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Employment Practice in Multinational Companies in Comparative Survey Perspective

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Multinationals' union avoidance practices at new sites: Transatlantic variations

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1. Introduction

The relationships between employee representation, union presence, and employer strategies within different collective bargaining regimes offer a complex and changing landscape in the current context of globalization. Key questions concern the institutional latitude afforded employers vis-à-vis union representation (and how they exercise that latitude) and the extent to which multinational firms are driving change in different institutional contexts.

In the systems of collective representation in the coordinated economies of Nordic Europe, where under the Ghent system single-channel employee (i.e., union) representation is closely linked to access to social protections such as unemployment insurance, multi-employer bargaining arrangements are prevalent and unions have extensive representational rights at the workplace; union membership and collective bargaining coverage remain very high. As a rule, employers do not (and cannot) seek to avoid union representation in their establishments. Amongst the dual channel representation systems of Germanic-Dutch Europe, works councils assume the role of representative agent for employees within the workplace, although in medium- and larger-sized establishments, representatives are often elected from union lists. Unions engage with employers' associations in multi-employer bargaining, and whilst levels of collective bargaining coverage are high, reflecting a high degree of employer organisation, union density is rather lower. Individual employers are not, however, directly implicated in the presence of union organisation within establishments.

In Southern European systems such as France and Spain, workers have individual rights to unionise in combination with delegated employee representation through "professional elections" to works councils. Union membership and density are low but collective bargaining coverage high in these regimes (because of legislated extensions of industry-wide collective agreements). Employers can sometimes escape union representation (especially in smaller firms) but are compelled to deal with unions even when they only represent a small proportion of workers and union representatives are typically present on works' councils at each site.

The liberal-market or Anglo-American systems offer a very different picture. Collective bargaining is only applicable to sites where unions have established their representativeness. The Wagner model, as in the U.S. and Canada, erects the most daunting barriers to union representation by excluding any form of union representation that has not secured majority employee support. Drawing on voluntarist legal traditions, Ireland and the UK both tend to favour voluntary recognition arrangements. These representation regimes provide much greater institutional latitude to employers: firms can opt out of larger frameworks for collective bargaining or can avoid union presence altogether through intensive HR systems custom designed for this purpose. By chance or by design, some firms have both non-unionised and unionised units. When firms open new units that are not unionised, in tandem with already existing unionised units, this is labelled double-breasting.

Our focus in this paper is on double-breasting in multinational firms in three liberal-market economies: Canada, Ireland and the United Kingdom. Drawing on a unique data set on employment practices of multinational companies (MNCs) in these three countries, we look at patterns of union recognition in new sites on the part of MNCs that already recognise unions in some of their existing sites and explore how institutional and organisational variations impact on their double-breasting practices.

2. Definitions of double-breasting

The term 'double-breasting' originated within the construction industry in the United States (Gunnigle et al, 2009). Early references include Lipsky and Farber's (1976: 401) analysis of strike activity in construction firms operating "in both unionised and non-unionised segments of the industry". This early use of the term has continued within the literature throughout the years (see Doherty, 1989; Ruben, 1985; de Bernardo, 1989; Finkel, 1997; amongst others). The term was used in an attempt to capture the notion that unionised construction firms, in order to reduce labour costs and gain greater flexibility, would choose to open a non-union plant while concurrently maintaining their unionised operations.

Researchers from Europe's Anglophone countries consider that double-breasting may not necessarily be sequential in nature; i.e., union site first, non-union second (Beaumont, 1985, 1987; also see Beaumont and Townley, 1985). Beaumont and Harris (1992: 268) view double-breasting as occurring where "a multi-establishment organization may simultaneously operate establishments on both a union and a non-union basis". Key in this definition is the concept of *simultaneity*, rather than sequentiality. This distinction is largely associated with contextual considerations and the ER system in which a firm operates.

We study the factors contributing to the use of double-breasting by multinational companies (MNCs) in Ireland, the United Kingdom, and Canada. Without first having a clear understanding of the definitions of double-breasting and an ability to take account of the relative degree of local institutional latitude for employer discretion over union recognition, the cross-national comparative approach may be misinformed. In the following section, we discuss in detail the specific institutional contexts which inform our study.

3. Country-specific contexts

Ireland. On achieving independence in 1922, Ireland inherited the British legislative framework and voluntarist IR traditions. While this held sway for some considerable time, the Irish IR system has now established a quite separate identity. At the macro level, the IR landscape has been dominated by a series national level accords ('partnership agreements') negotiated by the central trade union and employer confederations and Government. These afford organised labour considerable influence over economic and social policy. Unlike many EU countries though, Ireland has no legislatively underpinned system of employee involvement at workplace level.

Having reached a high of 62 per cent in 1980, trade union density has since declined and now stands at 33 per cent (Roche, 2008). While the reasons are varied, one particular factor pertinent to this paper is changing employer postures towards trade unions. There is little doubt that employer resistance to union recognition has increased since the turn of eighties. Though certainly not confined to FDI sector, there is extensive evidence that union avoidance is especially prevalent among MNCs, particularly those that established operations since the early 1980s (Gunnigle, 1995; Roche 2001). Furthermore, Ireland's extensive reliance on FDI has meant that the MNC sector exerts considerable influence on public policy.

In contrast to the UK and US, Ireland has no mandatory legal process through which trade unions can secure recognition from employers. This is partially traced to provisions in the Irish Constitution but also reflects a public policy stance which seeks to avoid mandatory union recognition provision because of its perceived negative impact on the attraction of FDI.

Traditionally, the absence of statutory provision with regard to union recognition was not a major concern as most medium and large employers recognised and concluded collective agreements with trade unions (Roche and Larragy, 1989). However, declining union density, increased employer opposition to the concession of union recognition (particularly among inward investing MNCs) and growing employer rejection of Labour Court recommendations on recognition led to an upsurge in union pressure for legislative provision. The union movement effectively concluded that industrial action or Irish Labour Court recommendations were no longer viable methods of gaining recognition in the face of hardened employer postures. Persistent union pressure to obtain legislation to address union recognition led to creation of a 'high-level' group comprising representatives of Government, unions, employers and *IDA Ireland* (Ireland's main body from promoting inward FDI). This culminated in the passing of what became known as the 'right to bargain' legislation (2001/2004). Uniquely, this legislation does not provide for mandatory union recognition but rather allows unions to pursue cases against companies where no collective bargaining exists.

United Kingdom. Over the past quarter century, Britain's voluntarist industrial relations system has been overlaid by a developing framework of individual employment rights and EU-originated innovations in collective representation concerning employee information and consultation. Whilst the principle of voluntarism continues to underpin employer decisions to recognise and collectively bargain with trade unions, legal changes under the 1979-97 Conservative governments tilted the balance of the legal immunities which enable trade unions to operate against them. As a consequence, their ability to organise, take industrial action and secure recognition from employers has been significantly constrained. The enactment of a statutory recognition procedure by the incoming Labour government in 1999 impinged on the principle of voluntarism, but its impact has been modest when set against that of the earlier Conservative legislation. Whilst the number of new recognition agreements has increased markedly since, the numbers of agreements involved and workers covered are not large (Gall, 2007). Moreover, fewer than 20% of these new recognition agreements have been concluded under the statutory procedure. The larger effect has been indirect: voluntary recognition being encouraged in circumstances where employers believe that the statutory procedure might otherwise be invoked.

Union density and union recognition have both declined since 1980. From a peak of 55% of the workforce in 1979, the Labour Force Survey shows that union density dropped steeply to 30% by 1997. It has since trended further down, although by much less: by 2006, union density was 28%. Union recognition exhibits a similar trend. The proportion of private sector workplaces with 25 or more employees recognising unions stood at 50% in 1980, declining to 24% by 1998 and 22% by 2004 (Blanchflower and Bryson, 2009). The marked shift in public policy that occurred after 1979, away from favouring collective bargaining as the preferred mode of regulating employment relations, and therefore union recognition, and towards management unilateralism has also affected employer preferences on union recognition. The proportion of new private sector workplaces recognising unions fell from around 50% for those established in the decade prior to 1980 to 16% in the decade prior to 2004 (Blanchflower and Bryson, 2009).

In larger, multi-site companies this decline has been accompanied by a growth in the practice of double-breasting. Employing the broader 'simultaneity' definition (see above), a 1985 survey of large, multi-site companies found that around one-third of the 89% which recognised unions for manual workers did not do so at all sites (Marginson *et al.*, 1988). A subsequent 1992 survey of such companies across the private sector found that approaching one-half of the 69% which recognised trade unions for the largest workforce group, did so at some but not all of their sites. Moreover, of the 89 companies recognising unions which had opened new sites, more than a third had not recognised unions at them (Marginson *et al.*, 1993). The practice is more pronounced in those sectors, such as manufacturing, with a tradition of union recognition and where, following the demise of

industry-level collective bargaining during the 1980s and 90s, bargaining now tends to be at site level. In sectors such as commerce and banking, where collective bargaining is now generally at company (multi-site) level, new sites tend to be incorporated in these arrangements and union recognition extended.

The UK's internationally open economy has been characterised by significant inwards and outwards flows of FDI over a sustained period. As such, it represents both a significant home base for MNCs as well as a major host environment. The proportion of economic activity, and employment, accounted for by MNCs has grown even further over recent years with, for example, the proportion of manufacturing employment accounted for by overseas-owned firms increasing from 19% in 2000 to 27% in 2005 (OECD, 2007). The policy of overseas-owned MNCs towards engaging with trade unions has also long commanded attention, with debates about the implications of American multinational's non-union preference going back forty years (TUC, 1970). This preference continues to be evidenced in the comparatively high incidence of non-unionism amongst American MNC operations in Britain reported in a number of surveys (reviewed by Ferner *et al.*, 2005), although a measure of pragmatism is also apparent in the acceptance of union recognition in some manufacturing operations (Almond and Ferner, 2006). The wider implication of variation in recognition practice amongst MNCs from a given country of origin is that overseas-owned MNCs are engaged in the practice of double-breasting. This is also the case for UK-owned multinationals, where Marginson *et al.* (1993) found that UK-owned firms which were multinational in scope were more likely to recognise unions at some sites but not at others, than were large companies whose operations were confined to the UK.

Canada. In contrast to the voluntarist traditions of Ireland and the UK, Canadian industrial relations are characterised by extensive legal regulation and a high degree of decentralisation (Murray and Verge, 1999). Canada shares a common North American heritage in the Wagner model (US legislation dating back to 1935). This entails a legal process to secure recognition of a union as a monopoly bargaining agent on the basis of majority representation of a designated group of workers. Such union agents then have exclusive bargaining rights, conclude legally binding collective agreements that necessitate compulsory arbitration on issues of interpretation during the life of the agreement and represent and receive dues from all workers within the designated unit. Jurisdiction over employment and labour relations issues in Canada is divided between ten provinces, three northern territories and a separate federal government. Although linked by a common institutional heritage, this decentralisation leads to varying approaches to union recognition, notably as regards the way majority status is ascertained (card check or compulsory ballot or some combination thereof), the thresholds for initiating a recognition procedure, the combination of different occupations within certification units, the duration of recognition procedures, and whether there are provisions for the compulsory arbitration of first contacts. This decentralisation also means that there is no procedure for the extension of recognition between jurisdictions: if a firm opens a new site in a neighbouring jurisdiction, there is no mechanism for linking the existing site and the new site. Even within jurisdictions, this process is most often subject to a separate recognition procedure, unless it is deemed to be simply the extension of an existing site.

The trend in union density over the last three decades is one of relative decline: from 35.7 % in 1980 to 29.4 % in 2008 (Statistics Canada and HRSDC, various years). Overall, there has been a weakening of the sway of collective bargaining in the private sector, including in industries where unions now have to contend with a strong non union presence. Bargaining structures are typically decentralised - a single establishment involving a single employer and a single union being the most prevalent. Employers and unions may agree to conduct bargaining at some higher level, meaning that the effective bargaining unit could be made up of many certification units, but this is the exception rather than the norm. More typical is pattern bargaining where the union (or the employer) seeks to establish a pattern of settlements. However, from the 1980s onwards, there have been strong pressures towards

the decentralisation of bargaining and the disarticulation of existing patterns as employers, despite union resistance, seek to tie the fortunes of particular sites to the markets that they serve rather than the overall evolution of their industry. In contrast to Ireland, there are no national- or provincial-level accords that seek to set broader settlement patterns.

Although varying by jurisdiction, the public policy framework over the last two decades has become less accommodating for union recognition and more amenable to employer strategies that seek to differentiate between unionised and non unionised sites. The Canadian legal framework has traditionally been seen as more favourable to union recognition than that in the US (Weiler, 1983; Tarras, 1997; Godard, 2003). The greater use of card check procedures as opposed to elections to establish representativeness has been consistently found to facilitate access to union representation, notably by reducing the scope for employer opposition and the efficacy of unfair labour practices (Riddell, 2004). While some jurisdictions have continued to seek to facilitate access to union representation (affirmed and reaffirmed in recent decisions by the Supreme Court of Canada as a fundamental right), there has been a larger trend away from card check certifications in a number of jurisdictions and towards compulsory certification elections with significant negative effects on the degree of union success in the most populous jurisdiction (on Ontario, see Hartkiw, 2008; Bentham, 2002). Legislative changes have also enhanced the scope for employer communication in certification campaigns.

The overall Canadian framework therefore offers considerable institutional latitude for employer discretion over the recognition of new units. It is unlikely that new sites are automatically tied into existing bargaining arrangements. Unions must undertake an increasingly onerous process to secure certifications. The sway of pattern bargaining has been weakened. Geographic and jurisdictional diversity reinforce this latitude. Moreover, there are significant multinational firms operating non unionised sites or operating side-by-side unionised and non unionised sites in major industries. The legitimacy of union avoidance has been further reinforced by the move to certification elections in a number of jurisdictions. Employers appear increasingly free to pursue double-breasting strategies or to avoid unionisation altogether.

