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Aspects of labour relations in multinational companies: an overview of three Asian countries

Everett M. KASSALOW *

The expansion of investment by multinational companies has been an important factor in the economic development of a number of Asian countries in recent decades. A survey of the impact of these companies on the labour relations systems and practices of such countries can, therefore, add a significant dimension to any broad evaluation of the multinationals from the standpoint of social policy.[1] Such is the purpose of the present study, which is limited to three countries—the Philippines, Malaysia and Singapore—having several features in common. All three have witnessed, especially in the past decade, the influx of a substantial number of new multinational subsidiary enterprises; all three have a labour relations system and trade unions dating back many years, with the unions in the past decade or so oriented towards collective bargaining rather than direct political action as the primary means of achieving their objectives; and all three have ratified one or both of ILO Conventions Nos. 87 and 98 on freedom of association and collective bargaining. It need scarcely be added that the experience described here is not necessarily typical of the labour relations practised by multinational companies throughout Asia, let alone in other developing areas.

The following pages will successively review some of the official measures introduced to encourage or control foreign investment, particularly by multinationals, and trade union reactions to such investment; employer and trade union attitudes to the legal framework of industrial relations within which multinationals operate; their personnel policies and practices; and international solidarity action by their employees.

Strategies to attract or regulate foreign investment

All three countries have been receptive in recent years to the inflow of foreign investment, including the establishment of multinational subsidiaries, particularly in manufacturing. The encouragement of foreign investment

* Professor of Economics, University of Wisconsin, Madison, USA.

forms, in fact, a major tactic in their development strategy. For example, in its promotional " kit " of materials entitled *An invitation for investment*, the Malaysian Federal Industrial Development Authority (FIDA) states that " Malaysia welcomes foreign investment to the fullest extent " and proceeds to list the various incentives the country is prepared to offer to foreign investors.[2]

There are, however, some variations between these three countries in their policy approaches to foreign investment. Singapore, for example, succeeded in attracting many large and medium-sized industrial enterprises during the 1960s, with the result that by the end of the decade it was possible (according to official statements) to provide jobs for everyone who was able and willing to work. At that point, in order to encourage continued economic growth, the Government shifted its promotional efforts " towards inducing expansion in or attracting new medium and high technology manufacturing industries producing complex products requiring considerable skills from the workers ". This contrasts with the policy of a few years earlier when the effort to attract foreign investment was of a more general nature and not particularly directed towards higher technology.[3]

Deliberate attempts of this sort to influence foreign investors' choice of products and technology have not been the general practice. For example, little effort appears to have been made in the Philippines and Malaysia to induce multinationals to modify their technologies in particular plants and enterprises in order to take advantage of the large supplies of labour available. On the other hand, management officials in some of the multinational companies surveyed indicated that they made occasional adjustments towards more labour-intensive methods than those required by their home-based technologies, but that these were dictated by " strict cost-benefit considerations ", most notably the lower wages in developing countries. As one Philippine official pointed out, the experience of multinationals in their home countries biases them towards machine substitution, and the result has been that, when they move into less developed countries, they have failed to deal effectively with the complex problems raised by labour-intensive production, and this has often encouraged greater substitution of machines for labour even when the scarce factor is capital. This means in effect, he concluded, that " the technique of production is adapted to managerial know-how and not the other way around ".[4]

One aspect of development strategy emphasised in all three countries is the diversification of foreign investments. The greatest expansion of multinational investment they have experienced in recent years has been in the diversified industrial and manufacturing sector; this contrasts with the situation which existed at an earlier period, and which still exists in some countries, where foreign ownership is largely limited to one industry, such as mining or plantation agriculture, and where the ensuing social and indeed political problems are of a very different nature. If, as in the case of Malaysia, there has been a considerable evolution over the past few decades in the attitude of workers towards foreign investment, this may be due in part to its far greater

degree of diversification at the present time. The strategies of each of the three countries in this respect are therefore of considerable interest.

