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A study on international labour standards to regulate multinational corporation in developing countries

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Abstract

This study explores the critical issue of regulating multinational corporations (MNCs) in developing countries through the lens of international labor standards. Multinational corporations play a pivotal role in the global economy and often operate in regions with varying labor conditions, potentially posing risks to workers' rights and well-being. This research delves into the current landscape of international labor standards and their application to MNCs in developing countries.

The study employs a multi-faceted research methodology, combining a comprehensive literature review, and data analysis. It investigates the effectiveness of international labor standards, including those established by the International Labour Organization (ILO), in addressing labor-related challenges in developing countries. The research also examines the implementation and enforcement of these standards, along with their impact on various stakeholders, including MNCs, local governments, and workers.

Keywords: ILO, MNC, business

1. Introduction

In an increasingly globalized world, multinational corporations (MNCs) play a pivotal role in shaping the global economy. They contribute to economic growth, technological advancement, and the transfer of knowledge and expertise. However, their operations in developing countries have often been a subject of scrutiny and debate, particularly concerning their impact on labor practices and working conditions.

Multinational corporations have established a strong presence in developing nations, attracted by the potential for lower production costs, an abundant labor force, and untapped markets. While their investments can lead to job creation and economic development, there have been instances where MNCs have been accused of exploiting lax labor regulations and failing to uphold basic worker rights. These allegations raise concerns about the protection of labor rights, job security, fair wages, and occupational safety in these host countries.

International labor standards are essential tools designed to ensure decent working conditions and fair treatment for workers worldwide. These standards encompass fundamental principles like freedom of association, the right to collective bargaining, and the elimination of forced and child labor. Ensuring that MNCs adhere to these principles can significantly contribute to improving labor conditions in developing countries and preventing exploitation.

2. Methodology

2.1 Objectives of study

The objectives of a study on international labor standards to regulate multinational corporations (MNCs) in developing countries are multifaceted and aimed at providing a comprehensive understanding of the challenges and opportunities associated with this important issue

1. To Assess the present labour standards
2. To examine the compliance of MNCs
3. To study the impact of local economies
4. To discuss the barriers to implementation
5. To study the conditions of workers perspectives

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2.2 Hypothesis

- They should honour the national sovereignty of host countries and work as per the their regulatory framework of business and national ethos.
- They should help in achieving the economic goals, development objectives and socio- cultural values of the host countries.
- They should adopt business ethics and best business practices like timely payment of required taxes, abstention from involvement in anticompetitive practices, consumer and environmental protection and to work as a model employer.
- They should be sensitive to human rights, corporate reporting, corporate governance, better competition etc.

They should contribute in the development of science and technology in the host country. They should also work for the development of R&D facilities in the host country rather than transferring obsolete technology for production in the host country.

2.3 Research methodology

This study is dependent upon prime and minor sources. A prime source is a manuscript which was created during the research. A few kinds of prime sources are manuscripts, news film footage, autobiographies. A minor source understands and examines prime sources. A few kinds of minor sources are Textbooks, magazines, articles, histories, criticisms, commentaries, encyclopedias, journal/magazine articles which understand or review former findings. The Research is a Doctrinal legal research evaluation that includes the statutory provisions, legal regime and legal application. It stresses on the examination of legal rules, treaty, principles and doctrines of international law related to MNCs. It is basic research on MNCs on the internet. The research will enclose some descriptive and exploratory elements Also.

3. Historical perspectives on ILO

The research presents a concise recollection of the International Labor Office. ILO being the only bipartite worldwide organization including the chief Conventions on workforce morals. Then the research highlights on ILO's primary obligations as an administrator of employment markets circumstances and as a mediator and straight performer with indigenous governments: devising suitable strategies for a "decent work" schedule across the globe, forceful for the extensive probable implementation of the convention themselves by follower nations, checking fulfillment of those principles, endorsing mutual and multifaceted activities of the administrations focused at amending chief infringement of these principles. Stress is specified to probable enhancement in the efficiency of ILO's measures and proposal on MNCs in emergent nations, particularly in view of bigger consistency amongst ILO and WTO assignment in endorsing an improved governance of globalization. Illustrations of such activities are ethical suasion on procedure makers focused at distressing labor legislature, design of independent occupation concessions or provincial employment liberalization convention restricted on actual commandment to progress labor and community conditions in the objective country, joint ingenuities with trans-national establishments and local administration in emergent nations so as to disseminate seminary presence

