

Globalization and industrial relations assignment

[Sociology](#)



**ASSIGN
BUSTER**

Globalization, as a term, can be traced as far back as the 1950's, before the world, as we know it today, existed (Online Etymology 2013). Advancement in technology and communications have aided in the ability to break down the barriers of distance and space. Many seek to define the concept as there are many variations. However, one thing remains certain; globalization is in fact constantly changing the way the world operates.

For the purposes of this essay, some of the definitions of globalization are offered. As simple as an attempt at defining globalization may come is that globalization is a “ process by which the experience of everyday life, marked by the diffusion of commodities and ideas, is becoming standardized around the world” (Merriam Online 2013). Reich (1998) claims that the term, globalization, is often distinguished more by what it is not, rather than what it is.

James Rosenau in Reich (1998) states that: Globalization is not the same as globalism, which points to aspirations for an end state of affairs wherein values are shared by or pertinent to all the world's five billion people, their environment, their roles as citizens, consumers or producers with an interest in collective action designed to solve common problems. Nor is it “universalism” values which embrace all humanity, hypothetically or actually. It is important to note that globalization is in truth and in fact not the same as globalism, nor universalism, rather, it is seemingly more along the lines of economic trade.

Morris (2002) seems to have hit the ‘ nail on the head’ with a working definition of globalization. He states that: Globalization is essentially the

process of integrating national and local markets into a single global market. Here the definition of market encompasses not only that for goods and services, but also the capital and technology markets, and to a far more limited degree, the labour market. Local markets have been increasingly integrated into the worldwide market with the rapid development of transportation, communication and information technologies. p. 2) With this in mind, globalization seems to be concerned with the global market. While the labour market seems to be of least importance in globalization, trade unions, who champion the importance of good industrial relations, still need to be aware, study and plan for things to come in the light of globalization. Not only has capital become more global in its operations during the past century and a half but so, too, have workers” (Herod, 1997).

Economies cannot exist without a labour force and so Luis Ruguera, Director of the International Labour Organisation, (ILO) Caribbean office, was not wrong when he claimed that “ globalization and its effects on the developing Caribbean is an inescapable issue for trade unionists and indeed trade unionist throughout the developing world” (Morris 2002, p. iii). Morris (2002) went further to suggest that at the core of the understanding of globalization are a few fundamental issues, institutions, relationships and a number of challenges that all trade unionists should understand.

With the idea of globalization as a phenomenon dealing with the realization of a global economy, a more thorough understanding of industrial relations must be had. Salmon (2000) defines industrial relations as “ encompassing a set of phenomena, both inside and outside the workplace, concerned with determining and regulating the employment relationship” (p. 3). While it is <https://assignbuster.com/globalization-and-industrial-relations-assignment/>

an accepted definition of the field, it is still a bit too vague and some meaning is lost. Bruce Kaufman (2004) in his article, “ The Global Evolution of Industrial Relations” highlighted differing definitions of industrial relations.

Heneman (1969) in Kaufman (2004) defined industrial relations as the study of employment relationships. Hyman (1995) in Kaufman (2004) went further to suggest that it is the social regulation of market forces. Barbash (1993) in Kaufman (2004) points at industrial relations bringing forth resolutions of tension and conflict among the contending interests in the employment relationship, namely management, efficiency, employee security and maintenance of economic stability and social peace in the state.

But it is Whitfield and Strauss (1998) in Kaufman (2004) who brings meaning home when industrial relations is referred to as being centered on trade unions, collective bargaining and labour-management relations. The relationship between employer and employee is extremely important to the production and profitability of any organization. Trade unions are expected to champion good industrial relations within the industry for the benefit of all; not just the employee, but the employer and the society at large.

Combining all definitions thus far, it may be safe to say that industrial relations is concerned with employment relationships that impact on society at all levels and is championed by trade unions. Industrial relations defined, allows one to now look further as to the impact globalization has and is continuing to have on employment relationships throughout. “ Globalization enhances competitiveness, both at the level of the firm and at the level of the nation” (Frenkel 2008).

As observed in China, Malaysia, and Korea, this leads management and the state to adopt strategies designed to increase labor effectiveness to the benefit of capital. However, the effect of globalization on industrial relations procedures and substantive outcomes is contingent. Pressure for greater flexibility in the use of labor is ubiquitous, but the outcome is constrained by cultural norms valuing hierarchy and security. State strategies vary by historical circumstance, resource endowments, and internal political dynamics, including the influence of trade unions.

