

Symposium Introduction: Governing the Global Workplace

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“GLOBALIZATION” IS HERE TO STAY: IT DEFINES THE EXPANDING ECONOMIC integration among workers, corporations and nation-states around the world. With the spread of free market capitalism, the ability of France, Germany, or the United Kingdom to create jobs and attract foreign investments can be adversely affected by their contemporary bargaining structures and relatively restrictive layoff laws. The advance in communication technologies has transformed the labor market for high-skilled workers from domestic to global, which has affected their income and employment in Canada, the United Kingdom, and the United States, and the same is true for wage changes in China, India, and Mexico. As such, employment conditions in the world’s offices, stores, fields, call centers, and factories are influenced by globalization. Thomas Friedman (2005:8) argues that the world is flat because “it is now possible for more people than ever to collaborate and compete in real time with more other people on more different kinds of work from more different corners of the planet and on a more equal footing than at any previous time in the history of the world”—a proposition that is hard to dispute.

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INDUSTRIAL RELATIONS, Vol. 46, No. 2 (April 2007). © 2007 Regents of the University of California
Published by Blackwell Publishing, Inc., 350 Main Street, Malden, MA 02148, USA, and 9600 Garsington
Road, Oxford, OX4 2DQ, UK.

But when one starts to look more carefully, it quickly becomes apparent that there is a lot that we do not know about globalization. Indeed, one of the defining questions in industrial relations (IR) research is how the environment affects institutions and workers; answers to this question, in turn, lay the foundation for designing and evaluating institutions and policies to promote the key objectives of the employment relationship (Kaufman, 2004). Industrial relations scholarship through much of the twentieth century largely focused on local and national institutions, and systems of workplace governance. With the unfolding of the twenty-first century, it is time to turn the field's attention to governing the global workplace (Budd, 2004). What are the current and prospective social, political-economic, and legal effects of increased globalization on labor markets and the institutional roles of unions, employers, governments, and nongovernment organizations operating in them? What legal, domestic, and international policy responses are needed to determine how the workplace should be governed in a global economy?

These questions motivated a symposium held at the University of Minnesota in April 2005. Building on the strong IR tradition of multidisciplinary and academic-practitioner discourse, the symposium included scholars from IR, economics, public policy, political science, and sociology as well as human resource managers, labor and management attorneys, former government officials, unionists, and other employee advocates. Over two hundred people from these diverse backgrounds attended the symposium, discussing critical issues pertaining to employment relationship and globalization.

The articles that appear in this issue formed the core of the symposium and resulted from a refereed competition under the broad umbrella of governing the global workplace. The topics of the articles are therefore diverse, ranging from analyses of national-level IR institutions to workplace-level human resources practices, and from an analysis of the avenues for enforcing labor rights against multinationals in Europe to a focused study of identity management in Indian call centers. This variety underscores the complexity of globalization's effect on employment issues and the need for continued multidisciplinary approaches to this topic which is at the core of IR.

Globalization and Human Resource Management

The first three of the articles in this journal undertake unique analyses of the intersection of globalization and human resource management policies. In "Globalization, Human Resources Practices and Innovation: Recent

Evidence from the Canadian Workplace and Employee Survey,” Scott Walsworth and Anil Verma emphasize the connection that innovation plays in linking globalization pressures to firms’ choices of human resources practices. Innovation is highlighted because it is commonly believed that workplaces in high-wage countries such as the United States and Canada cannot compete globally on the basis of labor costs. Rather, these workplaces need to compete on the basis of product differentiation, quality, and delivery, which all require high levels of innovation. As such, Walsworth and Verma hypothesize that firms experiencing higher levels of globalization will adopt high-performance human resources practices to promote innovation in order to successfully compete in a competitive global environment. The authors test this hypothesis using a unique internationalization index in a data set of over two thousand Canadian workplaces. First they show that workplaces that are subjected to higher levels of international exposure, both through international sales and import competition, are more likely to adopt high-performance human resources practices such as variable pay and leadership training, but not employee involvement. The authors then show that internationalization is also positively related to innovation.

In “Integrating Human Resource and Technological Capabilities: The Influence of Global Business Strategies on Workplace Strategy Choices,” William N. Cooke also analyzes the connections between globalization and human resources practices, but takes a different approach from the previous article. Cooke constructs a typology of workplace strategic choices comprised of four categories: a technical emphasis on using the latest technologies, a research and development/engineering emphasis on using these processes to improve products and services, a high-performance human resources practices emphasis, and a dual emphasis combining two of the three emphases with equal weight. Cooke surveyed auto parts companies located in the United States to analyze the relationship between multinational status and these workplace strategic choices. The key hypothesis is that multinationals face “substantial differences in workplace cultures, norms, customary practices, and institutional arrangements across borders” (p. 245), which make it difficult to successfully use high-performance human resources practices; consequently, multinationals are predicted to be more likely to adopt a technical or an R&D/engineering workplace strategic emphasis. Multinomial logit models support this hypothesis in Cooke’s data on auto parts suppliers. Further research is needed to further understand and reconcile the Walsworth and Verma and Cooke results, but both articles indicate that globalization is related to workplace strategy that, in turn, indicates that globalization affects the nature of work.

“Who’s On the Line? Indian Call Center Agents Pose as Americans for U.S.-Outsourced Firms” by Winifred Poster dramatically drives this last point home through a unique analysis. Sociology research has shown how emotion management is an element of the labor process in the service industry because of interpersonal interactions between employees and customers. Globalization complicates this labor process by creating situations such as call centers in which customer service agents in India interact over the phone with American customers. Poster theorizes that in this context, emotion management is extended to include national identity management such that one’s identity is subjected to managerial control. In fact, by visiting several Indian call centers, Poster observes national identity management in practice: Indian call center employees are given American names, are instructed to use American accents and speech patterns, and to pretend to be located in the United States. Using rich interviews with numerous Indian call center workers, Poster then documents the range of reactions that employees have to national identity management, and explores the costs and benefits of this human resource management strategy. Poster’s article, therefore, not only extends sociological theories of the labor process, but also dramatically broadens our appreciation of the far-reaching implications of globalization for the employment relationship.

