

A person is standing on a sandy beach, looking out at the ocean. The person is wearing a dark jacket and pants. The ocean is a deep blue, and the sky is a lighter blue with some white clouds. The sun is visible in the upper right corner, creating a bright glow. The overall scene is peaceful and scenic.

***GLOBAL ISSUES OF
WORKFORCE AND STRUCTURES***

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What are some world labor issues?

How do they effect the way business is done?

Quality of workforce

Type of workforce

Labor unions

Organizational structure

Organizational configuration/coordination

outsourcing

Composition of the Labor Force

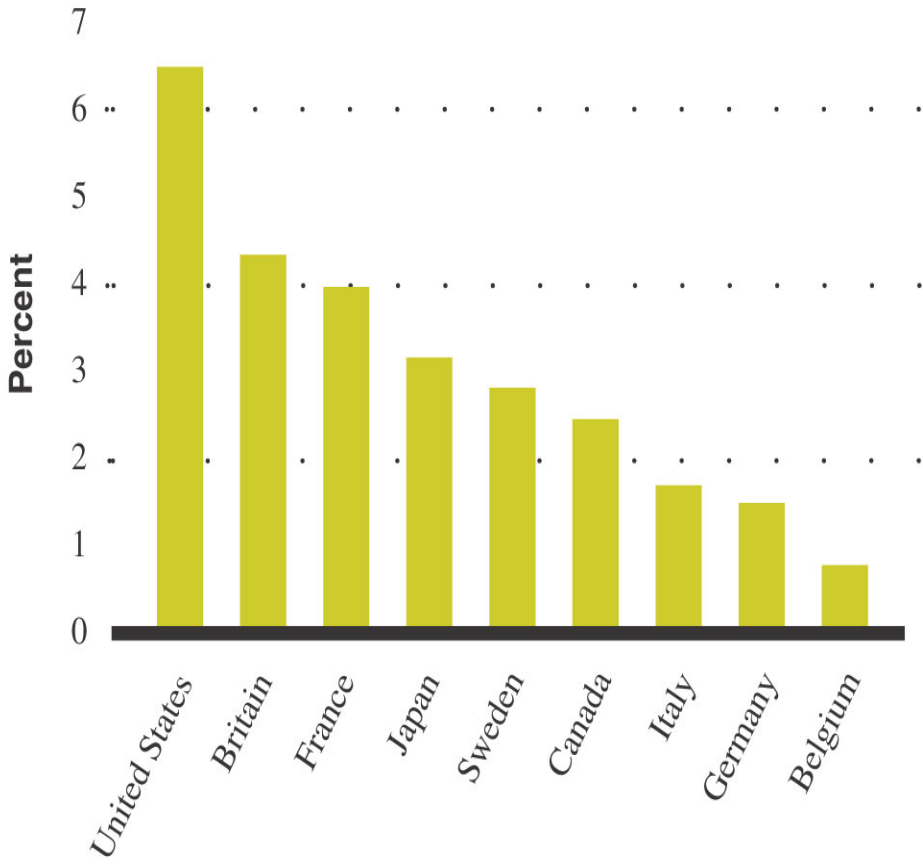
- Labor Force Composition
 - The mix of people available to work, in terms of age, skill, gender, race, and religion.
- Labor Force Productivity
 - Measures how many acceptable units of a product are produced by a worker during a given time and the cost per unit

What causes employees to be concerned about production?

- What factors are responsible for job satisfaction?
- What is responsible for a Japanese worker striving to obtain the goals of the company while Italian labor union members may go out of their way to sabotage them?
- What causes employees to produce quality goods *(GUNGHO VIDEO)?*

[Figure 12.3] Productivity Increases

Percentage increase on a year earlier, 1999



Productivity America led other rich countries in the rise in manufacturing productivity in 1999. According to preliminary data from the Bureau of Labor Statistics, American labor productivity increased by 6.2% over a year earlier. The countries with the next-biggest rises were Britain and France. Belgium came last in our table with an increase of 0.7%. In Canada, Italy, and Japan, productivity grew in 1999 after declines in 1998. Britain, France, and Sweden showed better gains in 1999 than in 1998, but productivity growth in Belgium and Germany decelerated. This seems to support the common complaint of European economists that their countries have failed to reap productivity gains from the Internet. Hours worked in manufacturing declined between 1979 and 1999 in all countries for which data were available except Canada, where hours rose at an average annual rate of 0.3%.

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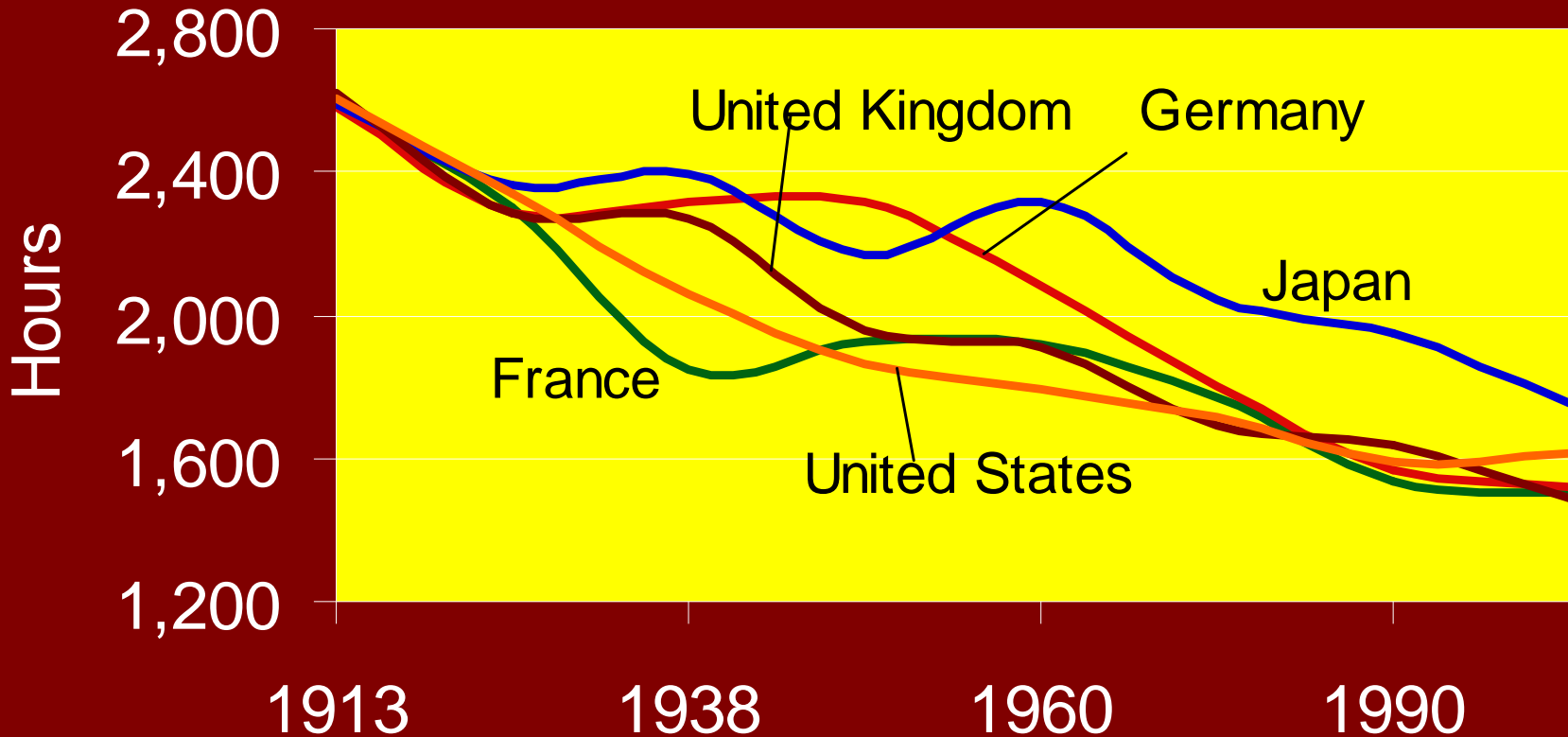
HOW MUCH THEY WORK

- Sweden who is used to 30 vacation days a year (after one year of service) with a Frenchman used to 25, with an German who gets 18, a Japanese who only has ten vacation days a year, an American with 10 and a Mexican with only five.

Germany, which recently attempted to get a 30-hour week but failed, still ranks low in number of working hours per week (1464 compared to the U.S. at 1862). Compare this to the Japanese (1821) or Korean (2447) annual working hours.

