

2.5: Labor Relations

Labor relations refer to the interaction between the company and the employee, particularly related to the employee's right to organize. A sustainable company will take a broader view of labor relations and interpret the term to include the protection of labor and human rights with regard to the impacts of business.

Operating within the law has benefits beyond simple legal compliance. A sustainable organization does so because it believes it is the right thing to do for the welfare of the organization and its employees. The human resources department has a large responsibility to keep records, maintain policies, and monitor actions to ensure that employee human rights are protected. Multinational companies operating in emerging economies are especially vulnerable to pressures to exploit the laws, or lack thereof, in other countries. Sustainable organizations practice good citizenship and high ethical standards because it is the right thing to do.

The **International Labour Organization** has put forth the **International Labour Rights Standards** by which member states are expected to abide. In addition, there are numerous nonprofit organizations tracking and reporting on working conditions and human rights issues around the world, including Global Exchange, Human Rights Watch, International Labor Rights Forum, and Sweatshop Watch.

A sustainable organization promotes diversity and nondiscrimination. Employee diversity can improve the effectiveness and efficiency of an organization by stimulating greater creativity and improving problem solving. In an organization that values a broader, fuller array of experiences, cultural viewpoints, and values, there is greater potential for more creativity in ideas and problem solving. Practices that promote increased diversity are top management commitment to valuing diversity, diversity training programs, support groups, accommodation of family needs, senior mentoring and apprentice programs, and diversity audits. Support groups can be established by an employer to provide a supportive climate for employees around basic interests or common ground. For example, American Express provides employee-sponsored networks for various groups such as the Jewish Employee Network, the Employees Over the Age of 40 Network, and the Native American Employee Network. American Express (2007). The company 3M also provides a Women's Leadership Network, Executive Mentoring Program, and the Disability Advisory Group. Companies, such as Marriott and Honeywell, encourage senior mentoring programs in which senior managers select minority employees to help with career decisions and progress. Even though the networks are employee-sponsored, companies such as Darden Restaurants Retrieved March 25, 2009, from www.chainleader.com/article/CA6590430.html motivate the networks to be involved in the goals of the business. They require each network to develop a 3-year business plan to show how the network is meeting business goals. They have in place a compensation program for the network's leaders.

A sustainable organization ensures occupational health and safety. Health and safety issues can be viewed in terms of both social and economic impacts. Employees who are protected from hazardous conditions will have a higher quality of life. Additionally, the cost to employers of workers compensation insurance is directly linked to the number of accidents. Employers pay increased premiums when safety records reflect negative results. Organizations will spend less in the long run by implementing programs to ensure good practices. Even the announcement of a penalty can have a significant negative effect on the stock price of a company. Concern for the health and safety of employees should begin with top management, and subsequent levels of management should be tasked with developing awareness and implementing training while being rewarded for health and safety initiatives.

The sustainable organization protects employees from harassment and oppressive work environments. Quid pro quo sexual harassment occurs when sexual activity is requested in return for job benefits. Hostile work environments occur when an employee perceives the behavior of another as offensive and undesirable. Policies for handling harassment charges should be developed, and managers and employees should undergo training.

The sustainable organization maintains good citizenship behaviors and consistent standards of ethics in international environments. Different cultures may have very different views and laws of what is right and wrong. Companies need to avoid exploitation of laws found in other countries, such as child labor laws, which are common in many developing nations. In the short run, companies may experience competitive disadvantages compared to local firms that are able to utilize child labor in order to lower costs or that are able to utilize excessive overtime (often uncompensated) to increase productivity. However, in the long run, maintaining ethical practices creates goodwill opportunities both domestically and abroad with investors, suppliers, and customers. For further discussion, see the information on base of the pyramid strategies in Chapter 9.

This chapter demonstrates the importance of considering social, economic, and environmental impacts within the human resources function. Our discussion here has detailed ways in which human resources managers and companies can improve social impact,

improve economic impact, and reduce environmental impacts through the activities associated with recruitment and selection, training and development, performance appraisal and feedback, pay and benefits, and labor relations.

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