Similarities and differences between the three national contexts. All three countries have seen a decline in private sector union density in recent years, and with it increased scope for otherwise unionised organisations to implement non-unionism as they open new sites. There are clear indications also that foreign-owned MNCs have been to the fore in the resulting spread of such double-breasting in all three countries; in the UK, at least, home-based multinationals seem also to have acted as pacesetters. Beyond these common trajectories, the above review of the institutional context for union recognition in each country variously suggests similarities and differences according to legal provisions for union recognition, bargaining structure and public policy.

The importance of legal procedures in union certification in Canada stands apart from the other two countries. The UK now has a statutory union recognition procedure, yet the great majority of employer decisions to grant new recognition remain voluntary – although some effect on these voluntary decisions from the ‘shadow’ of the new recognition law cannot be ruled out. In Ireland, union recognition remains a voluntary decision. Canada’s single-employer bargaining structures tend to be more decentralised than those in Ireland and the UK. Multi-site recognition, and therefore bargaining, in Canada is constrained by the absence of links between jurisdictions. The definition of the bargaining unit in Canada is almost always deemed to be a single site. In Ireland and the UK multi-site bargaining arrangements in service sectors, particularly such as banking and retail, and the privatised utilities are not uncommon; MNCs in such sectors opening new sites tend to wrap them into the existing multi-site bargaining arrangement, and thereby voluntarily extend union recognition. As a consequence, MNCs operating in these sectors in Canada might be expected to display a higher incidence of double-breasting than those in Ireland and the UK.

Two dimensions of public policy are relevant. First, the presence of national partnership arrangements and/or public policy support for collective bargaining may have an indirect impact in encouraging union recognition at company level, and consistency of approach as unionised organisations open new sites. Canada and the UK do not have the national partnership arrangements which have become an integral feature of Irish industrial relations. Indeed, since 1980 the UK has abandoned longstanding public policy support for collective bargaining as the preferred means of regulating industrial relations, established at the turn of the 20th century. Key jurisdictions in Canada have rendered the unionisation process more onerous through compulsory certification votes (as opposed to card checks), thus facilitating union avoidance strategies in new sites.

Second, policies to attract inward investment can play a role in encouraging or discouraging union recognition. Ireland's long standing policy of attracting mobile FDI in manufacturing and internationally traded services appears to have operated under a tacit understanding (at least) of the capacity to establish operations in a union-free environment (and despite national partnership arrangements). As with the first dimension, this sets Ireland apart from Canada and the UK; unlike the first dimension, however, the effect on double-breasting practice is likely to work in the opposite direction. Given the type of FDI targeted, any effect is also likely to be sectorally specific. Overall, Canada and the UK do not appear to differ greatly in the likely impact of public policies on the proclivity to engage in double-breasting. The situation in Ireland differs in two respects, but the effect is likely to cut either way.

4. Methodology

This paper draws upon data gathered through co-ordinated large-scale surveys of employment practice in MNCs operating in Canada, Ireland & the UK.¹ These surveys attempt to redress two major methodological weaknesses in many studies of employment practice in MNCs. First, in terms of poor levels of representativeness (cf. Collinson and Rugman, 2005; McDonnell *et al.*, 2007; Edwards *et al.*, 2007), Collinson and Rugman (2005) argue that much published work on MNCs reflects a sample bias towards the largest, most global, well-known and predominantly American manufacturing firms (e.g., *IBM* or *General Electric*) leading to an unrepresentative depiction of employment practice in MNCs. Second, most studies focus on patterns of foreign-owned sites as opposed to the aggregate behaviour of particular MNCs within a particular country. Our aim was to address these gaps by carrying out the most representative international investigation to date.

A critical first step was to distinguish between foreign- and domestic-owned MNCs and establish a size threshold as follows:

- *Foreign-owned MNCs*: All wholly or majority foreign-owned organisations operating in the host country (Canada, Ireland or the UK), with 500 or more employees worldwide and 100 or more employed in their host county operations.
- *Domestic-owned MNCs*: All wholly or majority home country-owned (Canada, Ireland or the UK) organisations with 500 or more employees worldwide and at least 100 employed abroad.

The next step involved the compilation of accurate and comprehensive listing of the MNC population in each country. This proved to be a particularly painstaking task involving a detailed review of various listings of MNCs provided by national agencies (e.g. government sources and development agencies) and organisations specialising in company databases (e.g. *Kompass*, *Dun & Bradstreet*). A number of recurring themes arose when examining the

¹ This paper draws on data from a larger international research project known as INTREPID - *Investigation of Transnationals' Employment Practices: an International Database*, involving coordinated surveys of employment practice in MNCs in Argentina, Australia, Canada, Denmark, Mexico, Norway, Spain, and UK. This paper focuses on three of these countries. Greater detail on each national study is available in Bélanger, *et al.*, 2006 (Canada); Gunnigle, *et al.*, 2007 (Ireland) and Edwards, *et al.*, 2007b (UK).

various databases, including their lack of comprehensiveness, duplication of companies and the inaccuracy of company details (numbers employed, etc.). It is clear that, taken in isolation, none of the sources could be relied upon to provide a comprehensive and accurate list of MNCs. In such circumstances it was clearly necessary to use all available sources to collate national lists from a number of different sources.²

In tandem with the compilation of the national databases, the three research teams collaborated in developing the questionnaire. This instrument focused on five substantive areas of employment practice (the HR function; pay and performance management; employee representation and consultation; employee involvement and communication; training, development and organisation learning) as well as encompassing a section on company background and related information. The questionnaire comprised equivalent questions to allow the same phenomena to be explored, whilst allowing for adaption to take account of national context.

This paper is based on a total of 770 responses from MNCs operating in Canada (n=208), Ireland (n=260) and the UK (n=302). The same criteria were used to identify the survey population in each country and the same target respondent was identified, i.e. the most senior HR practitioner capable of answering for all of their organisation's national operations in each country. The survey was administered face-to-face in Ireland and the UK, in cooperation with an independent research agency in Ireland and shared between this agency's survey unit and members of the Irish team, and by a professional survey agency in the UK. The Canadian survey deployed a combination of postal and Web options administered by the research team. There were some differences in the timing of fieldwork, with the UK survey being in the field from late 2005 until summer 2006, the Irish survey from spring 2006 until early 2007 and the Canadian survey from winter 2006 to winter 2007.

Interviews were successfully completed with a senior HR executives in 260 MNCs in Ireland, 302 MNCs in the UK operations and 208 MNCs in Canada. Response rates varied. The response rate in Ireland is 50% of the identified population of MNCs meeting the size criteria.³ For the UK, the achieved sample of 302 is estimated to represent 18% of the eligible population (Edwards *et al.*, 2007). In Canada, the sample of 208 represents 15% of the eligible population. In each country, robust checks for non-response bias were undertaken against known parameters in the population listing. For the UK, service-sector MNCs were found to be slightly under-represented in the achieved sample as compared to manufacturing MNCs, and the findings have been weighted to adjust for this. The Canadian survey also represents the broad characteristics of the population with a slight underrepresentation of service-sector MNCs. For Ireland, the surveyed sample was found to be broadly representative of the population

5. Dependent and independent variables

We have identified a dichotomous dependent variable to account for what we see as a firm's engaging in double-breasting. This variable captures double-breasting through a unionised firm opening new (i.e., greenfield) sites which are not subsequently unionised. Although it is also possible for firms to engage in double-breasting through acquisition of non-union sites and maintaining that status, our data allow for cross-country comparisons only when looking at the opening of new sites.

In attempting to determine the factors that contribute to double-breasting, we have established a set of independent variables which we can use to create a model. The following independent variables are used.

² Details on the precise steps taken in each country to compile their respective MNC databases is available as follows: Canada (Bélanger, *et al.*, 2006); Ireland (McDonnell *et al.* 2007); UK (Edwards, P. *et al.*, 2007).

³ The Irish sample was stratified, and the response rate is 63% when taking this into account.

Country of origin. There is a substantial literature demonstrating the influence of country of origin on the management of labour in international subsidiaries (Ferner, 1997). The literature suggests that MNCs originating in the United States are less likely than others to engage with trade unions (De Vos, 1981; Lavelle, 2008, Gunnigle et al. 2005; Geary and Roche, 2001). We use three broad categories for country of origin – these are the United States, home-owned (i.e., Irish country of origin within the Irish data, Canadian country of origin within the Canadian data, etc.), and other foreign-owned (not US or home-owned). Given the literature, we would expect that U.S.-based companies would be more likely to engage in double-breasting relative to their counterparts.

Sector. The role of sector is again heavily cited in the literature as contributory toward differences in HRM practices of MNCs. In fact, some maintain that sector is more critical in understanding the variation in MNC practices than country of origin (cf. Marginson and Sisson, 1994). Manufacturing is generally seen as the sector in which unions are most entrenched (Roche, 1997; Wallace, 2003). Three broad categories of sector are considered in our model: these are manufacturing, services, and other (wherein the MNC could not be easily classified into one of the previous types). We would expect that MNCs operating in manufacturing would be more likely to engage in double-breasting, given the already high union presence in the industry.

Employment size. MNC size is also cited consistently in the literature as a key explanatory variable for variations in HR practices. In our case, size refers to the number of workers in the MNC's host-country operations alone, rather than the worldwide operations. Given the localized nature of our study, it is more accurate to include this national-level figure rather than transnational numbers. The extant literature suggests that larger firms are more likely to be unionised (Blanden et al., 2006; Turner et al., 1994; Roche, 2001). We distinguish between firms with 100 to 499 employees, firms with 500 to 999 employees, and companies with over 1000 workers. We would expect that larger firms would be more likely to engage in double-breasting for two reasons: one, that larger firms are more heavily unionised, and as such there may be greater incentive for a company to open a non-union site; and two, that larger firms are more likely to operate multiple plants, thus increasing the chances that we would find instances of double-breasting.

Change in employment size. This variable is somewhat related to the preceding discussion of employment size in general. Building on that literature, we argue that firms which are growing are more likely to engage in double-breasting. As firms grow, they are likely to open new sites to accommodate this growth and it is plausible to expect that some of these sites will be non-union where previous or simultaneous plants are unionised (Beaumont and Harris 1992: 270). We have divided this variable into two categories: those firms with no change in employment size or a decrease over the past three years, and those firms who have gained in employment size over the past three years.

Publicly versus privately traded companies. The pressure on publicly listed companies to maximise shareholder value has led to extensive scrutiny of their ability to reduce costs and numbers of employees in order to maximize share-price values. This can translate into greater pressure to be tough on trade unions than in privately-owned companies. Against this, the recent rise to prominence of private equity funds as one form of private ownership has aroused particular union antagonism precisely because private equity owners are even less constrained to accommodate other stakeholder interests than are publicly-listed companies. The data do not, however, allow private-equity ownership to be distinguished from other forms of private ownership (such as family).

6. Findings

We report a series of findings based on our analysis of the dependent variable and its interactions with the various independent variables across the three countries. First, we profile the extent to which double-breasting is occurring within each country. Second, we

compare the various influences on double-breasting across each country using crosstabs. Finally, we use means comparisons to test whether the influences on double-breasting are statistically meaningful.

Table 1 shows the frequencies for firms recognizing unions across the three countries. From these data, we are able to profile the extent of double-breasting. Approximately half the firms surveyed in each study recognized unions for the purposes of collective bargaining. However, only 53, 59, and 44 unionized firms opened new sites recently in Ireland, the UK, and Canada, respectively. From this foundation, we are able to identify the extent to which firms opening new sites recognized unions at all, most, some, or none of the plants. Union recognition at all sites would indicate that the company did not engage in double-breasting, while any of the other categories implies some level of double-breasting.⁴

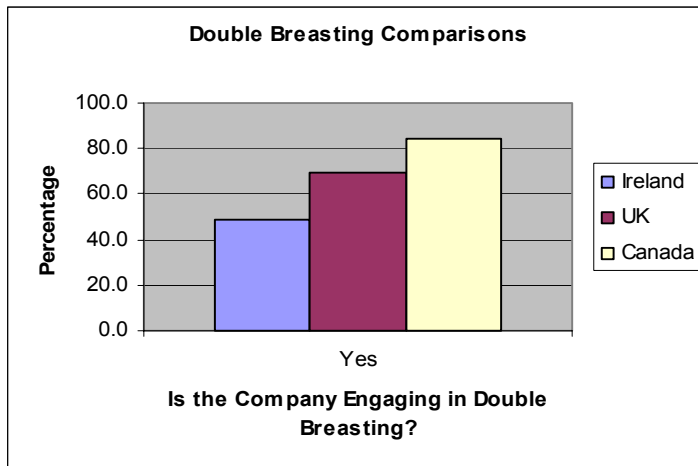
Table 1: Frequencies for union recognition across the three countries

	Ireland	United Kingdom	Canada
Total Firms Surveyed	260	302	208
Firms Recognizing Unions	158	145	102
Firms Opening New Sites	53	59	44
Union Recognition at No New Sites	14	25	26
Union Recognition at Some New Sites	7	10	9
Union Recognition at Most New Sites	5	6	2
Union Recognition at All New Sites	27	18	7

a) Profiling double-breasting across the three countries

Table 2 provides information regarding the frequency of double-breasting across the three countries. Ireland had the lowest instances of double-breasting, with roughly

Table 2: Comparing the frequency of double-breasting by country



half the surveyed firms operating union and non-union sites. The United Kingdom was found to have substantially higher amounts of double-breasting than Ireland, with about 70 percent of unionised firms engaging in the practice. Canadian firms were the most prevalent in their use of double-breasting, at 84.1 percent of unionised firms. The marked differences between the three countries appear to suggest that institutional context may indeed impact a company's decision to double breast.