• [Vacation Time VIDEO?](#)

Annual Hours Worked Per Person Employed in Major Industrial Countries, Selected Years, 1913-1998



Source: Hayden

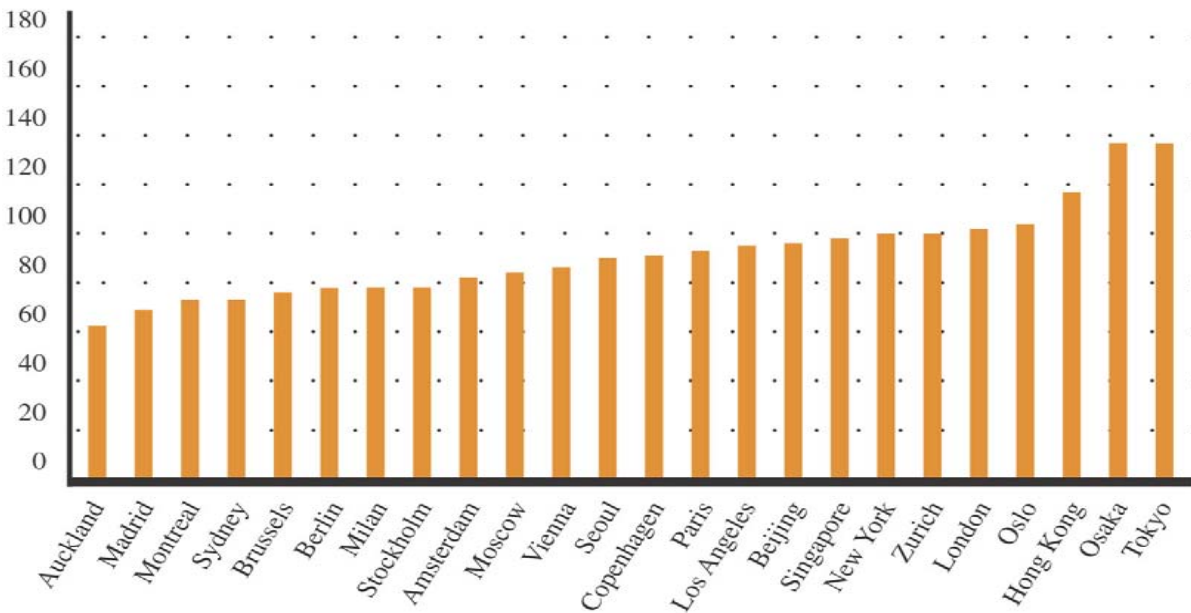
WORKER VALUES WILL DIFFER AS WILL THEIR APPROACH
TOWORD WORK

GUNGHO- VIDEO



[Figure 18.5] Cost of Living

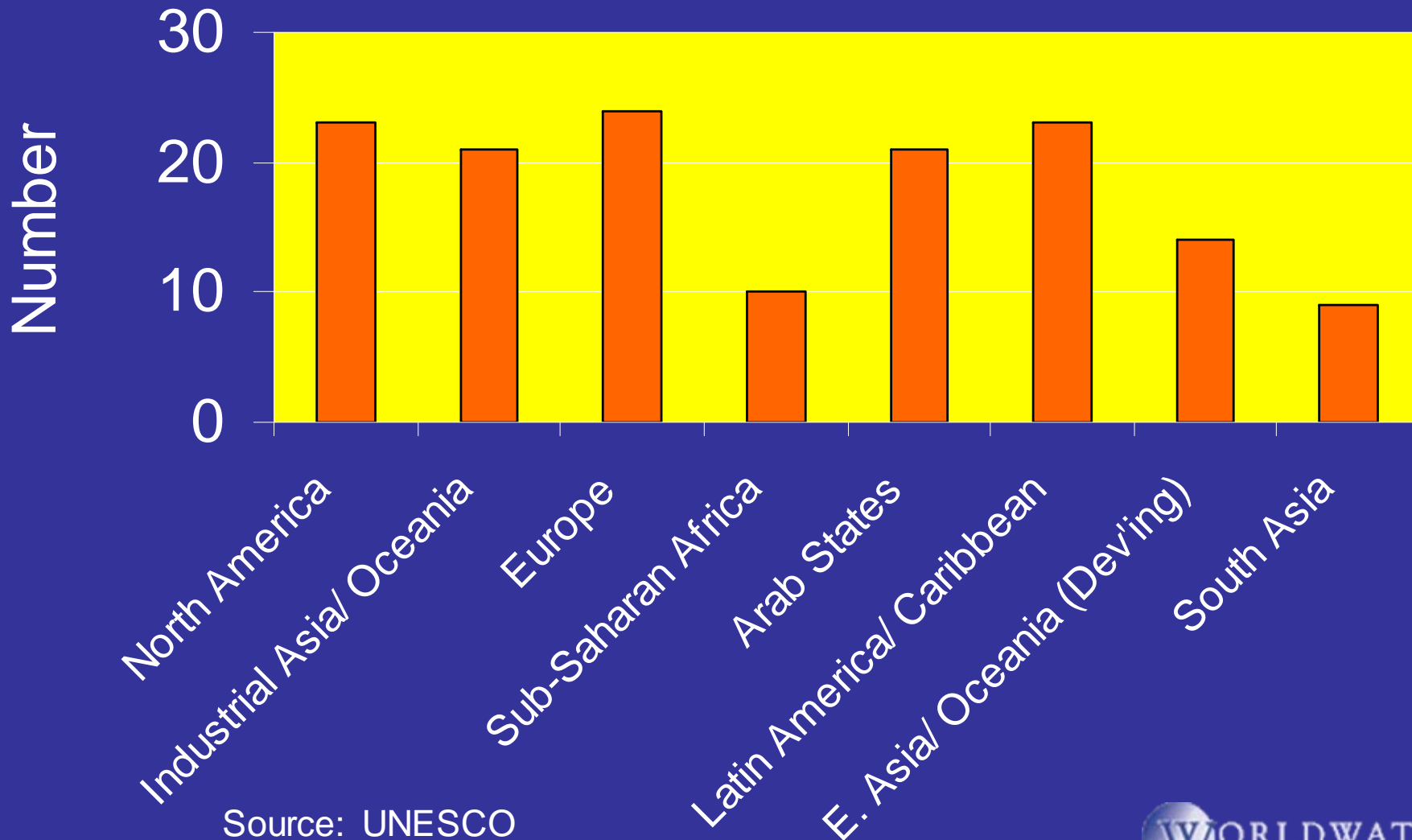
New York = 100, December 2001



Cost-of-living index Tokyo and Osaka are the world's most expensive cities, according to a survey by the Economist Intelligence Unit, a sister company of *The Economist*. Living in Japan costs one-third more than it does in New York. London, slightly dearer than the Big Apple, is the most expensive city in the European Union, justifying its pricey reputation. But non-EU Oslo is more expensive, and Zurich comes close.

