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MIGUEL MARTÍNEZ LUCIO is a Professor at the University of Manchester (Alliance Manchester Business School), UK.

ROBERT MACKENZIE is Professor of Working Life Science at Karlstad Business School, Karlstad University, Sweden.

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EDITED BY MIGUEL MARTÍNEZ LUCIO & ROBERT MACKENZIE

INTERNATIONAL HUMAN RESOURCE MANAGEMENT

SECOND EDITION

THE TRANSFORMATION OF WORK IN A GLOBAL CONTEXT

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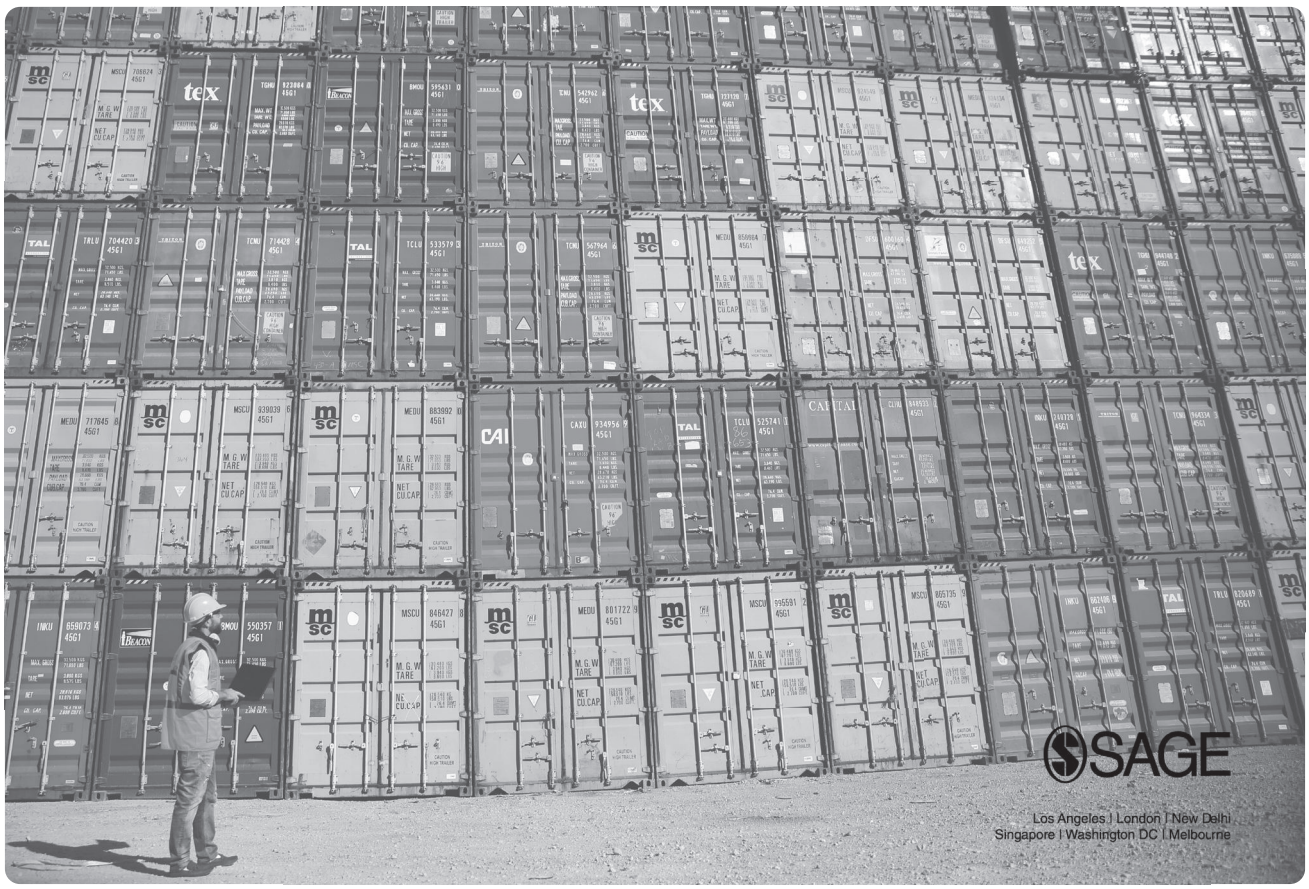

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About the editors

Miguel Martínez Lucio is a Professor at the University of Manchester (Alliance Manchester Business School), UK and is involved in its Work and Equalities Institute. He researches on questions of employment regulation, the role of the state, the changing nature of worker representation and social inclusion and inequality at work. He is involved in various networks, such as Critical Labour Studies, and is an editor of *New Technology, Work and Employment*.

Robert MacKenzie is Professor of Working Life Science at Karlstad Business School, Karlstad University, Sweden. He is also an editor of *New Technology, Work and Employment*. His research focuses on the regulation of the employment relationship in the context of restructuring. His work links the social and economic experiences of workers with broader patterns of socioeconomic restructuring and the role played by multiple stakeholders, contract form, technological change and occupational identity in mediating the experience of restructuring.

About the contributors

Roland Ahlstrand is Professor of Working Life Science at Dalarna University, Sweden. His research into industrial relations and work organizations includes industrial restructuring, corporate social responsibility, digitalization, job quality, organizational change and worker participation. His research has primarily dealt with larger and global companies in the manufacturing industry, ranging from the manufacture of automobile to the steel industry.

Phil Almond is a Professor at Leicester University, UK and a comparative researcher interested in how work, management and organization are shaped by economic, social, political and geographical contexts. Most of his research focuses on multinational companies, examining both their internal coordination and the ways in which the disruptions to national and local business systems caused by corporate globalization shape the decisions of managers, social actors and policy-makers.

Lisa Berntsen is a Researcher at the Scientific Research Institute for the Dutch Labour Movement (De Burcht). Her main research interests are in employment relations, labour migration and trade union representation strategies of migrants and young workers.

Kendra Briken is a Senior Lecturer at the University of Strathclyde, Department for Work, Employment and Organization, Glasgow, Scotland. She has a background in sociology. Her research interests include new technologies, the labour process and precarity, as well as speculative futures of work.

Erka Çaro is a Researcher and Lecturer at the Department of Geography, University of Tirana, Albania. She received her PhD in Population Studies from the University of Groningen in the Netherlands. She is a member of the executive board of the Western Balkans Migration Network. Her research interests include migration, labour mobility, trade union relationships with migrants, gender studies and the Western Balkans. Her work has been published by the *Journal of Ethnic and Migration Studies*, *Gender, Place & Culture* and Oxford University Press, among others.

Fang Lee Cooke is Professor at Monash Business School, Monash University, Australia. Her research interests are in the area of strategic Human Resource Management (HRM), knowledge management and innovation, outsourcing, international HRM, diversity and inclusion management, employment relations, migrant studies, HRM in the healthcare sector, digitalization and the implications for employment and HRM, and low carbon growth and the future of work. Her recent research examines the tensions, challenges and implications associated with these topics for various key stakeholders, such as the state, employers' associations, trade unions, workers and labour NGOs.

Carlos J. Fernández Rodríguez is Associate Professor in Sociology at the Universidad Autónoma de Madrid, Spain. His research interests are the sociology of organizations, the sociology of labour, the sociology of consumption and industrial relations.

Betty Frino is a Lecturer in Management at the University of Wollongong, Australia with a background in HRM, employment relations and organizational psychology. Her research interests include employee engagement and voice, motivation and well-being, wage determination and labour market regulation. More recently, her work has focused on the digital economy and work health and safety, and Covid-19 and well-being at work.

María C. González Menéndez is Associate Professor of Sociology at the University of Oviedo, Spain. Her research interests are in the comparative study of labour market governance and labour management. She has researched workers' participation, women's presence at board-of-directors level, the subnational governance of multinational firms and youth employment policies. She is currently co-editing a book on trade unions and the subnational governance of industrial relations and employment.

Jennifer Hobbins is Lecturer in Leadership at the Swedish Defense College. Her research interests include the social consequences of restructurings and redundancy, unemployment policies and citizen–state relations. More recently, her research has included the role of collective memory for communities and professional ideals.

Debra Howcroft is Professor of Technology and Organization at the Work and Equalities Institute, University of Manchester, UK. She is an editor of *New Technology, Work and Employment*. Her research focuses on new technologies and experiences of work, which includes an Economic Social and Research Council-funded project on digitalization as part of the Digital Futures of Work Research Centre.

Lars Ivarsson is Associate Professor of Working Life Science at Karlstad University, Sweden. His research interest is focused on various experiences of work and work-related relations from the perspective of employees. More recently, he has been interested in the experiences and consequences of precarious work. He is an editor of the Swedish journal *Arbetsmarknad & Arbetsliv*.

Naresh Kumar is a Professor of Human Resource Management at the Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan. His research interests include employee relations, organizational behaviour and entrepreneurial competency development.

Lena Lid-Falkman is a Lecturer in Working Life Science at Karlstad University and an Associated Researcher at Stockholm School of Economics, Sweden. Her research interests are in leadership, communication and organization. She has focused the last ten years of her research on modern worklife, offices and ways of work.

Nathan Lillie is Professor of Social and Public Policy at the University of Jyväskylä, Finland. He has published books and articles on international union cooperation, migrant labour rights, union organizing and migrant integration. He is currently involved in DG Employment funded projects on the protection of labour rights for migrant workers in the EU, and in the Horizon 2020 SIRIUS project on the labour market integration of migrants, refugees and asylum seekers.

Leo McCann is Professor of Management at the University of York, UK. His research and teaching interests include the sociology of work, globalization and management history. Using qualitative methods, his research has explored the working lives of expert workers and professionals, including healthcare workers, corporate managers, university academics and uniformed personnel.

Christopher J. McLachlan is Lecturer in Human Resource Management at the School of Business and Management at Queen Mary, University of London, UK. His research focuses on the consequences of industrial restructuring and redundancy, and the associated employment relations processes. His research has also explored the impact of deindustrialization on affected workers and communities.

Stephen Mustchin is Senior Lecturer in Employment Studies at Alliance Manchester Business School, University of Manchester, UK. His research interests focus on industrial relations, changing union organization and strategies, the role of the state in work and employment, public sector employment relations and conflict at work.

Martin O'Brien is Associate Professor of Labour Economics at the Faculty of Business and Law, University of Wollongong, Australia. He is Director of the Centre for Human and Social Capital Research and has published widely in the areas of older-worker employment issues, workforce redundancy, evaluation of employment policies and learning analytics. He has also served as expert witness in a number of cases in Australia's Fair Work Commission.