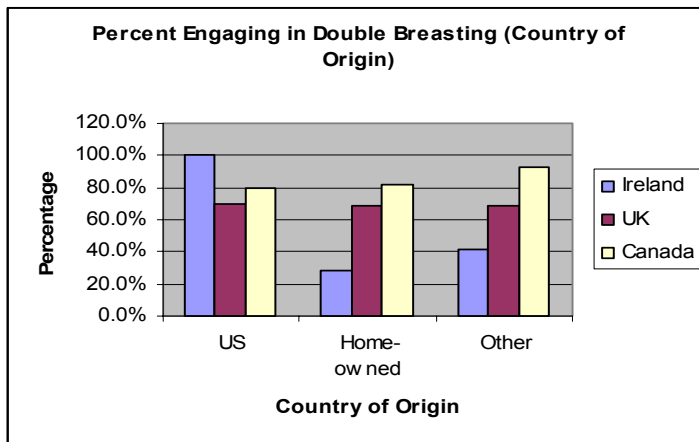
Although it appears that the degree to which firms engage in double-breasting is different across the three countries, our data allow for comparisons of the interactions between various independent variables (i.e., country of origin, sector, size, etc.) and the dependent

⁴ It may be possible that, in certain situations, legal restraints prohibited firms from unionizing new sites. In cases where this may have occurred, the occurrence of intentional double-breasting may be overstated.

variable (double-breasting). The results can help us to better understand which characteristics within each factor play a meaningful role in determining double-breasting within each country.

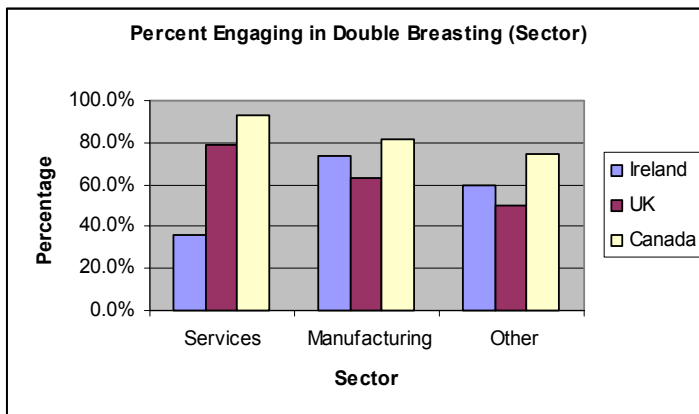
Country of origin. The third table offers the percent of firms engaging in double-breasting across the three countries, according to their countries of origin. We see a substantial country of origin effect on double-breasting in general, with relatively high percentages across all three countries and each category. For Ireland, US firms are clearly the dominant force in terms of double-breasting, less so home-owned or other country firms. In the UK, there is no meaningful difference between US, home-owned, or other country firms. For the Canadian sample, other country firms were somewhat more likely to have engaged in double-breasting than home-owned or US firms. Our hypothesis that US firms would be more likely to engage in double-breasting than all other countries does not appear to be confirmed by the results. While US firms were more heavily engaged in double-breasting in Ireland, the same could not be said for the other two countries. Conversely, home-owned firms in Ireland engaged in double-breasting far less often than those in either the UK or Canada.

Table 3: Double-breasting by country of origin



Sector. Table 4 provides the percentage of firms engaging in double-breasting by sector. In Ireland, double-breasting appeared to most heavily occur amongst manufacturing firms. The converse was found to be true for UK and Canadian companies, in that service sector firms were more likely to double breast. These results undermine the notion that manufacturing firms would be more likely to engage in double-breasting. As with the country of origin

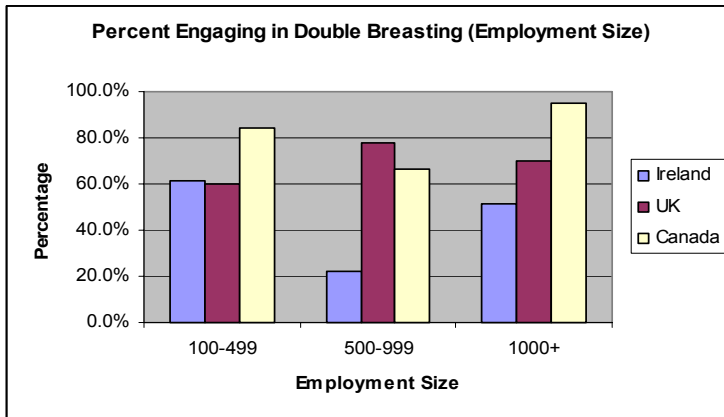
Table 4: Double-breasting by sector



effects, results supporting the hypothesis were found for the Irish firms, but not for the other two countries. Again, institutional considerations cannot be overlooked given the variation in outcomes across these variables.

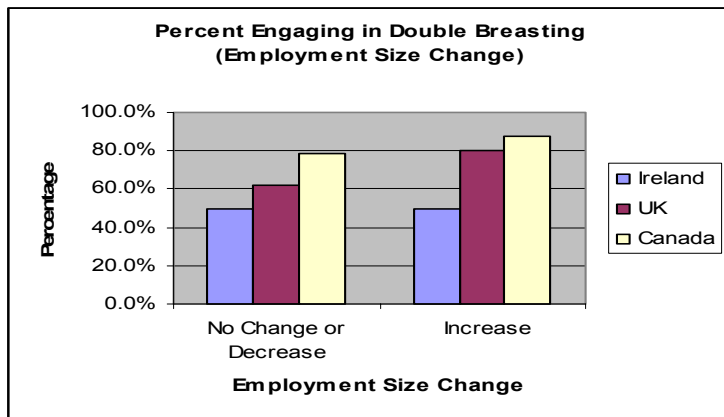
Total employment size. Table 5 gives the percent of firms engaging in double-breasting according to their total employment size for each country. The results indicate quite a mixed picture. There are no clear upward trends according to size, which is what our hypothesis would lead us to believe. In the Canadian case, the largest firms were most likely to double breast. However, for Ireland, the smallest firms most often engaged in the practice, while medium-sized UK firms were the most frequent users of double-breasting. In all, no clear trend can be seen when looking across the three countries in terms of total employment size.

Table 5: Double-breasting by total employment size



Change in employment size. Table 6 provides the frequency of firms engaging in double-breasting based on change in their employment size over the past three years. In two of the three cases (UK and Canada), firms that increased their employment in recent years were also more likely to engage in double-breasting. In the Irish case, there was little difference in double-breasting occurrence when looking at employment size change. The results suggest support, at least to some degree, the contention that growing firms may be more likely to engage in double-breasting. The notable exception is the Irish case.

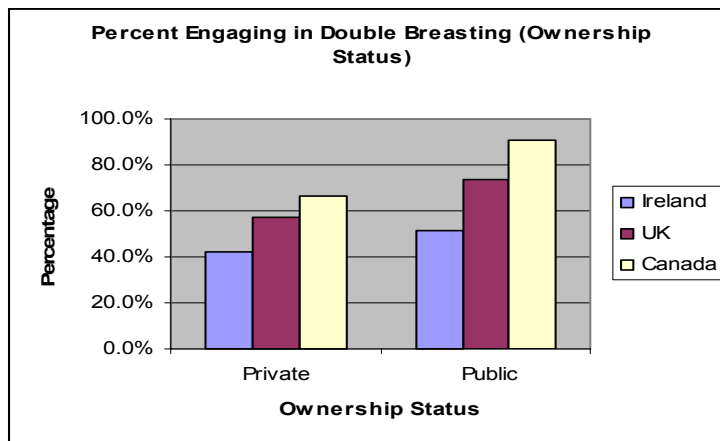
Table 6: Double-breasting by change in employment size



Ownership status. Table 7 gives the percentage of firms engaging in double-breasting by ownership status for each country. Firms were either publicly traded or privately owned. The results indicate that, across all three countries, publicly traded firms were more likely to

engage in double-breasting than privately held companies. The largest difference in double-breasting occurred in Canada, although all three countries followed quite similar trends.

Table 7: Double-breasting by ownership status



b) Means comparisons

To provide a more robust empirical test of the notion that institutional context is a key factor in whether a company engages in double-breasting, we have run a series of means comparisons for all the independent variables. We converted each factor within any given category into a dummy variable, and looked at the mean level of double-breasting for those within this category, compared to those not included in the particular group. For instance, we compared the mean double-breasting rates of US MNCs, domestic MNCs and MNCs from other countries.

The results, found in Table 8, confirm that the Irish case is substantially different from both the UK and Canadian situations. In Ireland, country of origin and sector both contained variables whose mean double-breasting rates were significant. US multinationals appeared to double breast at far higher rates than non-US firms, while Irish companies were less likely than non-Irish to engage in this practice. Manufacturing companies more often engaged in

Table 8: Means comparisons between independent and dependent variables for Ireland, Canada, and the United Kingdom

Independent Variable	Country		
	Ireland	United Kingdom	Canada
<i>Country of origin</i>			
U.S.	+ .628***	+ .008	-.062
Home-owned	-.278*	-.003	-.045
Other	-.170	-.005	+.117
<i>Sector</i>			
Services	-.336**	+ .173	+.129
Manufacturing	+ .339**	-.120	-.045
Other	+ .121	-.209	-.111
<i>Employment Size</i>			
100 - 499	+ .165	-.114	-.021
500 - 999	-.323*	-.098	-.245
1000 +	+ .062	+ .016	+.180*
<i>Change in Size</i>			
Increased ¹	.000	+ .182	+ .090
<i>Ownership Status</i>			
Publicly traded ¹	+ .094	+ .162	+ .240

Note: Dependent Variable is "Did the company engage in double-breasting?" (1 = Yes; 0 = No)

Note: No reference categories were needed for country of origin, sector, or size, given that each variable was dichotomous.

¹ Reference categories were "decreased or stayed the same" and "privately owned", respectively.

this practice, while services firms were less likely. Finally, medium-sized firms were slightly more likely to double breast than small or large firms. Overall, this finding is consistent with Ireland's public policy focus on attracting non-union (efficiency motivated) FDI, most especially in manufacturing sectors.

The United Kingdom and Canada tell a different story. Virtually none of the means was found to be significant in the UK case, while only one (large employment size) was significant in Canada. This suggests that, while it is unclear which variables most clearly contribute to double-breasting in these countries, it can be said with confidence that they are not the same factors which influence double-breasting in Ireland. This would offer quite clear evidence that institutional context is in fact relevant to the determinants of double-breasting – in the Irish context, country of origin, sector, and to some degree size all mattered in an institutional context where public policy cut in both directions (legitimising unions in the Celtic tiger partnership while being more than tacitly open to union avoidance strategies). In the other two contexts, which afforded great institutional latitude to double-breasting strategies on the part of the employer, none of these variables proved particularly influential. In the UK and Canadian cases, agency factors (i.e., particular management policies and specific circumstances of individual MNCs) may be more important to a firm's decision to double breast than are the organizational characteristics considered in this study.

7. Discussion and implications

The overall results offer several interesting implications, and suggest that further investment may yield considerable knowledge regarding the prevalence of, and contributory factors to, double-breasting. Before discussing the implications, however, it is important to note their limitations. The outcomes on which these implications are founded are merely suggestive, given the small number of absolute cases of double breasting in each national setting and that robust statistical analysis was not used in this paper. Future work on this topic might employ empirical techniques to measure the determinants of double-breasting, which would add significance weight to the conclusions drawn from this initial analysis.

Having considered these limitations, the analysis suggests that three implications can be identified. First, the incidence of double-breasting was markedly different across the three countries studied. This suggests that even within liberal market economies, national institutional contexts may facilitate or hinder double-breasting in the case of new MNC sites.

This lack of uniformity across the three countries in terms of double-breasting yields a second question: what specific factors determine whether a company will double-breast in each country? The second series of results, performed using crosstabs, sheds some light on this, suggesting that the within- and between-country variance in firms' decisions to engage in double-breasting may be associated with the company's country of origin, size, sector, and ownership status. The first three variables listed yielded different outcomes depending on the country, while sector and ownership status were more uniform in their results.

The final implication which can be gleaned from our analysis is the suggestion that institutional context plays a critical role in the frequency of double-breasting. This assertion is predicated on the previous two implications, and also on the means comparison results, which demonstrated a clear lack of uniformity in double-breasting determinants across the three countries. Given that the incidence of double-breasting differs across the countries and its determinants are also unique for each setting studied, the logical conclusion would suggest that the factors at play are being filtered by national institutional contexts and that an understanding of this process matters.

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Transnational Employee Voice in Multinational Companies: variable dialogue in European Works Councils

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1. Introduction

Fifteen years after the European Union's (EU's) adoption of the European Works Councils (EWCs) Directive, only four out of every ten of the multinational companies (MNCs) covered have established an EWC (ETUI, 2008). Previous studies find variability in the incidence of EWCs according to factors such as country-of-origin, sector and size (Waddington and Kerckhofs, 2003), although none has employed multi-variate analysis to establish the relative strength of these influences. Amongst those MNCs which have established EWCs, research also points to considerable variability in the extent and quality of social dialogue taking place within them. The qualitative studies concerned, based on multiple case study designs (Lecher et al, 2001; Marginson et al, 2004), identified marked differences in management practice towards EWCs. These studies aside, management's EWC practice continues to remain rather neglected: the situation has changed little since Mueller and Hoffmann (2001)'s review of existing research on EWCs at the beginning of the decade.

This paper draws on findings from a unique international database, compiled from parallel surveys of employment practice in the operations of MNCs in three European countries - Ireland, Spain and the UK - to address both dimensions of EWC variability. It uses multi-variate regression analysis to investigate the factors shaping the incidence of EWCs and those factors which account for variation in management's information and consultation practice. Earlier quantitative analysis of EWC incidence has been bi-variate in nature (Waddington and Kerckhofs, 2003), and whilst earlier surveys have analysed management attitudes towards EWCs, employing bi-variate techniques (e.g. Nakano, 1999; Wills, 1999), this is the first survey to address management's information and consultation practice.

2. Variability in the existence of and management practice towards EWCs

a) Existence of EWCs

The provisions of the 1994 (revised 2008) European Works Councils Directive accord primacy to negotiated arrangements between company management and employee representatives in implementing the employee information and consultation requirements it specifies. The Directive further specifies that the process to establish an EWC has to be triggered by employees and their representatives, or by management, and lays down procedural rules to this effect. Implementation of the Directive's provisions in MNCs which fall within its scope is not, therefore, automatic. Of the 2,200+ estimated currently covered by the Directive, 860 are estimated to have EWCs, representing around 40% the total (ETUI, 2008). Underlying this overall figure, Waddington and Kerckhof's (2003) analysis identifies variation in the 'strike rate' of EWCs established relative to MNCs covered according to country-of-origin, sector, employment size and degree of internationalisation. Compared to an overall strike rate of 34 per cent at the time, they found German-owned MNCs to be

relatively low at 25%, French- and US-owned companies around the average (35% each), and UK-, Japanese, and Swedish-based MNCs comparatively high (40%, 43% and 43% respectively). Between sectors, the strike rate in manufacturing, at 45%, was almost double that in services. The rate increased with employment size, in terms of the total number of employees within MNCs' European operations, and with the degree of internationalisation, defined as the number of European countries in which a MNC had operations.