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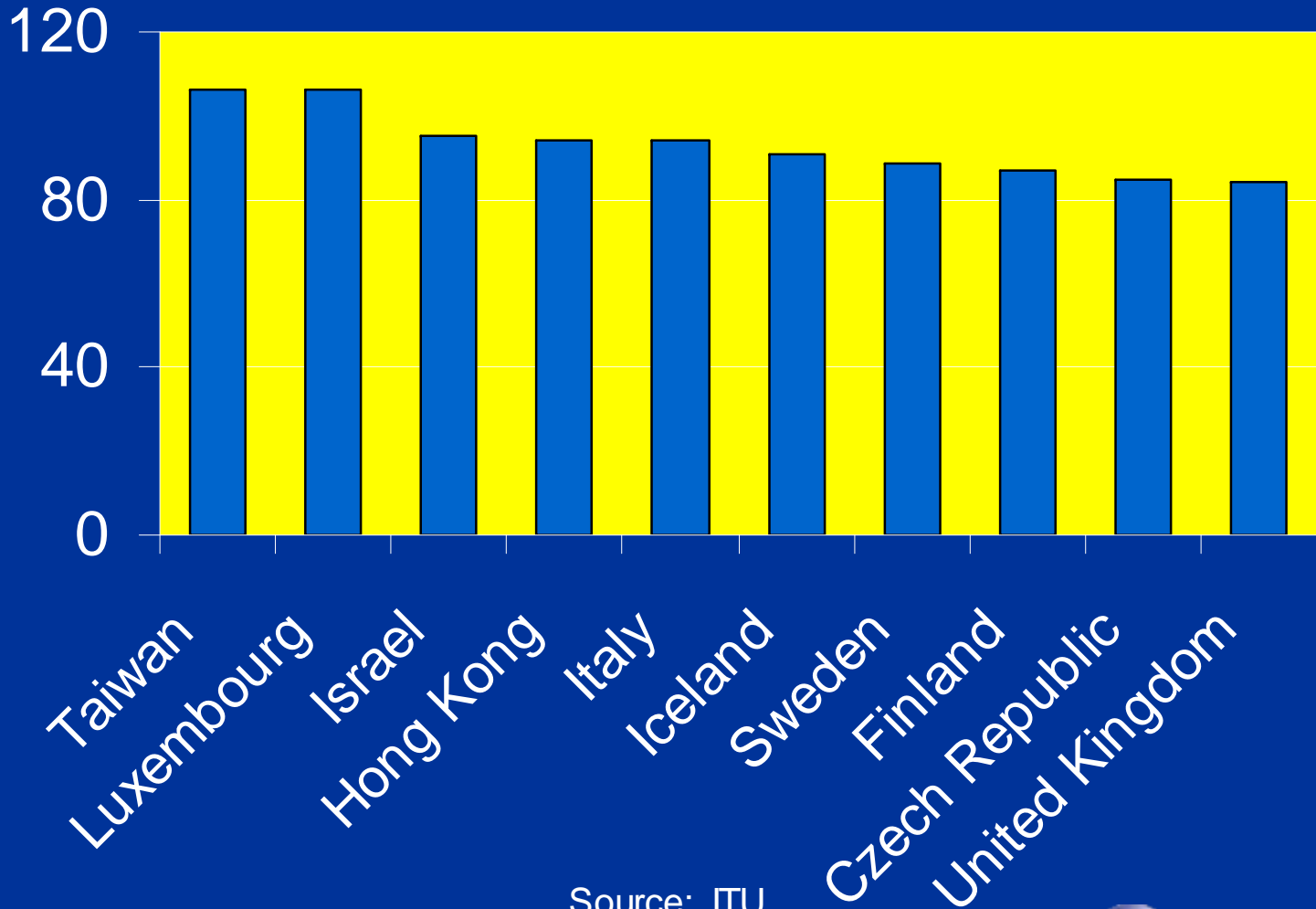
Teachers per Thousand Population, by Region, 1997



Source: UNESCO

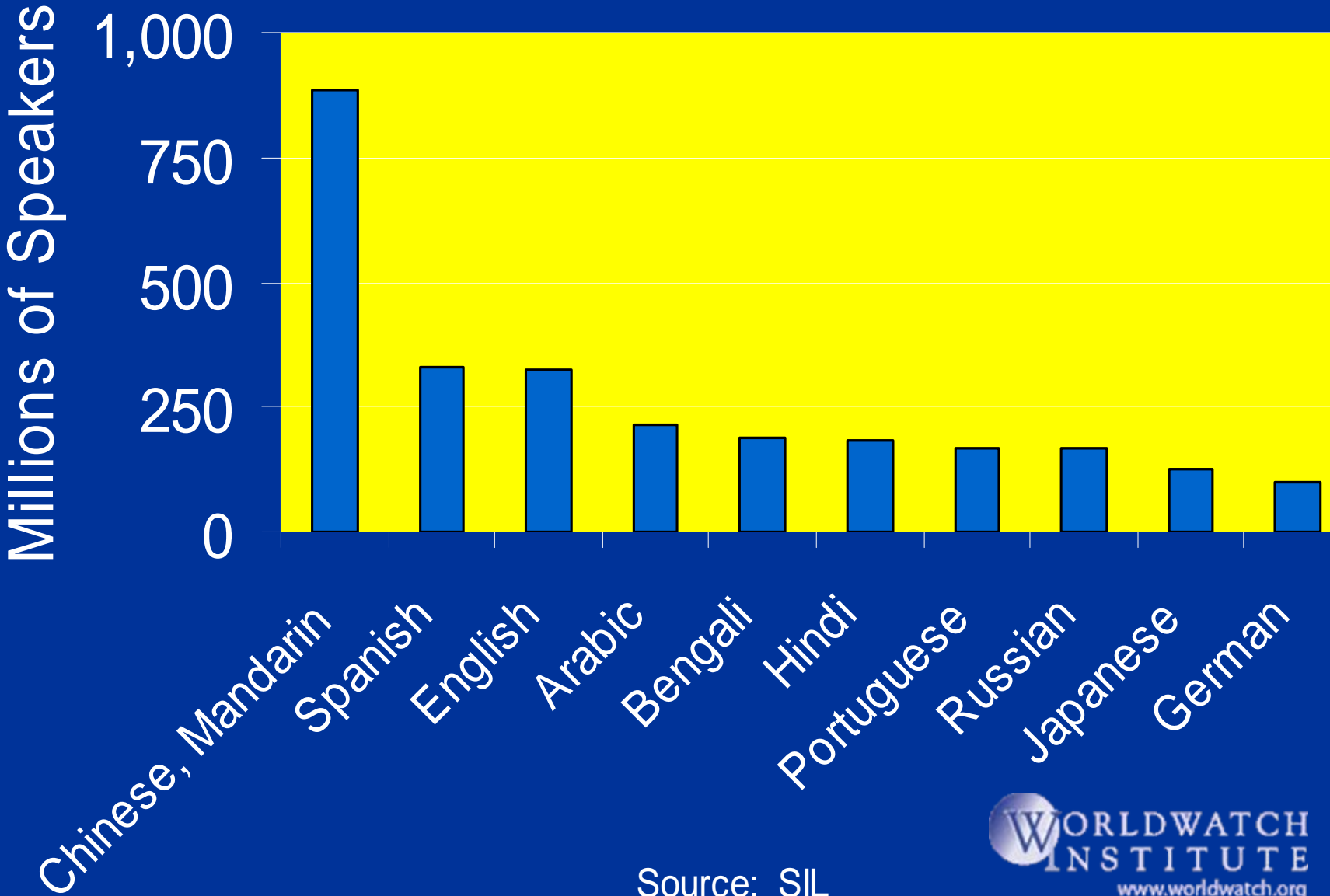
Countries with Highest Ratios of Cell Phones to People, 2002