While Malaysian industrial relations is heavily constrained by the discipline of high exposure to international capital, in China and Korea, major struggles are shaping the future of workplace and national labor market governance. Thus the extent and impact of globalization vary between countries, resulting in similar preoccupations by policymakers yet leading to variable responses and industrial relations outcomes. The South Korean case shows that the globalization trend in the 1990s and the 1997-1998 financial crisis had two contrasting effects on labor rights.

First, these developments resulted in negative labor market outcomes: increased unemployment, greater use of contingent workers, and widened income inequalities. On the other hand, they led international organizations such as the Organization for Economic Co-operation and Development (OECD) and the International Labor Organization (ILO) to play important roles in improving labor standards in Korea. Also, continued restructuring drives prompted unions to merge into industrial unions and wage strikes with increased frequency and intensity.

Contrary to the common belief, the Korean case shows that globalization and intensified competition resulted in stronger and strategic responses from labor by stimulating employees' interest in and reliance on trade unionism. The case for the Caribbean is yet to be studied in detail. While in the early years an industry was set up in one town and served just that one town, with the advancement of transportation and communication through technology, that industry increasingly became able to serve not just its town but the entire county, neighboring countries and now the entire world.

The General Agreement on Trade and Tariffs (GATT) negotiations reduced previous barriers that once existed between domestic priorities and international obligations. The OECD also brought with it a liberal economic philosophy and practice, that when the Cold War, the collapse of the Berlin wall and the fragmentation of the Union of Socialist Soviet Republics (USSR) took place, who were anti liberalism, the OECD bloc won. This meant that the material to pave the road forward for globalization became more than just an idea, but a reality.

In fact, as Morris (2002) stated, " the fall of the Berlin Wall, and the dramatic collapse of the Soviet Union removed the dualism and bifurcation which existed in the world and prevented the spread of globalization. One must note; however, that the formation of the International Labour Organisation (ILO) took place in 1919, before the terminology of globalization took form. The formation of the ILO, however, was a dramatic attempt, in the words of Morris (2002), towards globalized world standards relating to employment.

This speaks to the importance and the need for the globalization phenomena to be considered within the framework of industrial relations. Globalization, brings with it many advantages and disadvantages. Multinational and transnational corporations now exist and present some difficulties in the area of industrial relations. What happens when a foreign company, with its own traditional employment structures, enters a society whose structure differs significantly? What happens when larger companies enter countries and offer goods at cheaper process than the indigenous companies can compete with?

According to Morris (2002) some welcomed them with the view that they would offer knowledge on productive technology while others saw them as monopolistic industries that grew because of their advantage over the indigenous industries creating “ economic dislocation and dependency in their wake” (p. 6). In the 1970’s attempts were made by the ILO to bring about a code of conduct and several were developed. Trade unions developed at the national level in response to the economic changes and growth of capitalism.

It seemed as though industrial development in America in the late 19th century seemed to have had a close correlation with the growth of the trade union movement. The Caribbean was no stranger to what was taking place in the world, and so the stimulus of a diversified economy seemed to have grown in the Caribbean as well. When the International Confederation of free Trade Unions (ICFTU) was formed in 1949, it made it clear that the labour movement recognized the need for consolidation in the face of globalization.

However, even though the ICFTU exist, more needs to be done on the part of individual unions to stand up and have their voices heard even within the international bodies geared at protecting their voice. Morris (2002) advised that trade unions see globalization as another stage of economic development. But what is the role of trade in the new global order? In 1945, talks at Bretton Woods led to an agreement to create three organizations which would provide a broad framework for the regulation of the post-war economy.

The International Monetary Fund, the International Trade Organization and GATT, as mentioned before, were formed. They all had specific roles to play, all in an effort to level off the playing field; however, the GATT was felt to have had shortcomings as many of its codes were not enforceable. Countries began to move towards the formation of the World Trade Organisation (WTO) in 1995 which represented the idea that in the long run, free trade, together with greater competition and productivity, will lead to a more optimal global economic result for trading nations.

Some of the operating principles of the WTO seemed to have favoured the Caribbean interest, as they fall under the banner of developing countries. One such is the provision of assistance to developing countries by providing technical assistance and training programmes to assist development and reform. It is sad however that developing countries are yet to see the benefits as they are finding difficulty in gaining access for their products despite the 'assistance' given.

The labour force also, seems to have voice as there is no organized process to ensure that the voice of Caribbean labour is heard at the WTO negotiating table. Economic instability and rise of unemployment seem to be two of the major concerns as the Caribbean is merely a bystander in the transatlantic global trade war. Even though the banana industry is being spared total liberalization of trade, when this is done dramatic loss of revenues, rising unemployment and economic instability will be evident.