David Öborn Regin is a Postgraduate Researcher in Working Life Science at Karlstad Business School, Karlstad University, Sweden. His research interests are in the field of social interactions in workplace relations and the changed role of administrators. He is currently involved in a project regarding the impact of gig platforms on the Swedish labour market.

Josef Ringqvist is a Postgraduate Researcher in Working Life Science at Karlstad Business School, Karlstad University, Sweden. His research interests include the implications of trade unions for class and employment relations, and the relationship between trade unions and the environment, specifically pertaining to the environmental attitudes of union members.

Jenny K. Rodriguez is Senior Lecturer in Employment Studies and a member of the Work and Equalities Institute at Alliance Manchester Business School, University of Manchester, UK. Her research interests include intersectional inequality in work and organizations, and the interplay between identity, work and regulation. Her current work focuses on the transnational experiences of skilled migrant women.

Óscar Rodríguez-Ruiz is a Lecturer in Human Resource Management and Organizational Theory at the Universidad Complutense in Madrid, Spain. His work focuses on people management and employment relations. He has published his research on HRM in leading academic journals.

Alexis Rydell is Senior Lecturer in Working Life Science at Dalarna University, Sweden. His research interests include industrial relations, occupational health and safety, corporate social responsibility and organizational restructuring. His research has mainly dealt with companies in the manufacturing industry and the hospitality sector.

Paul Stewart is Senior Professor of the Sociology of Work and Employment, Département Homme Organisation et Société (DFR HOS), Grenoble Ecole de Management, France. He was part of the Autoworkers' Research Network, 1993–2013. He is a non-executive director of CAIRDE Teo, an Irish-language community association in Armagh City. He is co-author of *We Sell Our Time No*

More and was editor of *Work, Employment and Society* (2001–4). He is on the editorial committee of *Capital and Class* and *La Nouvelle Revue du Travail*.

Nathaniel Tetteh is a Lecturer at the Alliance Manchester Business School, University of Manchester, UK. His research interests focus on international industrial relations, union strategies in the developing world, the role of the state in work and employment, and conflict at work.

Ines Wagner is Senior Research Fellow at the Institute for Social Research in Oslo, Norway. Her research focuses on the double mobility of capital and labour in the European single market, equal pay for work of equal value and the future of work. She has held fellowships at the American Institute for Contemporary German Studies at Johns Hopkins in Washington, United States, the Max Planck Institute for the Study of Societies in Cologne, Germany and the European University Institute in Florence, Italy.

Preface

Miguel Martínez Lucio and Robert MacKenzie

The aim of this second edition of the book is to widen further the discussion on globalization, work and multinational corporations (MNCs). The critical perspective adopted allows for a more analytical and progressive approach to the comparative and international study of such subjects. The aim is to broaden further the remit of the study of International Human Resource Management (IHRM). All with a more critical view of globalization, the chapters address issues such as: the role of technology; non-governmental organizations; migration and worker mobility (and not just management mobility); the contradictory roles of management consultancies and business schools; and the development of lean production as an ideology and problem for workers. In this edition more time is spent on questions of organizational change, sustainability and ethical issues relating to the way work is organized and regulated. The case studies within the chapters allow the reader to understand the dilemmas and real challenges globalization and MNCs bring to our lives and how they require a more ethical and informed dialogue within organizations. There has emerged a growing need to address the broader context of work and globalization in terms of ethical considerations; the importance of establishing decent forms of work and social rights related to employment; the need for a greater attention to equality and fairness; and a more socially oriented approach to questions of change and restructuring within organizations. This new edition is based on such an approach and engages with some of the dilemmas and challenges emerging from a range of changes within work and organizations, from technological changes associated with the rise of the platform economy to the growing significance of sustainability agendas. As in the first edition, the issue of teaching and learning in business schools is also a focus of the book: these institutions are often limited or problematic in their approach to the tensions that pervade globalization.

The book has a secondary purpose: to act as a bridgehead for those studying the sociology of work and industrial relations – or what is now commonly called

labour and employment relations – into debates on globalization and work. The book is intended to provide a supportive resource for those wanting to take a critical approach to the teaching of IHRM, that draws upon various academic traditions to address a wide range of issues facing people working in an increasingly internationalized and globalized context. In this way, the book would be of value to those studying in universities and beyond, especially trade unionists and those employed in non-government organizations dealing with work-related issues and policy-oriented individuals.

Many people have helped us in this endeavour, and we would like to thank Jessica Moran and Ruth Stitt at Sage, who have assisted us and advised at every stage. They have been important navigators for the book. The anonymous reviewers (the army of individuals who silently guided our work and that of our colleagues) played a very important role; they were like a Greek chorus who showed the way ahead. Thanks is also due to Manmeet Kaur Tura for work on the style and layout.

We would also like to thank our colleagues who contributed to the book and had the time and energy to engage with this project and support its merits. Without them, this text would not be in your hands or, indeed, on your screen today.

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International Human Resource Management: The Transformation of Work in a Global Perspective, Second Edition is accompanied by a range of online resources designed to support lecturers in their teaching.

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Introduction: an Employment Relations perspective on IHRM and the transformation of work in a global perspective

Miguel Martínez Lucio and Robert MacKenzie

The ongoing challenge of globalization

Work and employment within a globalized context requires an approach and form of study that is sensitive to the question of context. The way systems of employment and experiences of work develop is the outcome of a wide range of institutional and cultural factors, strategic and political interventions and struggles over the balance of power. The study of international human resource management (IHRM) has increasingly highlighted these issues, through a range of texts. The first edition of this book made an explicit point of ensuring that the way we understand the impact of globalization on work and employment needs to be sensitive to matters of power and politics. There have been major changes since the first edition was published, such as the way the 'gig economy' has developed, for example, and in the way many public and private organizations are increasingly calling for greater attention to 'decent work' in the face of forms of employment that are precarious, vulnerable and exposed to high levels of work intensification. This is why this edition engages with questions of ideology, politics, technology, regulation and ethical matters in relation to the global dimensions of work and employment.

The way people work, the character and nature of their workplaces, the manner in which they are managed and the mechanisms by which they are recruited into these jobs have to a great extent reflected the economic, political and cultural

characteristics of their national economies and specific sectors of employment. A national economy may be more or less developed, the technologies used may vary and there may be customs and practices that have shaped the way people work and how they value or view the management of their work and themselves as workers. The laws and institutions that govern their work may also differ. For example, the rights they have may vary in terms of how they may express their views at work, may argue for a safe environment to work in and are compensated when their employment is terminated.

Within capitalist societies, workers have to sell their labour in the labour market and thus enter into a contractual relationship of some form with organizations and other individuals. While the indeterminate nature of this contract is universal, the expectations of each party regarding the contract, and the manner in which rights and obligations on either side are understood and operationalized, often tend to diverge.

The study of work and employment has become more challenging in a context where the boundaries of labour markets and national economies have been changing. There has also been a restructuring of national spaces around which work and employment are experienced, managed and regulated. These changes have brought new challenges to the ways that companies manage their workforce, be they multinational corporations (MNCs) or local firms.

One of the main sources for change has been *increasing levels of internationalization of investment*. The emergence of a greater intensity of international trade has meant that national systems of employment and management have been subject to greater instability and a range of increasingly diverse influences and pressures. Overseas competition and the ability to compete in international markets mean increasing the pressures on firms to find more productive and cost-efficient ways of employing workers and managing their work.

Globalization and the movement of people and resources across boundaries, between and within firms, bring to the fore the problems of dealing with different approaches to representation and systems of rights and customs in relation to work and employment. Operating across countries, both directly and indirectly – through subcontracting work to a range of smaller firms, for example – brings a degree of complexity, which needs ongoing attention from management to the detail of contracts and product quality. Different organizational and management approaches and the responses to them have to be taken into account.

For the workforce itself, changes are emerging from the opportunities and challenges that globalization brings in one form or another. In many industrial sectors, we may see decline in one country as a result of competition based on undermining traditional industries on labour costs. The emergence of China as a major manufacturing economy has impacted on sectors in Europe as diverse as steel

and toy production. There may also be opportunities for advanced economies in newer sectors, for example information technology (IT). However, such developments have also been associated with international divisions of labour and the offshoring of routine and even more complex tasks to developing economies such as India, based on the availability of lower-cost skilled labour. Globalization also brings with it the adoption of new practices and new ways of working for some workers, such as a greater emphasis on working in teams or a greater number of people employed on new types of contingent contract. Such practices may vary in take up, but overall their impact alters general patterns of work and employment. What is more, the very boundaries of national labour markets may be challenged, as people migrate in search of better employment and work. Such changes can be seen in the high presence of overseas professionals in the medical sector in the United Kingdom (UK), or the inflow of migrant workers into the Malaysian construction industry in response to local shortages. In such cases, the dynamics of migration are shaped by state polices and employer strategies in the destination countries. MNCs also play a role, deploying managers and professionals across wider geographical areas. Globalization also effects internal migration within countries. For example, China's rise in economic power has seen internal migration on a huge scale, as workers from rural communities have moved to manufacturing jobs in urban centres. It could be argued that there is nothing new in such changes, but their intensity and regularity of movement do appear to be increasing.

Since the editing of the first edition, we have also seen a range of political and social disruptions generate further challenges to the way work is experienced, managed and regulated. There has been a political backlash to questions of globalization – or perceptions of globalization – from various quarters, which has reflected a growing concern with the impact of new global orders and influences. In addition, the Covid-19 pandemic that began in 2019 has brought to the fore a range of questions over international coordination, the way we work in relation to health and safety risks, and the general nature of how the economy is organized in different contexts. These are all challenges that highlight the transnational nature of work and accentuate the greater levels of interdependence that exist across the globe.

As a consequence of these changes during the past few decades, *governments are now under pressure to balance a new set of roles in the way they manage work and employment*. In a globalized economy, national governments need to ensure that their workforce is 'attractive' in terms of skills and/or costs to those investing or proposing to invest in their country. In turn, they may also have to deal with the after-effects of the changes outlined above, in terms of declining industrial areas, mass mobility across regions and the possible exit of key workers and professions from their labour markets.

Globalization, as Chapter 1 will outline, is therefore a complex development bringing various types of change and contradictory outcomes. It is not simply a case of there being winners and losers, because even those gaining from increasing their external trade and developing new dynamic industrial sectors face new challenges and objectives in relation to worker expectations and new social needs, such as health services and education. For example, we may see the growth of employment in the IT sector in developing economies, but with that come new ways of working and new types of control at work, which can unsettle relationships and generate new expectations that are themselves challenging to manage. New forms of inequality may emerge and existing inequalities may indeed be accelerated.