In considering why the incidence of EWCs might vary, the following discussion considers the potential influence of four main types of factor: ownership; demographic (sector, employment size etc); business strategy and management structure (including degree of internationalisation); and workforce organisation. A first dimension of ownership is country-of-origin, where MNCs' propensity to establish EWCs may be shaped by features of their domestic systems for employee representation and consultation. Mandatory structures for employee representation within the enterprise with rights to employee information and consultation are, under either labour law or basic agreements (as in the Nordic countries), familiar to MNCs headquartered in continental western and Nordic European countries, but not to MNCs based in the Anglophone countries or Asia. Accordingly, it might be expected that EWCs would be more widespread amongst the former than the latter. Yet, in MNCs based in continental western Europe, the establishment of an EWC might be seen as superfluous by both management and home-country employee representatives, insofar as there are existing, well-functioning national group-level arrangements in the home country which provide this crucial group of representatives with transnational business information and the opportunity to be consulted on the implications. Blokland and Berentsen (2003) and Costa and Arúja (2008) report this to be the case in a number of Dutch and Portuguese-owned MNCs, respectively. A second dimension is whether companies are publicly listed or privately owned. In an investigation of German-based MNCs potentially covered by the Directive, but which have not established EWCs, Whittall et al (2008) find a disproportionate number of privately-owned companies. They attribute this to the lack of transparency over the holdings and structure of these companies, and over employee numbers in the operations in different countries – information which is required by employee representatives to successfully initiate the trigger mechanism for negotiations to establish an EWC.

Sector and employment size are both likely to shape the propensity of MNCs to establish an EWC. The diffusion of EWCs is anticipated to be higher in the manufacturing than service sectors for several reasons. Trade union organisation has traditionally been stronger, and remains so, in manufacturing than services (Dølvik, 2001); structures for indirect (representative-based) consultation are also more strongly embedded in manufacturing than services. Manufacturing sectors are more exposed to international competition and production operations across countries are more integrated, than in the service sectors, where competition remains more domestically-bound and operations less internationally integrated. Transnational business decisions which affect the workforce are therefore likely to be more common in manufacturing than services. In these respects, construction and the utilities resemble manufacturing more closely than services. Concerning employment size, larger MNCs are more likely to be internationalised in the scale and nature of their operations; hence the relevance of establishing an EWC is more apparent. Amongst the smaller MNCs without EWCs studied by Berentsen and Blokland (2003), numbers employed outside the Netherlands were small. In part, size proxies for the effects of internationalisation. Also, in larger MNCs employees tend to be better organised – by trade unions and through works councils – and are able to access superior resources, better enabling them to press for the establishment of an EWC.

The degree to which the operation, organisation of production and management structure of MNCs is internationalised embraces several dimensions. Along each, the greater the degree of internationalisation, the more cross-border, transnational business decisions are likely to arise, and the more relevant the establishment of an EWC becomes. One indication of internationalisation comes from the number of countries a MNC operates in (Waddington

and Kerckhofs, 2003) or the spread of employment across operations in different countries. The more even the spread, the less likely are employee representatives from the home, or any given, country to see national arrangements as adequate for securing group-level information and influence, and the stronger the rationale for establishing an EWC (Marginson et al., 2004). To the extent that production (or service provision) is integrated across borders, establishment of an EWC becomes more relevant as the frequency, and consequences, of cross-border, transnational business decisions will be higher, and greater, than where operations are not internationally integrated. The degree to which products are standardised internationally is also likely to exercise an influence on the EWC compliance rate: where products are standardised and there is greater similarity between operations across borders, management will have a greater interest in avoiding the establishment of local precedents which could have repercussions elsewhere, and local workforces are more likely to see commonalities of interest across borders (Marginson, 1992). Considerations of international management structure are also important: where a European-level management structure exists management are more likely to view an EWC as a useful interlocutor than where there is no such structure between national and worldwide level (Lamers, 1998).

The capacity, and interest, of the workforce to press for the establishment of an EWC will be greater in the presence of trade union organisation and/or works council arrangements. As compared to works councils, company-based trade union organisations are able to draw on the external resources of the union, both national and European, as well as their own internal (often management-provided) resources (Lecher et al., 2001), and hence is likely to act as the more critical catalysing factor. In particular, the existence of national, group-level trade union and/or works councils structures within MNCs' national operations can act as a platform for the establishment of an EWC (Hoffmann, 2006; Marginson et al., 2004).

b) Management practice in EWCs

The agreements which establish EWCs, and the Directive and national legislative measures which implement it, leave considerable scope for variation in management practice towards EWCs. The extent of such variation has been empirically demonstrated in multiple case study investigations (Lecher et al., 2001; Marginson et al., 2004), which draw a broad distinction between minimalist and pro-active approaches by management towards EWCs. Under a minimalist approach, driven primarily by considerations of regulatory compliance, management aims to contain or restrict the role of the EWC to a 'symbolic' one, in which it retains strict control of the agenda, information provision is limited to rather general presentations of business performance and prospects – and may even be deficient, there is no consultation and there is little or no contact with employee representatives between annual meetings. Under a pro-active approach, management sees potential for the EWC to play a role in enhancing understanding of, and providing greater legitimacy for, business decisions and their consequences amongst employee representatives and the wider workforce. In these 'active' EWCs, the employee side plays a role in shaping the agenda, information provision is more wide-ranging, comprehensive and timely, there is consultation on some issues (at least), and ongoing liaison between management and employee representatives. Lecher et al (2001) and Marginson et al (2004) additionally find differing degrees of pro-activity on the part of management, with the most extensive practice involving systematic alerting of employee representatives to upcoming decisions, and extensive consultation – and even negotiation – over the consequences of, for example, major restructurings. Survey studies to date have mainly focused on management attitudes towards EWCs (e.g. Nakano, 1999; Vitols, 2003; Wills, 1999), rather than management practice. Nonetheless, findings are consistent with the distinction between minimalist and pro-active approaches. Vitols (2003), for example, surveying managers in 63 European-based MNCs, reports that 30% of respondents regarded their EWC as 'a necessary legal obligation' – likely to translate into a minimalist approach. At the other end of the spectrum, and consistent with different degrees of proactivity, 19% described their EWCs 'as a

responsible partner for co-managing the company', whilst most of the remaining 44% regarded the EWC as 'an important mechanism for information, exchange of viewpoints and dialogue within the company'.

What factors might shape variation in management practice towards EWCs? To date, attention has focused more on accounting for variation in the functioning and effectiveness of EWCs than of management practice towards them. Lecher et al (2001) take an 'actor-centred' approach which underlines the importance of factors such as organizing capacity and effective networking between employee representatives, links between EWCs and trade unions and high trust relations with management, but do not focus on the management side per se. Marginson et al (2004) pay attention to the influence of a range of structural conditions, as well as 'actor-centered' factors including management approach and policy. Reviewing the evidence on the impact of structural conditions on EWC effectiveness, Marginson and Sisson (2004: 238) conclude: 'this substantial variation [in effectiveness] is shaped more by the international nature of the company concerned, and the sector in which it operates, than by features of the particular country in which a given company is headquartered'. With this in mind, the potential influence of these structural variables, and also the presence of an international HR structure and the degree of union organization, on management practice towards EWCs are considered.

As noted above, the degree to which the operations and management organization of a MNC are internationalized is multi-dimensional. In general the frequency, scale and cross-border consequences of transnational business decisions – and with it management interest in securing workforce understanding of and legitimacy for them – will be greater in more internationalized MNCs than those that are less so. In particular, management is more likely to adopt a proactive approach where production is integrated across borders and where products are more standardized internationally. The extent to which operations and management organization are internationalized also varies between sectors, with manufacturing MNCs tending to be more internationalized than those in services.

Turning to international management organization, a proactive approach is more likely where there is a European regional management structure to which the EWC can act as a counterpart, than where the EWC cuts against the grain of the MNCs international management structure. A further aspect of the internationalization of MNCs' management organization is the extent to which this is reflected in the presence of international HR structures and/or networks, including such things as a worldwide committee with responsibility for determining HR policy; regular meetings of, and networking between, HR managers in the different country operations; an international HR information system; and systematic mechanisms to monitor and process data on labour costs and performance (Edwards et al., 2007). To the extent that HR policies are standardized and/or coordinated across borders, management is more likely to see the EWC as relevant to facilitating their successful implementation and hence pursue a proactive approach.

Marginson and Sisson's (2004) conclusion notwithstanding, there are reasons to expect some variation according to MNCs' country-of-origin, or more precisely the kind of industrial relations institutions which characterize 'liberal market' and 'coordinated' country-of-origin economies, respectively (Hall and Soskice, 2001). As noted above, MNCs-based in the Anglophone countries, particularly those outside of Europe, have little domestic experience of the practice of informing and consulting with employee representatives. Management, whilst wishing to be comply with regulation, may be inclined to contain the role of the EWC and pursue a minimalist approach. In contrast, MNCs based in western continental and Nordic Europe have long been familiar with domestic practice of informing and consulting with employee representatives, and the potential benefits that can be derived, and be more inclined to adopt a pro-active approach. Consistent with this, EWC employee representatives report management's information and consultation practice to be more extensive in MNCs headquartered in continental Europe than in Anglophone countries (Waddington, 2003). The contrast in management practice might be sharpest between continental western European-

and non-European-owned MNCs, since the Anglophone European countries have had to accommodate to the principle of universal employee representation for the purposes of information and consultation under a series of EU directives. A second dimension of ownership is whether companies are publicly quoted on stock markets or not. Under private ownership, general obligations to provide information on the situation and prospects of the business are altogether less than for publicly-trade companies. The corollary is that under private ownership a minimalist management approach towards EWCs might be more likely.

The degree of workforce or trade union organization within companies is a further likely influence on management practice towards EWCs, with pressure on management to be proactive being greatest where trade unions are well organized across national borders and able to ensure a strong presence amongst, and support for, employee representatives on EWCs. Conversely, a minimalist approach is more likely in the absence of workforce organization. As noted above, trade union organization also tends to vary across sectors, with marked differences between manufacturing and services.

3. Research design, methods and data

The findings are drawn from three, parallel large-scale surveys of employment practice in the national operations of MNCs undertaken in Ireland, Spain and the UK involving a personal, structured interview with a senior HR executive in each of 260, 330 and 302 MNCs in the three respective countries⁵. The design and implementation of the surveys was undertaken on an internationally coordinated basis, involving close cooperation which is ongoing between the research teams in each country. Each employed common criteria for defining the eligible population of MNCs, similar approaches to compiling a population listing for each country, face-to-face structured interviews and a common core of questions around four main areas of employment practice. The subsequent coding of the data has been undertaken in such a way as to enable the integration of national datasets for the purposes of cross-national analysis. A detailed account of the design and methods of the three surveys is provided in McDonnell et al, 2007 (Ireland), Quintanilla et al, 2008 (Spain) and Edwards et al, 2007 (UK).

The surveys covered the operations of both foreign- and home-owned MNCs with 500 or more employees worldwide in the three countries. Foreign-owned MNCs also had to have at least 100 employees in the national operation in the country being surveyed, whilst home-owned MNCs had to have an operation employing at least 100 in at least one other country. As there are no publically available listings of MNCs in the countries concerned, each survey was based on a listing of the population compiled by the respective research teams, using multiple listings of MNC subsidiaries published in business registers and other sources, and intensively checking and cross-checking these.

The fieldwork for the Irish survey was undertaken in part by a professional survey agency, contracted by the research team, and in part by the researchers themselves; that for the Spanish survey was undertaken entirely by the researchers themselves; whilst that for the UK survey was wholly undertaken by a professional survey agency, contracted by the research team. There are some differences in the timing of fieldwork, with the UK survey being in the field from late 2005 until summer 2006, the Irish survey from spring 2006 until early 2007 and the Spanish survey from summer 2006 until the start of 2009. Interviews were successfully completed with a senior HR executive in the Irish operations of 260 MNCs (average duration of 50 minutes); in the Spanish operations of 330 MNCs (average duration of 75 minutes); and in the UK operations of 302 MNCs (average duration of around 70 minutes). Response rates varied. The response rate in Ireland is 50% of the identified population of MNCs meeting the size criteria⁶. In Spain it is 30%. For the UK, the achieved

⁵ A fourth survey was undertaken in Canada, and a fifth is in the field in Mexico.

⁶ The Irish sample was stratified, and the response rate is 63% when taking this into account.

sample of 302 is estimated to represent 18% of the eligible population (Edwards et al., 2007). In each country, robust checks for non-response bias were undertaken against known parameters in the population listing. For Ireland, the surveyed sample was broadly representative of the population. In Spain, home-owned and larger MNCs are overrepresented in the achieved sample, and weights to adjust for this are being constructed. For the UK, service-sector MNCs were found to be slightly under-represented in the achieved sample as compared to manufacturing MNCs, and the findings have been weighted to adjust for this.

The dataset used for the paper's analysis integrates a subset of comparable variables exported from the three national data sets. Two types of comparable variables are involved: identical measures, where the same or very similar questions were asked in each national survey; and functionally equivalent measures, where because of differences in institutions and legal framework, phenomena – and therefore measures – are not identical. An example of the second type of variable is union presence, where the Irish and UK practice of union recognition does not exist in Spain. In Spain, workforces have the right to trigger a legal form of employee representation at work, which may or may not be union-based. The measure of union presence employed below combines the practice of union recognition in Ireland and the UK and the existence of a legally-based structure of employee representation in Spain.