As regards Malaysia, the chief of investment for the FIDA has declared that host countries must develop guidelines to help " regulate and control foreign investors " as well as to " ensure that foreign investors have the opportunity to operate efficiently and profitably within a national policy framework ". Unless this is done, he warns, the developing countries will either " lose out " on foreign investment or be adversely affected by its impact.[5] The importance of retaining control over the national economy has also been stressed by trade union spokesmen. Devan Nair, the Secretary-General of the Singapore National Trades Union Congress (SNTUC), suggests that the keystone of some developing countries' strategies, in particular Malaysia's and Singapore's, would appear to be a high degree of sophistication and expertise in negotiating terms of entry with multinational companies. He points out that neither of these countries has " allowed any single multinational company or its subsidiaries to obtain a monopolistic stranglehold on the economy ", and that, on the contrary, it is the deliberate policy of the host countries to place foreign companies in a competitive relationship in the same industry or service, thus preventing any one multinational from exercising " political pressures . . . against the host government ".[6]

An illustration of this strategy of diversification and national control is to be found in the special arrangements being developed under government guidance in the Philippine automobile industry. Here there are five multinational companies, one operating under licence to a Japanese manufacturer, one a subsidiary of a company based in the Federal Republic of Germany and the remaining three US-owned subsidiaries. In the past, all five largely confined themselves to assembly operations. Recently, however, one has been encouraged by the Government to start up a giant stamping operation to turn out body parts for all five companies, two others will manufacture transmissions and differentials, again for all five companies, and another will produce a variety of components for them. Some of these plants are even designed to serve Asian markets outside the Philippines. If this programme develops successfully, it will represent a degree of inter-company co-operation in the manufacture and sale of components which goes far beyond what is normally to be found in the home countries of these five companies.

Adaptations of labour law and practice

In each of the three countries under consideration, certain changes in the labour laws have facilitated the insertion of foreign companies into the prevailing industrial relations system. It is of particular interest to note how the trade unions have reacted to these changes, and what problems they have encountered in practice in obtaining recognition and the right to bargain collectively on behalf of workers employed in multinational subsidiaries.

In Malaysia there do appear to have been some problems with regard to trade union recognition in multinational enterprises. The unions have cited a number of important, newly installed multinational subsidiaries, mostly though not exclusively in the electronics industry, which resisted unionisation. Under the Malaysian system trade unions must be registered officially before they can be granted recognition. According to the unions, difficulties arose over the interpretation of the industry definitions used to determine a union's jurisdictional limits. The unions asserted, for example, that distinctions were being made by the Government—particularly by the Registrar of Trade Unions—between electrical and electronics manufacturing plants for purposes of union registration and recognition. They also complained that regulations which require workers to have three years of experience in their industry before they can serve as union officers made it difficult for the unions to organise new plants, particularly in view of the rigid industry definitions sometimes laid down by the Registrar.

Aside from questions of definition, the Malaysian unions have charged that, in recent years, there have been " undue delays " by the Registrar in acting upon their petitions for registration and that this gives the management of multinational subsidiaries " ample time to put into practice all the lawful ways in which a trade union can be abolished before its birth ".[7] It should be added that one or two of the US-based companies seem to take pride in having avoided unionisation in the United States and appear to be attempting to carry out a similar policy in Malaysia.

Many newly investing firms, which are accorded special tax and trade advantages under the " pioneer enterprise " section of the Investment Incentives Act,[8] have also taken advantage of the Industrial Relations Act of 1967,[9] as amended in 1971, which provides that collective agreements in effect in undertakings with pioneer status may not include " conditions of service more favourable " than those established under the Employment Ordinance of 1955.[10] These minimum conditions of service include provisions covering rest days, hours of work, holidays, overtime, annual leave, sick leave and maternity leave. Exceptions to this rule may be considered by the Minister of Labour on joint representation by an employer and a trade union representing his workers.

These provisions make it extremely difficult for unions to organise workers in some new multinational ventures during the years when they enjoy pioneer status. Such enterprises can, and frequently do, hold to the minimum conditions prescribed by the Employment Ordinance and the unions cannot negotiate better conditions without the permission of the employer and, thereafter, the Minister of Labour. The Malaysian Trades Union Congress (MTUC) has charged that after these limits on conditions of service were imposed, a number of undertakings which were granted pioneer status withdrew the benefits that had formerly been negotiated with the union.[11]

The MTUC has also asserted that employers have taken advantage of the provisions of section 12 (3) of the Industrial Relations Act, which prohibits

unions from bargaining over terminations due to redundancy or reorganisation within the undertaking. The unions have claimed that " under the pretext of retrenchment, the management is lawfully right to dismiss active union members "; and that since unregistered unions are without rights they have been prevented from representing the dismissed workers, with the consequence that this, too, has crippled new organisations. They have argued that such " unlawful acts " by management should be stopped and union representation permitted on a temporary basis in retrenchment cases. " If managements' practising ' dismissal on account of retrenchment ' is not checked ", states the MTUC, " the birth of trade unions will be killed before delivery." [12]