Cellular Subscriptions
per 100 Inhabitants



Source: ITU

World's 10 Most Spoken Languages

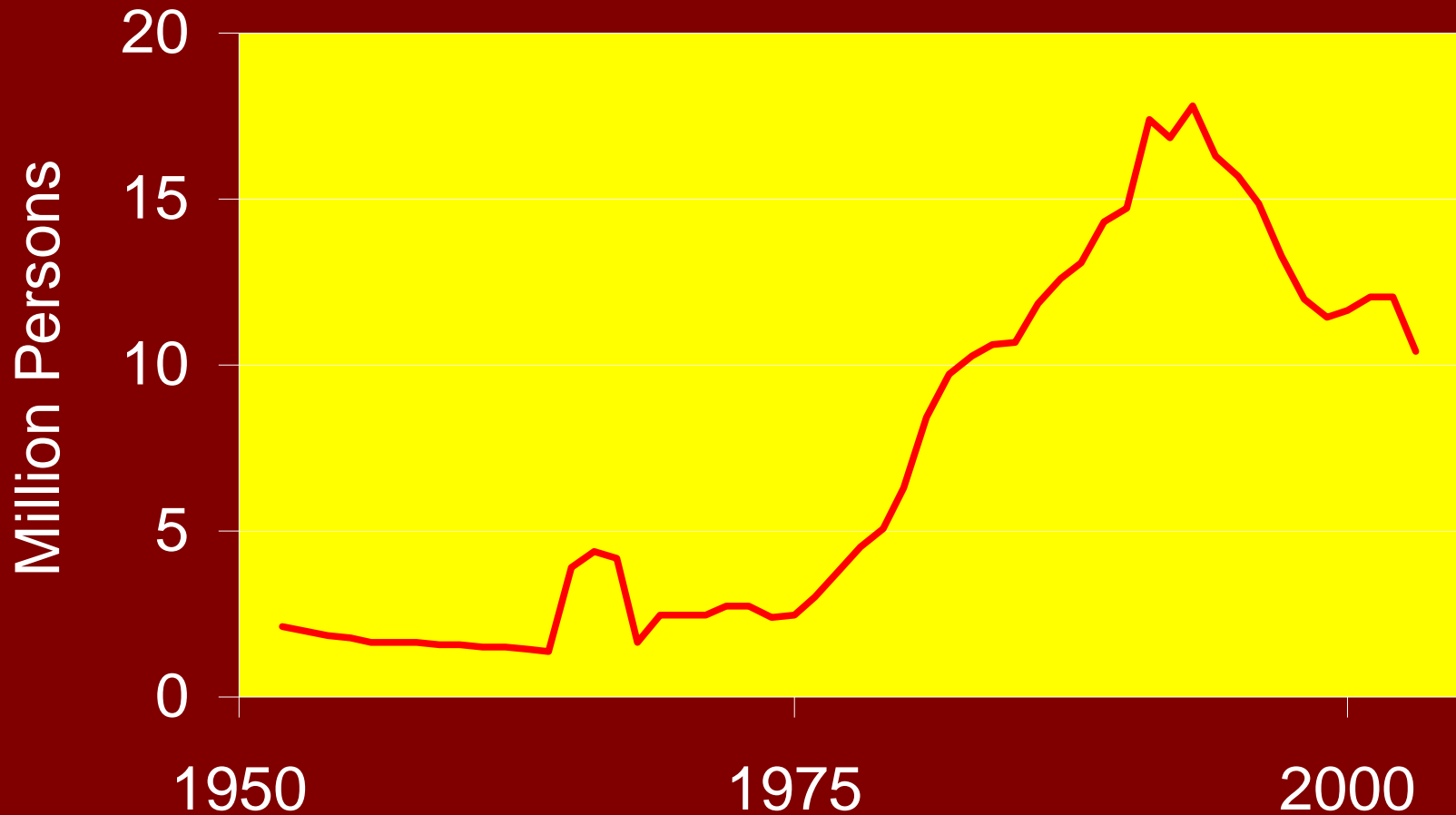


Source: SIL

Labor Mobility

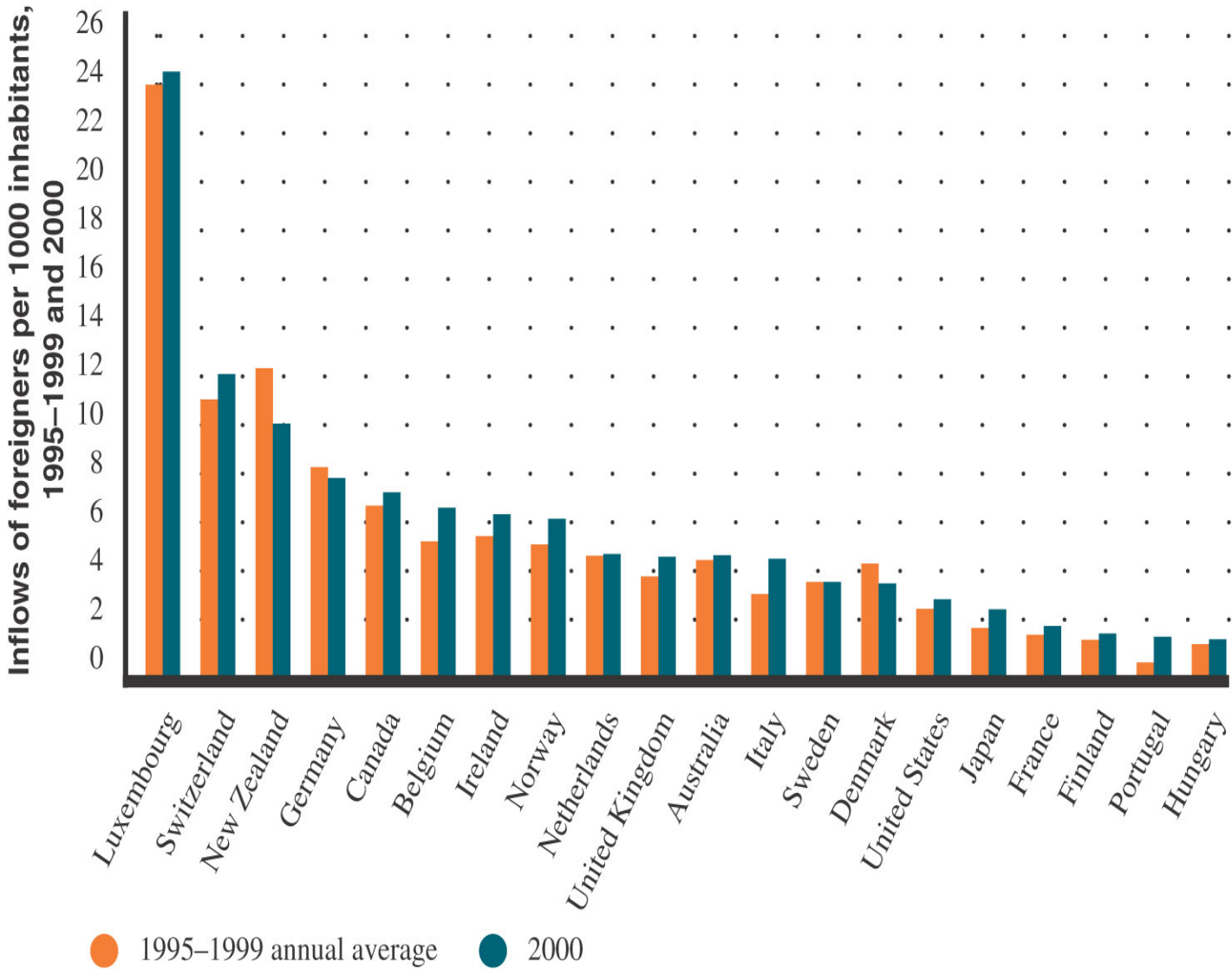
- Labor Mobility
 - The movement of people from country to country or area to area to get jobs.
- Immigration
 - Refers to the process of leaving one's home country to reside in another country.
 - For people who are not citizens of the U.S., the U.S. can be a difficult country to enter.

International Refugees, 1952-2003



Source: UNHCR

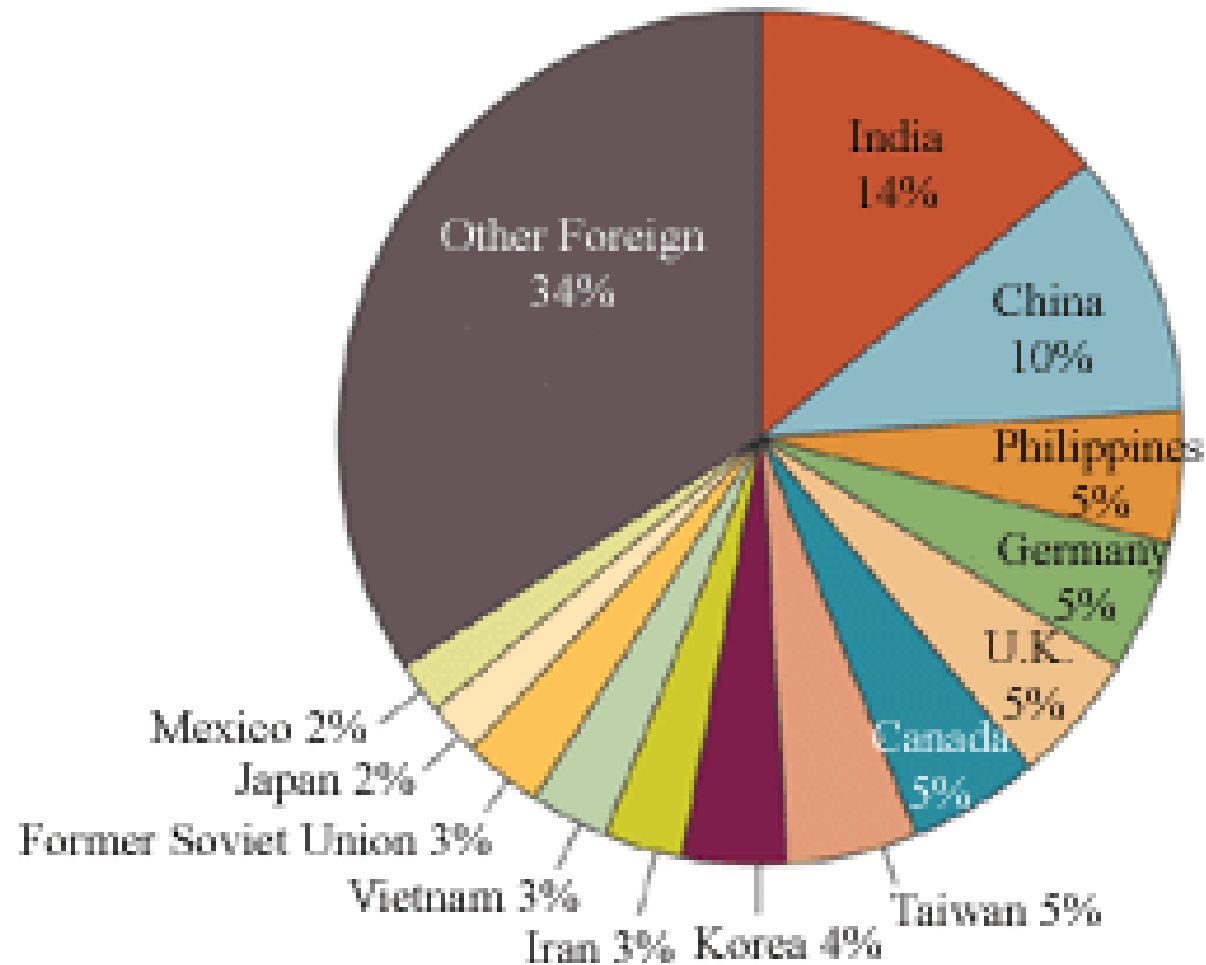
[Figure 12.1] Immigration



Immigration has risen in most OECD countries since the mid-1990s. The U.S. and Germany received the highest numbers of foreign migrants in 2000, with 850,000 green cards awarded in the former and 650,000 newly registered long-term immigrants in the latter. Japan, the U.K., Italy and Canada each absorbed more than 200,000 legal immigrants. Asylum seeking, political refuge and employment all drove recent increases, though Italy's latest rise also reflects a push to regularize the situation of immigrants already in the country. Luxembourg and Switzerland had the most new immigration by population size, while France, Finland, Portugal and Hungary had the least.