The realities of IHRM

The widening spaces within which leading firms operate globally, and their own widening remit and greater scale, mean that the question of managing and regulating work and employment generates new challenges. International human resource management (IHRM) is one area of study that has addressed these challenges by focusing on how MNCs attempt to manage the way people work in their operations across different national boundaries. Much depends on the type of MNC and whether it wishes to have – or whether it *can* have – an integrated and coherent form of management across a number of countries; much depends on the type of business and corporate strategy a company follows. Such contingencies have led to some preferring transnational corporation (TNC) as the appropriate term to capture more recent developments in the internationalization of capital (see Chapter 2).

IHRM emerged initially from a focus on the management structures of MNCs and the problems of organizational control brought by operating in different countries. The focus at first was on American multinationals during the late 20th century adapting to different national contexts and attempting to change them; sustaining a coherent management elite in personnel and strategic terms was often a priority, but this reflected an almost colonial perspective where the problem was ensuring order and supporting managers travelling overseas (Scullion, 2005: 3–21). Yet this focus on management has led to a range of limitations on the priorities of IHRM. First, the focus has been in the main 'internal'; the debate has been concerned chiefly with the internal environment of the firm and the manner in which it manages and develops its resources (especially human resources). While the external environment of different national HRM contexts, cultural factors and the challenge of creating synergies between national contexts in terms of personnel and strategies have been discussed, the focus has been primarily on the

internal structures and strategies of the firm in response to the external environment. The MNC is thus the principal focus for much of this debate, in terms of creating effective and coherent strategies, structures and personnel deployment across diverse operations. Second, a concern with management strategy has predominated. At the heart of this concern is the stress on management in terms of its strategies and the ways management are rewarded, promoted and supported: in this respect, unlike critical approaches to HRM, IHRM is more insular in its concerns, which is ironic given that it is meant to engage with globalization. The development of globalization and its impact on various organizational levels is of concern primarily as a test for senior managers and executives in ensuring the success of their MNC.

Increasingly, texts have widened the sphere of engagement by taking an interest in regulation and dealing with international concerns about the behaviour and business ethics of MNCs. In the European context – and the British context in particular – publications have begun to engage with these topics. However, the subject of IHRM remains a challenge because it has no real original theory or focus beyond that mentioned earlier. In part, this is because HRM theories continue to focus on the internal sphere of the firm and management responses to external factors instead of taking a broader view of the political and economic environment. There may be perspectives which concern themselves with the internal politics, diverse stakeholders and competing strategies and perspectives within a firm (Beer et al., 1985; Blyton and Turnbull, 2008; Dundon and Rafferty, 2018; Legge, 2005), but these are rarely central to IHRM textbooks addressing strategy-related issues. In the managerialist literature, the role of internal and external stakeholders appears to be a lower priority, though the situation is different in the UK (see Edwards and Rees, 2006, and subsequent editions).

Critical approaches to HRM that locate the subject in relation to the broader context of political economy and debates (see Thompson, 2011) do not seem to be well reflected in IHRM textbooks. The question of a choice between control-based or cooperation-inducing strategies for firms is not an explicit aspect of many managerial texts. Whether an MNC adopts a 'hard' or 'soft' approach in its attitude to its workforce – with the associated ethics and challenges – is more a leitmotif than an explicit subject of concern. Despite the ongoing concern about the 'dark side' of HRM, such as the development of surveillance and tighter performance management, or the ambivalent impact of MNCs on the quality of people's lives, these issues appear to form a small part of the backdrop to the discussion in most IHRM texts. Ultimately, Scullion's (2005) concern is correct, and the colonial heritage of management theory seems – unfortunately – to be alive and well in many of these texts.

There is a need to introduce a broader perspective (Delbridge et al., 2011), as IHRM is not an academic discipline with a clear theoretical basis but rather

an area that derives much from an engagement with organizational behaviour and HRM. Yet the object of IHRM is – in reality – the management of work and employment: this means that the dynamics of work and employment in terms of representation, worker development, the working environment and regulation need to move to the centre in order to provide a wider academic and teaching agenda. One area in particular that can greatly benefit this exercise is Employment Relations. Employment Relations, as a field, approaches the subject matter of IHRM from the perspective of the impact of the actions of MNCs on workers, national contexts and national systems of representation and regulation. What is more, Employment Relations scholars – broadly speaking – have been mapping these subjects in terms of their international dimension through studies on the mobility of workers internationally, and the changing nature of international systems of regulation. In many ways the aim of this book is to shift the gaze of the reader and start from 'the ground up', seeking to put MNCs in a more dynamic context and a contested space.

An Employment Relations perspective

This book therefore takes a broader approach to IHRM by drawing on the traditions of Employment Relations. The Employment Relations approach has informed much of the radical critique of HRM, drawing on the traditions of political economy and the sociology of work to problematize the nature of the employment relationship and locate Employment Relations in broader institutional settings. Aspects of this perspective are to be found in some of the leading texts on IHRM (Edwards and Rees, 2006; Harzing and Pinnington, 2011), which similarly have tried to widen the way the subject is taught and understood. First and foremost, an Employment Relations perspective offers a critical approach to the study of IHRM that goes beyond concerns over implementation failures or the challenges of managing in an international context. The aim here is to systematically ground our approach in the politics of globalization and MNCs in relation to the structured antagonisms that underpin work and employment, thus building on the insights of a range of scholars who share this agenda (Morgan and Kristensen, 2006; Edwards and Bélanger, 2009; Ferner et al., 2012).

First, an Employment Relations perspective focuses on *the inherent tensions that exist in the employment relationship*. Such tensions are seen as the outcome of the nature of the capitalist employment system, which is based on a 'market' where people buy and sell labour. It is important to acknowledge that there is an uncertainty and instability within employment relations and modes of representation (Hyman, 1975). Unlike other commodities, what is bought and sold on the 'market' is not a fixed amount; rather, it is the potential to labour. The crux of the

employment relationship is turning this potential into labour itself; hence, the role of management is to entice a level of performance or effort from workers. This is a radical perspective that sees management initiatives on behalf of employers as variously focused on enticing effort from workers via mechanisms control, such as surveillance and performance management (Friedman, 1977), or by gaining the consent of workers for the purpose of productive activity by inducing worker commitment to their jobs through consensual, participative schemes. The 'hard' and 'soft' variants of HRM can be understood in such terms. This perspective assumes that there is no real common interest between employers and workers. Some see this as the conflict of interest between labour and capital, given the ownership of the means of production and the alienation of labour from its work (Hyman, 1975). Others have elaborated on this arguing that there is a 'structured antagonism' between employer and worker (Edwards, 2003: 17).

> This term is used to stress that the antagonism is part of the basis of the relationship, even though, on a day-to-day level, cooperation is also important. It is important to distinguish this idea from the more usual one of a conflict of interest. The latter has the problem of implying that the real or fundamental interests of capital and labour are opposed, and hence that any form of participation scheme is simply a new way of bending workers to capital's demands. The fact that workers have a range of interests confounds this idea. A structured antagonism is a basic aspect of the employment relationship, which shapes how day-to-day relations are handled, but it is not something that feeds directly into the interests of the parties. Firms have to find ways of continuing to extract a surplus, and if they do not, then both they and their workers will suffer. (Ibid.)

Pluralists in general argue that these tensions can be overcome – at least in the short term (see Blyton and Turnbull, 2008, for a discussion of pluralism). This can be done through the use of dialogue and mechanisms of representation that allow the different interests to find some common point of reference – for example, seeking to sustain employment activity in one particular location by developing activities such as training to enhance the skills of the workforce to the benefit of both worker and employer. Chapter 3 will provide further details with regard to the way an Employment Relations framework assists our understanding of work and employment dynamics, and their politics. So the question becomes one of how employers, managers, workers and in many cases their representatives engage with each other to further their specific interests, or reconcile them in one way or another, and what the mechanisms are for doing so.

Second, an Employment Relations perspective is one where *rights, and the propagating and management of rights, are significant*. Human resources are not just

another 'resource': what is more, many workers seek fair treatment in the way they are employed and deployed. In this respect, we need to understand the question of individual rights at work and locate these within the politics of the workplace, as in the struggles between actors, shaped by the power resources available to them. Slichter (1941) spoke of systems such as collective bargaining – where managers and unions negotiate a common settlement regarding questions of pay or working hours – being an extension of democratic rights at work and the extension of the democratic space into work. Rights may not just be a question of political rights of voice and participation. In developing economies, the right to economic enhancement may be at the heart of political and organizational activities, and issues of wages and rewards more generally (Macpherson, [1965] 1992). Social rights may also be seen as important, in that the right to a working environment without serious hazards or risks in terms of individuals' health and safety may also be the basis of demands from workers, and even the interests of management. The desire to push the understanding of rights as far as the questions of *a voice at work* (political rights), *a decent type of work* (social rights) and *employment itself* (economic rights) is at the very heart of the human dimension of work and employment. In this book, various chapters deal with the question of rights and their development and meaning.

Third, an Employment Relations approach deals with the tensions and realities of work, including the importance of rights, but it also highlights *the context of their regulation*. For many, the field of Employment Relations is about the regulation of the employment relationship, and this can be developed in formal terms through written rules, contracts and agreements or through informal and unwritten rules and agreements in the form of custom and practice (MacKenzie and Martínez Lucio, 2005; see also Chapter 12). The broader institutional context is part of this, as are the formal institutions within the workplace, but beyond these are the informal processes that make up the politics of the workplace and shape the dynamic interplay that constitutes the relationship between the firm and the workforce. In terms of MNCs, regulation can involve multiple spaces and relationships as their operations criss-cross countries. These are regulatory spaces (MacKenzie and Martínez Lucio, 2005) where the representatives of workers and employers engage with each other in one way or another and establish a workable consensus on issues such as pay, working hours, work practices and other related activities necessary for production and service delivery to proceed unhindered, irrespective of the different interests that might exist. The questions of how MNCs are to be regulated, how sustainability issues are to propagated and the way worker voice and roles are to be integrated are of growing concern within the study of work in transnational terms. Furthermore, the question of how MNCs are to be regulated is also shaped by the ideational competition and conflict between actors over defining rights at work (Morgan and Hauptmeier, 2021).