On the employers' side, one representative of an employers' association has conceded that the introduction of such legislative inducements in the labour field with a view to attracting new investment, particularly foreign investment, has aroused " considerable dissatisfaction " among trade unions " on the grounds that they interfere with freedom of association ". He argued, however, that these changes must be seen in terms of the over-all needs of the country at its present stage of development.[13]

In Singapore somewhat similar legislation designed to encourage new, and especially foreign, investment has apparently not had any deterrent effect upon unionisation. Here too the statutory (i.e. minimum) benefits such as annual leave and sick leave were made non-negotiable under the Industrial Relations (Amendment) Act of 1968,[14] so that, in a sense, the minima became maxima. In addition, in both Singapore and Malaysia, the basic labour law was amended—at about the same time—so as to abrogate the union's right to bargain over or challenge management prerogatives in respect of the promotion, transfer, assignment, layoff or reinstatement of employees.[15] Again, the motive seems to have been the governments' desire to encourage investment, including that by multinational companies.

In Singapore, unlike Malaysia, these legislative changes have not led to any serious problems of union recognition. The close relationship between the Singapore National Trades Union Congress and the ruling People's Action Party may help to account for the unions' ability to continue their organising work. The SNTUC also undertook to redefine its goals in the light of the new development policies and programmes formulated by the Government in the late 1960s.

As part of its self-examination and redefinition of goals and functions, according to one SNTUC staff officer, the union leaders " made a deliberate effort to understand the objectives of multinationals and to come to terms with them ". They recognised that the companies would bring to Singapore their own prejudices and their own way of doing things, but also that they constituted a major source of economic and technological benefits. In order to derive the fullest benefit for its members from the multinational presence, the SNTUC realised that it would have to make " an adjustment of some of [its] cherished notions ". The unions therefore settled down to make a serious study of American, British, European and Japanese labour relations and then

to work out agreements that would be beneficial to their members yet not " incompatible with the preconceptions of the multinationals themselves ". This spokesman also indicated that the country's leaders had made it clear to the foreign enterprises that they must " not meddle in the political arena ", and that Singapore's sense of national identity was sufficiently well developed to prevent the multinationals having " disruptive social and cultural effects ".[16]

In the light of this close relationship between the SNTUC and the Government, it is not surprising that the unions have at times been able to persuade management to agree to benefits exceeding those formally required under the labour legislation passed in the late 1960s, and have then acted jointly with management to obtain government approval of these benefits. There was also the case of one US-based multinational company whose employees are unionised neither in the United States nor in the other countries in which it operates, which requested a " no union " condition from the Singapore Economic Development Board when it was negotiating its entry into the country. The Board refused but the company decided to invest in any case; the SNTUC, its Secretary-General reported, " organised their employees, won recognition and developed fairly fruitful union-management relations in this undertaking ". He went on to note, however, that in a few other instances multinationals had refused to invest in Singapore and had selected other areas where they could obtain assurances of a " no union " condition.[17]

It was in recognition of this potentially " unhealthy competition between the governments of developing countries to attract foreign capital investments " that the Asian Regional Organisation (ARO) of the International Confederation of Free Trade Unions urged that an " international institution like the ILO " should lay down " appropriate standards of remuneration and conditions of employment for employees of multinational corporations in the developing countries ". The ARO did not claim that employees of multinationals in Asia should " enjoy the higher rates of pay . . . prevalent in the developed industrial societies ", but it argued for decent minima which would be relevant to the developing countries' conditions and needs.[18]

There are no real counterparts in the labour legislation of the Philippines to the above-mentioned provisions designed, inter alia, to encourage foreign investment. It is true that, in the wake of Martial Law which was proclaimed in the Philippines in September 1972, compulsory arbitration was introduced, and the Government's role in labour relations, particularly through the National Labor Relations Board, was considerably extended. This proclamation, together with later presidential orders and the new Labour Code adopted in May 1974,[19] radically altered the industrial relations framework. Whether or not the resulting situation has been such as to encourage foreign investment, most of the unions surveyed seemed to agree with the view expressed by one management representative that, under the new orders, " collective bargaining has not been set back " and indeed that " more collective bargaining agreements have been signed since Martial Law than over a comparable period in the past ".[20]

