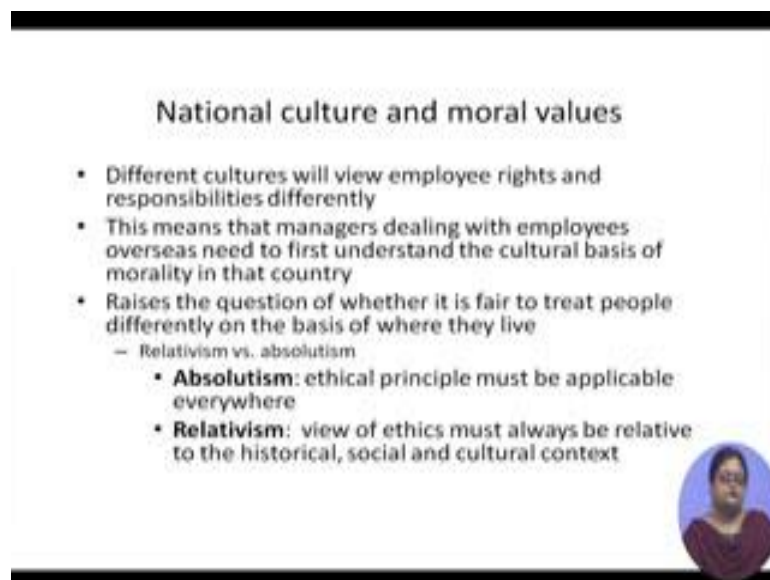


Business Ethics
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Lecture - 30
Globalization and employment


Now in this module, we will discuss about the ethical challenges of globalization and with respect to the employee's rights and duties and the organization's rights and duties to the employees in the globalized situations.

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National culture and moral values

- Different cultures will view employee rights and responsibilities differently
- This means that managers dealing with employees overseas need to first understand the cultural basis of morality in that country
- Raises the question of whether it is fair to treat people differently on the basis of where they live
 - Relativism vs. absolutism
 - **Absolutism:** ethical principle must be applicable everywhere
 - **Relativism:** view of ethics must always be relative to the historical, social and cultural context



So, we understand like in the previous discussions also, we have understood like though you are speaking of deterritorialisation, globalization still the national culture of a place of a region and the moral values as of the citizens as guided by the cultural identity with the national culture or the local culture plays a role in how they are living the rights and responsibilities. So, main major of the concern over here is the national culture and the moral values.

We have to understand like different cultures will view employee rights and responsibilities differently. This means like the managers dealing with the employees overseas need to first understand the cultural basis of morality in that particular country. So, this we can understand from the like the power distance in the organization, the respect for time, how people are; like whether people greet each other for the first time

when they meet and not, what are the ethically accepted nonverbal communication pattern or not, how do they manage uncertainty or not. So, these various skills will help to understand like how they address the issues of like employee's rights and responsibilities within a particular organization. How do they address their seniors or juniors, many cues can be taken to understand the ethical, this form like ways that taken to be employee's rights and responsibilities.

So, what position do they give like to the genders like, do they have equal rights and responsibilities as given in the culture or there is a defined role for the females and they find roles for the males. So, these type of skills can be taken from the national culture. So, the debate which comes of is whether it is fair to treat the people differently based on where they are living, or like it is some ethical principle which are applicable everywhere. So, the point to concern here is that about the absolutism is and relativism. So, amateur of the rules and regulations, the determining what is right what is wrong should it be based on absolute principles, should it be based on relative principles means view of ethics as to always related to the historical social and cultural context belonging to that place.

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The 'race to the bottom'

- Many critics argue that MNCs play a role in **changing** standards in countries
- Globalisation allows corporations to have broad range of choice of location
- Developing countries compete to attract foreign investment
- Large investors tend to choose country with most 'preferable' conditions
 - Lowest level of regulation and social provision for employee
- Leads to 'race to the bottom' in environmental and social standards
 - Argument that MNEs have a duty to promote minimally just social & political institutions where they operate if these do not exist, because of duty to avoid harm (Nien-hé Hsieh, 2009)

These discussion is very much relevant with respect to the multinational corporations because they again if you are talking on the political views of the organization, if you talking of the relative power shared by the MNCs and may be the developing countries

where they are going to do their business, and who is more powerful in this regard. You may find like the MNCs may play a very important role in changing the standards in a particular country. So, which can be like either in the positive sense or in negative sense. If there are certain rights of human rights which are not respected in a particular country, the MNC can exert its power on the government to and if that right is respected then MNCs own country to the MNC can exert its power of the government to make those rights available also to the citizens of the development country. Otherwise it may tell like you are not going to come over here. In fact, the presence of the MNC may improve the living conditions of the people in that country. The government may agree to, or the society may agree to allow those rights also for the individuals, So, that that is how they positively change the standards of the countries.

