The compliance behavior of multinationals in a developed country: An empirical assessment of regulatory employment practices using administrative data from Ontario

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Abstract

We compiled unique firm-level administrative data on MNC compliance with regulatory and quasi-regulatory employment practices during mass layoffs in Ontario, Canada. Our study contributes new evidence to the literature on MNC behaviors by exploring three related questions: (1) Do MNCs comply with local employment laws in a developed country? (2) To the extent that compliance varies across MNCs, what factors are important in shaping compliance? (3) Is there a “foreignness” effect for MNCs operating in developed countries, and does this effect vary according to country-of-origin and/or union status? Adopting a research design that uses the behavior of Canadian MNCs as the comparison group, our key findings suggest that unions are a very robust predictor of compliance across all foreign MNCs, and that there are systematic country-of-origin effects on MNC compliance in non-unionized workplaces.