Economics of Globalization

The next three articles in the symposium focus on the economic impacts of global institutions on foreign direct investment, unionization, employment, and trade. Initially, the study by Hwikwon Ham and Morris M. Kleiner, “Do Industrial Relations Institutions Influence Foreign Direct Investments? Evidence from OECD Nations” presents important empirical support for the proposition that globalization is influenced by the rules that are used to govern the workplace. That is, this article shows that whether a country attracts foreign direct investment (FDI)—one indicator of globalization—depends on its anatomy of IR policies and their workplace structure. Using a sixteen-year time series of cross-sectional OECD country data, the aforementioned proposition is tested. Controlling for other effects, the authors clearly show that countries with low union densities, muted worker voice, local-level bargaining, and labor laws that favor employers attract relatively larger flows of FDI than do countries with high union densities, strong worker voice, centralized bargaining, and labor laws that favor employees. To further establish this finding, Ham and Kleiner show that FDI flows to New Zealand relative to Australia and the UK relative to France and Germany, respectively, increased following the liberalization of the former countries’

IR institutions. This is an important article because these findings flow from a carefully conceived model, variants of which are estimated and tested for robustness across alternative specifications, and show remarkable consistency.

Similarly, in “Globalization and Declining Unionization in the United States,” Matthew J. Slaughter shows in a clear manner that the decline in manufacturing unionization is related to integration of the United States into the world economy. Using a panel of U.S. manufacturing industries over time that matches union-coverage rates with measures of global engagement such as exports, imports, tariffs, transportation costs, and foreign direct investment, Slaughter finds a statistically and economically significant correlation between falling union coverage and greater numbers of inward FDI transactions. This raises a unique question: Why is lower union coverage correlated with more inward FDI transactions? A plausible explanation offered by the author is that internationally mobile capital pressures U.S.-based companies and weakens unions. Another important finding is that lower tariff rates are significantly correlated with higher union coverage. Slaughter suggests an interesting political-economy explanation in which industries facing steeper declines in union coverage have been more successful in lobbying for higher tariff protection.

The third article focusing on economic issues of globalization is “U.S. Multinational Activity Abroad and U.S. Jobs: Substitutes or Complements?” by Ann E. Harrison, Margaret S. McMillan, and Clair Null. The article presents evidence on whether there is a net employment gain from globalization. Using firm level data collected by the Bureau of Economic Analysis (BEA), the authors report correlations between U.S. multinational employment at home and abroad. A unique aspect of their findings is that the evidence shows that the sign of the correlation depends upon the distinction between affiliates in high-income and low-income countries. For high-income countries, there is a positive correlation between jobs at home and abroad, suggesting that foreign employment of U.S. multinationals is complementary to domestic employment. In contrast, there is a negative correlation for firms that operate in developing countries such that U.S. employment is reduced as foreign affiliate employment increases. An important finding of the article is that foreign employment in developing countries has substituted for U.S. employment in several highly visible industries, including computers, electronics, and transportation. The authors also suggest that the substitution of foreign jobs for U.S. jobs may have saved some U.S. jobs; some firms were able to stay in business because they were able to substitute low cost foreign for U.S. labor. These results help explain why economists view the impact of globalization on U.S. jobs as benign despite the widespread negative news coverage of job losses to developing nations.

Legal Issues on Globalization

The final article is Yaraslau Kryvoi's study, "Enforcing Labor Rights Against Multinational Corporate Groups in Europe." An issue in international labor law affecting the global workplace is the enforcement of labor rights violations against multinational corporations (MNCs). Kryvoi offers the reader a critical analysis of this problem, beginning with a discussion of the substantive legal rights of workers as detailed in international codes like those enacted by the United Nations or the International Labor Organization. However, as Kryvoi points out, these codes as well as the codes of conduct that MNCs self-initiate are generally not legally enforceable. Hence, Kryvoi examines whether the national courts of MNC home countries are holding MNCs liable for labor rights violations that occur in developing countries. Addressing the enforcement issue from this perspective is compelling because the legal systems of many developing countries are inferior to the home country courts of MNCs and, as such, they are implausible venues for bringing actions for labor rights violations.

Given this background, Kryvoi analyzes the jurisdictional and liability concerns that arise in attempts to bring international labor rights suits in the court systems of Europe, where many MNCs are headquartered. The study contrasts the treatment of these concerns under the English common law system and the continental European civil law system. Analyzing the circumstances under which these two legal systems accept jurisdiction over international labor rights claims and hold MNCs liable for damages for labor rights violations is the study's foremost contribution to knowledge and scholarship. In the concluding section of the article, Kryvoi briefly extends his analysis of enforcing labor rights against MNCs to U.S. courts, which like English courts, are based on the common law system.

The seven articles in this journal present new analyses and findings of key aspects of a broader question—how does globalization affect the modern employment relationship? Since they were not commissioned along a focused theme, they reflect the realities of globalization—a diverse phenomenon that requires multidisciplinary approaches. The articles enhance our understanding of the intersection between globalization and human resources practices, worker identity management, labor market outcomes, de-unionization, foreign direct investment, and enforcing rights against multinational corporations. Much more needs to be done, but research like this is the key to understanding how the global workplace is and should be governed.

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