Chapter 11 Review questions and answers

1. In the case of the Bangladeshi Garment Workers, which stakeholders benefit most from this injustice? Who should be held responsible? What can be done to improve the situation?

The stakeholders who benefit from the injustice include the customers and shareholders of the large customers such as Asda, Tesco and Primark, the Bangladeshi politicians, and other owners of the factories. The factory owners should be held responsible along with the large customers who pressure the owners for low prices. A larger and more effective factory inspectorate with the right to close down factories in the case of unsafe factories would go some way to improve the situation, along with improvement in Trade Union rights which would allow exposure of problems, enable pressure for better wages and justice at the factories. Finally, government regulations that protect the rights of workers supplying UK companies are needed.

2. Do you think expatriates have any power to influence the activities of their IJV partners? How can they do so?

Case 11.4 and earlier discussion in this chapter illustrate the difficulties faced by expatriates faced by unethical behaviour in their organizations. Expatriates are employees bound by their contracts. They may have little control over the legal relationships or set up of IJV companies. At the same time, they may have incomplete knowledge of, and little power over, the relationships of the IJV companies with the overseas government or other networks and partners. However, expatriates may be in a unique position to find out about the exact relationships between their IJV partner and the government and the degree of involvement in corrupt activities. They have a role to protect the reputation of the company at home and may need to advise the parent company to sell their interests in the IJV if the relationship could lead to negative publicity for the home company. At the same time they may be in a position to see the advantages of maintaining the relationship for business purposes. The expatriate needs to be fully aware of the nature of the IJV partner’s involvement in corrupt activities, have a clear sense of right and wrong, and a duty to the company at home to advise them of the best action to take. They may be seen as outsiders by the IJV and as a result may have little influence over their activities other than to threaten withdrawal of financial or other support for the IJV.
3. Can or should expatriates be held responsible for the activities of their IJV partners?

This largely depends on the position of the expatriate in the IJV. As the CEO, or Financial Executive Officer or Managing Director, the expatriate may be held ultimately responsible for most of the activities of the IJV and therefore needs to be fully aware of the operations, political connections and networks of the organization and of any links to corrupt activities. In this case s/he should be held responsible. However, in more junior positions the expatriate may be excluded from access to key information about or involvement in the organization’s key decisions. In this case the expatriate cannot be held responsible for the activities of the IJV partner.

4. According to Peter Ackers, HRM professionals face a dilemma, being asked to focus on the bottom line which may imply sacrificing their values. In your opinion, how far can HR be a champion of employees while at the same time maintaining its focus on the “bottom line”?

This is a dilemma and balancing act which all HR professionals deal with, their managerial status, reporting to senior management and conforming with the requirements of the job, and at the same time representing the needs of the employees to management and recommending appropriate changes to salary scales or other employment conditions. At the same time s/he has to explain management’s view to employees, as a representative of management. However, HR professionals do have an important role, according to Lieber, in creating and implementing a code of conduct, communicating the organization’s ethical values, rewarding ethical behaviour and training employees at all levels on the code of ethics and other ethics related policies and subjects.

However, if the manager faces a dilemma where his/her values are challenged by the company’s policy, s/he might be left with no alternative than to resign in protest.

5. Why does the dilemma in question 4 become even more complex and ethically challenging when managing employees in an international environment?

In the context of international business, the MNE subsidiary operates at some distance from the parent company headquarters and HR department. There are numerous social and organizational factors which may impact on CSR decisions by managers when overseas. The company’s code of ethics may not have been implemented overseas and the overseas company may have little interest in the topic. The degree of control over the subsidiary’s HR activities may be limited. This depends partly on the orientation of the organization. The local HR department may be quite independent and respond to
local legislation only rather than international norms of behaviour. In developing countries the local institutions may have limited control over or interest in CSR and even where laws exist, there may be little enforcement. A degree of education and training will be necessary in implementing codes of ethics or conduct and the key managers and stakeholders in the local organization need to be convinced of the necessity for and importance of CSR and the value of having codes of ethics/conduct.

6. What factors need to be considered by HR departments for the management and training of expatriates in organizations which are trying to localize their operations?

Expatriates firstly need to be aware of the policy of the organization with respect to localization. The expatriate has to understand his/her role regarding the training and development of local employees to enable them to take over his/her role in future. The expatriate must be trained to train and be willing to incorporate this function within his/her role.

7. What reasons might senior expatriate managers give for their reluctance to train local employees to take over their positions, especially in joint-venture organizations?

Expatriates may perceive localization as a process which will deny them work opportunities in future. Expatriates may feel that local employees are not ready for the training, either intellectually or in terms of trust. They may fear that local employees will not be sufficiently loyal to the parent company and that they should not be trusted in the role. Many of the expatriate’s objections may be a result of ethnocentric attitudes.

8. What factors, do you think, prevent head office HR departments providing adequate support for expatriates and their families?

Head office HR departments rarely employ members of staff who have experience working overseas. They cannot imagine the difficulties faced by expatriates abroad. HR departments are often more concerned with filling the vacancy than considering all the other practical issues facing expatriates and their families. HR departments often fail to undertake a thorough selection process, to ensure suitability of the expatriate for the role; they provide insufficient pre-departure training for the expatriate and spouse; they do not maintain effective communication with the expatriate while abroad, so are unable to provide the support need by both the expatriate and spouse.
9. Explain the difference between consequentialist and non-consequentialist ethics. Explain with examples which approach do you favour and why?

Consequentialist ethics considers the intended outcome of actions, their aims or goals, to determine whether they are morally right or wrong. The two main theories in this category are Egoism and Utilitarianism.

Non-consequentialist ethics considers the underlying principles and motivation of the decision maker, including the rights and duties of the individual, to determine whether the action is morally right. The theories associated with this approach normally applied to business ethics are Ethics of Duties and Ethics of Rights and Justice. Non-consequentialist ethics (Ethics of Duties and Ethics of Rights and Justice) is most commonly used when CSR issues are discussed.

10. To what extent do you think organizations such as the United Nations Global Compact, CORE, Corporate Register etc contribute to improving the behaviour of MNEs, in terms of CSR, in their overseas operations?

These organizations are providing excellent information and support to organizations which wish to improve their behaviour in terms of CSR and at the same time provide a positive image of their organization. However, the directors of MNEs need to have the will to make significant investment in changes to the organization’s policies, processes and practices.

This is because the reality facing MNEs on the ground is that their codes of practice may be at odds with local tradition, laws or practices. Local employment practices are dictated by local laws and cultural traditions and it is these that often predominate. Imposing or even suggesting alternative “fairer” ways of operating may be regarded as cultural imperialism. One of these organizations (Corporate Register) also keeps information on the behavior of MNEs which can be used to name and shame the companies.