Trade unions in the Caribbean need to act now to prevent such from taking place and protect the labour force. The banana industry was used as one example, but there are many examples of industries in the Caribbean that would crumble if something is not done about it soon. Trade Unions need to see the bigger picture and start implementing measures so as to do their part in the protection of not just the labour force interest, but the countries' economic stability at large. As it is now, the wealth of nations is largely dependent on their ability to export goods to other countries.

The Caribbean has little power to determine the terms of trade, they are virtually price takers in relation to the commodities they export. One also needs to understand the nature of regional economic blocs. With the development of a global economy, there seems to have been a number of regional trading blocs, such as the European Union, ASEAN, MERCOSUR and the Free Trade Area of the Americas (FTAA). The Caribbean also has regional integration among CARICOM nationals. One of the protocols that comes out of this regional bloc is one which deals with the movement of people in the Single Market and Economy.

Recently, in Trinidad and Tobago, this agreement of the Treaty of Chaguramas has been misinterpreted by some Jamaican nationals who attempted to enter Trinidad and Tobago without the proper documentation needed. Even though there is scope for people to move 'freely' to and from Caribbean island, there is still a level of conditionality. This misinterpretation which affected only 4% of Jamaicans that were denied entry due to improper documentation (Express Online, 2013), led to threats from 'underground' that a ban on Trinidad's products will be had in Jamaica.

This however is not the first time such happened and it surely may not be the last. Regionalization has benefited the countries which have chosen the path to development through integration. European countries are a good example as they are on an average three times more affluent in the 1900s than they were in the 1960's. Globalization brings with it changes in the economic, technological, organizational, political and social fields. It is inescapable. The dominance of the Transnational Corporation and the international division of labour has created the major economic feature of globalization. Uncontrolled financial movements can damage an entire region and pollute other economic markets. The work process has also been changed due to technological advancement as access to new technology creates opportunities to change work processes and to modify the very nature of work. At the organizational level, mergers are being formed and franchises are expanding at a rapid rate. Politically the power of the state is diminishing under globalization and sad but true, socially, globalization is growing the disparity between the rich and the poor.

The Caribbean shares on all of these realizations of globalization. “Footloose investors have been attracted to the region in search of low wages” (Morris, 2002, p. 24). In this light, globalization seems to be a threat and an enemy to Trade Unionism. Morris (200) stated: Any attempt at organizing their employees into trade unions is met by a rebuttal which can take the form of challenging the countries industrial relations System or may lead to an abandonment of the investment and on to a more compliant location (p. 4). In a world where poverty and unemployment is rising, workers are afraid to stand up for their rights for the simple fear that another is ready and willing to accept the conditions they refuse to and so they may e without their ‘bread and butter’. These foreign investors have brought with them , their own employment practices and do not intend to fold because of the practices of the investment countries.

Morris (2002) highlighted that the major threat to the worker in globalization include reduced job security, having to compete for jobs worldwide, and the danger of having their wages and salaries driven down. Trade unions are responding to the ills of globalization. The ICFTLJ stated that its vision of society is fundamentally different to that of the free market ideologies. Their objective is to help rganize the use of the world’s main resource- its people- to improve the general welfare of society and especially its weakest members.

In 1995, the World Bank advised that the right to join a trade union is a cornerstone of democracy and that collective bargaining produces positive results for workers and employers, but until all of the labour force, worldwide, recognize the power of standing strong together, this may never

<https://assignbuster.com/globalization-and-industrial-relations-assignment/>

be a reality; and with so many people involved in making a decision, it seems impossible. The ICFTIJ is supporting the negotiation of a social clause linked to the process of further trade liberalization within the WTO framework.

The use of sanctions, made popular by Nelson Mandela (Times Online, 2013) has also been implemented but according to the ICFTU, should be reserved for those countries who reject or refuse to implement the standards in the clause. The suggested text for the clause is (Morris, 2002, p. 26): The contracting parties agree to take steps to ensure the observance of the minimum labour standard specified by an advisory committee to be established by the WTO and the ILO, and including those on freedom of association and the right to collective bargaining, the minimum age for employment, discrimination, equal remuneration and forced labour.

The ability of trade unions to defend workers rights in an age of globalization according to the ICFTIJ will depend on a number of factors including recruitment and training of members in traditional and new sectors, ensuring basic international labour standards are recognized and applied, garnering their own collective strength in the wave of Transnational Corporations, and ensuring that workers and public perceptions are that trade unions are necessary for economic progress by example.