

# Trump Presidency and the Global CHRO: “First Thoughts on an Unpredictable Future”

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**Summary:** While it is unlikely that a Trump 2.0 presidency will be marked by a highly consistent and even-handed approach to many policies and programs... the international impact of delivering a MAGA agenda is very predictable. CHROs would do well to consider how US domestic politics will challenge their international operations. In this thoughtful analysis Alan Wild examines this under five headings: Geo-politics, tariffs, immigration, unions and workers, and international cooperation.

The HR leaders of American companies are thinking hard about what a Trump presidency will mean for US business. On the one hand, less red tape; employer friendly courts and NLRB; a woke push-back on steroids ... and more. On the other, increased polarisation within the workplace; unions building on recent attempts to flex their muscles; immigration anxiety and labour shortages; and a reduction in state benefits and support systems.

The Trump election is one that will have a major impact on the world outside of the USA and calls for CHROs to think and plan to maintain international competitiveness in an ever more complex human resource management environment. What America's largest companies may gain from an “America First” perspective will be paid for by the damage this approach does to the business performance and employee experience their global operations.

Unlike US political leaders, Global company executives must manage their owned operations and value chains inside and outside the US in a balanced way. A US Presidency exclusively focussed on American interests at the expense of everyone else will bring a host of challenges to the US CHRO.

Anyone expecting to see consistency and even-handed policies and programs from Trump 2.0 will be sadly disappointed. That said, the international impact of delivering a MAGA agenda are predictable... and CHROs would do well to consider how US domestic politics will challenge their international operations.

I'll look at this under five headings; Geopolitics, tariffs, immigration, unions and workers, and international cooperation.

## Geopolitics

Putting America first will not mean ignoring the rest of the world. Trump will intervene in heavy handed ways to deliver American interests by cutting down on foreign expenditure to support what he sees as “other people's” issues and conflicts. Inconsistency will be the watch word. He will increase support for Israel in the hope that they will complete their work in the Middle East to break Hamas, Hezbollah and their supporters. On the other hand, he will cut support for the Ukraine to bring an end to what looks likely a violent and expensive stalemate. He doesn't care who wins or loses or the long-term geo-political outcome – engagement in other people's wars

is difficult and expensive. Beyond current international conflicts, punitive tariffs will be at the top of his China agenda, and that will do little to help diplomatic relations. Trade restrictions on India will drive the country even closer to China and Russia. “Old” Europe is already struggling economically and making them foot more of the bill for NATO and support for Ukraine will increase tensions across the Atlantic.

*For the CHRO this means more disruption, potential anti-American sentiment in the workforce and managing employees on both sides of issues and conflicts in the way we have already seen between Muslims and Jews. CHROs should keep a close watch on Mexico, Israel, the Arab States, Taiwan, China and Russia. Building and maintaining workforce trust and being even handed and fair - in the way that the US government will not be - will be a challenge.*

## Tariffs

Imposing high tariffs on foreign goods may increase employment in the United States by bringing some jobs back to the US that are carried out abroad. It may also encourage new investment in the country rather than abroad. The poster child for the high tariff protectionist economy over the long term is Brazil (check out the price of cars and iPhones). This has led to high levels of inflation and government regulation, and low levels of productivity in companies protected from foreign competition. The illustration from the Economist below sets out Trumps most likely targets.

Mexico will become even more of an issue than it is currently when tariffs are linked to border controls and the new Mexican government continues to drive up minimum wages. Outside of Mexico, higher tariffs will not only affect the import of final products for sale in the US but will drive up the costs of the company’s owned and sub-contracted supply chain.

