Locating investment cycles, embedding investments and keeping them “sticky”
- Building institutional capacity to support this strategy and using that capacity for spillover into other industries
- Developing actor capabilities in your firms, in your unions, in state agencies
- Developing supportive narratives and strategic allies for this policy mix

Innovations in Public Policy

- 1) Reinforcing social infrastructure: health & education
- 2) Developing industry infrastructure: physical capacity, research & development, industrial brokering
- 3) Strategies for enhancing collective human capital, equity and social performance (education, training, equity policies, work and family, wellbeing)
- 4) Overall architecture of social policy: reducing direct cost of job creation, reinforcing social policies that increase security and the enhancement of human capital while facilitating

Innovations in Public Policy

(continued)

- 4) Institutional mechanisms for promoting social dialogue about the tradeoffs between efficiency and equity outcomes; strengthening links between different levels
- 5) Policies for ensuring collective actor voice and power in national public policy: expanding the realm of social and workplace rights & socializing some aspects of financing (ex. pension capital)
- 6) Reinforcing capacity, innovation and experimentation in public policies, including through university-public policy partnerships
- 7) Developing alternative public policy narratives to reinforce the interaction between policy initiatives and actor learning in institutional innovation