But if suppose there is only already a differentiation between the region who are the have and the have nots then the MNC is coming in the developing countries with their products and services may try to add more to that imbalances and may restrict the global; the local players from entering into the business. Because they are not in a position to compete with the global players. So, these may again have a changing role in the changing the standards in the countries. Positively also if the global players are coming with their quality products and all. So, it may raise the expectations of the customers to expect more quality and standards from the local players also. So, that will improve the quality of the services and products. So, it has a both ways effects of in changing the standards of in a countries and it is a far reaching effect. So, MNCs have a critical role to play in changing the standards of particular countries.

So, globalization allows the corporations to have a broad range of choice of locations. So, and the developing countries they compete with each other to attract this foreign investment. So, in order to appear attractive to the MNCs, to attract foreign investment, these are ethical dilemma over here, it depends on what the MNC wants to see in that country. So, that it appears to be attractive. It is guided by the values of the MNC and expectations. And also what the developing countries what are the practices, in the developing countries it follows with it is citizens and how it what practices does it take to appear attractive to the MNCs in the way that they want to see them. So, it is a both way decision like what the MNCs expect in the developing countries and also how do they what measures the developing countries did to appear attractive to the MNCs. So, it is

being observed like large investors generally choose country with most preferable conditions.

Now, what are these preferable conditions is lowest level of regulations and social provisions for the employees. Because that is how they increase the profit margin and that is how the developing countries also appear to be attractive. Because there is less of production costs in terms of salaries or wages to be given to employee's responsibilities to be given to be taken care of employees. And that is how they can increase their product in the profit margin by producing at the cheaper cost. So, these leads to the actually the race of the bottom in environmental and social standards. So, the country having the least of these regulations with respect to environmental and social standards is the country which attracts more foreign investment, but again we correspondingly should be thinking of the duties corresponding duties of the MNCs towards these countries.

Because one all as you can understand the MNCs is more powerful than the or more knowledgeable they have more source of information, regarding what they what to do and how they want to treat the employees of the developing countries. And if no rules and regulations are present based on the country where they are that they are functioning depending on the like justice approach, fairness approach and the care approach the rights and duties approach.

So, these guides the MNCs to follow to promote to have a check like not at least some social and political institutions, where they exist to find out like the minimum of these social standards and at least follow if they are not existing and try to promote the pattern, promote the practices so that their those social and environmental policies and practices as per the guidelines as given in the development countries. If not totally, but again to some extent is followed because they buy the stake holder theory we understand like all are in an aim of relationship and the state business cannot like provide any harm to any of the stake holders, and their effort should be in respecting the rights not violating the rights and minimizing the harm provided to any stake holders. So, even if it is found like there are no such rules and regulations which like bind the MNCs to follow certain rules and regulations and respected. So, if it is not there it becomes the part of responsibility of the MNCs to voluntarily follow it. So, that no harm is provided to the society where it goes on functions.

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Migrant labour and illegal immigration

- Growing mobility of workers is a recent phenomenon of globalization
 - Typically north-south, can also be in other regions (e.g. UAE)
 - Workers can also be attracted to particular industries in areas where there is no local labour (e.g. mining)
- Numerous ethical issues here. Examples:
 - Migrant labour often leads to questionable social phenomena (e.g. drug use)
 - Migrants are often from poor countries; willing to accept pay & working conditions normally unacceptable in host country
 - Migrant workers are often in a country illegally (but a record of employment may later be the basis for legal residency)

Other issues may raise up regarding this when we talking of this globalization is that of migrant labour and illegal immigration. So, like growing mobility of workers is a recent phenomenon of globalization. So, people are moving at across various regions and workers are also attracted to move to industries where there are no local labour. Numerous ethical issues may come up with respect to this movements migration is migrant labour often leads to questionable social phenomena, like drug abuse may be social relationships which not like legitimate. So, this type of society issues may crop up, migrants are often from poor countries and they are willing to accept like pay and working conditions which are not acceptable in the host country.

So, these may create some like dis balances in the system. And may be functioning against the interest of the local community or local employer, potential employers who are there employees over there. So, migrant workers sometimes enter the country illegally, but a certificate of working in the country may later be produced as a certificate for basis full legal residency. So, these may again like create some unethical issues. Because you are entering illegally into particular country without proper documents. Then we start working in there and then you use that is as a means to an end of getting the illegal residency in that country. So, these could be like ethical issues with illegal migration.

Next we will discuss corporate citizen and employee relations. So, we have discussed the political view of the organization. Where we came to understand the similarity and like the generally where analogy is being drawn within employer and the government. The role of the employer and the role of government and the corresponding rights of the employees in similar with the rights of the citizens of a particular country. In past discussions also we have tried to discuss on the political role of the organization, where as a corporate citizen the organization is taking on responsibilities and getting involved in societal matters or problems of the society, which actually the government was or political leaders are supposed to take care of, but the increasing power and recognition of the corporate in the societies mind-set, and the increasing relationship of the society and the corporate at large.