With regard to union recognition by multinationals, this did not appear to have caused problems for the unions in the Philippines; no important cases of non-recognition by multinational enterprises had arisen in recent years.[21] One union observer even pointed out that the country's new Labour Code tended to encourage union recognition by the " expeditious determination of appropriate bargaining units and bargaining representatives of employees ", achieved through " a change from adversary-type proceedings to simple administration methods ". This spokesman felt that the Government's attitude had favoured the growth of trade unions. He also noted, however, that in the interests of greater economic development the Government had suspended the right to strike in vital industries, and that this had weakened the unions' bargaining power " both for recognition and for dispute settlement " and had reduced the direct involvement of rank-and-file members in deciding major issues concerning them. He feared the growing alienation of the rank-and-file which could result from the fact that, with the loss of the right to strike and the substitution of compulsory arbitration, unions no longer had to maintain close consultation with the membership.[22]

Thus, if the unions in the Philippines, as in Singapore, seem to have accommodated on the whole to the labour relations situation created by recent legislative measures, there are nevertheless some dissenting voices. In one survey of unions and multinational companies in the Philippines it is reported that several of the national union federations (representing, the report states, a minority union view) have put forward a general argument " against the continuing presence of foreign elements ". While recognising that Philippine workers employed by multinationals enjoyed relatively favourable conditions, they opposed the " political grip " of multinational companies and argued that the over-all interests of the country's development would be better served " on the basis of a nationalist platform " which could ensure that the fruits of economic development were shared more democratically among Filipinos through a more equitable distribution of income and wealth.[23] A similar argument was put forward by one top officer of the Malaysian Trades Union Congress, who stated that investment by multinationals had not benefited the mass of his country's workers, whereas these companies had taken advantage of tax and related concessions to earn " huge profits ". The case was cited of Penang, an important industrial city and growing electronics centre in Malaysia, where, according to this officer, unions were often refused recognition and wages were extremely low.[24]

On the credit side, however, the majority of the union representatives interviewed seemed willing to admit that working conditions in multinational subsidiaries were good and that labour relations in these enterprises were not exceptionally difficult.[25] They tended to agree with the officials of employers' associations and government agencies that wages and working conditions in multinational subsidiaries were in fact generally superior to those in indigenously owned plants, although they felt that the differences were sometimes exaggerated.[26] Many unionists and government officials believed that, to some extent,

these superior benefits were due to the fact that multinationals often occupy a monopolistic or near-monopolistic position in the industries in which they operate. It was also agreed that some multinationals provided superior benefits as a means of minimising political criticism which might otherwise be directed against foreign firms. Similarly, some respondents felt that multinational companies were more scrupulous about complying with the letter of labour and social legislation than were some indigenous companies, owing to their sensitive position as outsiders.

Management policy and practice

Industrial relations in the countries under review generally reflect the kind of functional activities broadly envisaged for unions and management under the ILO's Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and Right to Organise and Collective Bargaining Convention, 1949 (No. 98). In the private sector, where the multinationals operate, collective bargaining has become the main vehicle for the establishment of wages and working conditions, and the results of bargaining are embodied in collective agreements. While some sectors are covered by industry-wide agreements, such as plantations in Malaysia, the enterprise agreement is commonest in most industries. This is also the type of agreement found in the majority of multinational enterprises in manufacturing and related sectors.

With this generally familiar structure of collective bargaining in mind, we shall attempt to examine the impact of different multinational companies on collective bargaining practices and personnel policies in the host country. Differences in attitude, style or practice in the industrial relations field attributable to the different national origin of various multinationals were at times discernible.

Singapore, Malaysia and the Philippines are all clearly committed to a policy of reducing the number of expatriate employees in multinational subsidiaries.[27] While in all three countries unions, employers' associations and government officials appeared to agree that this was being accomplished with reasonable speed, there were complaints that only in very rare instances had nationals begun to supersede expatriates in the top managerial posts in such enterprises.[28]

There seemed to be a marked tendency in recent years towards appointing a national of the host country as director of personnel—often one of the first important managerial positions removed from expatriate occupancy. A few British-based companies in Malaysia and Singapore were still exceptions to this practice but elsewhere the tendency was pronounced. However, most of the union representatives interviewed and a number of management officials pointed out that although the personnel director's position might now be held by a national of the country, this did not always mean that the incumbent " inherited " all the responsibilities and perquisites of his expatriate predecessor.

Instead of being entrusted with the full range of personnel management responsibilities, including recruitment and training, nationals taking up these positions were often largely confined to activities such as dispute settlement and negotiations. Moreover, they tended to be more closely controlled by the top (expatriate) management than had the previous incumbents. There were, however, a few cases where indigenous personnel directors had assumed the full responsibilities of their positions and it appeared that this would be increasingly the case as time passed.