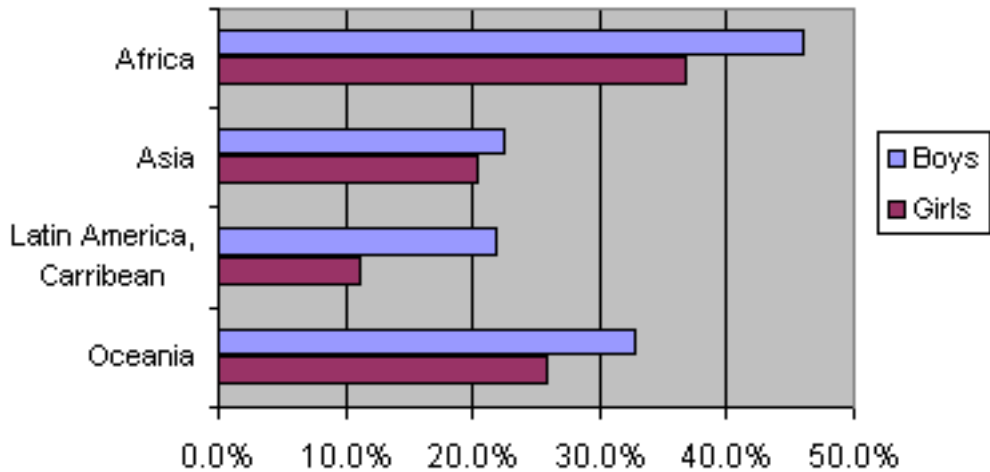
- in 2000 175 million migrants working outside their country 12 months or more. Of that, 60 percent, or 105 million, were in the developed countries and of these, 75 percent or 40 million are from developing countries.
- When you think about those that lead the cries to limit immigration worthwhile to consider where the technical level of the nation would be without the number of foreign born scientists.

[Figure 9.4] Place of Birth of Foreign-Born Science and Engineering Degree Holders, 1999



Source: National Science Foundation, *Science and Engineering Indicators—2002*, Figure 3-21, www.nsf.gov/sbe/srs/sciind02/c3/fig03-21.htm.

Labor Participation Rate of Children aged 5-14, by Sex



The trains, and their destinations, were a mystery to the orphans on board.



CHILD LABOR.



Child Labor Laws Need Be Flexible



CHILDREN CAN GIVE UP THEIR FUTURE WORKING SO THE FAMILY CAN SURVIVE [VIDEO](#)

Harvesting cucumbers in Maryland,
USA.



Photo: © Phillip Decker



Photo: © L. Diane Mull

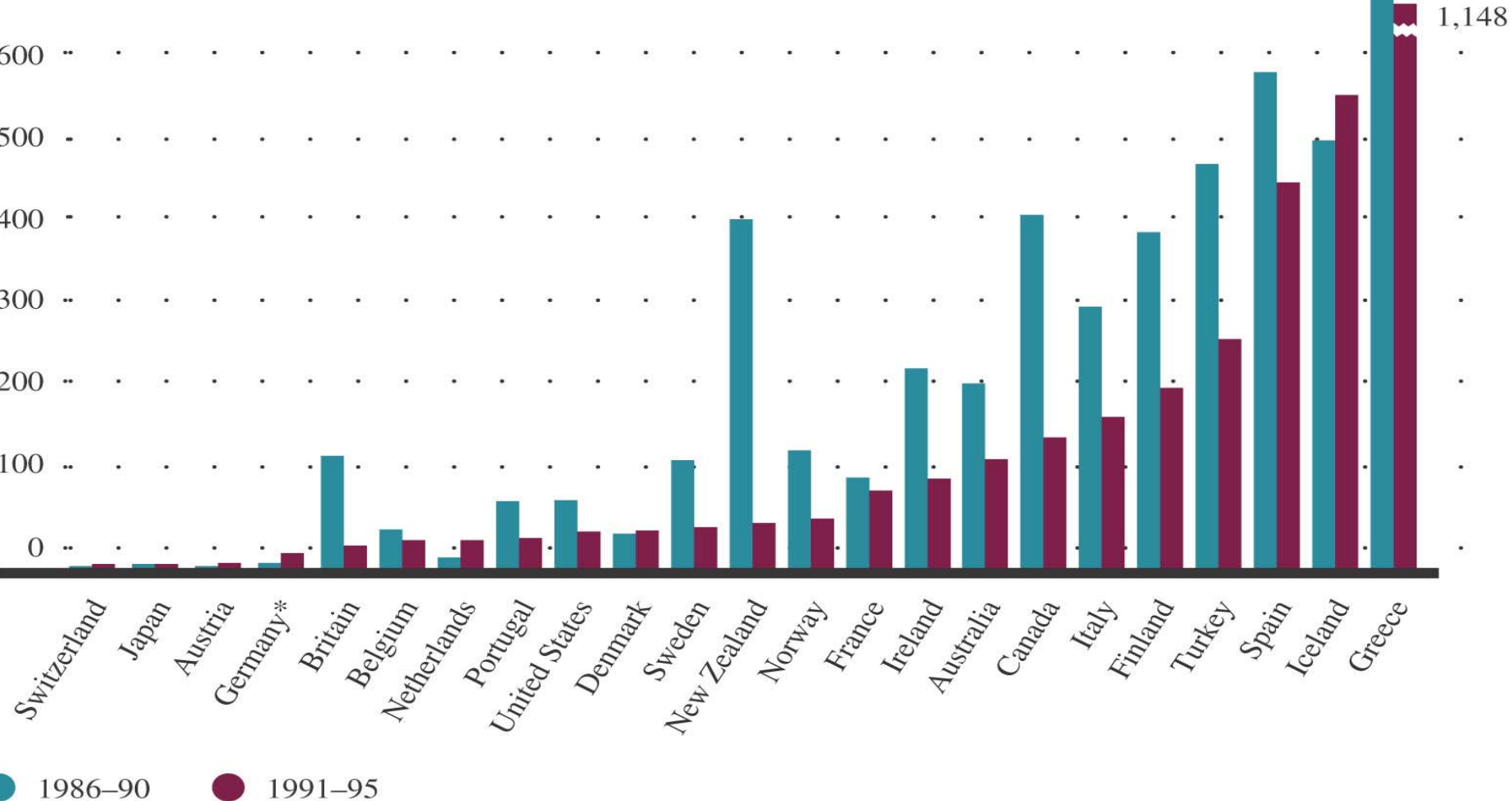
LABOR ISSUES TO CONSIDER

When Entering a Market

- Questions that should be considered
 1. How does labor view management? Companies?
 2. What about strikes and other disruptions
 1. Was the period abnormal for any of the countries?
 2. Were the strikes peaceful, or were they accompanied by selected employers?
 3. Were the strikes industry wide, or were they only against selected employers?
 4. Were the strikes wildcat, or were there usually warning that they were coming?
 3. Do the unions and the workers abide by labor agreements, and if not, what can the employer do?