and eliminate most horrible methods of child labor, drill of community administrators-legal experts-union bests manager the ILO's superior exercise office in Turin. Concern in the engagement and developed relationships problems up-stretched by multinational companies (MNCs) has continually augmented over the preceding twenty years, both public-ally and educationally. Public-ally, booklets, pronouncements and guidelines have developed from occupation union organizations and worldwide organizations, such as the UN, the ILO, the EU and the OECD. Although these proposals application on labor standards, engagement and societal accountability in general, cooperative negotiating has also developed an important matter on the program. The difference amidst the international framework regarding.

The MNC as well as current national as well as the local, frameworks of cooperative bargaining is gradually getting more complicated and has become an imperative focus of research as recommended in past decade.

The importance of the MNC as managers, the global organization as well as the administrative framework and its ability to shift manufacture, employment and also the employees athwart the borders having significant inferences for the framework of MNC might play a prime role within their dimension as well as the bargaining power in compelling for transformation in the national systems, inclusive of the wider compass for cooperation at corporation level Or they can completely change the equilibrium of authority in corporation level through the intimidation of relocations.

3.1 The Organizational Framework of ILO

The organizational construction of the ILO comprises three echelons: General Conference of the four representatives for every affiliated nation (two government representatives as well as one representative, each for the nomination of managers and employees). Presently, ILO has 178 follower nations, and thus the Meeting composed of 712 representatives.

Leading Body of administration deputies (10 from the more industrialized nations that are regular members as well as 18 legislatures from other nations, revolving every three years) as well as 14 legislatures one each of employer and employees' administrations.

The Department that addresses the GB has employed administrator/universal Chilean Juan Somalia ever since March 4, 1999, who at the conclusion of the year 2007 was accountable for the staff of 1717 people out of which one third at the head office whilst approximately 1000 units of procedural collaboration. The brushwood of B is in above 40 nations or districts across the globe.

Convention and Commendations envelop a broad variety of the questions relating to societal justice and it also embodies in Preamble to ILO's Composition such matters relating to salaries as well as engagement, redundancy, service timings, min. service age, women's service, professional guidance and the like.

3.2 MNCs and Trade Unions

Trade unions' attitudes towards MNCs and responses to their outcomes. In some countries, principally in the new member states, trade unions have a generally positive perspective of MNCs and greet the inflow of foreign investment. In Poland, trade unions have in some cases been

agreeable to sign special deals, in special no-strike convention, so as to draw investment, particularly from US and Japanese companies, echoing practice in the 1980s in the UK. Whilst the prospective for employment creation is an accepted impetus, in the new member states a recurrent additional quarrel is the anticipation that foreign-owned corporations might relocate into local industrial relations environments.

The most persistent issue for trade unifications in respect of MNCs is how to deal with their terrestrial mobility, particularly in the form of moving threats. Trade unification responses display a broad variety, which goes against any deterministic view that relocations are unavoidable and trade unions' responses doomed to failure. Methods differ from self-protective (concession bargaining, negotiation of social plans) to more offensive, including political mobilization, creating openings for political switch and negotiations on optional business plans. It is also significant to examine that dissimilar responses may be better suited in diverse contexts, and that the similar plan that are winning in some places, may not succeed elsewhere.

Trade unions have also been counteracting MNCs' evaluation through their own gathering of relative information. This takes diverse forms. The trade unions which most often use global wage comparisons in their own nationwide cooperative bargaining are those from the lower-wage new member states.

4. Legal perspectives

The variety of devices and methods that are also officially targeted at endorsing labor rights or must have an influence on the central labor standards. In this section, we observe what these mechanisms and methods are also deeming some of the advantages and disadvantages which relate to every apparatus.