Employee representation and consultation arrangements were one of four areas of employment practice addressed in each survey, and these included common questions on the existence of an EWC and, where such existed, management's information and consultation practice. Concerning the existence of an EWC, respondents were asked:

'Is there a European Works Council or similar European-level employee information and consultation structure which covers the [Irish/Spanish/UK] operations?'

If there was an EWC, respondents were then asked about management's information and consultation practice. The question aims to capture the distinction between 'symbolic' and 'active' EWCs, and different degrees of 'active' (Lecher et al., 2001; Marginson et al., 2004):

'Using this [1 to 5] rating scale, which of the following statements best describes the overall nature of the EWC ...

1. Management provides minimal information required for compliance, there is little or no dialogue with employee representatives over issues; and no impact on decision outcomes
2. Management provides information slightly beyond that required for compliance ...
3. Management provides information somewhat beyond that required for compliance; there is a substantive dialogue with employee representatives on a limited range of issues; and a limited impact on decision outcomes
4. Management provides information beyond that required for compliance ...
5. Management provides information considerably beyond that required for compliance; there is substantive dialogue with employee representatives over a wide range of issues; and an extensive impact on decisions outcomes

Section 2 identified a range of influences likely to shape the existence of an EWC, and management practice towards it, and the surveys include data items on most of these. These influences concerned ownership; demographic factors; business strategy and management structure; the presence of international HR structures; and union organisation.

Ownership: The *country of origin* of each MNC was identified, defined as the country in which the operational headquarters of the worldwide company was located. The cell sizes required to undertake viable analysis necessitate the grouping of many individual countries of origin into larger geographical clusters. Section's 2 discussion suggests the relevance of six to the present analysis: continental western Europe, Nordic Europe, Anglo-Irish, north America, east Asia (including Japan), and a residual 'rest of the world'. In addition, *home*

country-owned MNCs can be differentiated from *foreign-owned* companies. Respondents were also asked whether the MNC was a *publicly traded* company or *privately owned*.

Demographic factors: The broad industrial *sector* of operation of MNCs was identified, distinguishing between primary, secondary (manufacturing), tertiary (services) and utilities and construction. To enable viable analysis, the first and last categories had to be combined. The *worldwide employment size* of the MNC was established.

Business strategy and management structure: A measure of *employment dispersion* across different global regions – to indicate degree of internationalisation - resulted in relatively large numbers of missing values (Spanish and UK surveys) or was not asked of home-owned companies (Irish survey). Measures of the extent of *international integration* – whether MNC operations supply and/or are supplied by company operations in other countries – and *product standardisation* are, however, available. So too is a rough proxy of transnational business decisions which impinge strongly on workforce interests, in the form of the occurrence of any *site closures* in the country of operation. Respondents were asked whether there was a *regional ie European management structure* between the national operations and global headquarters.

International HR structures: Respondents were asked whether there was a committee of senior executives at headquarters level which formulated HR policies to be implemented in the different national operations (*international HR committee*). They were also asked whether HR managers from the different countries were brought together regularly, through meetings or in other ways (*international HR network*).

Union organisation: No common measure of the extent to which unions coordinate, or are networked, across borders within MNCs was obtained in the surveys. The presence of a recognised union (Ireland and the UK) or legally-based employee representation (Spain) within the respective national operations is therefore the best approximate measure available of union organisation⁷.

The two questions about EWC existence and management practice towards them constitute the dependent variables for the multivariate regression analysis reported in the next section. In undertaking the regression analysis, two possible approaches were considered. The first, utilised in the small number of cross-national analyses of data from workplace surveys of employment relations (including, variously, Australia's AWIRS, Britain's WERS, France's REPONSE, and Germany's IAB panel survey e.g. Whitfield et al., 1994; Coutrot, 1998; Schnabel et al., 2006), is to run parallel regressions for each national data and test for differences in the overall significance of regressions, the intercept and the coefficients. The second, is to run a single regression for the integrated data set, and include a dummy variable for survey country, which would pick up any differences in local institutional and legal environment which might affect management reports of EWC practice in particular. The second approach is adopted here given the nature of EWCs as transnational employment relations structures; also this maximizes the size of the available sample (a particular consideration for management's EWC practice, since only a minority of MNCs report EWCs).

4. Findings

a) Existence of EWCs

Table 1 shows that EWCs were present in 46% of MNCs with operations in Spain, 39% of those with operations in Ireland and 28% of those with operations in the UK. Amongst the MNCs with no EWC, a minority anticipated one being established in the two years following the survey fieldwork: 7% in Spain and 13% in both Ireland and the UK.

⁷ The question was asked in respect of all employees in the Irish and Spanish surveys, and of the largest occupational group in the UK survey.

Table 1: Incidence of EWCs

Is there an EWC covering the national operations?	ES %	IE %	UK %
Yes	42	39	28
No	58	59	71
Don't Know	1	3	-
Total	100	100	100
No. of cases	330	260	302

Note: UK findings are weighted (see previous section)

For the regression analysis, the existence of an EWC generates a binary dependent variable, hence logistic regression was utilised. The independent variables were introduced into the regression analysis in the four clusters discussed in section 2: ownership, demographic factors, business strategy and structure; and union organisation. A control variable for host country was also included in each regression. Table 2 summarises findings of the four resulting regressions. Only variables with a significant coefficient in at least one regression are indicated.

Table 2: Determinants of the incidence of EWCs – summary of regression results

Variable [reference category]	(A)	(B)	(C)	(D)
<i>Ownership</i>				
Nordic [rest of the world]	+***	+***	+***	+***
Publicly listed [privately owned]	+***	n.s.	n.s.	n.s.
<i>Demographic</i>				
Manufacturing [services]		+***	+***	+***
5000-29999 employees [500-999]		+***	+***	+***
30000+ employees [500-999]		+***	+***	+***
<i>Business strategy and structure</i>				
Integration: supplies to & supplied from other countries [neither]			+**	+**
European management structure [none]			+***	+***
<i>Union organisation</i>				
Union presence in host country [none]				+***
<i>Host country</i>				
UK [Spain]	-***	-*	-*	n.s.
Model chi-squared	48.1***	235.8***	249.2***	272.4***
Step chi-squared	---	187.7***	13.4**	23.3***
Nagelkerke R ²	.082	.357	.374	.403
N	778	778	778	778

Note: + indicates higher, and – indicates lower, incidence than reference category
 ***, **, * indicate significance at the 1%, 5% and 10% levels respectively

The model and step chi-squared statistics indicate that each regression attains significance at the 1% level, and that the introduction of each successive group of variables significantly adds to the overall explanatory power (at the 1% level for (B) and (D) and at the 5% level for (C)). The Nagelkerke R^2 also increases as successive groups of variables are introduced.

Two main changes are noticeable as successive groups of variables are introduced. The first is that the impact of being publicly-listed becomes insignificant with the introduction of demographic factors. Further investigation specified the effect to the introduction of worldwide employment size. The implication is that privately-owned MNCs tend to be smaller than publicly listed ones, and that once this is controlled for then there is no significant difference between this dimension of ownership. The second is that a seeming lower incidence of EWCs amongst MNCs with operations in the UK disappears once the final variable, union recognition, is introduced.

Otherwise the significance of the effects of several variables is consistent across regressions. MNCs headquartered in the Nordic countries are significantly more likely to have an EWC than those based in the rest of the world. Taking regression (D), the odds are 20 times greater (coefficients represent the log of the odds ratio). There are no other significant differences according to country of origin: and the magnitude of coefficients for north American- and east Asian-based MNC does not differ greatly from those for MNCs based in continental and Anglo-Saxon Europe. Manufacturing MNCs are significantly more likely to have EWC than those in services, with the odds being two times greater. Larger MNCs by worldwide employment size are also significantly more likely to have EWCs than smaller ones. Of the strategy and structure variables, international integration involving the MNCs operations both supplying to, and being supplied by, operations in other countries, and the presence of a European management structure both have significant effects. In both cases, the magnitude of the odds is nearly two times greater. Finally, where unions are recognised in the operations in the host country, there is significantly more likely to be an EWC – the odds being almost three times greater.

Overall, the regressions, and (D) in particular, provide strong support for the expectations developed in section 2 about the factors influencing the incidence of EWCs.

b) Management practice in EWCs

Table 3 reports the respondents assessments of management's information and consultation practice towards the EWC. The proportion responding that management's approach is minimalist, or close to this – as represented by the first two rows – varies across the three countries, accounting for 19% of MNCs with operations in Spain, and 31% and 30% of those with operations in Ireland and the UK, respectively. Conversely, the proportion which describe management's approach as pro-active – as represented by the fourth and fifth rows – totals 34% and 33% amongst MNCs with operations in Spain and Ireland, respectively, but only 15% amongst MNCs with UK operations. Since this measure approximates to a continuous variable, OLS was used in the initial regression analysis reported below.

The Spanish and UK surveys also asked whether a manager from the national operations (Spain) or the respondent (UK) attends meetings of the EWC, and if not whether managers in national operations were systematically informed about EWC meetings and activity. Amongst the Spanish operations covered by an EWC, almost half (48%) reported that a manager regularly attended EWC meetings, and a further 4% attended on occasion. Thirty-five per cent of respondents in the UK operations covered by an EWC regularly attended EWC meetings, and a further 11% attended on occasion. Where managers did not attend the EWC, national managers were systematically informed about EWC business at the time of meetings in two-thirds of cases in both Spain and the UK. Of the remaining third, most were informed on an 'as necessary basis' although 10% in both surveys received no information, revealing a degree of detachment between the EWC and MNCs' national operations in a minority of cases.

Table 3: Management's EWC practice

	ES %	IE %	UK %
Management provides minimal information ...	13	11	16
Management provides information slightly beyond ...	6	20	14
Management provides information somewhat beyond ...	39	34	56
Management provides information beyond ...	11	26	7
Management provides information considerably beyond ...	23	7	8
D/K	8	2	-
Total	100	100	100
No. of cases	137	100	84

Note: UK findings are weighted (see previous section)

In the regression analysis, the independent variables were introduced in groups following the sequence of section 2's discussion: sector; business strategy and structure; international HR structures and union organisation; and ownership. Control variables for host country, and for home-country ownership – on the grounds that EWCs are serviced by headquarters management, meaning that respondents in these MNCs are 'closer' to the EWC than those in foreign-owned MNCs – were also included in each regression. Table 4 summarises the findings of the four resulting regressions. Where more than one variable is entered in a group, only those with a significant coefficient in at least one regression are indicated. Regressions including worldwide employment size were also run, but since its inclusion reduced the overall N and did not add to overall explanatory power these are not reported.

The F statistics indicate that the regressions become significant at the 1% level with the introduction of the business strategy and structure variables (B) and remain so thereafter. The introduction of the successive groups of variables significantly adds to the overall explanatory power at each step⁸. The R² also increases to reach 13% in (D). The main change noticeable as further groups of variables are introduced is that the effect of product standardisation becomes insignificant.

Focusing on regression (D), there are no significant sector effects, implying that insofar as MNCs have established EWCs, and controlling for other factors, management practice in service sector MNCs does not significantly differ from that in their manufacturing counterparts. Contrary to expectations from section 2, the degree of international integration does not significantly effect management practice, whereas – as expected - the presence of a European management structure as an interlocutor for the EWC does. The negative impact of site closures might be interpreted in two ways: either management is less inclined towards extensive information and consultation practice under circumstances of retrenchment, or that closures in the host country are not a good indicator of transnational business restructuring. Where there is an international HR committee, management's information and consultation practice is likely to be more extensive, which accords with expectations. Union presence in the host country has no effect on management practice. Whilst unionisation in MNCs operations has an important impact on the establishment of EWCs, it is probably the presence of effective cross-border union organisation which is likely to shape management practice, and no such measure was available. Turning to ownership, Nordic-based MNCs are significantly more likely to report extensive information and consultation practice than north American-based MNCs, but this does not also extend to

⁸ In regressions not reported, when union organisation was added in a separated step after the introduction of international HR structures, overall explanatory power did not improve.

MNCs based in continental western Europe. There is no significant difference in management practice between publicly traded and privately owned MNCs.

Table 4: Determinants of management's EWC practice – summary of regression results

Variable [reference category]	(A)	(B)	(C)	(D)
<i>Demographic</i>				
Manufacturing [services]	n.s.	n.s.	n.s.	n.s.
<i>Business strategy and structure</i>				
Product standardisation [locally different]		_*	_*	n.s.
European management structure [none]		+**	+*	+*
Site closures in host country [none]		-**	-***	-***
<i>International HR structures</i>				
International HR committee [none]			+**	+**
<i>Union organisation</i>				
Union presence in host country [none]			n.s.	n.s.
<i>Ownership</i>				
Nordic [north America]				+**
Publicly listed [privately owned]				n.s.
<i>Controls</i>				
Host – Ireland [Spain]	_*	-**	-**	-**
Host – UK [Spain]	-***	-***	-**	-***
Home-owned	n.s.	n.s.	n.s.	n.s.
Model F	2.42**	2.58***	2.66***	2.31***
Step F	---	2.55***	2.79***	1.66**
R ²	.040	.092	.110	.131
N	293	293	293	293

Note: + indicates higher, and – indicates lower, incidence than reference category
 ***, **, * indicate significance at the 1%, 5% and 10% levels respectively

Finally, whilst the effects of home-country ownership are consistently insignificant, host country acts as a significant influence on management practice: respondents in MNCs' Irish and UK operations are significantly less likely to report extensive information and consultation practice than those in companies' Spanish operations. Such a difference might reflect the relative lack of familiarity of managers in Ireland and the UK with mandatory structures for employee information and consultation in their domestic industrial relations systems, as compared to their Spanish counterparts who have become familiar with such arrangements domestically over the past quarter century.

Overall, the regressions provide only mixed support for the expectations developed in section 2 about the factors shaping management's practice towards EWCs.

Conclusions

Drawing on a unique international dataset, our multivariate analysis of the incidence of and management practice towards EWCs confirms the variable nature of the transnational employee voice which has resulted from implementation of the EU's Directive. Yet in both respects the main sources of variability identified are not entirely consistent with those emerging from previous studies involving bi-variate analysis or in-depth, qualitative enquiry.