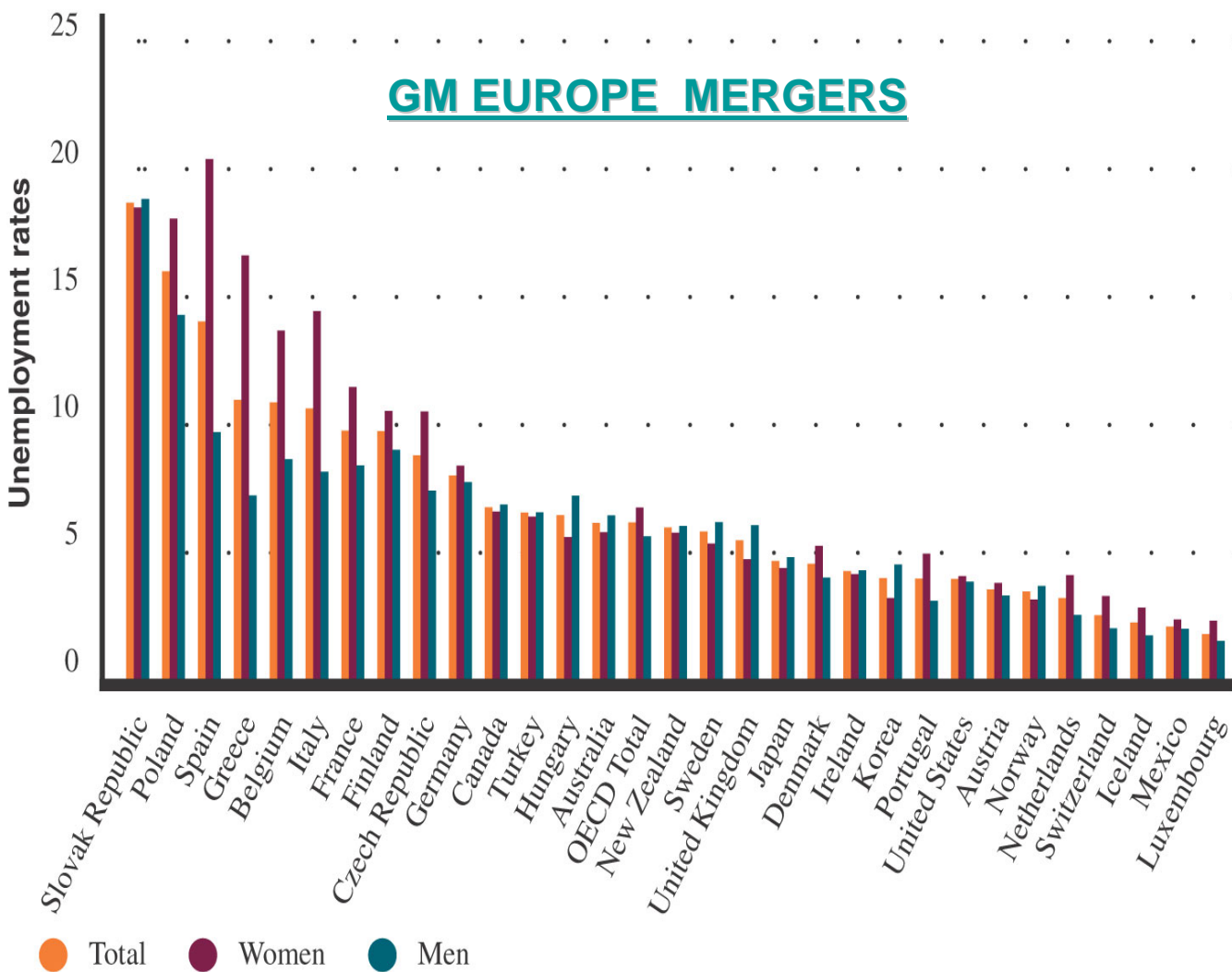
[Figure 12.6] Strikes

Working days lost per 1,000 employees, average



* Western prior to 1993.

[Figure 12.2] Unemployment Rates



Joblessness remains higher for women than for men in 19 of the 30 OECD countries. In some countries the difference is marked. In Spain female unemployment was 20.4% in 2000, double the rate for men. Male unemployment exceeded female unemployment most in Hungary and the U.K. Unemployment was highest overall in the Slovak Republic and lowest in Luxembourg. G7 joblessness in 2000 was the same as the 1990 level, at 5.8% of the labor force, as increases in Germany and Japan offset declines in the U.S. and the U.K.

Source: From OECD in Figures 2002/Supplement 1, p. 84. Reprinted with permission of OECD Washington.

[Figure 12.7] U.S. Union Membership, 1930–2000

Year	Labor Force ¹ (thousands)	Union Members ² (thousands)	Percentage of Labor Force
1930	29,424	3,401	11.6%
1935	27,053	3,584	13.2
1940	32,376	8,717	26.9
1945	40,394	14,322	35.5
1950	45,222	14,267	31.5
1955	50,675	16,802	33.2
1960	54,324	17,049	31.4
1965	60,815	17,299	28.4
1970	70,920	19,381	27.3
1975	76,945	19,611	25.5
1980	90,564	19,843	21.9
1985	94,521	16,996	18.0
1990	103,905	16,740	16.1
1995	110,038	16,360	14.9
2000	120,786	16,258	13.5

¹Does not include agricultural employment; from 1985, does not include self-employed or unemployed persons.

²From 1930 to 1980, includes dues-paying members of traditional trade unions, regardless of employment status; from 1985, includes members of employee associations that engage in collective bargaining with employers.

Source: Bureau of Labor Statistics, U.S. Department of Labor, reprinted in *The World Almanac and Book of Facts*, 2002, p. 148.

OUTSOURCING

In the end, the only thing that can keep you going every day is the knowledge that your job could be arbitrarily reassigned to someone else.

- Chicken Of The Sea And Ford
- The emergence of the multinational (with its mobility) has directly influenced the control which labor can exert over management.
- Unions have become increasingly concerned about a company's ability, with minimum notification, to export jobs to lower cost areas.
- Chicken of the Sea relocated Indonesia
- Ford purchased Jaguar concessions from the once strong labor union. remove quota system workers to go home after they had produced the daily quota. Changes led to a rapid tripling of output

ORGANIZATIONAL STRUCTURES

- **How a company organizes will influence:**
- **Management styles**
- **Communications**
- **Degree of cooperation between country subsidiaries**
- **Strategies that country managers can employ**

COMPANY STRATEGY

RISK DECISIONS
?

INVESTMENT POTENTIAL
\$\$\$



ATTEMPTING TO BALANCE THE PRESSURES

Many Ways to Decide on an Organizational Structure

- **external forces**, such as indigenous ownership or the retention of profits by the host country, to affect a company's structure.
- **Internal forces** can include: the management's desire to maintain power, product type, number or types of businesses and the personal attitudes of top managers toward international offices, sales or foreign management.

- **The six corporate structures are:**
- Worldwide functional structure
- International division structure
- World-wide Product structure
- Area or Regional division structure
- Mixed
- Matrix structures



- While we've been talking about structure as a means to sell, service, and design strategies, certain types of structures can actually restrict a company's competitive awareness in the global market place.
- This is because it can restrict the "competitive vision" of the firm. Consider, for example, the sales environment of GE, Whirlpool and Sanyo (refer to the diagram below). It is clear that while some firms are direct competitors, others may not be viewed as threats.

The Sales Environment of Three Firms

	A	B	C	D	E	F	G
GE	X	X	X	X			
WHIRLPOOL		X					
SANYO	X		X	X	X		X

KEY:

A: Small domestic appliances

B: Large domestic appliances

C: Radio/hi-fi

D: TV

E: VCR

G: Personal computers

F: Video games

WHERE AND WHAT PORTER MODEL

Relationship between what Porter calls

Configuration involves the firm's worldwide activities and addresses where each business activity should occur

Coordination refers to the structure which coordinates those activities

High

High Foreign Investment with Extensive Coordination Among Subsidiaries

Simple Global Strategy

Coordination of activities

Low

Country-Centered Strategy by Multinationals or Domestic Firms operating only one country