The practice of rotating management personnel among subsidiaries in different countries was not commonly applied to personnel directors in multinationals; however, several US subsidiaries in the Philippines reported that they had assigned some of their trained Philippine personnel managers to more challenging tasks elsewhere in Asia. This appeared to be an avenue of advancement for indigenous management personnel towards full equality of treatment with other (expatriate) managers.

It seemed to be a commonly held opinion among those interviewed that while the US companies generally bring with them a smaller number of expatriate management personnel to staff their subsidiaries, the latter remain more subject to central (home country) policy and guidance than do subsidiaries of other national origins. The reasons for this, which have been analysed elsewhere,[29] may include the fact that the US home market constitutes a relatively greater share of the average US multinational's business and thus the overseas subsidiary is more likely to be treated as an extension of the home-based undertaking than would be the case with a Dutch, Swedish or even a British multinational. Another factor is the traditional US practice of enterprise bargaining (as opposed to the West European pattern of industry-level bargaining); this has produced many unique company policies and practices which US multinationals may feel it is natural enough to incorporate in their systems of labour relations abroad.

Subsidiaries of British-based companies, on the other hand, appeared to be the most decentralised in the three countries studied. This, especially in Singapore and Malaysia, seemed to reflect their longer history in that area. British companies often date back to a period when communications were less well developed and overseas subsidiaries were expected to be more self-sufficient. Many of the US multinational subsidiaries, on the other hand, have been set up more recently when high-speed communications were better developed, so it is not surprising that they are accustomed to maintaining closer contacts with the home country.

A number of US and British firms also seem to have established, to a greater extent than other multinationals, regional company structures designed to help co-ordinate the activities of subsidiaries in the Asian region as a whole or in a specific part of it.[30] One US automobile company, for example, indicated that it placed considerable reliance on a company-wide wage-grade system based on a comparison between its various Asian subsidiaries. A British metalworking company's top manager, acting both as regional director and

as manager of the Singapore plant, kept in close touch with and exercised some broad policy control over company operations elsewhere in Malaysia and Thailand. The personnel director of a US electronics subsidiary in Malaysia indicated that he was in close contact with the company's regional director, who was also located in that country. In this particular subsidiary there seemed to be considerable emphasis on company-sponsored, US-style activities such as recreation programmes, staff picnics, etc.; personnel policy manuals or guides were also in use which bore the clear mark of the US company's " human relations " approach, which it saw as a substitute for union-management relations.

It was characteristic of this electronics firm, as of some other US enterprises, that great stress was laid on internal company training of its personnel directors and other managers, including training time in the United States. Another company operating in the Philippines made a practice of training its foreign subsidiary managers in the United States, and personnel directors in both these companies referred to frequent visits and exchanges with top managers from the US home office. On the other hand, most of the British companies which provided training abroad for their personnel directors seemed to do so on a regional basis; visits by such officers to their companies' home base seemed to be few and far between.

With regard to personnel management policy, it was clear that many multinational enterprises brought with them their own distinctive company " style " which often showed through in their plant practices in the countries studied, and naturally influenced indigenous personnel policy too. For example, it has been noted by one observer that " objective " recruitment tests—i.e. aptitude and IQ tests which are often used by US firms as screening devices in hiring employees—are now being widely adopted in the Philippines, in spite of the fact that they are, in his view, " alien to the social values governing the employment of workers " in that country, derive from entirely different traditions, and are in any case not necessarily superior.[31]

Many of the multinationals operating in the three countries brought with them sizeable portions of the job evaluation and job structuring systems which had been developed in their home country plants. A few union spokesmen expressed concern about the difficulty of mastering the complexities of these systems. Some of the unions in the Philippines and Singapore had in fact instituted special training programmes, with the assistance of the Productivity Centres in both these countries, to help their officers deal with the bargaining issues involved (although in a number of cases, it was stated, the companies had declared them non-negotiable). In a few plants job evaluation was dealt with by a joint union-management committee. There was general agreement among those interviewed that while many features of a company's particular job evaluation system could be imported, significant modifications had to be made to meet local labour market conditions in most cases.