Concerning the factors influencing the incidence of EWCs, the paper confirms to differing degrees the relevance of four main types of factor. Ownership is found to be rather less prominent than has been previously supposed. Earlier bi-variate analysis suggested considerable differences according to MNCs country-of-origin. Here, just one important difference emerged: Nordic-based MNCs are markedly more likely to have an EWC than those headquartered in other countries. Contrary also to previous findings, there is no difference between privately-owned and publicly-traded MNCs. The importance of demographic factors is, however, confirmed: manufacturing MNCs are markedly more likely than their service sector counterparts to have an EWC, and the diffusion of EWCs increases with worldwide employment size. The significance of sector alongside measures of business strategy and structure and workforce organisation, suggests that its influence amounts to more than the second order effects of these two variables. Business strategy and structure is also confirmed as an important influence: specifically, internationally integrated MNCs are more likely to have an EWC than those which are not, and EWCs are more likely to be found where the MNC has a European management structure, which can act as an effective interlocutor. The influence of workforce organisation is also confirmed: union presence in host country operations is positively associated with the existence of an EWC. Once other factors are controlled for, whether the MNC operation surveyed was located in Ireland, Spain or the UK had no effect.

A differing set of factors shape management's EWC information and consultation practice. Most notably, neither sector nor worldwide employment size emerge as significant influences. On ownership, it is Nordic-based MNCs which are again distinctive, being more likely to engage in extensive provision of information and consultation than those based in other countries. Future investigation might investigate a 'variety of capitalism' as distinct from the country of origin effect explored in this paper. Contrary to other studies, MNCs which are internationally integrated are not more likely to report extensive information and consultation practice than those which were not. However, the existence of a European, regional management structure is associated with more extensive practice. So too is the presence of international HR structures. Workforce organisation, as measured by union presence in the host country, does not exercise a significant influence: a preferable, but unavailable, measure would have been functioning cross-border workforce organisation. The significant difference according to whether the MNC operations surveyed were located in Spain or in Ireland or the UK may stem from the greater familiarity of managers in Spain than their Anglo-Irish counterparts with mandatory, representative-based workforce structures for employee information and consultation. Alternatively, interpretations of the practice of a common transnational structure may themselves be variable because of nationally-framed conceptions of the spectrum of information and consultation practice open to management.

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Is there a Regional Logic in the Management of Labour in Multinational Companies? Evidence from Europe and North America

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1. Introduction

Research concerning whether multinational companies (MNCs) develop an international element to the way they manage their international workforces is characterised by something of a disjuncture. The mainstream approach to this issue assumes that MNCs have strong incentives to develop a 'global' dimension in human resource management (HRM) but are constrained by the distinctiveness of national systems in applying this. From this perspective, MNCs are seen as 'an emerging global class of organizations' with the potential to 'form their own intra-organizational field' (Kostova *et al.*, 2008: 996) with firms having scope to exploit the competencies and expertise that they possess in HR and base international policies on these sources of competitive advantage (Taylor *et al.*, 1996). In contrast, a smaller strand of the literature asserts that MNCs make a virtue out of national differences by separating the various aspects of their operations so that each is located in the country with the most suitable conditions. Where this is the case, the technological context and occupational profile of a multinational's sites are so different that it has little incentive to develop common policies across borders (e.g. Wilkinson *et al.*, 2001; Kahancova and van der Meer, 2006). Consequently, a divide exists between the former argument that there are strong globalising tendencies in MNCs (albeit balanced against local constraints) and the latter that the incentives for MNCs to develop a global approach are limited (see Edwards and Kuruvilla, 2005).

This provokes two observations. First, given that each of the strands to the literature has some intuitive appeal and empirical support, there must be considerable variation in the extent to which MNCs exhibit an international logic in their capacity as employers (Edwards and Zhang, 2008). This indicates that a central task for those addressing this issue should be to explain variation between MNCs in this respect. Second, where there is an international logic, there are reasons to suppose that this may be more regional than global. It is well documented that the major flows of cross-border economic activity are within and between the 'Triad' regions of North America, Europe and Asia (e.g. Dicken, 2007) and that most MNCs are concentrated in these regions (Rugman, 2005). Perhaps even more significantly, each of these regions is developing its own regulatory institutions (Marginson and Sisson, 2004). Thus a key question is whether the regional dimension shows through in different ways in MNCs based in different regions.

These issues are addressed through a unique source of data, namely comparable, large surveys of MNCs in the UK and Canada. The surveys are the first of their kind to be based on a comprehensive sampling frame of MNCs in each country. The resulting data allow us to address two questions. First, to what extent does the regional logic in employment relations vary between the operations of MNCs in Europe and those in North America? Second, can variation among firms in each of these regions be explained by the same or different factors?

2. Regional Integration in Europe and North America

The vast majority of MNCs have their origins in Europe and North America: 57% of the stock of outward FDI originates in the former region while a further 21% stems from the latter (UN, 2008). These two regions are also major recipients of FDI, with Europe being the location of 48% of inward investment and North America receiving 17% (ibid.) The largest 100 non-financial MNCs in the world (ranked by foreign assets) are overwhelming from these two regions; 57 are European and 26 North American (ibid.). Rugman's conclusion of his analysis of the largest MNCs was that the vast majority are 'home region based', defined as having less than 50% of their sales in the other two regions of the Triad. As he put it: 'globalization, as commonly understood, is a myth. Far from taking place in a single global market, business activity by most large multinationals takes place within any one of the world's three great trading blocks' (Rugman, 2005: 6). (See also Rugman and Girod, 2003; Rugman and Verbeke, 2004). Moreover, Schlie and Yip (2000) argued that regionalisation was a mature stage of development: many firms that develop global scale organise themselves into regional clusters of countries with similar market conditions. In this sense, regional strategies could be associated with later, rather than earlier, stages in the evolution of a company's international strategy.

Accordingly, there is a growing body of evidence that MNCs are developing a strong European axis to their internal operations. In many cases this has involved downgrading the role of national lines of organisation in favour of a continental orientation (e.g. Coller, 1996; Hancké, 2000). In MNCs like IBM these European management structures have developed associated functions in HR such as a regional shared services centre (Ruel and Bondarouk, 2008). We may interpret the development of a European logic in MNCs, as distinct from a global one, as management responding to the emergence of Europe as a 'distinct economic space' (Marginson and Sisson, 2004: 34). Thus it is plausible that a part of the reason for the regional strategies that MNCs pursue is the development of regional institutions. In Europe these institutions date back half a century, initially covering the six founding members of what became the European Union but now extending across twenty-seven. The institutions have not only developed in their geographical coverage but also in their function, from those associated with the regulation and governance of particular industries such as steel and agriculture in the early phases of the development of the European Union to new ones relating to competition and monetary policy. In the employment field there are a range of regulations, which form key parts of the 'social dimension'. These relate to such issues as health and safety, workers' rights and the promotion of social dialogue, with the regulations concerning European Works Councils being of particular importance to MNCs (Marginson and Sisson, 2004).

Regional institutions governing economic activity have a shorter history in North America. The introduction of the North American Free Trade Agreement (NAFTA) in 1994, which brought about lower tariffs and freer capital flows between the US, Canada and Mexico, was accompanied by a 'compromise side agreement' (Bognanno and Lu, 2003: 370), the North American Agreement on Labour Cooperation (NAALC), which was a response to concerns amongst organised labour representatives and some politicians in the US that NAFTA would lead to jobs being displaced across the Mexican border. The NAALC obliges the three governments to 'maintain domestic labour law regimes that are characterised by easy access, based on transparent, fair and equitable procedures, and which guarantee effective enforcement action' and set out to 'promote in domestic employment legislation eleven identified labour principles' (Teague, 2003: 431). On the face of it, these institutional developments in product, capital and labour markets in North America appear to mirror those across the Atlantic. However, they differ markedly in character. Essentially, those in North America are more fledgling, with there being no genuinely comparable developments to European Monetary Union, for example. Moreover, in the labour sphere the NAALC has been criticised for its objectives being 'mostly aspirational or bland' (Teague, 2003) and for lacking 'the required means to prompt labor law enforcement and employer-compliant

behavior' (Bognanno and Lu, 2003: 369). In contrast, while the EU's 'social dimension' also has its critics, it has affected national employment systems in numerous tangible ways.

While this analysis of institutional developments might lead us to expect the regional logic to be stronger in Europe than in North America, there are grounds for expecting the reverse to be the case, namely that the greater diversity of business systems in Europe may weaken this logic. This diversity takes a number of forms, but most obviously there are more legal systems, forms of regulation, languages, and so on. This range of institutional settings may present challenges to MNCs in forming a common management style, for example, leading them to devolve more responsibility to national level than may be the case in North America. Thus we have two sets of factors that point in rather different directions. Regional integration is at different stages and is taking different forms between Europe and North America, pointing to the regional logic being stronger in the former region; in contrast, the greater range of national institutional forms in Europe might make a regional logic more difficult to implement. Thus the extent to which there are differences or similarities in the regional logic in MNCs in the two regions is an empirical question. Moreover, it may be that the factors that explain variation between MNCs within each region in the extent and nature of the regional logic also vary across the regions. The next section describes how we collected data capable of helping us address these issues.

3. Methods

The findings are drawn from two parallel large-scale surveys of employment policy and practice in the national operations of MNCs, undertaken in the UK and Canada. The surveys are the product of international coordination between the two research teams, (as well as with other teams that are part of a wider project). Each survey employed common size criteria for defining the eligible population of MNCs, covering the operations of both foreign- and home-owned MNCs with 500 or more employees worldwide. Foreign-owned MNCs also had to have at least 100 employees in the national operation in the country being surveyed, whilst home-owned MNCs had to have an operation employing at least 100 in at least one other country. Each survey also undertook a similar approach to compiling a population listing for each country, going beyond the dangers of relying on a single listing that is so common in studies of MNCs. Both surveys also contained a common core of questions around four main areas of employment practice and were conducted at almost identical times (from late 2005 into 2006). An additional innovative feature shared by both surveys was that the population listing was 'screened' through a short telephone interview or web-based check to establish the key characteristics of the company prior to the main stage of the survey.

The survey in the UK covered 302 MNCs, estimated to represent 18% of the eligible population. In Canada 208 firms took part in the survey, constituting 15% of the population. In each country, robust checks for non-response bias were undertaken against known parameters in the population listing. A detailed account of the design and methods of the two surveys is provided in Edwards *et al.* (2007) for the UK and Bélanger *et al.* (2006) for Canada.

The conduct of the survey differed in three respects, however. The fieldwork for the British survey was undertaken by a professional survey agency, contracted by the research team, with the mode of administration being personal, structured interviews lasting about 70 minutes on average. In contrast, it was deemed impractical to carry out the Canadian survey in this manner given the geographical distances involved so the survey was conducted through self-administered questionnaires, either online or by post. The second difference flows from the first; given that the different mode of administration differed, not all the questions could be framed identically. Thus some questions are functional equivalents, producing comparable but not identical data. The third difference is that the UK survey was carried out anonymously in the sense that the research team received a dataset without

company names attached, meaning that we could not identify companies that took part in both surveys. We draw attention to these limitations where they are significant for the particular issues addressed here.

The issues at the heart of this paper, particularly those relating to the 'regional logic' and the independent variables, such as those to do with international integration, require some consideration concerning their measurement and it is a description of these key variables that we turn to in the next section.

4. The Measures

The regional logic is assessed in two ways in this paper. First, we sought to ascertain the extent to which there is a regional dimension to management style in MNCs in each region. This was derived from a question concerning the extent to which the respondent agreed or disagreed that there was a regional philosophy concerning its management style towards employees. The question differed slightly in that in the UK it asked specifically about a European-wide philosophy whereas in Canada it referred to regional philosophies in general; we judged that respondents would use their home region as the principal reference point, making these measures functionally equivalent. Respondents were presented with a 1 to 5 scale for this question. The descriptive statistics for this variable are presented with this scale in Figure 1 below, and a dichotomous variable was created by collapsing these into two groups – 1 to 3 relating to a weak philosophy and 4 to 5 representing a strong philosophy – with this new variable being the dependent variable in a logistic regression. The second aspect of the regional logic concerned regional employee information and consultation structures. In the UK respondents were asked whether there is a European Works Council 'or similar European-level employee information and consultation structure' whereas in Canada the question asked whether there is 'an employee information and consultation structure which brings together employee representatives from your operations in North America' (see Figure 2 below). These were the two measures which we compared to ascertain the extent of a regional logic and then used as dependent variables in the logistic regression analysis that sought to explain variation among MNCs in each region.

We included a number of independent variables in the regression analysis, with these falling into four categories. The first such category consists of a single variable, nationality. A large body of evidence testifies to the differences by country of origin in the way that MNCs manage their international workforces. One common finding is the centralised and standardised approach taken by US MNCs (e.g. Ferner *et al.*, 2004). However, little research addresses whether national differences are evident in the extent of a regional logic but we are able to shed light on this. The country of origin of each MNC was defined as the location of the operational headquarters of the worldwide company. The numbers in each individual country required the grouping of these into four larger geographical clusters: American, domestic (either Canadian or British), European and the 'Rest of the World'.

The second category is international integration, of which there are three aspects that are relevant (Edwards and Kuruvilla, 2005; Edwards and Zhang, 2008). We might expect the level of diversification to be negatively related to a regional logic since the wider the range of products and services, the fewer the commonalities between sites. The variable we use distinguishes four types of firm, from those that have a single product, through those that have a dominant product and a range of related products to those that have a range of unrelated products. A second variable concerns the standardisation of the multinational's main product. The more standardised is this, the stronger the commonalities in the context of sites and, therefore, the stronger is the scope for a regional logic. The variable contrasts those in which the product is adapted to national context, those in which it is standardised regionally and those in which it is standardised globally. And thirdly, we anticipate that a high degree of intra-firm linkages – whether MNC operations supply and/or are supplied by company operations in other countries – will be associated with a regional logic, but with the

direction not being clear cut. By creating incentives for firms to ensure smooth interchanges of components and services we might expect intra-firm linkages to be positively associated with a regional management style; on the other hand, such linkages mean that the firm's sites perform different functions with different technologies and occupational profiles, limiting the scope for a standard approach across countries. Thus the variable has four possibilities: linkages in neither direction; linkages from domestic to foreign sites only; linkages from foreign to domestic sites only; and linkages in both directions. Unfortunately, the variable for intra-firm linkages suffers from high non-response in the Canadian data and so does not feature in the regression analysis for Canada.