Fourth, in terms of the regulation of the employment relationship we have to *'map' the broad range of actors involved, in a national, and now international, context*. These are not just the employers and their managers, and the workforce and their representatives, vital as these are. For a complete understanding, this political map must recognize internal and external actors. Internal actors would be management and worker representatives, but these might be differentiated internally, with cohorts of managers having distinctly different professional backgrounds and networks or even organizational interests (see Edwards et al., 1999). Worker representatives may also vary in terms of their political allegiances or their relations with employers. There are also external actors who can frame the process of regulation. The state – and its various constitutive institutions – is an especially important actor, and one that is much ignored in traditional accounts of IHRM. The state may attempt to steer labour and employment relations, for example by emphasizing different forms of worker representation. Political projects may be developed to counter conflict within employment relations, albeit with variable outcomes (see Panitch, 1981). Moreover, just as the state incorporates social actors, it can also coerce them (Hyman, 1975: 144) with strategies of containment and control in the regulation of union affairs, giving rise to new tensions and new forms of worker action. Instability and uncertainty are central features of employment relations, requiring ongoing state investment in institutional processes, projects of reform and strategies of change. Yet, the role of the state is almost non-existent within mainstream IHRM texts. What is more alarming is the relative absence of any discussion of coercion and force – a major moral and ethical dilemma to which some MNCs have contributed in terms of the repression of democratic systems and worker rights in host countries.

Yet new discussions on employment relations also point to a broader set of actors including, *inter alia*: international law firms; transnational consultancy firms propagating new ideas about work; non-government organizations (NGOs) and social movements raising ethical questions in relation to issues such as child labour; new media and virtual organizations linked by the internet in organizing work-related protest; and educational bodies, particularly business schools, which are central to the propagation of approaches to HRM. Work and employment relations are influenced by many bodies, some of which may be beyond the direct remit of the employment relationship (Heery and Frege, 2006). This book opens the door to these issues, and some of these actors, in terms of the way they shape strategies and understanding of employment and IHRM.

Fifth, there is *tension over the different natures of the economic and social systems themselves*. It is important, therefore, to locate the employment relationship within the context of the broader political economy. MNCs are caught between national systems that organize and regulate work in different ways, and they support the systems they see as convenient and useful for their economic development and

power. MNCs can be drawn to or deterred by the nature of national systems, and can sometimes reflect the traditions of different national systems in their own approaches to HRM. In this text, much is made of the tension between socially oriented and more coordinated systems on the one hand, and more liberal and market-facing systems on the other: the 'varieties of capitalism' debate (see Hall and Soskice, 2001: 1). Various chapters will discuss these issues and the debates that have ensued.

Sixth, there are also *issues over technological trajectories and how new forms of technology relate to the way we work and are managed.* Technology is an important factor in the way we work: how technological innovations are implemented, such as the emergence of the assembly line or the development of the platform economy, has an important impact on patterns of employment and modes of work (see Chapters 14 and 15; also see Howcroft and Bergvall-Kåreborn, 2019). What is more, the communicative dimensions of work through social media and the internet more broadly can shape both patterns of work, such as teleworking, but also forms of resistance and counterpoints that emerge. Trade unions and social movements have increasingly engaged with social media for example, to highlight problems within employment.

Seventh and finally, all of the above must be located within an appreciation of power relations. Foremost in our analysis must be the way in which power relations are articulated through class, gender and ethnicity and the intersectionality between them. The employment relationship is a class-based relationship between capital and labour and reflects the respective power resources available to each. Although inherently imbalanced to the disadvantage of labour, the balance of power is not static but rather subject to constant negotiation, whether that be through formal institutional processes, such as the work of trade unions, or through the micro politics of the workplace and worker resistance. Moreover, the employment practices of MNCs, particularly when these involve developing economies through direct investment or supply chains, must be viewed in terms of the respective power resources held by those who buy and sell labour: employers and workers. Gender relations are also central to this power dynamic. The investment decisions of MNCs, which may be informed by existing gender divides in the labour market, serve to exacerbate low pay and precarious employment. These are jobs in which women are over-represented, while women remain under-represented in the senior managerial positions of the same MNCs. Similarly, investment in the technologies of production reflects segmented labour markets in which women are over-represented in lower-paid sectors, where labour costs act as a deterrent to automation. The power relations articulated though discriminatory employment practices based on ethnicity must likewise be recognized in our understanding of international divisions of labour in MNC investment decisions, and also in the experiences of migrant labour. The power

dynamics are intensified where there is intersectionality between class, gender and ethnicity. When confronted with these power dynamics, workers may be unable to resist being placed in highly vulnerable positions. *In extremis*, such power dynamics have resulted in tragedy for Chinese migrant cockle-pickers in the UK and female textile workers in Bangladesh.

Power relations are also manifest in the broader geopolitical economy in which MNCs operate. MNCs from developed economies such as the United States not only wield significant power based on their own resources, but also as reflections of the political and ultimately military power of their home nation. Historically, US foreign policy in South America, for example, did much to open up key economies to American MNCs. More recently international trade agreements have been a key means through which governments in developed economies have promoted access to foreign markets. The power disparities between developed and developing economies are such that negotiations between MNCs from the former and governments of the latter are not on a level playing field. In short, power relations permeate throughout IHRM, the recognition of which is central to an employment relations approach to the subject.

By engaging an Employment Relations perspective, we can situate IHRM in a broader environment or context, and give due respect to the nature of the employment relationship and the politics of the workplace. This allows us to locate MNCs in the real dynamic of the competing visions and politics of globalization. Perhaps the term 'IHRM' is not appropriate, given this approach, but it has become the byword for the study of transnational work and employment issues, particularly relating to MNCs. The agenda, however, is not fixed and we hope to offer an alternative approach in this book. Recurrent throughout the book is the message that there are always alternatives to the neoliberal, managerial and universalist prescriptions on IHRM, reflected in more socially oriented approaches to restructuring, transnational regulation, worker representation, equality and fairness at work and broader agendas around sustainability.

The structure of the book

This book therefore links IHRM more closely to the contribution of Employment Relations. It opens up IHRM to new influences and schools of thought engaged with its study from a less managerialist perspective.

In the first of the four thematic sections, there are three chapters exploring the *Dynamic Context of International Human Resource Management*. Chapter 1 engages with the subject of work and employment in the context of globalization. It aims to look at how we understand globalization and how it has changed the way people are employed and the way that they work. The chapter focuses on the

dynamics of globalization and the competing interpretations of what it is changing in terms of the global context, the firm and the nature of work. The chapter explores the problems facing workers and organizations due to greater levels of degradation at work.

The subject of MNCs and HRM is discussed in Chapter 2. The chapter focuses on how HRM strategies are developed by MNCs, and how in many cases they attempt to change the contexts within which they are operating. MNCs use a wide range of strategies and techniques as part of their attempt to transfer their practices and broad philosophies of work to subsidiaries and host contexts. The chapter draws from a range of schools of thought, which view MNCs as micro-political organizations using an array of strategies to influence the nature of work and the employment systems in which they operate.

Chapter 3 examines employment relations by looking at the role of regulation in different contexts and how industrial relations theories – both new and old – can be used to understand the differences that exist in relation to the varied environments faced by MNCs and other transnational bodies. Different national contexts in terms of employment relations remain, and though these are changing, it is essential to understand the ways in which these differences are sustained both as systems of regulation and as traditions of representation.

The second section of the book, *Working in a Globalized Context*, consists of chapters engaging with what we could call the 'internal environment' of the firm in light of the external changes taking place. Chapter 4 focuses on pay, which is the quintessential distributive element of the employment relationship. The chapter looks at how rewards depend on national contexts and structures. MNCs often try to introduce new or organizationally specific reward systems, yet find themselves confronting not just locally embedded systems of pay but also tensions that arise in relation to questions of equity and fairness, especially in a context of growing income inequalities. This discussion leads the reader into broader questions of equality and diversity in the next chapter.

Chapter 5 expands on the theme of equality and diversity. A major development in IHRM and international employment relations is growing concern with equality and fair treatment of staff. Equality and diversity vary across countries and contexts in terms of meaning and impact. The chapter maps the development of diversity management and outlines some of the challenges it can lead to, drawing attention to the progress still needed with regards to the question of diversity management within MNCs.

Chapter 6 addresses the issues of international assignments and worker mobility within MNCs. There is a broad literature on the challenges facing workers and managers when they are deployed across different international workplaces of MNCs, related to matters of 'cultural adjustment' and 'coping with change and travel'. Beyond this, there are significant developments in terms of work intensification,

work–life balance, health and safety challenges and increasingly equality issues, as more women and lesbian, gay, bisexual and transgendered workers are being deployed on international assignments.

Chapter 7 widens the discussion on international mobility, focusing on migration and the manner in which MNCs capitalize on the increasing movement of workers across boundaries more broadly, beyond international assignments. In many cases, this is managed in a way that allows MNCs to bypass regulations and laws relating to pay levels and working conditions. Migration is an important theme throughout this book. The IHRM literature often only discusses mobility issues with reference to middle and senior managers, as if the broader workforce does not exist, especially those workers who are not directly employed. The role of MNCs in manipulating such flows of labour, and in the main downgrading working conditions, is rarely a subject of discussion, yet this raises the serious issue of the unethical behaviour of many international firms.

IHRM in relation to work and employment in developing economies is examined in Chapter 8. The chapter focuses on the competing and politicized views of management and employment related issues in developing economies exposed to globalization, in which the role of the state is pivotal in terms of responses to the benefits and challenges that MNCs bring. In many cases states may help develop the infrastructure necessary to engage with international firms; however, developing economies are not always passive recipients of overseas investment. Tensions emerge because of the inherent contradiction of MNCs wanting a skilled and educated workforce on the one hand, but often a cheaper and more pliable workforce on the other. States are caught between the development of a supportive local environment in terms of workers' skills and the management of the expectations that consequently emerge within their workforce and labour markets. These national contexts also give rise to a range of debates on establishing 'decent work' standards.

A further feature of the internal environment of the firm is the question of human resource development; this is dealt with in Chapter 9. Many IHRM texts engage with how MNCs attempt to develop more consistent and integrated systems of training in light of the global requirements that emerge from the need to create increasingly 'cosmopolitan' leadership and management. Yet, local systems of training and the way they are managed remain important. Hence, this chapter points to the role of local contexts in influencing strategies related to human resource development, but also shows how these local environments emphasize the development of a workforce that is adaptable and focused on social and communication skills. The cult of 'soft skills' is discussed as a challenging feature and political dilemma in terms of development strategies.