As regards the level of wages and other benefits provided by multinationals, there seemed to be a consensus that while US companies tended to be some-

what more generous they were also readier to resort to layoffs even in the event of moderate business fluctuations. While, generally speaking, there did not appear to be a serious problem of plant shutdowns or large-scale layoffs in most multinational subsidiaries, a number of electronics plants in Singapore and Malaysia had experienced severe employment fluctuations in recent years and a few total shutdowns had occurred. Among them were a few cases of multinationals which were said to have relocated plants in other developing countries to take advantage of lower labour costs.

With respect to negotiating agreements on wages or other matters having financial implications, the greater dependency of many US subsidiaries on their firm's head office seemed to be an important factor. Personnel directors and top managers of subsidiaries were expected to be in touch with headquarters in order to explore the limits within which such agreements would be acceptable to it; but unless the anticipated settlement was way out of line with the head office's conceptions, the local management's hands were left fairly free. In practice, local labour market conditions were a major constraint on wage settlements; but it appeared that, on occasion, the home offices of some multinationals had found it difficult to understand why the managers of subsidiary plants felt it necessary to go beyond the statutorily required minima where certain benefits were concerned.

Finally, there appeared to be general agreement that grievance handling was more highly systematised and developed in multinational subsidiaries than in nationally owned and managed enterprises. The unions seemed to prefer the relatively formal grievance procedures found in most multinationals to the more informal, " family-style " approaches still often adopted by indigenous enterprises.

Transnational union action in multinational companies

A number of efforts have been made by unions in the three countries studied to promote union action on a transnational basis with regard to multinational enterprises. In this they have had the support and encouragement of some of the international trade secretariats, including, in particular, the International Metalworkers' Federation (IMF), the International Textile, Garment and Leather Workers' Federation, and the International Federation of Commercial, Clerical and Technical Employees.

Generally speaking, however, the unions in these countries saw little or no possibility of transnational collective bargaining with multinational companies. Great differences in bargaining systems, the level of economic development—these and other basic factors made the idea seem impractical. Most unions also believed that their governments would not view such a development favourably, which indeed appeared to be the case. Certain government officials expressed the belief that the various transnational labour proposals were disguised efforts at protectionism on the part of unions in the more highly developed countries. Employers were also strongly opposed to the idea of

transnational bargaining, which they considered impractical and likely to be a severe hindrance to economic development in the host countries.

The great majority of unionists interviewed in the three countries, especially in the metal industries, welcomed the opportunity to meet, as they occasionally did, with other unionists from the same company's subsidiaries in other countries. They valued these contacts for informational purposes and also used them to lay the basis for possible organisational support. It was regrettable, they felt, that their unions' meagre resources limited such contacts, and a number of them expressed the hope that further regular meetings of this sort and periodic consultations with the unions at the multinationals' headquarters could be arranged.

The IMF has been the centre of much of the transnational union activity in the area. Aside from holding Asian regional meetings, IMF headquarters has supplied supporting briefs for unions in Malaysia and Singapore bargaining with specific multinational companies.[32] The unions welcomed these briefs, and other data furnished by the IMF, which they felt were helpful in pressing companies to accept better settlements. For example, the Singapore Industrial Labour Organisation, after reaching an agreement with a US subsidiary in March 1974, " thanked the IMF Social and Economic Department who supplied collective bargaining arguments based on an economic and social analysis of this multinational both world-wide and locally, thus helping to obtain the settlement ".[33] Because it has been able to call upon its affiliates in different parts of the world, the IMF has been in a position to provide, in these briefs, financial and other information which it might be extremely difficult for unions in developing countries to obtain.

Technical assistance in the form of an expert familiar with a multinational company's home office practice has also been furnished in some instance by the IMF to its affiliates in Asian countries. When a camera company based in the Federal Republic of Germany set up a subsidiary in Singapore, the IMF helped the local union obtain the services of a job and wage expert from its German affiliate, the IG Metall, who conducted intensive training courses lasting several weeks for local union officers dealing with this company. Through its Asian regional office in Japan the IMF has also organised a number of training seminars designed to help unions in their relations with multinationals, as well as with bargaining problems generally.

Most unionists in the three countries discussed here indicated their general sympathy for the proposals made by the IMF for giving solidarity support to unionists involved in disputes with multinational plants in other countries. For example, they indicated that they would try to avoid performing work which was transferred to their plant by a multinational company from another plant whose workers were on strike. It was recognised, however, that under present circumstances their own governments might exert considerable pressure on them to continue working and that the labour laws and regulations in force might in practice prevent them from displaying international solidarity in this way.