The third set of variables concern the structure of the multinational. In this respect it may be anticipated that structures that deepen managerial contact across borders facilitate the development of international coordination on HR issues. Thus such aspects of corporate structure as international divisions and global business functions may be associated with a regional logic, but a regional structure itself is of obvious importance. The three variables in this category are all dichotomous.

The fourth category is of control variables. In this respect, the broad industrial sector of operation of the MNCs was identified, distinguishing between manufacturing, services and other (primary, utilities and construction). We then have two measures of size, worldwide employment size and the number of employees in the home region. The regional size measure suffered from high non-response in the British case and so was excluded from the multivariate analysis for the UK. A final control in the models for regional employee information and consultation structures was whether unions are recognised in any of the firm's sites in the UK or Canada.

The regression models that we report in the next section are not identical for each country – intra-firm linkages are included for the UK but not for Canada while regional employment is included for Canada but not for the UK. We have presented the models in this way because dropping the variables from both models meant that they lost their significance, but we acknowledge that this lack of complete comparability must be borne in mind in evaluating the results.

5. The Results

The first issue we consider is the extent of the regional logic in MNCs in each of the datasets. In interpreting the data on the first measure of this – the regional philosophy in management style – it is useful to set this in the context of whether MNCs in the two surveys differ in the prevalence of a worldwide philosophy. This can serve as a test of whether MNCs in one dataset are more likely to have an international logic in general and, hence, be a benchmark against which to judge the regional dimension to management style. If there were to be big differences between the two datasets this might mean that differences in the extent of a regional logic were merely reflecting the characteristics of the firms in each survey rather than the features of the region itself. In fact, there is remarkably little difference between the two groups of firms in the extent of a worldwide philosophy; the mean score on the 1 to 5 scale (where 1 is 'strongly disagree' and 5 is 'strongly agree' that the MNC has a worldwide philosophy for the management of employees) was 3.70 for the Canadian survey and 3.61 in the UK survey. The extent of the regional dimension to management style was also remarkably similar. Figure 1 provides the distributions across the 1 to 5 scale, which are rather similar, and the means are 2.88 in the Canadian and 3.01 in the British surveys.

Figure 1: Regional Management Style
% of cases

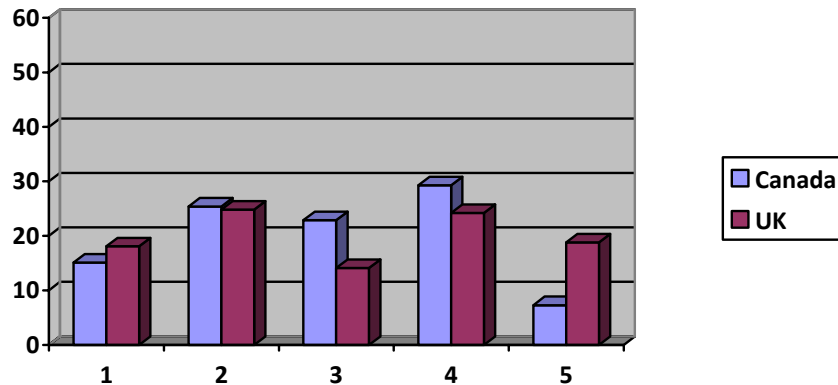
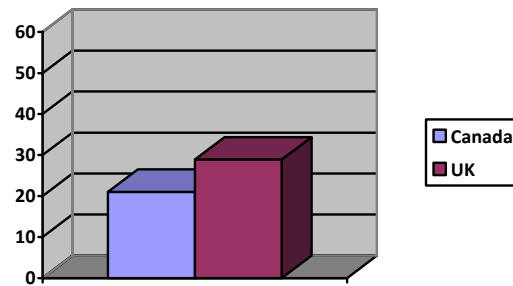


Figure 2 presents the results of the analysis of the second measure of the regional logic, showing that 28% of MNCs in the UK survey have a EWC or equivalent body and 21% of those in the Canadian survey have a structure for disclosing information and consulting with employee representatives across North America. Given that this is an issue on which there is legislation in Europe but not in North America, we might judge the differences between MNCs in the two regions to be rather modest.

Figure 2: Regional Information and Consultation Structures
% of cases



Essentially, the results concerning the first issue suggest that the extent of a regional logic is rather similar across the two regions, even on the issue of representative structures where we may have expected marked differences.

What do the results tell us about the second issue of whether the variation among MNCs in each survey is similar or different? Taking the regional dimension to management style first, Table 1 reports logistic regression estimates for the dichotomised regional philosophy variable (see above). It shows that both of the models are significant and explain close to one-fifth of the variation in the dependent variable. Moreover, the impact of some independent variables is the same across the two models – regional philosophies are more common in smaller companies (measured by worldwide employment size) and other variables, such as diversification and international product divisions, are insignificant in both cases.

While there are similarities, there are notable differences in the factors that are significant in explaining this variation. One such difference is the impact of nationality. It has a significant impact in the Canadian analysis, with European MNCs more likely than US ones to have a regional identity. One interpretation of this is that American MNCs may be more likely to

have a *worldwide* philosophy in which all of their foreign operations are managed as cultural extensions of the parent. In this sense, the Canadian and Mexican operations of American MNCs may simply be controlled in the same way as those in the US, but with this control not being confined to the region nor articulated as a distinctively regional philosophy.

Table 1: Regression Analysis of Regional Management Style

	Canada	UK
N	159	249
Missing cases	49	53
Model Chi Square	24.047	35.360
Model sig.	At the 5% level	At the 1% level
R² (Nagel.)	.192	.178
Nationality ref cat – US	European more likely than US firms (at the 5% level)	Non-sig
Diversification ref cat – single prod	Non-sig	Non-sig
Intra-firm Linkages ref cat – linkages both ways	N/A	Linkages both ways more likely than one-way linkages (at the 5% level for foreign to UK)
Standardisation ref cat – adapted to national systems	Non-sig	Regionally standardised firms less likely to have a regional philosophy than those that adapt the product to national systems (at the 5% level)
Regional division	Non-sig	Positive (at the 5% level)
Global business functions	Non-sig	Positive (at the 5% level)
International prod. Div.	Non-sig	Non-sig
Global employment	Negative (at the 5% level)	Negative (at the 5% level)
North-Am. Employment	Positive (at the 5% level)	N/A
Sector ref cat - manufact	Non-sig	Non-sig

Nationality does not have a significant impact in the analysis of the British data, but integration and structure are more important in the UK than in Canada. None of the variables were significant in Canada (there were five rather than six as that measuring intra-firm linkages was excluded) whereas two of the three integration variables and two of the three structural variables were significant in the UK analysis. One interpretation of this is that regional integration is more challenging to bring about in Europe because of the greater range of national institutions and the organisational and structural linkages across borders are important facilitators of a regional dimension in this context.

In sum, we are able to explain variation in the regional dimension to management style in both North America and Europe with very similar models, but the factors that are significant differ. It is worth noting the apparently counter-intuitive finding on regional standardisation; we might have expected this to be positively related to a regional philosophy but it is in fact negatively related. One interpretation of this is that if a multinational has a product or service that is standardised across the region but differentiated from the product in other regions then this itself serves as the statement of the firm's regional identity and the need or incentive for a regional philosophy is reduced. In other words, they act as substitutes rather than complements.

The second regression model analyses variation in the incidence of regional representation structures. Again, logistic regression was utilised. Table 2 shows that both of the models are significant, with the Canadian model explaining a third and the British model explaining a quarter of the variation in the dependent variable. There are also similarities in the role of the

Table 2: Regression Analysis of EWCs / North American information and consultation structures

	Canadian	UK
N	159	247
Missing cases	49	55
Model Chi Square	36.029	47.023
Model sig.	At the 1% level	At the 1% level
R2 (Nagel.)	.335	.247
Nationality <i>ref cat – US</i>	Canadian and European less likely than US (at the 5% level)	European more likely than US (at the 1% level)
Diversification <i>ref cat – single prod</i>	Non.-sig	Non-sig
Intra-firm Linkages <i>ref cat – linkages both ways</i>	N/A	Non-sig
Standardisation <i>ref cat – adapted to national systems</i>	Non-sig	Non-sig
Regional division	Non-sig	Non-sig
Global business functions	Non-sig	Non-sig
International prod. Div.	Non-sig	Non-sig
Global employment	Non-sig	Non-sig
North-Am. Employment	Non-sig	N/A
Sector <i>ref cat – manufact</i>	Non.-sig	Non-sig
Union	Non-sig	Positive (at the 1% level)

independent variables in the integration and structure categories and in the controls for size and sector, none of which have a significant impact.

There was a marked difference in the role of nationality in the two models, however. In keeping with the findings of other sources, US MNCs are less likely than those from Continental Europe to operate an EWC. More surprisingly, US MNCs are *more* likely than European and Canadian MNCs to have a regional information and consultation structure in North America. This differing impact may reflect the character of these regional structures across the two regions; whereas in Europe they are shaped by legislation and may thus be viewed by American managers with suspicion or even hostility, in North America they are established primarily on management's terms and, therefore, might serve functions for managers, such as allowing them to make coercive comparisons of their sites in different countries or to communicate the rationale for organisational restructuring. As noted above in relation to regional philosophies, these structures at the regional level may be the extension to the international level of national structures that managers have set up within the US. It may be, then, that what lies behind these patterns is that the distinctive preferences of senior managers in American MNCs play out differently in the two regions.

One other difference of note is that the dummy variable for whether unions are recognised within the country in which the survey is conducted was significant in the UK data but it was insignificant in Canada. The overall assessment might be that we are able to explain variation between MNCs in the presence of regional representational structures in both North America and Europe with very similar models, but the key factor that is significant – nationality – has a different impact in each case.

6. Conclusion

What may we conclude concerning the two issues at the heart of the paper? First, the extent of the regional logic is greater in MNCs in Europe than in those in North America, but only marginally so. One interpretation of this is that the influence of the greater development of European-wide institutions in creating incentives and pressures for MNCs to pursue a regional logic is largely offset by the wider range of national institutions in Europe that present challenges to MNCs in doing so. Whether this is what lies behind the observable patterns or not, it is evident that the regional logic to how MNCs operate is important and that they are key actors in the regionalisation of economic activity.

However, there is clearly variation in the extent to which they do this and understanding this variation has been the second aim of the paper. The analysis revealed some marked differences in the impact of nationality. For regional management style it is nationality that is central to understanding variation in North America whereas nationality is not part of the story in Europe, where integration and structure are more important. It seems that how MNCs are organised across borders matters more in Europe with its wide range of national institutional settings, whereas whether there is a regional management style is shaped more by distinct national managerial preferences in the more homogeneous region of North America. For regional representation structures, nationality is significant in both regions albeit in different ways, probably reflecting the different character of these bodies in the two regions.

There must be some caution exercised in making these conclusions, however. Richard Hyman has argued that 'comparative analysis is essential but perhaps impossible' (2009: 12). While this may be overstating the point a little, carrying out reliable comparisons of phenomena across borders is certainly challenging and the paper has highlighted some of the difficulties in doing comparative research. One aspect of this is that the surveys were not carried out in an identical way and the measures are not all identical either. Second, owing to non-response on particular questions, with this differing across the two studies, the models were not constructed in exactly the same way. Third, and related to the second

point, the results of the regression analysis are sensitive to the exact specification of the models (illustrated by the slightly different formation of the model on the issue of EWCs in one of the other papers in this symposium). Nevertheless, such analysis has been very revealing, throwing light on the key issue of regionalisation and its role in the management of labour in MNCs.

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Discretion in Employment Relations Policies among Foreign-Controlled Multinationals in Canada

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1. Introduction

This paper, which draws on a survey of multinational firms in Canada, assesses the extent to which the operations of foreign-controlled multinationals have the autonomy to craft their own business strategies and set their employment relations policies in their country of adoption. In the current context of globalization, should subsidiaries be conceived as decision-makers taking part in the economic life of their host country, or rather as organizational replicates that follow some grand business plan monitored by the headquarters? This problem of subsidiary discretion in decision-making takes particular significance in Canada, whose economic development was tied to that of the United States from the very origin of industrial capitalism.

Although this problem of headquarters' control and subsidiary autonomy has been the object of a significant body of research over the years, it remains 'one of the most complex issues in the management of employment relations in multinationals' (Ferner et al. 2006:197). From the lasting typology of Perlmutter (1969) between the ethnocentric, polycentric and geocentric models, through the contribution of Bartlett and Ghoshal (1989), and to more recent streams of empirical research, many of the intricacies of this question have been uncovered. Because of the sheer size of many multinational companies (MNCs), their deployment across countries and continents and their huge influence as the foremost drivers of globalization and neoliberal capitalism, there is an unfortunate tendency to treat them as a 'black box', or a well-centralized entity. As a matter of principle, it is always suspicious in social science to view any organization (however powerful it may be in relative terms) as a monolith driven by an inexorable force. In spite of their clear focus on capital accumulation, MNCs are complex organizations and our survey allows for testing and uncovering key factors underpinning decision-making on employment relations policies.

2. Research Problem and Lines of Analysis

Among the possible factors accounting for the degree of discretion subsidiaries have in shaping their employment relations policies, four lines of analysis can be inferred from the research literature, namely the influence of the country of origin, the mechanisms of control within the corporation, the position of these subsidiaries in the global value chain, and their organizational capabilities in terms of innovation and collaborative action. The rationale of each of these analytical perspectives will be outlined briefly.

2.1 Country of Origin

The notion of country of origin refers to the characteristics of the institutions and business system of the country from which the corporation grew up, and which may shape its policies and behaviour in host countries (Ferner 1997). An implicit assumption of much of this research stream is that large corporations originating from the United States and from Japan tend to be more 'ethnocentric' and prone to centralize decision-making than their counterpart from Europe, in particular (for a review, see Edwards and Ferner 2002; also Ferner et al.