The learning environment in relation to management is also subject to a range of dilemmas and political factors, as outlined in Chapter 10. Dominant ideas about what management *is* and what *it ought to do* have not emerged just because they are 'superior' or because of the prominence of US MNCs in the context of globalization. To a great extent, the spread of these ideas is driven by a range of 'other actors' who push the relevance and 'sale' of these models – for example, business schools and consultancy firms. Chapter 10 therefore focuses on the role of US, and US-influenced, business schools and management education in disseminating these views. This process is supported by a range of consultancy firms, which in effect sell 'fashions' and encourage a particular political view of how work and employment should be managed. These actors are central to the apparatus of the dissemination of Americanization, and especially neoliberalism, in organizational practices.

The third section of the book focuses on *Changing Ideologies and Practices of Global Production*. Chapter 11 on varieties of capitalism and IHRM focuses on the increasing role of the liberal market model and the emergence of Anglo-Saxonization and Americanization as a reference point in the global context. This approach offers a vision of globalization that is focused on short-term profitability, shareholders as dominant players and a financial and accounting view of the organization and its priorities. There has been great concern regarding these developments for some time, and the chapter updates us on many features of these shifts in IHRM through the lens of varieties of capitalism (see also Djelic, 2001).

One of the missing features of the study of IHRM has been the way particular dominant strategies have evolved within MNCs. How visions of production and employment are disseminated has been explained in terms of how MNCs develop their strategies, but not always what the politics of the strategies are. In Chapter 12, the focus is on the concept of lean production as a dominant ideology and a set of practices that have been part of the transformation of work in many sectors and national contexts. These practices are seen by many to represent a central form of labour exploitation and a dominant transnational paradigm of capitalism, which brings major issues in terms of health and safety for many workers. The discussion of lean production again brings the politics of the workplace to the fore of our attention.

Chapter 13 addresses restructuring, policy and practice. Organizational restructuring is a persistent feature of IHRM. The investment and divestment decisions of MNCs often result in redundancies that have serious negative consequences for individuals, communities and national economies. As well as addressing internal influences on management decision-making, such as corporate social responsibility (CSR) or socially responsible restructuring (SRR) agendas and the role of trade unions, the chapter locates organizational restructuring within the wider institutional context in which such decisions are made.

The chapter compares restructuring in the UK, Sweden and Australia and examines the notion of *restructuring regimes* as one way of understanding the distinctions between approaches to restructuring apparent in different national, institutional contexts.

Chapter 14 examines the relationship between technology, the organization of work and approaches to the management of people. The starting point in analysing the connection between new technologies and the organization of work is to understand the role for human labour. In this respect technology has a triple function: it is a means of enhancing the human contribution to production, but also a means of controlling labour and ultimately superseding human labour. The chapter explores these issues across four stages in the development of technology: Mechanization, Automation, Computerization and Industrie 4.0. Despite the appeal of such grand narratives, these stages did not unfold in an unproblematic, universal and linear fashion; the chapter warns against technological determinism, to stress the socially mediated nature of the introduction of technology, and the influence of worker resistance, institutional context and gender relations.

Chapter 15 continues the discussion of technology and work through a focus on the gig economy as one of the most significant developments in recent years. Many claim platform work associated with the gig economy represents a distinct challenge to our understanding of employment relations. As a variant of non-standard employment, this type of work has come to be associated with insecurity, precarity, poor levels of remuneration and limited scope for collective bargaining. The chapter examines the platform-based business model, which is supported by venture capital despite the absence of profit, and the three-sided relationship between the platform, the requester of work and the worker, in which the platform eschews the responsibility of the employer. While worker experiences and expectations are varied, promises of flexibility and autonomy are tarnished by the reality of menial work, dependency and insecurity. Ambiguities over the employment status, in which platforms claim workers are independent contractors, also shift the burden of risk from capital to labour. These issues are examined through a case study of Uber, one of the most contentious examples of platform work.

The fourth and final section of the book explores issues relating to *Regulation and the Agenda for Decent Work.* Chapter 16 develops further issues concerning employment change and initiatives that contribute to the upgrading of work in terms of rights and representation within a more globalized context. The chapter focuses on the way that transnational systems of regulation have had to be developed to create a political environment that can moderate and condition MNCs in terms of the more problematic aspects of their development and behaviour. The chapter addresses new forms of regulation, such as the use of international law and ethical codes of conduct, as ways of influencing the operations of MNCs.

These developments are discussed in the light of the debate on regulation that has emerged in the current economic context of crisis and change. The chapter also addresses concerns over the extent to which transnational regulation is developed and effective.

Such developments are picked up in the next chapter, which maps how the voice of workers has developed in the face of greater transnational coordination by firms. Chapter 17 examines the way that trade unions, as the main expression of workers' interests, have developed international organizational structures. These include both official structures and new forms of network-based organizations that exchange information about the nature and conduct of MNCs. The chapter also looks at the development of forms of international councils and committees that represent workers in specific MNCs, which can influence the nature of decision-making and its outcomes. The chapter also explores new forms of transnational agreements and codes of conduct, which have an input from trade unions and related bodies.

Chapter 18 examines how a growing awareness of sustainability agendas has impacted IHRM. The chapter examines the evolving role of HR functions, as companies – notably high-profile MNCs – come under increasing pressure to address sustainability issues. Sustainability is examined in terms of three key dimensions: economic, social and ecological. While these dimensions may overlap and be complementary, they are also shown to be potentially mutually exclusive, adding to questions regarding the possibilities of business-led ecological sustainability. The concept of decommodification is explored as a possible alternative approach to understanding sustainability in relation to both labour and the environment.

Using the book

The chapters are presented in four thematic sections: The Dynamic Context of IHRM; Working in a Globalized Context; The Changing Ideologies and Practices of Global Production; and Regulation and the Agenda for Decent Work. There is a broad sequential logic to this structure, but there are a number of ways in which this book can be used to support a critical approach to the teaching of IHRM and it is intended to serve as a flexible and non-prescriptive resource.

While each chapter stands on its own merits in terms of critical engagement with discrete issues within IHRM, the new edition has developed links between chapters through systematic cross-referencing, so that students can develop their understanding of various issues in more detail. The links between chapters work in various combinations bringing related aspects of different debates together in innovative ways, which allows chapters to be combined in novel configurations for teaching purposes. For example, Chapter 14 explores the

relationship between technology and the organization of work. In combination with Chapter 15 on the gig economy, this represents a pairing around the theme of technology and provides the basis for comparing historic and contemporary developments. Alternatively, Chapter 14 on technology and the organization of work could be paired with Chapter 12, which explores lean production as a dominant ideology and a set of practices that have been part of the transformation of work in recent decades. The role of MNCs is a theme running through most chapters, but which can be systematically linked through taking Chapter 2 as a starting point and then linking this to Chapter 4 on pay, Chapter 5 on equality and diversity, Chapter 6 on international assignments and Chapter 9 on training. In turn, the issues of training explored in Chapter 9 resonate strongly with themes raised in the following chapter on the role of business schools and consultants, providing one possible pairing, while Chapter 10 also examines the promotion of dominant management ideational agendas and so couples with Chapter 12 on lean production. Chapter 6 on international assignments may be paired with Chapter 7 on broader issues of labour migration, while the role of MNCs in manipulating labour flows and downgrading working conditions raised by Chapter 7 resonate elsewhere, for example in Chapter 8 on IHRM and developing economies and Chapter 1 on work and employment in the context of globalization. Chapter 15 on transnational systems of regulation combines with Chapter 17 on international union structures and codes of conduct, which in turn can be linked with Chapter 3 on national employment systems. Similarly, Chapter 13 deals with the issue of restructuring, which in combination with Chapter 4 on pay and remuneration and Chapter 5 on equality and diversity form a cluster around issues of fairness at work. Alternatively, the international comparative approach to restructuring presented in Chapter 13 could be paired in different combinations, such as with Chapter 11 on varieties of capitalism and Chapter 3 on national employment relations systems. In turn, the themes of fairness at work could be linked in various combinations with Chapter 18 on sustainability and IHRM, as could many chapters in the book. The possible combinations are numerous, and far from limited to these few indicative suggestions; readers will form their own approach. We would encourage tutors to make the possible combinations their own resource to develop, in novel and innovative ways, in support of a critical approach to the teaching of IHRM.

Conclusion

IHRM is a broad and rich area of study and practice, which needs to be uncoupled from managerial approaches and opened up to the realities of work and employment. Balancing the study of IHRM with a more systematic Employment

Relations perspective provides a critical understanding of the nuances and richness of work and employment in a global context.

Understanding the political aspects of many of the facets of management, and the ethical traumas MNCs give rise to, needs to be given greater prominence as human beings speak to and engage with each other across the globe in new and more effective ways. The context of IHRM is changing, with agendas linked to issues of sustainability providing an additional focus on the actions of MNCs and management decision-making. We need to place MNCs in the real context of political competition and action, especially the demands of workers, national states, and a growing range of actors. The globalization of economies and labour markets brings the need to address some fundamental issues, not just with regard to the changing nature of work and employment but also how work can be improved and enriched. Globalization and factors such as the role of MNCs, new forms of technology and market-facing political views have led to fundamental anomalies and dilemmas in the way we work. How we counter increasing levels of inequalities and degradation in many aspects of our employment has been inspiring a rich debate concerning the way the behaviour of economic actors can be influenced by social and political actors with a view to generating less exploitative forms of working.

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Section 1

The dynamic context of international human resource management

1 Globalization and employment: developments and contradictions

Miguel Martínez Lucio and Robert MacKenzie

Learning objectives

- To comprehend the meaning of globalization and the different ways in which it is discussed
- To appreciate the ways in which MNCs have evolved
- To comprehend the challenges to workers that globalization brings in terms of precarious employment and work intensification
- To appreciate the tensions within work and employment brought about by globalization

Introduction

The nature of organizations and employment within them is changing. Yet debate remains over the cause, course and consequences of this change. There has been a contention for some time that stable employment and organizational structures based in national regulatory systems are increasingly outmoded within the 'new' global context. To a great extent, this may be a view that has been propagated in the more economically developed (or privileged) parts of the world, in vindication of ongoing socioeconomic changes there witnessed. The middle decades of the 20th century witnessed the rise of stable and secure systems of work and management in countries such as Japan, the United States, Sweden and Germany. Although predominantly experienced in developed economies, countries as diverse as Nigeria, Uruguay and China saw similar trends in respect of

stability and security over the same period, especially in their core industrialized and modern manufacturing-based sectors. However, things have been changing since the latter decades of the 20th century, and with increasing alacrity. With the growing internationalization of business reflected in the emergence of global markets and to some extent global production and service delivery processes, and more recently the increased financialization of capitalism, we have seen a challenge to models of employment based primarily on national structures and regulation (see Chapter 10 on business schools and consultants, Chapter 11 on varieties of capitalism and Chapter 12 on lean production).