*For the CHRO, reductions in volumes and initiatives to drive down costs will mean restructuring activities in countries that have to date only seen employment growth. It is not only Europe, but across Asia, where separations are neither fast, simple nor cheap.*

## Immigration

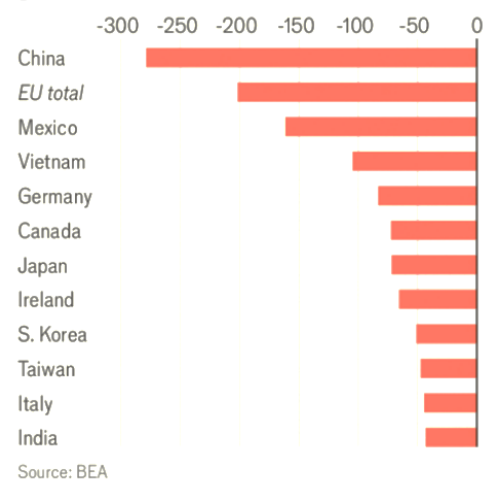
Trump’s long-term fix for the Mexican border issue is to adopt the “fix it fast and forever” strategy. Closing the Mexican border will result in labor shortages not only in the border states but also further north. It also will impact Mexico’s relations with countries further south that use it as a migration route to the north. Add to this tying trade sanctions to border controls will further exacerbate issues in the short to medium term.

It is not just Mexico and points south in the continent that face the challenge if limiting immigration. Everyone in the IT sector will remember the crisis caused by the H1B visa restrictions on India in the last Trump term. US business relies enormously on Indian sourced labor both in India itself and for international recruits. Do not expect Modi to be silent. Inevitable, reciprocal visa actions will not be too effective so expect even more serious attempts to impose tax bills on US companies for added value work carried out by in-country operations that do not today make or declare a taxable profit because.

*For the CHRO labor shortages are an obvious outcome. The impact is also on talent further up the value chain. Recent years have seen and welcomed the rapid increase in senior international managers coming from major countries in South Asia and Latin America. Many of these high performers owe their career to early assignments abroad.*

### The hit list

United States, top contributors to goods-trade deficit, 2023, \$bn



Source: BEA

CHART: THE ECONOMIST

## *Unions and workers*

Here is where the ideological difference between Trump and Biden is at its greatest ... and is arguably how Trump won the election. Put very simply, Biden's view was what was good for American unions was good for American workers. In his own words he is "the most pro union President" ever. Trump's view is simple ... the best thing for American workers is a Trump presidency that brings jobs and prosperity back to the middle class.

For Trump, unions are a funding source for the Democrats and add bureaucracy and rigidity to the workplace. He believes that whilst workers have him at the helm of the country, they don't need unions. This view ends at the US border. Trump's foreign policies toward labour issues will differ from those at home and consistency will go out of the window. Trump was the signatory of the USMCA that supported Mexican unions because that would increase Mexican costs of doing business. He will adopt the same strategy in trade deals with other countries by tying expensive labor reforms to trade deals. These reforms, as in Mexico, require standards of behaviour that the US itself does not and will not embrace.

*For the CHRO life will likely become easier in the US in terms of regulatory burdens. Conversely, his plans will encourage regulation outside the US and the cost cutting and restructuring challenges that come with tariffs will make unions more attractive around the world.*

## *International cooperation*

America's role in the international governance system (The UN, World Bank, ILO, OECD, WTO, NATO) will be to put America's interests above the general interests of the world. First, he sees these organizations as a burden on the US budget ... Musk will doubtless have something to say. Do not be surprised at the spectre of reduced funding for NATO and the US pulling out of the ILO. On the other hand, the President will be vocal where American interests are at play in Israel, the Ukraine and China.

*For the CHRO the issue here is the increasing disconnect between US and world governance that highlights the interest gap between the one country leader and the global company executive.*

## *Conclusion*

And here is the biggest challenge for global business leaders. We are in a world where this year people across every continent have voted for change in government and continue express distrust and dissatisfaction in the institutions of governance. We are entering a phase where the interests of one dominant country are not aligned with the interests of others in countries where our companies employ hundreds of thousands of people. Today more than ever it is up to companies to demonstrate the balance and fairness that will win the trust of employees everywhere who have lost faith in an increasingly polarised society.

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NOVEMBER 2022

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