4.1 International Conventions

The most Unique and imperative principles are the Conventions and Commendations of the ILO. The Conventions of the ILO are approved by the International Labor Conference and are linking upon every member of the states of the ILO. The most lately accepted convention of the ILO forbids the nastiest methods of child labor.

The global labor principles as nominated by the convention of the ILO have a quantity of key fortes. As ILO conventions are approved by a worldwide tripartite body, they should be proficient of being used by every nation whatsoever its state-run of growth.

The four fundamental labor embodied in the ILO Essential Declaration on Principles and Rights at Work approved in 1998. This statement is connecting on all associate states irrespective of whether they have sanctioned the fundamental Conventions mentioned in the Statement.

By means of a method aimed at attaining advanced labor standards international conventions must have limitations and there are no stiff approvals on countries who be unsuccessful towards using ILO Conventions, the principles only spread over unswervingly to follower states – thus, they are solitary an orientation point in relation to work with business and the multidimensional institutions; the truth is that their approval is usually intentional means that separately from the conventions mentioned to in the Fundamental Declaration, diverse Governments promise themselves to diverse convention.

4.2 National Legislation

To many of the personnel and managers nationwide legislation is the clearest demonstration of the ruling of labor standards. This is the nationwide law that will bring core labor principles happening on a daily basis. Lawfully, this is replicated in the point that global conventions smear to the follower states.

National lawmaking may take the universal procedure of a Labor Code useful to the entire nation, or provincial or sectarian rules. For instance, laws linking to the construction of employment unions or the registering of combinations would usually be originate either in the nationwide Labor Code or in unique principles connecting to employment unions. Likewise, whilst selected corporations may have a comprehensive set of lawful regulations connecting to sex discernment, in others the regulation may be originated in a modest legitimate or labor code establishment.

The degree to which nationwide labor legislature is an effectual instrument for protection of labor standards hinge on the efficiency of state implementation instruments, in special, labor inspectors and magistrates and courts. However, labor inspectors then Departments of Labor are repeatedly under-resourced and not able to deal through key labor customary exploitations. Even though the magistrates and courts supposedly aid employees to carry grievances about the happenings of their managers irrespective of whether an employment combination is in existent, there are frequently severe working complexities with the law court or hearing arrangement. For instance, around may not be adequate adjudicators or courts, employees might not recognize their privileges. In adding up, the authorizations that can be pragmatic by the rule may be inadequate towards dissuade managers from rupturing it. There might similarly be the supplementary risk of dishonesty, either inside the administration or legal scheme.

There might also be circumstances in nationwide laws that mainly permit proprietors to dodge the using of labor standards. Designed for instance, numerous nations obligate governmental requirements which extravagance freelancers and home-grown labors as self-starting. Nationwide lawmaking might not be relevant to migratory workers in the similar method as it responses to nationwide inhabitants.

4.3 Government Contracts

There are many ways in which a government department can use both procurement and contracting procedures to persuade the usation of labor standards by its national and international suppliers.

There are several dissimilar ways of persuading the adoption of labor standards by the suppliers of goods and services. For example, the contracting/procuring organization can:

- Promote recipient governments and private sector suppliers and contractors to disclose their policies on labor standards and be prepared to converse them.
- Promote suppliers and contractors to discuss with their work force on labor standards, through trade unions where suitable.
- Employment with national governments to endeavor and guarantee that suppliers and contractors conform to national industry standards in their employment practices.
- Employment with national governments to guarantee that suppliers and contractors conform to a primary minimum code on labor standards.

5. Judicial perspectives

The labor conventions of 185 since its approval and its constitution in the year 1919 several of International Labor Organizations' potential legal tools molded the national policies. The member States of ILO are not needed to Sign the Conventions of ILO. There are huge dissimilarities existing amidst the confirmation documentation of member nations and conventions. The dominion of Spain has ratified several of 185 conventions whilst the tool that is frequently integrated into the nationwide legal mechanisms exhibits convention no. 29 on Forced Labor 163 confirmations. As soon as the member state has sanctioned than its administration is liable for right useation of the particular international labor standards; this is presently the case for 7194 confirmations. ILO has diverse tools within its system so as to manage and implement this obligation.