As a first step towards dealing with the nature of the changes outlined above, this chapter will discuss what is meant by the term *globalization* and will explore the different views that prevail regarding its impact. Some consider globalization to be a major challenge and catalyst for change in human resource management (HRM) and industrial relations (IR). However, this chapter will show how such developments are variable in their effects (later, Chapters 16 and 17 pick up the way such developments have led to new forms of transnational regulation). There are many contradictions inherent in globalization: for example, MNCs continue to require political and regulatory interventions and support from national states. The idea that we are seeing the emergence of omnipotent companies such as Amazon, Apple and Sony ignores the complex reality of globalization and the continuing role of national systems of regulation.

What does this all mean for work and employment? The chapter will explore the impact of globalization on work and employment in terms of the increasing level of insecurity, the question of the degradation of work and the ongoing pressure of continuous change and uncertainty. However, the chapter will also show how these developments have contradictory effects, generating new developments in the politics of work, in terms of the distribution and utilization of power, and new patterns of mobility for both workers and managers. In short, globalization is a contested process and concept.

What is globalization?

Globalization is a multifaceted concept often employed as a shorthand for the internationalization of economic activity associated with Foreign Direct Investment (FDI) flows and the operations of MNCs. Beyond this there are the ideological and ideational aspects of globalization reflected in the spread of hegemonic business practices and association with a neoliberal agendas promoted by multinational corporations and international economic institutions like the World Bank and IMF. More recently, the espoused shift towards financialization found ideational facilitation through the standardization of accounting practices that have changed

approaches to investment and divestiture on an international basis, making the buying and selling of assets more important than the manufacture of products. Local firms may be bought and sold by MNCs, then restructured, or entered into internal competition with the company's production sites in other countries, based on decisions made at corporate headquarters in a distant land. Moreover, new competitive imperatives are introduced to domestic producers; local firms now face competition from producers elsewhere in the world, where lower labour costs may provide a comparative advantage, putting pressure on wages and other terms and conditions for domestic producers. High-street retailers in developed economies operate global supply chains, meaning clothing once produced in local factories is now sourced from subcontracted suppliers in developing economies. Heightened competition and the imperatives of financialization mean that workers in developed economies feel competitive pressure from distant producers. Globalization means a factory closure in South Wales may be justified on the grounds of competition from South Vietnam or based on a decision made in South Carolina.

Globalization is the subject of much political debate concerning its impact, how it evolves and at what cost. We are inhabiting a political and economic context which is no longer anchored in specific territorial spaces but is subject to movements and forces from further afield. The dominance of key MNCs and increasing levels of labour and production mobility suggest that we are now becoming part of a new global economic dynamic.

Increasingly, we see trade and economic relations organized at a more global level, reflected in growing levels of FDI (see Figure 1.1), as well as global companies increasing in size to a point where by the end of the first decade of the 21st century they accounted for a quarter of the global gross domestic product (UNCTAD, 2011). These figures illustrate the extent of the internationalization of investment and the fundamental role of multinational corporations. These are substantial changes, which are reshaping the social and economic landscape.

Culturally, we are subjected to visions of a world where nations are considered to be less significant in political terms, and global corporations organize the economic and employment spaces of our lives. Films such as Norman Jewison's *Rollerball*, which was made back in the 1970s, presented us with a cautionary tale of a world dominated by large corporations, where there are no nation-states and where a violent sport is used as an alternative to war between such organizations (see Lillie and Martínez Lucio, 2010). In Ridley Scott's film *Alien* (and in the subsequent films in the series), made a few years after *Rollerball*, the audience was presented with corporations within which dark political forces organized major space expeditions and pernicious experiments in pursuit of commercial opportunities (a theme picked up again in the film *Moon* in 2009). These represent a consistent fear of the greater power held by faceless corporations, and the way that

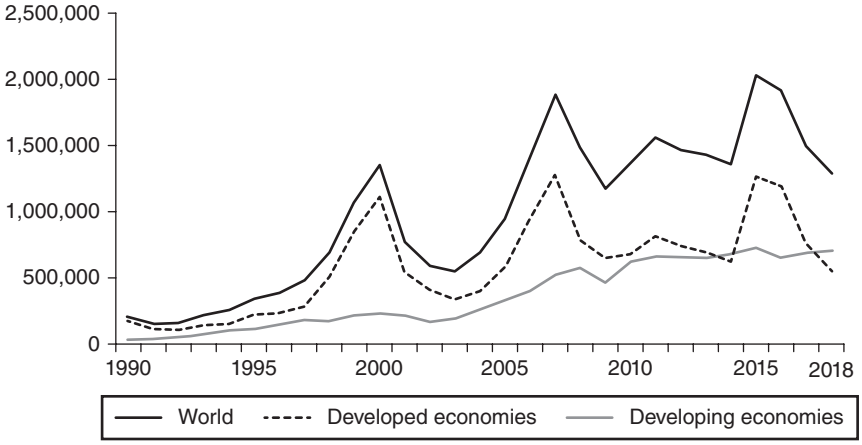

Figure 1.1 Global FDI Inflows, 1980–2018 (millions of US dollars).

Source: UNCTAD (2019)

elites dominate the economic spaces we inhabit through larger and more distant organizations, over which we have limited control and that offer very little by way of democratic checks and balances.

The consequences of the growth of powerful MNCs have seen acrimonious debate about their impact on the economy and society. Key commentators such as Naomi Klein (2000) argued that MNCs have grown in size to such an extent that they dominate political systems and nation-states by virtue of the fact that they can hold them to ransom through investment (setting up workplaces) and disinvestment (closing workplaces down). The ability of MNCs to plunder the scarce resources of the world and to drive down working conditions of many individuals who cannot counter their power means that globalization threatens to undermine the quality and social fabric of all our lives. Local communities and spaces are being undermined by such developments, leaving people with few ways in which to influence the key decisions taken in relation to the economy and employment (Monbiot, 2004) (see Chapter 2 on MNCs). In addition, this process of globalization carries with it the semblance of a new world order, managerialist in form, which privileges corporate and market-level values over social ones. For some, this represents an extension of the worst features of the American model of society in respect of its neoliberalism, while leaving the more progressive features of its liberal democratic discourse to one side.

There are opponents of such arguments, who suggest that globalization may bring upheaval and much change but that in the longer term there will be a new political space in the form of greater individuality (Friedman, 2005): this argument

highlights technological and informational changes that allow individuals to communicate, move and collaborate on a much more global scale (ibid.). This is especially the case in recent waves of globalization, from 2000 to the present. Whether the power of MNCs will have such benign consequences for individuals and facilitate a new form of unhindered and accessible global networking remains to be seen, but it may not be evenly shared, with some gaining and others losing from the process of globalization and greater free trade.

However, there are other interventions that scrutinize the *meaning* of globalization, and the extent and nature of the associated impact. It is clear that the internationalization of markets and the greater breadth of corporate and economic activity are disembedding established relations within local societies, with traditional forms of social action becoming less stable (Giddens, 1990). Local political and social relations are stretched, and their ability to influence outcomes is declining, though Giddens (ibid.) would argue that this process has been ongoing throughout the development of capitalism, except that now it has a more transnational dimension. That is not to say the *local* is no longer important, in that much is produced locally and by people whose mobility remains low in relation to that of corporations (Castells, 1996). Nevertheless, as Castells argues, these local spaces are dependent on ever more distant and extensive global networks and links, including ownership structures that buy and sell local companies, which produce and organize across boundaries (ibid.). It is the 'hubs' within the global network that are the main power centres, and which create new systems of power and hierarchy (ibid.). Dickens (2007) elaborated on this point by arguing that these *flows* and *networks* were the defining features of globalization, and that these could be mapped; but they also become structures, where the participants such as states, MNCs and social organizations take part in unequal exchange relationships by virtue of the extent to which they are fixed within specific spaces. That sportswear is produced by local families in developing economies working in what are less than high-tech workplaces does not mean what they produce is not subject to globalization, because what, how and when the producers make their goods are determined by particular networks of power and interests that link these workplaces together and take the products into richer global markets. There are different experiences and engagements with the processes of change, and in effect there are also winners and losers: the latter are normally those at the end of the line or on the periphery of the network (Barrientos, 2001). The consequences of globalization are visible to many people, and so are the bitter ironies – for example, $300 sports shoes being produced in developing economies for $10.

Some observers have noted that the development of globalization benefits the winners and those already in a privileged position. Hirst and Thompson's (1999) text, for example, argued that core economic flows and activity tended to follow

a traditional pattern, which privileged specific dominant and developed parts of the globe. Production and distribution remain unequally distributed and shared. Since Hirst and Thompson's book was published, the role of India and China has increased within this global space of investment flows. Within these countries there are similarly privileged internal political and economic hierarchies, and a new type of neocolonial engagement has taken place, as seen in China's role in Africa. The argument is that globalization follows specific pathways and does not include all classes and nations equally. Globalization is not something that is to be understood in terms of 'opening up economic borders' but is made and constructed in political, organizational and cultural terms – and therefore with all the tensions these imply.

There is a growing sense in the debate on globalization that while there are many negative outcomes, it is not a closed and predetermined process that will lead to a given final outcome. Instead, there are many possible outcomes. Much depends on the main players and how a language of globalization is constructed. Politically, there are greater calls for regulation and control by transnational governing bodies (see Chapter 16 on regulation). These developments may be underpinned or supported, as Monbiot (2004, 2006) argues, by new oppositional political networks as globalization processes provide new technologies of dialogue for those who desire more socially oriented outcomes.

Then there is the question of culture: if we look closely at the process of globalization in terms of international management, we are struck by the preponderance of new neoliberal American management concepts and ideologies coming from business schools and consultancy firms (see Chapter 10 on business schools and consultants, Chapter 11 on varieties of capitalism and Chapter 12 on lean production). This 'American' managerial hegemony was reinforced by the geopolitical and corporate dominance of the United States in key parts of the globe during much of the 20th century, and as Panitch and Gindin (2012: 223) have argued, this has since been reinforced:

> It was one of the hallmarks of the centrality of the American empire in the making of global capitalism that the multilateral and bilateral treaties that established the regime of free trade and investment in the final two decades of the 20th century were deeply inscribed with long standing US legal and juridical rules and practices. The wide international range of US firms, as well as the relative size and importance of US markets . . . gave rise to extensive coordination of national regulations through international institutions like the newly created WTO, the World Bank, the Bank of International Settlements and the IMF.