Major findings

On the basis of the research adumbrated in this paper, the following findings may be noted. In the three Asian countries studied it was the deliberate policy of the government to encourage the inflow of investments by multinational companies. Each of them was also developing its own strategy—in which diversification was an important element—in an endeavour to control and limit the power and (adverse) impact of the multinationals.

Among the inducements to foreign investors in Singapore and Malaysia were certain legal provisions limiting the benefits payable to employees in new multinational plants for a specified period. In addition, labour laws recently adopted in those countries have made it difficult if not impossible for unions to bargain over employers' decisions to dismiss, transfer or lay off employees. Malaysian unions claim that these laws, as well as unfavourable decisions of the Trade Union Registrar, have made it very difficult even to establish unions in new multinational plants in recent years, especially in the electronics industry. This does not appear to have been the case in Singapore where the unions' close relations with the ruling party have helped them to pursue their organising efforts successfully.

On the whole, however, it appeared to be the generally accepted view in all three countries that it has been easier to unionise and bargain with multinational company plants than with those owned by nationals. Indigenous owners have generally had less experience with unions than have multinationals and tend to be more hostile to them. However, it is also true that a few US companies which do not recognise and bargain with unions in the United States have attempted to apply a similar policy abroad.

Many multinational subsidiaries in the countries under study revealed traces of their particular national origin or company traditions in their managerial style and practice. They also brought with them important elements of their job evaluation systems and other methods of wage determination. While actual wage rates were adapted to local labour market conditions, it appears that a number of multinational subsidiaries consulted their home offices on the broad outlines of any general financial settlement before finally accepting it.

Most of the unions surveyed saw little prospect or possibility of transnational collective bargaining. They felt that differences in laws and bargaining systems, as well as probable government opposition, precluded such a development. Employers argued that transnational bargaining over labour conditions could threaten economic development in the host countries.

Union leaders representing the workforce of multinational subsidiaries generally favoured meetings between themselves and unionists from multinational plants in other countries for the purpose of exchanging information and developing mutual support. The unions in the metal trades were the most active in this respect, relying largely on the work of the International Metalworkers' Federation and certain of its affiliates. This assistance, which was particularly welcomed by trade unions whose own activities were often limited

by their meagre resources, included the holding of seminars, the provision of technical experts and the preparation of briefs and other information for use in negotiating with specific multinational companies.

Notes

[1] This study forms part of a larger programme of current ILO research on the social aspects of multinational companies, which is concerned inter alia with the impact of multinational subsidiary plants on industrial relations in the host country. An earlier study covered the influence of such subsidiaries in the metal and food-processing industries on the industrial relations systems of selected West European countries—see ILO: *Multinationals in Western Europe: the industrial relations experience* (Geneva, 1976). Related ILO studies include *Multinational enterprises and social policy*, Studies and reports, New series, No. 79 (Geneva, 1973), *Social and labour practices of some European-based multinationals in the metal trades* (Geneva, 1976), *Social and labour practices of multinational enterprises in the petroleum industry* (Geneva, 1977) and *Social and labour practices of some US-based multinationals in the metal trades* (Geneva, 1977). The present study of Asian countries is based on field research carried out on behalf of the ILO and completed late in 1975, in the course of which the author interviewed many prominent figures in government, employers' and workers' circles.

[2] This theme of widening foreign investment was emphasised publicly by the Prime Minister of Malaysia and one of his principal Ministers at an International Seminar on Investment Opportunities in Malaysia held in Kuala Lumpur in October 1975. Although Malaysia has recently taken steps to assert more effectively the " national interest " in the development of some of its key natural resources such as petroleum, the Prime Minister has given assurances that the role of the private sector will be safeguarded.

[3] See Hon Sui Sen (Minister for Finance): " Development priorities—past, present and future ", in *Towards tomorrow*, Essays on development and social transformation in Singapore (Singapore, Singapore National Trades Union Congress, 1973), p. 22.

[4] Manolo I. Abella: *The indirect impact of foreign investment and technological co-operation in development*, paper presented to an international forum sponsored by the Friedrich Ebert Foundation and entitled " One world only: the impact of foreign investment and technological co-operation in development ", Singapore, 22-28 September 1974.

[5] See J. Jegthesan: *Impact of foreign investment and technological co-operation on development problems related to the position of developing countries in the international society*, paper presented to the international forum cited in the previous note.

[6] C. V. Devan Nair: " Multinationals in developing countries: some crucial terms of reference ", in *Afro-Asian Labour Bulletin* (Singapore), Nov. 1974, p. 8.

[7] See Malaysian Trades Union Congress: *Industrial relations in Malaysia* (Petaling Jaya, 1974), p. 9.