Export-Based Strategy with Decentralized Marketing

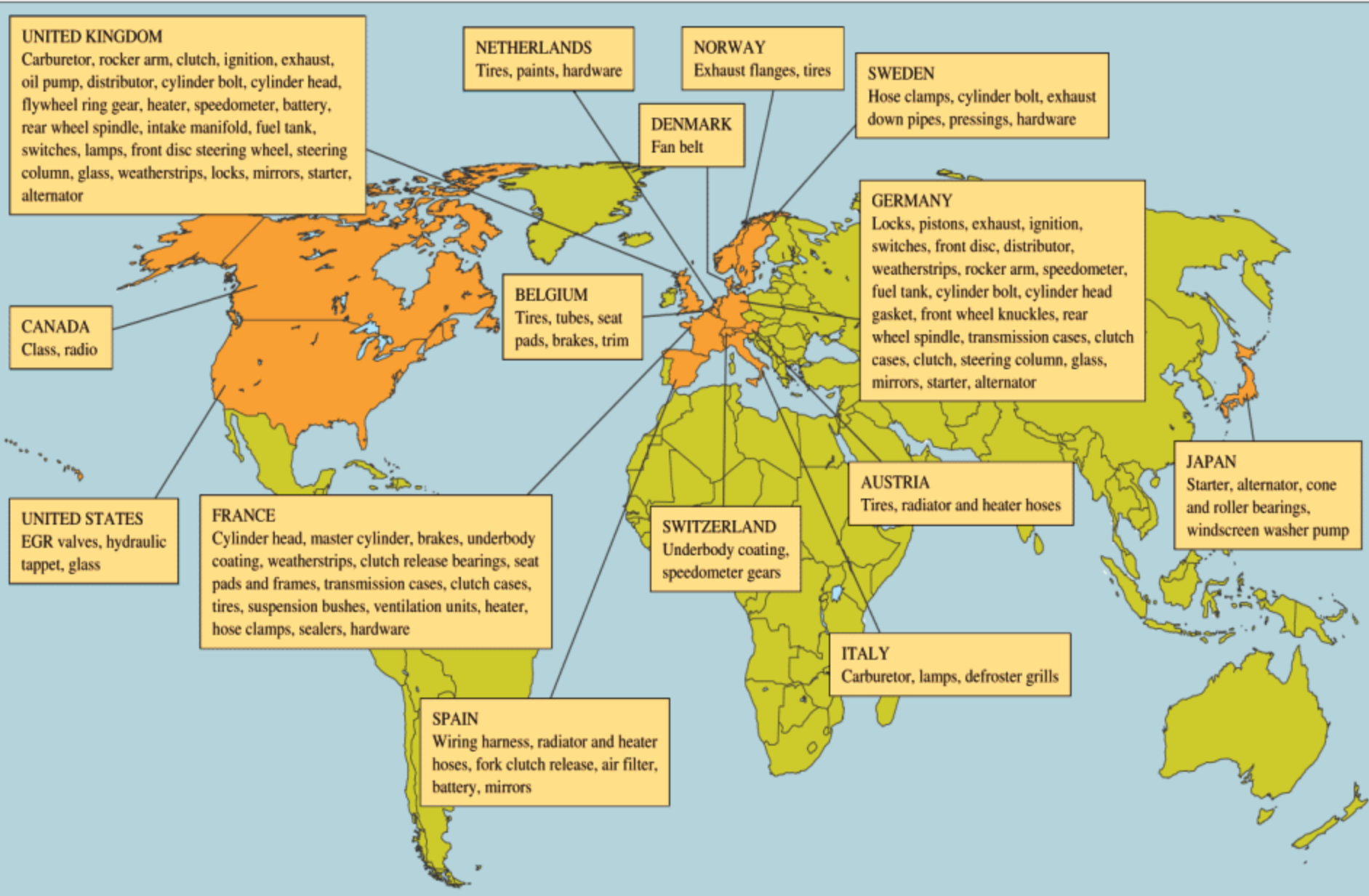
Geographically Dispersed

Geographically Concentrated

Configuration of Activities

Value chain ([FLASH](#))

GLOBAL COMPONENTS FOR THE EUROPEAN FORD ESCORT



Note: Final assembly takes place in Halewood, United Kingdom, and Saarlouis, Germany.

Source: Based on information from Ford.

A silhouette of a palm tree stands against a sunset sky. The sky transitions from a deep blue at the top to a bright orange near the horizon, where the sun is setting. The palm tree's fronds are dark and detailed against the lighter background.

THE END

HAPPY RAMADAN !

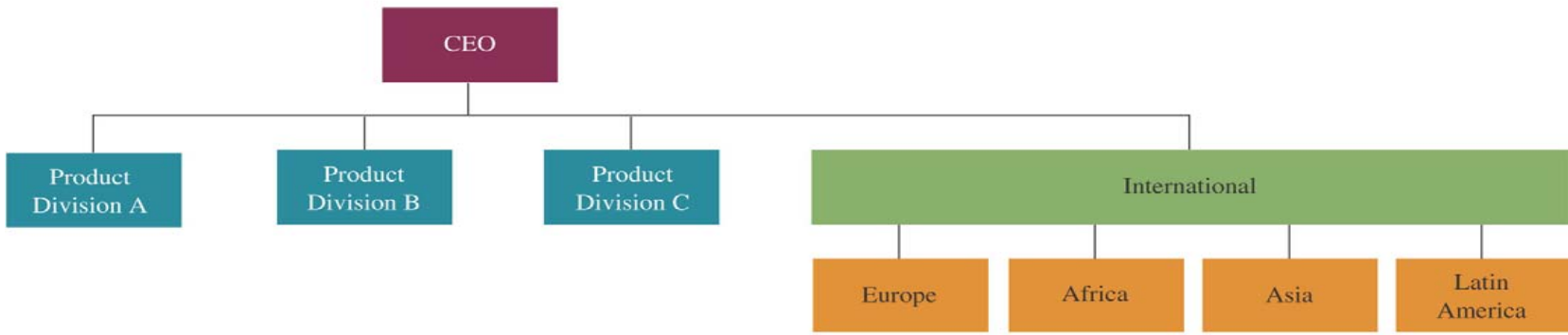
- I recognize that it is difficult for firms like Nike, General Foods or, even McDonald's to compete if consumers want lowest prices regardless of the international consequences. It is far too easy to hold the company culpable and then comparison shop on the Internet for the lowest price running shoes. Do we have the right to blame a country for child labor and buy Talbot's stock because they have increasing margins? It is easy not to

- Polartec
- Malden Mills has zeroed in on two high priced niche markets. Both have proven to have high profit margins, little competition and international demand. The firm now sells in 60 countries, recruits scientists internationally and promotes itself in six languages. Rather than giving in to foreign competition, and the trend of out sourcing, Malden Mills is firmly entrenched, happy and prosperous in their Massachusetts site.xix

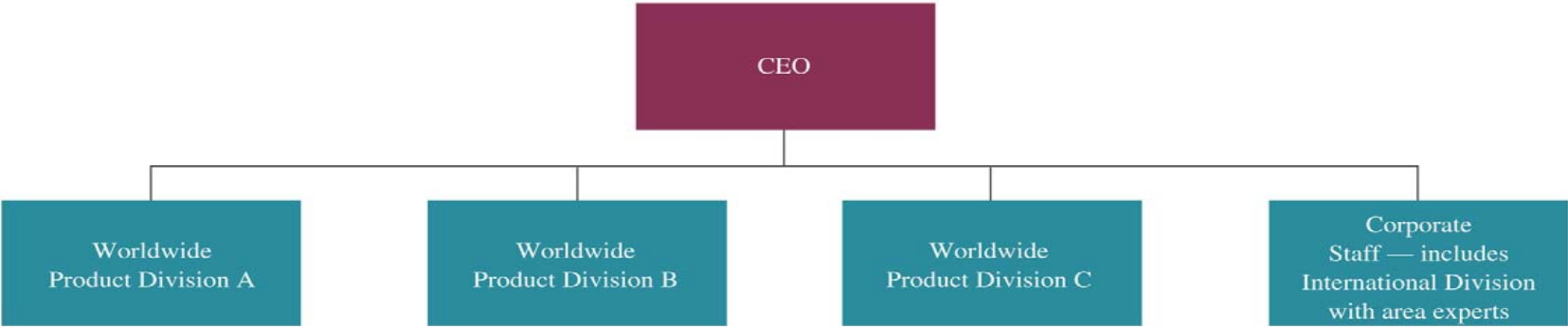
- **Shifting Locations of Production**
- From the early readings, we know that the factors of modern production are very mobile and nations (such as India) are working hard to obtain factors such as technology. The concept that a nation can develop a factor of production was not something that Ricardo could envision. If you consider a tiny island such as Bermuda or Grand Cayman, you will realize that they have developed capital use as an advantage. Surely no one would think that islands come with banks, so

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[Figure 14.5] International Division



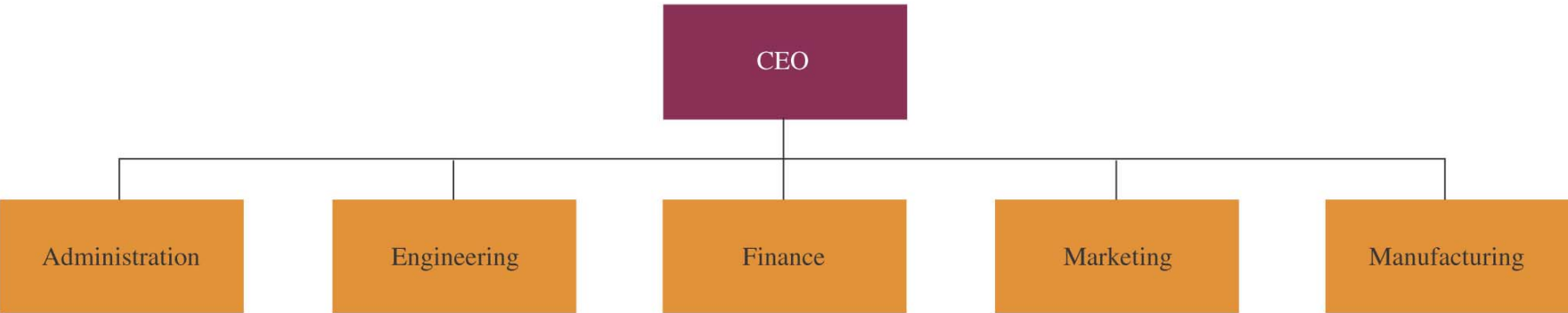
[Figure 14.6] Global Corporate Form—Product