With the operating of its regulatory supervisory process above as according to article 22- 23 of ILO constitution, member governments have to frequently put forward reports about useation of ILO Conventions sanctioned in their nation. This pursue a standardized for each convention that covers aspects as such as occurrence of relevant court decree or statistics. Employers as well as employee nominee can remark on these reports to offer a more reasonable picture. Committee of Experts on the Application of Conventions and Recommendations comprised of 20 independent experts like the university professors, the legal consultants or the judges of supreme courts, examines and evaluates the compliance with the relevant ILO Convention in the notice of nationwide legal conventions as well as with the support of supplementary information resources for instance cooperative convention and courtcases and outcomes from labor assessment. 17 When the CEACR exposes complexities relating to the observance it could react by putting forward an unswerving appeal for elucidation to the administration or by offering an examination of cases of heavy as well as the ongoing infringements. The focus of the examination is to put a stress on the relevant member 17 Preparatory work in form of a comparative analysis of the information provided by the governments is carried out by a pecialized department in the ILO (International labour Standards/NORMS).

6. Multinational corporations and India

Role of Multinational Corporations in the Indian Economy Prior to 1991 Multinational companies did not play much role in the Indian economy. In the pre-reform period the Indian economy was dominated by public enterprises.

To prevent concentration of economic power industrial policy 1956 did not allow the private firms to grow in size beyond a point. By definition multinational companies were quite big and operate in several countries.

While multinational companies played a significant role in the promotion of growth and trade in South-East Asian countries they did not play much role in the Indian economy where import-substitution development strategy was followed. Since 1991 with the adoption of industrial policy of liberalisation and privatisation rote of private foreign capital has been recognized as important for rapid growth of the Indian economy.

Since source of bulk of foreign capital and investment are multinational corporation, they have been allowed to operate in the Indian economy subject to some regulations. The following are the important reasons for this change in

policy towards multinational companies in the post- reform period.

6.1 Promotion Foreign Investment

In the recent years, external assistance to developing countries has been declining. This is because the donor developed countries have not been willing to part with a larger proportion of their GDP as assistance to developing countries. MNCs can bridge the gap between the requirements of foreign capital for increasing foreign investment in India.

The liberalized foreign investment pursued since 1991, allows MNCs to make investment in India subject to different ceilings fixed for different industries or projects. However, in some industries 100 per cent export-oriented units (EOUs) can be set up. It may be noted, like domestic investment, foreign investment has also a multiplier effect on income and employment in a country.

6.2 Non-Debt Creating Capital inflows

In pre-reform period in India when foreign direct investment by MNCs was discouraged, we relied heavily on external commercial borrowing (ECB) which was of debt-creating capital inflows. This raised the burden of external debt and debt service payments reached the alarming figure of 35 per cent of our current account receipts. This created doubts about our ability to fulfill our debt obligations and there was a flight of capital from India and this resulted in balance of payments crisis in 1991. As direct foreign investment by multinational corporations represents non-debt creating capital inflows we can avoid the liability of debt-servicing payments. Moreover, the advantage of investment by MNCs lies in the fact that servicing of non- debt capital begins only when the MNC firm reaches the stage of making profits to repatriate Thus, MNCs can play an important role in reducing stress strains and on India's balance of payments (BOP).

6.3 Technology Transfer

Another important role of multinational corporations is that they transfer high sophisticated technology to developing countries which are essential for raising productivity of working class and enable us to start new productive ventures requiring high technology. Whenever, multinational firms set up their subsidiary production units or joint-venture units, they not only import new equipment and machinery embodying new technology but also skills and technical know-how to use the new equipment and machinery.