When the World Trade Organization (WTO) terms were presented as a fallback position in the event of a 'no deal Brexit', little attention was paid to their provenance

or the influence on their provisions of a foreign political power, albeit one whose values were arguably in tune with British proponants of such an outcome.

The influence of American managerial traditions within proceses of globalization should not be underestimated. The development of Fordist models of production and the spread of the assembly-line form of mass production were a key outcome of American corporate influences, both through direct FDI and through their mimicking elsewhere by local capital. Similarly, particular models of production such as *lean production* became conflated with the new global agenda, infusing globalization with an approach to work based on labour intensification, which was influenced by specific views of economic development (see Chapter 12 on lean production and Chapter 14 on technology and the organization of production).

Multinational corporations are caught in an ambivalent relationship with local spaces, in that their power derives in part from playing one nation off against another through the politics of investment and divestment. The associated political leverage can pay dividends in terms of lower rents for factories, greater public subsidies and lower wages through labour market regulations allowing for such developments, as in so-called *special enterprise zones* (Lillie and Martínez Lucio, 2010). Yet, the global is not 'global' per se: it is about globally operating organizations manipulating the 'local'. In this respect, we need to be cautious about viewing the process of globalization as something that has emerged in a quasi-evolutionary fashion and that represents a new and superior stage of development: it is something that is manufactured and like all things that are manufactured it carries the hallmark of the makers.

The degree to which the actions of MNCs are influenced by their country of origin has long been the subject of debate. Perlmutter (1969), nearly a half a century ago, urged us to classify carefully when it comes to multinational corporations. There were, in effect, three types of company, which reflected the different ways in which they engaged with their environment. *Polycentric* firms were those that effectively fitted into their new foreign environments and would use local managers and work within the culture and working practices of the host country. This contrasts with *ethnocentric* firms, which were more focused on using management and control systems from their home environments, often insisting on a direct form of control through ethnically closed managerial networks and hierarchies. Perlmutter also began to see the emergence of firms where management practices privileged neither home nor host traditions, moreover management teams did not consist entirely of specific national groups, but were more open and cosmopolitan in culture: these were *geocentric* forms. Others, such as Bartlett and Goshal (1998), have shown how international firms have developed since the start of the 20th century, from what were in effect polycentric forms through to more geocentric ones. Beginning with what were *multi-domestic, multinational* and *decentralized* forms, but which were limited in respect of their spans of control, the 20th century witnessed more multinational forms, which were, in actuality, *global*, using

expatriate managers and more centralized and coordinated systems of control. This was driven very much by the age of American capital and companies such as General Motors, Ford and IBM and other manufacturing-related enterprises that were using Taylorist forms of management based on mass and standardized production as well as bureaucratic organizational forms (see Chapter 14 on technology and the organization of production). Such organizations were seen as taking an *international* form. Subsequently, according to these authors, new *transnational* forms emerged, which were more geocentric in nature, based on networking across sites, more systematic approaches to learning by exchanging practices through these networks, and the adoption of a more cosmopolitan culture (see Bharami, 1992).

More specifically, Ferner and Edwards (1995) pointed to a range of practices or relations that could assist MNCs in changing HRM practices in any context: the use and role of resources and their strategic deployment (e.g. investment or disinvestment), the role of authority relations (e.g. the use of leadership structures and the prerogative to push for change), the importance of negotiation and exchange at key points (e.g. bargaining over questions of investment and concessions with workers in a specific site) and the overarching importance of cultural and ideological processes (e.g. establishing 'visions' and 'missions' within organizations that can legitimate change and undermine opposing views). Thus in many ways MNCs require political processes for their *sustainability*. We must not forget that, just as globalization is constructed and sustained in a variety of ways, so the organizational structures of MNCs themselves vary and engage in differing ways with local contexts (see Chapter 2 on MNCs).

Globalization and the dark side of the changes in employment and work

The end of the traditional industrial worker?

The impact of globalization has had a deep and far-reaching impact on the way people work. In relation to developed economies, there is an established debate about the way 'traditional' forms of working and employment have changed. In the 1970s we began to witness the first cracks in the system of stable employment that had been based mainly on an industrialization model. The notion of 'post-industrial society' alerted individuals to a crisis in the method of standardized and hierarchical forms of work in industrial contexts. Daniel Bell, in his book *The Coming of Post-Industrial Society* (1973), argued that the importance of innovation, a new technical and professional class, and a move away from an engineering/industrial perspective, were emerging in countries such as the United States. The factors for change were complex: social changes in the nature

of the workforce and the emergence of a strong female presence in the labour market, vigorously expanding service-sector-based organizations, the emergence of the widespread use of computers; and new forms of competition from the Far East (in this context, Japan, with its newly emerging global companies such as Sony, Toshiba and Toyota). These views reflected a changing reality but they presented a binary view of change, with the industrial working class being replaced by a new technical middle class, machinery becoming subservient to computers and the traditional factory culture of work being replaced by new forms of learning. Other commentators highlighted the impact of the industrial crises and changes of the 1970s and 1980s, muting the end of the centrality of a traditional work ethic and employment based on jobs in manufacturing, and a decline in labour organizations such as trade unions (see Touraine, 1971, and Gorz, 1980). The argument was that the traditional working class was changing and in decline, though many years later others, such as Panitch and Gindin (2012), have pointed out that with the extension of American imperial globalization the size of the working class has actually expanded, if we take a world view that includes changes in developing economies.

In the 1980s, we began to see a perspective that proclaimed the decline of the Fordist model based on mass production, cost reductions through wage control, a high degree of labour standardization and mass consumption (Swyngedouw, 1986). The Fordist model began to give rise to a series of changes, purportedly marking a steady move to new forms of flexible production, smaller workplaces and flexible forms of working. Under this new 'flexible specialization' workers were deployed across various aspects of the production process: the emphasis was placed on the quality of the product and responding to more fragmented and niche-based product markets (Swyngedouw, 1986). The changes were driven by more demanding and fragmented consumers, serviced by the development of new technologies and forms of production. There are thus many other factors, such as technological developments and political upheavals that fed into narratives around the drivers of change, subsumed into some generic notion of globalization. In the case of the post-industrial narrative, as noted earlier, traditional manufacturing industries in Europe and the United States faced greater competition since the latter decades of the 20th century, initially from rapid economic development in countries such as Japan and South Korea, and subsequently India and China. Changing markets and new product-based competition in the context of what some call post-Fordism further undermined a reliance on standardized and centralized forms of production and stable employment patterns. Once more, these views were focused on developed economies and the perceived exhaustion of their traditional methods of working (see Harvey, 1989: 173–88). Hierarchical and centralized systems of management and labour regulation, which had been dominant during the middle and latter half of the 20th century, were seen not to fit this changing environment. It should be noted, however, that there are well-established critiques that proponents

of such changes tended to overstate the prevalence of new, post-Fordist production regimes, as indeed there are critiques of how prevalent Fordist production regimes were themselves beyond the large American corporations of the mid 20th century. Moreover, there were ironies apparent in the respective employment conditions offered, with workers in traditional, hierarchical *Fordist* workplaces being more likely to have representation in the form of independent unions than their counterparts in workplaces pioneering *flexible specialization*.

The rise of the new worker?

Tensions at work have been exacerbated by obsessive organizational change, constant transformation in the ownership of firms and pressures from greater innovation through the 'cross-pollination' of management ideas. A greater degree of worker and management mobility brought further changes. The social and economic disruption brought about by globalization, as well as changes in their own national contexts, has increased pressure on workers for mobility in search of better employment, or indeed any employment. Pressures in managerial work from the growing internationalization of the firm meant that travel became a central feature due to the need to manage geographically distant clients and groups of workers on an ongoing basis.

Furthermore, globalization is not only a matter of employer mobility, economic change and new workplace practices, but also of a new informational economy, which brings novel spatial relations. These changes coincided with a series of technological developments, especially in information and communication technology (ICT) and the emergence and development of the internet, which as noted created new spatial and temporal bridges between groups of individuals in distinct geographical spaces (Castells, 1996). These developments break down traditional ways of balancing communication exchange and forms of working. Yet there has been a steady realization that all was not turning out as many proponents of change imagined. The utopian images of change gave rise to a growing awareness that work was becoming challenging in new and highly problematic ways. The 1990s began to see a new wave of social concerns about the new work regime in terms of its consistency and its stability.

The 1990s saw a growing debate about the problems of stress, social fragmentation and increasing risk at work. In his prophetic book *The End of Work*, first published in 1995 (and updated in 2004), Jeremy Rifkin pointed to issues of worker burnout, increasing stress and growing insecurity on a global scale as the consequences of such developments:

> The use of new information technologies are designed to remove whatever vestigial control workers still exercise over the production process by

> programming detailed instructions directly into the machine, which then carries them out verbatim. The worker is rendered powerless to exercise independent judgement either on the factory floor or in the office . . . Now, an increasing number of workers act solely as observers. (Rifkin, 2004: 182)

Richard Sennett, in his text *The Corrosion of Character: The Personnel Consequences of Work in the New Capitalism* (1998), explained how new forms of flexibility and of uncertainty at work were eroding workers' sense of purpose and trust in others. Moving into the new millennia, these developments were paralleled by increasing insecurity and changes within labour markets, leading to what some have described as a new precarious class, or precariat (Standing, 2010), which emerged due to a range of factors associated with the changing nature of capitalism and its increasingly 'mobile' character.

> It consists of a multitude of insecure people, living bits-and-pieces lives, in and out of short-term jobs, without a narrative of occupational development, including millions of frustrated educated youth who do not like what they see before them, millions of women abused in oppressive labour, growing numbers of criminalized tagged for life, millions being categorized as 'disabled' and migrants in their hundreds of millions around the world. They are denizens; they have a more restricted range of social, cultural, political and economic rights than citizens around them. (Standing, 2011)

While many have questioned the extent of such changes and the cohesive nature of the new 'class', let alone the nature of its politics (Conley, 2012), the reality is that globalization has led to change and crisis within labour markets.

A gendered international division of labour

In developing economies, these changes can create even greater forms of exclusion and fragmentation. An argument commonly heard is that globalization has created 'hard-to-reach' workers. For example, the high-end sports-leisure footwear industry has seen ongoing internationalization of production and outsourcing, which has resulted in reliance on a workforce in developing economies that is unprotected and easily exploited. The global system is linked by brands that invade social and private space on the one hand, yet shield the exploitative working patterns they develop on the other (Klein, 2000). The use of child labour and unpaid female work, for example, has emerged as a major transnational focus of debate because of the way the complex production networks and supply chains of many MNCs rely on such forms of labour. Globalization has brought new groups of workers into the workforce in

developing economies. The extent to which this can be celebrated as offering the benefits of increasing household income must be set against the potential for exploitative practices and the gender relations within these production processes: more women have been brought into the global workforce but not on equal terms.