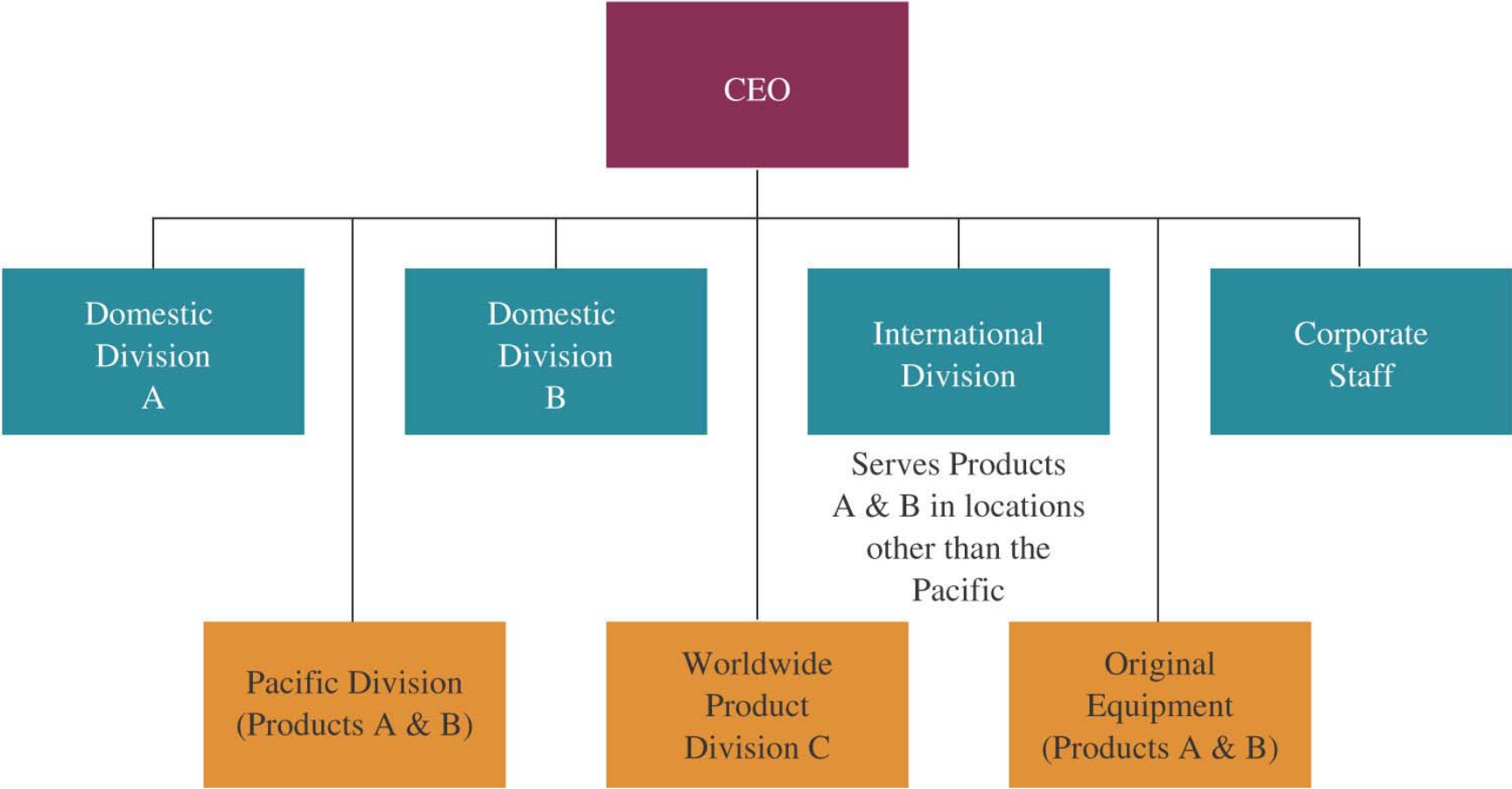
[Figure 14.7] Global Corporate Form—Geographical Regions



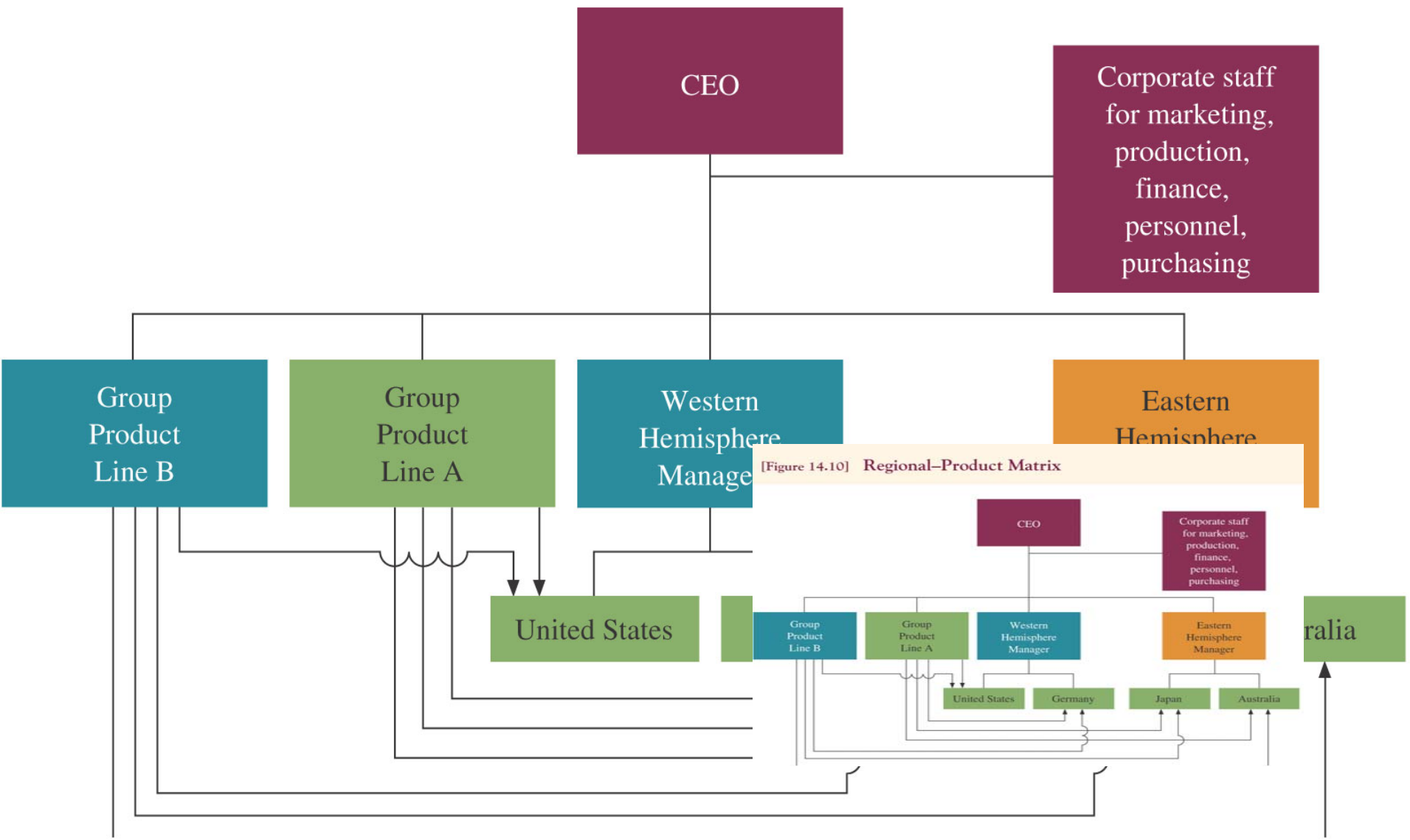
[Figure 14.8] Global Corporate Form—Function



[Figure 14.9] Hybrid Organizational Form



[Figure 14.10] Regional-Product Matrix



[Figure 14.10] Regional-Product Matrix

Global Structure



Global Structure