7. Relationship between India and ILO

India on becoming the follower of ILO in 1919, had not attained freedom and it was allowed to membership of ILO. The British Regime had given a confidence that British India was democratically governed and after which China, Iran, Japan and Thailand were a few Asian nations allowed ILO membership. From the 40 States represented, India had sent a complete delegation for the group discussion of International Labor Conference held in 1919 at Washington. Therefore, Indian Membership of the League of Nations and ILO were the foremost step in enhancing the rank of gatherings in the states despite being a British Colony.

ILO as well as India have accepted objectives, goals and future as they are committed to global peace independence and social justice. The two are an endeavor for the civil

economic improvement of past forgotten people, the people who are not privileged and not nourished with the complete recognition for further postponement would be harmful for themselves and the whole world.

7.1 Confirmation of I.L.O standards by India

ILO standard is recognized as the composition of civil justice for lesser privileged ones, a magna-carta of their freedom as well as declaration of their freedom and also decorum in opposition to dictatorship no matter civil or fiscal or political.

It is worth stating that ILO standards have been sanctioned by each nation irrespective of their political complexion as well as fiscal growth and also diverse forms/ figure relying upon several components. India being highly profitable by ILO standards for the betterment of the workers.

The informative procedure for corroboration of the Conventions and Recommendations and the Conventions similar to the International Treaties having required corroboration by experienced influence within 18 months at finally from the shutting deliberations of the conference. The limited time period is endeavors to get on faster action by the follower state. In India, the treaty constituting power is recognized as the 'Executive Act' by the capability of the Government of India.

8. Conclusion

The study on international labor standards to regulate multinational corporations (MNCs) in developing countries reveals a complex landscape of challenges and opportunities. As the global economy becomes increasingly interconnected, the regulation of MNCs and the protection of workers' rights in developing countries are of paramount importance.

In India, most other jurisdictions regulate temporary work agencies through licensing and reporting requirements. But there are variations in law and practice on some aspects. The Indian law contains a serious intent to abolish the use of contract labor for jobs of a perennial nature and gives authority to the government to prohibit such use. However, the authorities have not shown any ardor in this direction for a long time. In fact, for many years, employers have had a sense of immunity from the potential rigor of the law against the use of contract labor for perennial jobs and are using contract labor for all types of jobs, perennial and incidental, core or non-core, without any restraint.

In most OECD countries, there are no restrictions on the vocations or the type of jobs in which temporary work agency can be used. Where TWA are strictly regulated and limitations imposed on the duration of contracts, other OECD countries have fairly relaxed regimes, with no limit on renewal, prolongation or accumulate duration (the total period for which renewal can be granted for the same position). In emerging countries, however, the pattern of legal provisions generally is to allow their use only for temporary, intermittent or ancillary work as in India, although in actual practice there is some amount of freedom, again as in India. Brazil is an outlier among emerging countries in requiring the accumulate duration of use of TWAs to be limited to three months.

At present, India does not have an explicit provision in its laws authorizing the use of fixed term contracts while most OECD and emerging countries allow its use, albeit with conditions. The critical aspect in such contracts is the

number of renewals or the accumulate duration of such renewals, before the workers get the right to enter into an open-ended contract. The practice varies considerably at one extreme, the employer has complete flexibility and at the other, the maximum duration is limited to 18 months. A review of the law and practice on FTCs in the OECD and emerging countries provides guidance for considering the introduction of such contracts in Indian laws as an instrument of labor flexibility. There is once again great variation in regulatory rigor among the laws of various among emerging countries, Brazil regulates FTCs moderately, permitting one extension and stipulating that the cumulated duration must not exceed two years.

Further, India should fall in line with international practice and trade union law should provide that a majority of workers endorse any industrial action that is contemplated. Elections should also be made obligatory for office bearers, with the condition of a maximum term of three or five years. This research contributes to the ongoing dialogue on the regulation of multinational corporations in developing countries, providing insights into the strengths and limitations of existing international labor standards. It underscores the importance of a multi-stakeholder approach involving governments, MNCs, and civil society in enhancing labor conditions and promoting sustainable development. The study ultimately seeks to inform policymakers, business leaders, and the international community on the path forward for achieving fair and equitable labor practices in the global economy.

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