> For many women, unpaid work in and for the household takes up the majority of their working hours, with much less time spent in remunerative employment. Even when they participate in the labour market for paid employment, women still undertake the majority of the housework . . . When women work outside the household, they earn, on average, far less than men . . . They are also more likely to work in more precarious forms of employment with low earnings, little financial security and few or no social benefits . . . Women not only earn less than men but also tend to own fewer assets. Smaller salaries and less control over household income constrain their ability to accumulate capital. (UNICEF, 2006: 36–7)

The role of global supply chains is one of the factors that can contribute to this degradation of work, especially when there is no close monitoring and regulation through auditors and dedicated inspections (Short et al., 2016). Thus many of these workers may seem beyond the reach of regulation, working for small-scale employers, linked indirectly to MNCs through complex chains of command that are characteristic of involvement in developing economies. The main concern in many of the debates is that the current form of globalization is systematically driving down labour standards and undermining rights at work. This is a major concern for ethical and social reasons: in effect, there are many more losers than winners as we count the cost of a more unregulated context based on excessive labour intensification.

The following short case study outlines some of the social and human dilemmas that are emerging owing to globalization.

Case study: The changing nature of work in the textile sector

Montague Burton was a Lithuanian Jewish immigrant who came to the United Kingdom (UK) in 1900 to escape Russian pogroms. He went on to build a clothing company that would dominate the UK market for men's suits, at its height clothing an estimated quarter of the male population, as well as providing wartime military uniforms and the famous demobilization suit issued to war veterans affectionately known as 'The Full Monty'.

In 1921, Montague Burton opened a factory in Leeds, a city at the heart of the UK textiles industry. Specializing in clothing, Leeds offered access to a skilled workforce of tailors and machinists. The Burton's factory went on to become the largest employer in the city and the biggest clothing factory in the world, at its height employing around 10,500 workers, producing over 30,000 suits per week. Boys as young as 14 were employed as barrow boys, with the possibility of going on to apprenticeships as tailors and cloth cutters. Production was on a mass scale, with huge workrooms of machinists employing whole families. Women outnumbered men 9 to 1. Montague Burton was considered to be a *progressive employer*, providing facilities and benefits aimed at maintaining staff satisfaction. The factory boasted the largest canteen in the world, and staff had access to dentists, chiropodists and eye specialists to care for eyestrain associated with detailed needlework. There was also a health and pension scheme that predated the Welfare State and trade unions were an integral part of the company's working environment (these types of company were common also in the food and drink sector: see Strangleman (2019) for an example of company with a strong social approach to work during the 20th century).

By the 1980s, UK clothing manufacturing had gone into decline. Although Burton's continued for a time as a retailer, including high-street brands such as Top Shop, clothing production at the factory in Leeds ended in 1981.The emphasis on low-cost fashion had seen production increasingly moved abroad. UK clothing retailers developed supply chains that could take advantage of lower labour costs in developing economies such as Bangladesh.

The textile sector has become an integral part of the Bangladesh economy, with a wide range of companies and a large component of the workforce being women. However, reproducing the kinds of working conditions outlined above has been a challenge. Many of the producers are part of complex supply chains working through subcontracts and other indirect mechanisms for dominant MNCs who control overseas markets. Questions have been raised about fair wages, working conditions and, crucially, the relatively limited investment in health and safety (War on Want, 2011). Tragedies such as the Rana Plaza building collapse that killed over a thousand people due to a lack of safety inspections are an example of some of the issues facing workers in such a context. There have been attempts to develop a greater degree of worker voice and safety-related enforcement mechanisms to ensure that labour standards are enhanced (Donaghey and Reinecke, 2018) but progress is at an early stage.

The absence of strong trade unions in Bangladesh is one major difference with the traditions of the textile sector in the UK in the 20th century. In addition, the local labour inspectorate faces a range of resourcing issues and problems in terms of monitoring health and safety standards generally. There is also much pressure to ensure that the country does not face a wave of disinvestment from MNCs similar to the experience that was seen earlier in the UK. However, over time alliances between a range of non-government organizations (NGOs), trade unions and transnational employers have begun to establish a consensus concerning decent work standards (ibid.). How extensive and influential these alliances will become is yet to be seen.

(Continued)

Questions

1. What do you consider to be the main features of change in the textile sector in the case provided above?
2. Is being considered a *progressive employer* enough to protect workers' interests?
3. What are the commercial pressures put on producers in Bangladesh that can undermine the enhancement of working conditions?
4. What can be done to ensure that working conditions are sustained or remain of a reasonably high standard during these periods of change?
5. What role can bodies external to the firm such as government inspectorates, trade unions and NGOs like War on Want play in this process?

Contradiction, ironies and new agendas in the changing nature of work

As we observed earlier, there are curious ironies within the globalization debate. Globalization does not only remove barriers and boundaries, opening up spaces to competition; there are also some curious developments in the way its processes interact with *local environments* (see Chapter 9 on training). The contradictory nature of globalization is illustrated by the role of local environments in which 'traditional' models of production that were seen as antiquated in other contexts can be reconstructed: yet, as seen in the case study, there is an increasing level of interest from global bodies, consumer groups, trade unions and even various employer bodies in the question of enhancing labour standards and not focusing on 'cheap labour' as a permanent strategy (see Chapter 16 on regulation).

First, globalization works through local structures and can actually enhance differences. Many companies create complex local networks of suppliers and support firms through subcontracting (Barrientos, 2001). Products may be increasingly global, but they sometimes reflect the specificities of local circumstances, and many global networks have strong local (national and regional) hubs. This means that a manufactured good may be assembled in one MNC production site but emerge from a complex set of smaller companies that specialize within specific regional contexts in particular parts of the world. In terms of the management of employment, pressure is placed on workers to benchmark their wages locally and not look to higher levels for comparable work elsewhere in the global production process (see Swyngedouw, 2004). In one sense, this points to the power of capital to dissect and fragment as a form of control, but the irony is that capital has to work through ever more fractured systems of production and employment, which brings inevitable transaction costs and bureaucratic dilemmas around quality control and working standards (MacKenzie, 2002).

Second, the core traditional working class may be extensively changing in more developed economies but there are also developments that suggest the class dynamics left behind, according to the narrative of post-industrialism, have resurfaced in various other contexts. In countries such as China, there has been rapid growth in manufacturing and traditional industries such as shipbuilding and steel production. Ness (2016) argues that what we are seeing in such contexts are new forms of worker mobilization and campaigning that are increasingly becoming organized and linked to challenging multinational corporations and their practices.

In fact, it could be suggested that this 'return to the industrial' is not solely the case in economic and sectoral terms but is reflected in management and employment practices too. Take the case of traditional forms of direct control, standardization and surveillance – known to some as scientific management or Taylorism. These practices are a growing and persistent feature of many aspects of work in developing economies, such as manufacturing in Malaysia, but also – and hence the irony – a feature of work in the service sectors of more developed, post-industrial economies (Bain and Taylor, 2000). Surveillance, performance monitoring and direct forms of control are widely used in call centres in both India and Britain (Taylor and Bain, 2005). In other words, the idea of globalization leading to a transformation of work into some new form within a post-industrial, post-Fordist context, with associated avant garde approaches to HRM, needs to be treated with a good deal of caution; more likely we will see greater hybrids in management strategy and ongoing forms of control and work intensification.

Such developments indicate that globalization is a contested process as it gives rise to a range of concerns and political responses from individuals and organizations. The steady growth of concern with questions of dignity, decency and fairness at work is in great part driven by the negative developments outlined earlier in the chapter: for example, the use of child labour, work intensification, excessive differences in wealth exposed by the strategies of MNCs and the uneven inclusion of women in the labour market (see Chapter 16 on regulation, Chapter 17 on international employee representation and Chapter 18 on sustainability and IHRM). The shift in concerns regarding the social consequences of globalization has begun to open up the discussion in terms of the contingencies and complexities of international economic activity. As noted previously, those that suffer most from the degradations of globalization tend to be at the end of the line or on the periphery (Barrientos, 2001) but that does not mean they alone are affected. The impact of globalization may be uneven, but it is increasingly ubiquitous. While managerial jobs within MNCs may continue to be aspirational positions for many, it should be recognized that such roles have also been deeply affected by the growing intensification of work, and the social pressures placed on individual managers and core professionals (see Chapter 6 on international assignments). In another ironic turn, management have become *subject to* as well as *agents of* globalization (Foster et al., 2019; McCann et al., 2008).

Conclusion: shared miseries and possibilities

The way we work and the way we are employed changes as a result of a range of factors. Traditionally, we work within specific spaces, with specific technologies, in relation to different supervisory systems and within different cultural and organizational contexts. Work remains uneven in respect of its quality, reward and meaning within and between countries. Yet there is a sense that the way we are internationalizing – the growing presence of large corporations, the greater mobility of capital and labour between countries and the sharing of new ideas about work and employment – is fundamentally changing the realities of work. This chapter has argued that such shifts can be seen in both negative and positive terms, and that these changes bring many difficult outcomes. There is a sense that globalization is bringing as many challenges as benefits. The construction of a new global space is creating a new set of tensions that are experienced on a day-to-day basis by individuals and their families.

The once-hoped-for utopian idea that work will improve and our social condition will be enhanced through the greater convergence of humanity as a consequence of globalization is being questioned. A global order appears to be emerging framed by values and economic relations that exalt market capitalism and promulgate a particularly neoliberal and 'Americanized' view of social life that is atomized, fragmented and 'gated'. Yet these changes are unstable and complex, and rely on broad institutional networks and alliances of players and politics. Both management and workers try to prosper in this situation, but often only just survive these developments. This is a disembedding of the traditional way of working that is not necessarily leading to social and economic enhancement. This experience of globalization, the way we work and are managed within this context and the way that corporations are structured are becoming topics of increasing concern. In debating globalization, we therefore have to look carefully at the way it is defined, developed and driven and, crucially, the outcomes to which this leads: we must also follow through and see what new political and social responses emerge in local contexts affected by 'globalization'.

Reflective questions

1. What are the different elements of the optimistic and pessimistic views of globalization?
2. What main concerns has globalization given rise to in terms of the impact on work and employment?
3. Is there really an end to the industrial and manufacturing pattern of work, or are has this been overstated?
4. In what ways can labour standards be enhanced and improved in the wake of the negative impacts of globalization?