So, these mutual interdependency trust. So, it makes the corporate move beyond just it is business responsibility. And take care of some social problems also. And that explains the role of the organization as a corporate citizen where we are looking into the extended views of the corporate citizenship. And we understand like it is like become the responsibility of the organization, to some extent to take care of the social rights the political rights and may be the civil rights of the society at large.

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The corporate citizen and employee relations in a global context

- Anglo-American and European models: differences
 - Continental Europe takes interest of employees into account to a greater degree than the Anglo-American model
 - 'Co-determination'
- In developing countries
 - Level of regulation (or at least enforcement) is often poor, though employee protection often strengthens over time (e.g. China's 2008 Labour Contract Law)
 - Corporate actions therefore often voluntary 'good citizenship'
- Ruggie's framework for responsibility in human rights
 - **Protect** (states' duty to prevent abuses)
 - **Respect** (firms' duty to respect human rights)
 - **Remedy** (general duty to create systems to remedy abuses)

So, in this respect, we will discuss the corporate citizenship and the employee relations. So, what we see like there have been differences in the corporate citizen and the

employee relations in a global context. According to the Anglo-American model and the European model there are differences. So, in continental Europe it takes interest of employees into account to a greater degree than the Anglo-American model. So, interest of employees is taken more care of in the continental Europe model. There is also term of codetermination where the employees as we discussed earlier the employees and the employers together determine what the organization is going to do and what role is going to perform. So, this gives more say of the employee in the organization gives more right of the employee to participate in organizational decision making processes in the operational processes take care of how the organization is functioning.

In developing countries, it is the level of regulation or at least enforcement of these regulations rule also there could be it is like very poor and though it is strengthening over time. So, the corporate actions over there because the global expectations from the MNCs or the corporates that they are also as though the citizens taking care or the rights of other citizens presenting that scenario. So, is to act like a good citizen the corporates role is to act like a volunteer like a good citizen. Because there is no law such which is forcing them to act as a good citizen or even if law is there the enforcement is often poor.

So, corporate action is often that a good citizen voluntary acting like a good citizen. And rubies framework for the corporates to and the responsibility to respect human rights, are responsibility for human rights the first is to protect. So, the states duty to prevent abuses of human rights. Then it is the respect it is the firm's duty to respect human rights. And third is the remedy general duty to create systems to remedy abuses. So, first is the state's responsibility. It is a duty to prevent abuses. Second is firm's duty to respect human rights. And third is the remedy general duty to provide assistance to remedy abuses. So, even if it is a state duty to prevent abuses. So, suppose if it is there or not there.

So, if it is there, the company the corporate is like bound to follow and respect these human rights, but if it is not explicitly mentioned or it is no steps taken by the state or such to prevent these abuses. The corporate it is a part of good citizenship measure can take up responsibilities to protect those human rights. May be within the domain of the organization itself or spreading itself to the greater cause of the society and to respect that human rights and to create system also like where it is trying to bring remedy to these abuses or respect the human rights. So, some of the measures taken in form of

strategic CSR, where the CSR is getting in grilled in the how the organization doing it is business in it is business practices, how it is addressing the need of the stake holders within the organization.

And the other stake holder's network stake holders connected to itself both inside and outside the organization. How it is trying to take up issues of social problems and it is trying to gear it is mechanisms and take it as an address of their issue need to which needs to be addressed as a part of their business goal also what steps it is taking to address to those issues through it is different policies and practices formulated within the organization and which is got engrained as a part of the their business practices, it gives a free idea of how the corporate is functioning as a good citizen to respect to protect and to give remedy to the may be respect to the human rights and to protect the human rights and bring remedy to any of the misuses of the human rights. If the government is pro act not proactive and not having proper measures for it the corporate as a citizen and relation with the like other citizens of the society. Till this proactive measure to protect respect and this rights and provides remedy towards misuses.

With this discussion the next module, we will move forward to the discussion of a sustainable environment. So, we have throughout our discussions we have understood at this module about the role of employees as a stake holder, the different modules of the organization. We have discussed at length about the different form employee relations. We have talked about different rights and duties of the employees towards the organization. And the corresponding duties of employers towards the employees. We have also discussed about the rule of globalization and what are the perspectives the MNCs can take for the developing countries, where they are going to functioning we have discussed some the problems that might labels also. We have discussed the role of corporates as corporate citizens and the employee's relationship within. With this knowledge we will move forward to the discussion of sustainable environment, where by sustainability we are focusing towards the people bottom line of economic sustainability, the sustainability of the society at large. And also we are talking of sustainability of the environment. This will take up in the next module.

Thank you