[8] Pioneer status generally involves some waiver of taxes, the privilege of importing capital equipment, etc.

[9] ILO: *Legislative Series*, 1967—Mal. 1A.

[10] ibid., 1955—Mal. 2.

[11] MTUC: *Industrial relations in Malaysia*, op. cit., p. 16.

[12] ibid., pp. 6-7. More recently the unions have been granted the right to appeal certain dismissal cases to the Ministry of Labour.

[13] W. Fernando (Director, Malayan Agricultural Producers' Association): " Labour laws in Malaysia ", in ILO: *The role of labour law in developing countries*, Labour-management relations series No. 49 (Geneva, 1975), pp. 142-143.

[14] ILO: *Legislative Series*, 1968—Sin. 2.

[15] See Fernando, loc. cit.; and Boon Chiang Tan: " The role of labour law in Singapore ", in ILO: *The role of labour law in developing countries*, op. cit., p. 190. More recently

steps have been taken to permit the unions to appeal cases of layoff or dismissal to the Ministry of Labour. The relatively tight labour market in Singapore in recent years has also tended to set practical limits on the employers' ability to take full advantage of this legislation.

[16] T. H. Elliott of the SNTUC, quoted in Pang Eng-Fong and Tan Chwee-Huat: " Foreign investment, unions and the Government in Singapore ", in Japan Institute of Labour: *Foreign investment and labor in Asian countries*, Proceedings of the 1975 Asian Regional Conference on Industrial Relations, Tokyo, Japan, 1975 (Tokyo, 1976), pp. 128-129.

[17] Devan Nair, op. cit., p. 8.

[18] " Asian declaration on operations of multinational companies " adopted at the Tenth ICFTU Asian Regional Conference, Kuala Lumpur, 3-6 February 1973. See *Asian Labour* (New Delhi), Feb-.Mar. 1973, pp. 43-44. The largest labour movements in all three of the countries studied here are members of the ARO.

[19] ILO: *Legislative Series*, 1974—Phi. 1.

[20] Rafael K. Hernaez (President, Personnel Management Association of the Philippines): " The changing industrial relations scene in the Philippines ", in ILO: *Employers' organisations and industrial relations in Asia*, Labour-management relations series No. 47 (Geneva, 1975), p. 211.

[21] See Ruben D. Torres, paper presented to the 1977 Asian Regional Conference on Industrial Relations, Tokyo, 15-18 March 1977.

[22] See Catalino Doronio: " The Philippines: industrial relations—retrospect and prospect ", in ILO: *Industrial relations in Asia*, Labour-management relations series No. 52 (Geneva, 1976), p. 210.

[23] Elias T. Ramos: " Filipino trade unions and multinationals ", in Japan Institute of Labour: *Foreign investment and labor in Asian countries*, op. cit.

[24] V. David, paper presented to the " One world only " international forum cited earlier.

[25] At an international conference of unions concerned with the electrical/electronics industry, for example, the representatives from Singapore reported that multinationals had " now accommodated . . . to the industrial relations system prevailing in Singapore " and that " strange as it may seem, our relations with them are, by and large, more cordial than those we have with local companies ". See Singapore Industrial Labour Organisation and Pioneer Industries Employees' Union: *Multinational companies in Asia with particular reference to the electrical and electronic industry*, report submitted to the Asian Regional Conference of the International Metalworkers' Federation, Tokyo, October 1975, p. 6.

[26] Torres, op. cit., points out that compared with wage rates paid in the multinationals' home operations (he cites the cases of several US-based multinationals in the Philippines) the local scales were very low, while profits were very high.

[27] Multinationals in Malaysia seemed to be under particular pressure to recruit and promote Malay workers, no doubt partly because of their politically sensitive position and relatively large labour force.

[28] Torres, op. cit., criticises several US-based automobile subsidiaries in the Philippines for appointing so few Filipinos to top management positions.

[29] See ILO: *Multinationals in Western Europe . . .*, op. cit., Chs. 4 and 5.

[30] In some instances these regional " headquarters " have been set up in one of the countries studied here.

[31] Abella, op. cit., pp. 4-5.

[32] See, for example, IMF Social and Economic Research Department: *Facts and figures in collective bargaining : a challenging IMF task*, Experiences in negotiations of IMF affiliates in developing countries with subsidiaries of multinationals (Geneva, 1974).

[33] IMF *News* (Geneva), Mar. 1974, p. 3.