

The Emerging Social Architecture for Global Firms

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Joint Work with
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Forthcoming, Murray and Trudeau,

**International Conference on Multinationals, Global
Value Chains and Social Regulation
CRIMT, HEC Montréal
June 8th 2011**

In Search of the Meta-Narrative: Some Preliminaries



- The age of entitlement
- What is social regulation? : multiplicity & variability, varying over time, social process & social object
- Three hypotheses:
 - 1) Displacement of sources, sites & modes of social regulation
 - 2) A social regulation “deficit”, but new forms of contention and agency
 - 3) The need for historical roadmaps: business-social, public-private, national-international

A Brief History of Social Regulation

- P1 : From origins of MNCs to WWI
- P2 : From WWI to WWII
- P3 : From WWII to 1970s
- P4 : From 1970s to 2008

A Typology of the Sources of Social Regulation

National

Public
ex. regulatory agencies

Public ex. labour
law, social policy, courts

Business

Social

Private
ex. stock exchange

Private
ex. collective agreement

International

Public ex. WTO

Public ex. ILO

Business

Social

Private
ex. Lex mercatoria

Private
ex. Framework agreement,
corporate code

Mapping the History of Social Regulation



- Key movements :
 - continuing autonomous action of social actors at multiple levels
 - integration of private forms into national public regulation
 - national public business regulation subject to international public regulation (ex. WTO)
 - corresponding but weaker attempts to develop international public social regulation
 - emergence of transnational private social regulation
 - differential impact of international public social regulation at national

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The Current State of Social Regulation

- Crisis of legitimacy and legitimacy of social regulation
- Emergence of international social norms (ex. fundamental rights and principles for workers & uneven integration into national jurisdictions)
- The narrow scope of collective labour relations: the problem of connectedness and of inter-connectedness
- Linking & applying the history: a hybridized ebb & flow between different sources of regulation learning from business regulation; the role of national public; the role of actor and political contention & struggle; the strength of multiple (weak?) ties (towards a *lex laboris* normative web)

Mapping the Current History

National

Public
ex. regulatory agencies,
court adjudication

- no link -

Public ex. labour
law, social policy, courts

Business

- link -

- link -

Social

Private
ex. stock exchange

- no link -

Private
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Public ex. WTO

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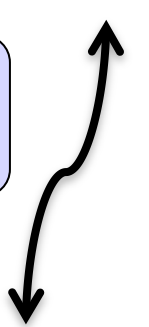
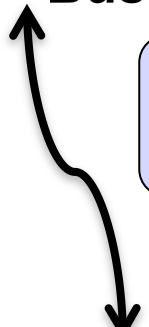
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Social

Private
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- no link -

Private
ex. Framework agreement,
code of conduct



Conclusion: Implications



- Combinations of tools: hard power (straight public regulation) v. soft power (pedagogical, deliberative, processual)
- Widening the range of sources of social regulation for social objectives (employment, community development, environment, native rights, ...)
- Scope for public policy innovation and experimentation
- Identifying and empowering national and transnational actors
- Emerging political strategies: contention within & between actors; inter-site, inter-source complementarities; acute focus on nodal points and hierarchies in the regulatory web

Sources of Corporate Regulation

National

Public
ex. regulatory agencies,
court adjudication

- no link -

Public ex. labour
law, social policy, courts

Business

- link -

- link -

Social

Private
ex. stock exchange

- no link -

Private
ex. collective agreement

International

Public ex. WTO

- no link -

Public ex. ILO

Business

- link -

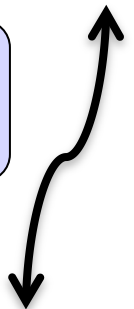
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ex. Framework agreement,
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PI: From the origins of the MNC to WWI

Political Eco: nation state, industrial revolution, economic expansion, liberalization, suffrage

MNCs: state monopolies, infrastructure expansion, limited liability

Bus. Reg: Commercial = *lex mercatoria* incorporated into national systems, contested harmonization; Corporate = jt. stock co; stock exchanges; emergence of social ends viz cartels & through nationalizations

Social Reg: employment contract, particularistic state intervention, collective autonomy through unions, early state & firm role in mutualising collective risks

Trends: private norms codified into national public orders, bus. activities sometimes aligned with social concerns, political determinations for variable harmonizations

PII: From WWI to WWII

Political Eco: political perturbation, reverse globalization, technological & managerial transformations

MNCs: rise of J-form, vertically integrated firm

Bus. Reg: Commercial & Corporate = period of national consolidation (including nationalizations) but failed efforts to harmonize internationally

Social Reg: universalization and enlarged coverage of minimum standards, reinforcement of collective autonomy & state support with international expressions, social basis of labour & international peace,

Trends: reinforcement of public regulation of firm which suffers crisis of legitimacy, social regulation becomes a pre-eminent concern in securing political and industrial stability, national forms of regulation asserted relative to international

PIII: From WWII to 1970s

Political Eco: consolidation of US hegemony & expansion
MNCs, growth of FDI in Eur & NA,

MNCs: growth of M-form, multi-divisional & integration issues

Bus. Reg: Commercial & Corporate = double movement in
national & international, public & private commercial law with
expanded lex mercatoria; corporate reg. primarily national &
varying national accommodations between state and private
spheres; emergence of US extraterritoriality; political
contention of firm activities (Vietnam, SA, Latin America)

Social Reg: huge expansion of national state intervention in
social reg., emergence of international hard law in human
rights (1944, 1948 and 1964), expansion of collective
autonomy, emergence of state-induced soft law

Trends: MNCs mostly beyond reach of national state
mechanisms; early emergence of actor agency puts some
pressure on firms as objects of social contention

PIV: From 1970s to 2008

Political Eco: new techno, political impetus for trade liberalization & globalization, multiplication of financial instruments

MNCs: value chains & production networks = restructuring to reduce coordination, extract rents, maximize cost savings & increase shareholder value; tremendous merger & acquisition activity

Bus. Reg: Commercial & Corporate = liberalize international frameworks, harmonize/subordinate domestic to international, expansion of lex mercatoria; contention over incorporation, huge changes in domestic competition policy (dereg.) with active international support, civil v common law traditions; vulnerability to new forms of social regulation & contestation of social ends

Social Reg: variable deregulation of social at national level, shifts to priv. reg. but weakening of collective autonomy; emergence of stronger cross-cutting public standards (ex. 1998 ILO Declaration on Fundamental Principles and Rights at Work, *decent work*)

Trends: lex mercatoria requires national state validation of changes in international public regulation, vulnerability of bus. reg to social pressures, increasing presence of international private regulation, multiple forms of hybridization.