2004). In many of the large transnational corporations that operate across the world, the nationality of origin is much more diluted than such popular formulations suggest. Nevertheless, recent empirical research, based either on extensive field research (Almond and Ferner 2006; Almond et al. 2005) or on survey data (Pudelko and Harzing 2007; Fenton-O'Creevy et al. 2008) indicate that the country of origin of the corporation remains a significant factor in the shaping of multinational firms.

This question has particular significance in Canada, a very open economy of modest size, on which the influence of the world dominant economy has historically been, and remains, very considerable and even preeminent (Bélanger and Edwards, 2006). In an influential paper, Arthurs (2000) argues that the restructuring of corporate governance in the current phase of globalization plays the major role in the 'hollowing out of corporate Canada'. His argument is that the consolidation of corporate control and head office functions in the US has weakened the position of Canada as a centre of corporate decision-making.

Canada represents a critical case for assessing the 'dominance effects' thesis, which holds that certain countries play a lead role in the capitalist system and that firms from them have resources which they can deploy in other countries (Smith and Meiksins, 1995). The geopolitical location of Canada, and its historical integration with the world dominant economy makes it a critical case for testing such dominance effect on policy-making within MNCs, as subsidiaries from US MNCs might show a tendency to reproduce industrial relations policies from the HQ to the 'satellite economy'.

Proposition 1: The level of discretion on employment relations (ER) will vary according to the country of origin of the MNCs. In particular, ER discretion will be comparatively lower in US-based MNCs.

2.2 Corporate Mechanisms of Control

This dynamics of power and control within MNCs was conceptualized by Ferner (2000) who stressed that formal mechanisms of corporate control could only have actual reach if they are underpinned and supplemented by more subtle and informal mechanisms of coordination throughout the different organizational layers within a given corporation. On the basis of an extended study of US MNCs in Europe, Ferner et al (2004) describe contingent patterns of 'oscillation' between centralization and decentralization and uncover the mechanisms through which this balance is negotiated (Almond et al. 2005; Almond and Ferner 2006).

This interplay between corporate structures that seek to implement common programs among similar plants worldwide and local autonomy was observed within ABB (Bélanger et al. 1999). Corporate management was making progress in introducing various benchmarking programmes on key measures of productivity, throughput times, quality control, etc., seeking to foster emulation and learning between organizations. Although local managers initially found 'excuses' for below standard performance, corporate management also had resources to induce subsidiaries to consider corporate policies seriously. In the multinational studied by Kristensen and Zeitlin (2005), corporate control is portrayed as even more elusive. The power resources and strategies of local actors, were such that the London head office had a hard time implementing such corporate mechanisms of control with any significant effect.

Similarly, MNCs may try to push local actors to adopt what are considered the most efficient forms of work organization through the appointment of international managers and the development of corporate culture (Martin and Beaumont 1999). Sklair (2001: 113-148) highlights the technical and ideological dimensions of 'world best practice' and the role of global managers in ensuring the diffusion of common practices and understandings of competitive performance and position.

Proposition 2: The level of discretion in framing policies on employment relations will vary according to the extent of monitoring by higher level of management outside Canada and to the policy of the multinational regarding succession planning for managers in the Canadian

operations. ER discretion will be lower when there is intense monitoring or when succession planning is conducted outside of Canada.

2.3 Global Value Chains

A more recent but highly influential analytical perspective places the focus on the governance and connections between networks and organizations involved in the value chains, locally and globally. The global value chains approach assumes that multinationals tend to conduct different sets of activities in different countries and regions of the world, according to evolving spatial logics. Earlier formulations (Gereffi 1996: 433) suggested that the importance of the nationality of origin of the firm was likely to be reduced in the context of globalization. However, later contributions (Gereffi 2005; Sturgeon et al. 2008) indicate that the leading authors within the value chain framework rather see their approach as complementary to the various streams of comparative institutionalism.

The related concept of global production networks developed by the Manchester School of economic geographers is also of much interest for our purpose (Coe et al. 2008). By opening the analysis to a broader set of relationships than the global value chain concept, both inside the firm and between each of the institutional and societal linkages that play a role in the 'processes of embeddedness', the global production network framework may contribute to our understanding of MNCs in Canada and their linkages to global production. Crucially for students of industrial relations, labour plays a most significant role among the actors involved.

Proposition 3: Discretion in employment relations policy will vary according to the position of the Canadian subsidiaries within the global value chain. ER discretion will be higher in subsidiaries engaged in broad and strategic functions of the MNC.

2.4 Organizational Capabilities of Subsidiaries

Organizational capabilities are a key pillar in the literature pointing to the capacity of MNC subsidiaries to build their capacity in their relationships with their larger MNCs (Birkinshaw 2000; Kristensen and Zeitlin 2005, Morgan and Kristensen 2006). One way by which subsidiaries can show innovative capabilities is by developing policies and practices that prove to be useful within the worldwide company, sometimes both in the home country and in other host countries (Edwards and Ferner 2004; Edwards et al. 2005).

As conceived by Kristensen and Zeitlin, organizational capabilities can be studied as processes by which a given subsidiary can develop collaborative action at three complementary levels, namely within the site, within the local economy, and within the MNC (Kristensen and Zeitlin, 2005: 171). The differences between the subsidiaries in which they conducted their in-depth study were not founded so much on national institutions, as if these were seen as a 'given', static and formal; they rather had to do with the activation of institutional arrangements by local actors. The analytical point is that we should pay more attention to the ways local actors make use of such institutional arrangements as leverages to improve their strategic position in their local community and within the MNC.

Proposition 4: Discretion in employment relations policy will vary according to the capabilities of the subsidiaries. ER discretion will be higher in subsidiaries that have developed a unique set of internal capabilities and a capacity for collaborative action at different levels.

3. Methodology

This paper draws upon data collected in an extensive study of MNCs operating in Canada. This involved three stages. First, in tandem with a UK team, and allowing for national variation, a questionnaire was developed that served as a model for international comparison. The questionnaire was designed for the most senior HR manager, i.e. the

Table1: Measurement for dependent, control and independent variables

Variables	Measurement
DEPENDENT VARIABLE Discretion on employment relations policies (scale varying from 12 to 60)	Composite index using 12 employment relations issues (total amount of pay, performance appraisal for managers, performance appraisal for employees, variable pay scheme for managers, variable pay scheme for employees, management development programs, succession planning for senior managers, overall training and development, problem-solving and continuous improvement groups, formally designated teams, attitude surveys and suggestions schemes, provision of information to employees). Discretion of the Canadian operations relative to higher organizational levels outside Canada. Each used a 5 point scale from no discretion (1) to full discretion (5). (Cronbach's Alpha =.901)
CONTROL VARIABLES	
- WWC size (number of employees)	Number of employees in the world wide company (WWC)
- Subsidiary size (range)	Number of employees in the Canadian operations: range (1 = < 500; 2 = 500-1000; 3 = > 1000)
- Age of Subsidiary (number of years)	Year worldwide company (WWC) first established in Canada (number of years)
INDEPENDENT VARIABLES	
- Country of origin (nominal variable)	Location of head office of the WWC (1=USA) (0= Rest of World - ROW)
Mechanisms of control - Monitoring of HR issues (scale 0-3) - Approach to management succession planning (dummy variable)	Monitoring of HR issues (yes=1) (management career progression, employee attitude and satisfaction, and workforce diversity (Cronbach's Alpha =.601) Agreement on 'decisions about the career progression of senior managers in our Canadian operations are made outside Canada', and on 'the top positions in our Canadian operations are filled by managers who previously worked for the WWC in its home country' (0= insider; 1= outsider)
Position in the GVC (nominal variables)	Activities performed in Canada estimated by the number of employees working in manufacturing, R&D, sales and development, customer services and business services. Variables recoded to distinguish 3 configurations: manufacturing with R&D (0,1), manufacturing without R&D (0,1), other activities without manufacturing (0,1)
Capabilities of the subsidiaries	
- Unique set of capabilities (scale 4-20)	Composite index on whether each of the following factors strongly inhibits or contributes (1 to 5) to new investment or mandates: the ability of senior managers to make the case for the Canadian operations vis-à-vis the senior management of the MNC; the capacity of the Canadian operations to innovate in the development of goods, services or processes; the concentration of particular skills and competencies; and the cost structure of the Canadian operations. (Cronbach's alpha = 0.790).
- Capacity for collaborative action:	
- Within the site (nominal variables)	Three nominal variables: presence/absence of a union (0,1); presence of unions not perceived as cooperating in problem solving (0,1); presence of union perceived as cooperating in problem solving (0,1);
- Within the local economy (scale 4 to 20)	Composite index from four variables: three scales of agreement (1 to 5) on participation in industry forums to discuss labour market issues and training, regular participation in activities of industry employer associations, and engagement in partnerships with universities and colleges on R&D; one scale of contribution to new investment (1 to 5) on the availability and quality of the local suppliers required by the firm. (Cronbach's alpha =.601)
- Within the MNC (scale 4 to 24)	Composite index on frequency of contact between HR managers of WWC in different countries (from 1 = never to 6= weekly) through regular meetings, international conferences, task forces and conferences calls. (Cronbach's alpha = .821)

person ultimately responsible for the management of all the firm's employees in Canada. Second, each national survey population includes all domestic- and foreign-controlled MNCs having at least 500 employees worldwide, with a minimum of 100 employees in the host country and a minimum of 100 employees in other countries. From a variety of sources, we identified a population of 1 398 MNCs with activities in Canada that correspond to these criteria. Third, a paper copy of the Canadian questionnaire was sent by mail to every company in our database; respondents were also offered the possibility to complete the questionnaire directly through a web site. By January 2007, we received 208 completed and valid questionnaires, for a 15% response rate on what was a highly demanding questionnaire targeting a very time-challenged group of respondents. Of this total, 164 respondents are from foreign-controlled and 44 from Canadian-controlled companies. This paper draws exclusively on the data from foreign-controlled MNCs (n=164). **Table 1** explains how the dependent, control and independent variables are constructed.

4. Results

In order to understand the variations in discretion on employment relations (ER) policies (mean= 40,97, SE= 10,75), we performed a linear multiple regression analysis. Tolerance values for multicollinearity between independent variables are all within acceptable limits (.81 and higher). As shown in **Table 2**, the adjusted R square continually increases through the five models reaching .303 in the fifth model (meaning that our independent variables in the regression explain 30% of the total variance in ER discretion).

In the first model, the control variables (WWC size, subsidiary size and age) are not significant at the 10% level and remain so through all the models. In other words, and consistent with previous studies (Gomez and Sanchez 2005), variations in ER discretion cannot be attributed to the size of the WWC, nor to the size and age of its Canadian subsidiary.

The second model adds the country of origin to the control variables. It is significantly related to employment relations discretion. US-controlled subsidiaries are more likely to have lower discretion in comparison to those controlled by MNCs from other countries. The impact of country of origin on ER discretion is constant through the following models and remains a strong predictor. This is an interesting finding that speaks to the continued importance of country-of-origin effects as well as the specificity of US-controlled MNCs. Thus the findings support proposition 1 that US ownership is associated to lower level of discretion.

In the third model, two variables characterizing the mechanisms of control are included in the equation: the extent of monitoring on HR issues and the approach (insider/outsider) on succession planning for managers in the Canadian operations. Both of these measures are significantly related to HR discretion: lower discretion is associated with intense monitoring and an outsider approach to succession planning, whereas higher discretion goes hand in hand with weak monitoring and an insider approach to succession planning. These findings suggest that high subsidiary discretion in framing their employment relations policies is not compensated by intensive monitoring or an outsider approach to succession planning. Our results support proposition 2 regarding the relations between discretion, monitoring and an outsider approach to succession planning.

The fourth model takes account of global value chains. They are significantly associated with ER discretion and do not affect the level of significance of country of origin, of the extent of monitoring HR issues and of the approach (insider/outsider) to succession planning for managers. Discretion in employment relations policies is higher in subsidiaries having a broader scope of activities in Canada. Companies engaged in both manufacturing and R&D in Canada have more discretion over policy-making than those involved in manufacturing without R&D or those engaged in market and back-office services and/or in R&D without any manufacturing. Our results show that ER discretion is sensitive to the scope and type of

activities conducted in Canada. Subsidiaries with broader activities appear to occupy a more strategic position within the GVC and have more discretion over their policies on employment relations. Our data therefore provide strong support for proposition 3 concerning the importance of the subsidiary's position within the GVC.

Table 2 Linear Multiple Regression Analysis with Discretion on Employment Relations Policy as Dependent Variable

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
	<i>Standardized Beta Coefficients</i>				
CONTROL VARIABLES					
- WWC size	-.033	-.098	-.104	-.100	-.085
- Subsidiary size	-.70	-.019	-.051	-.046	-.036
- Age of Subsidiary	.043	.061	-.014	-.008	-.074
INDEPENDENT VARIABLES					
Country of Origin (USA = 1) (ROW = 0)		-.315***	-.300***	-.312***	-.306***
Mechanisms of control					
Monitoring of HR issues			-.174**	-.151*	-.086
Approaches to management succession planning (insider =0; outsider = 1)			-.194**	-.171**	-.196**
Position in the GVC (ref. group: Manufacturing with R&D)					
Manufacturing without R&D				-.223**	-.159*
Market and back-office services and/or R&D without manufacturing				-.215**	-.187**
Capabilities of the Subsidiary					
Unique set of capabilities					.308***
Capacity for collaborative action :					
within the site (ref. group: strong cooperation with trade union)					
- non union					.041
- Weak cooperation with trade union					.084
within the local economy					.157*
within the MNC					-.182**
R ²	.008	.104	.179	.229	.372
R ² adjusted	-.015	.075	.139	.179	.303
Δ R ²	.008	.095***	.075***	.050***	.143***
n (number of cases)	131	131	131	131	131

* p> .10; **p>.05; *** p>.01.

In the final model, variables related to the capabilities of the subsidiaries are introduced in the regression. Their introduction in the equation does not affect the level of significance of the country of origin of the MNC, the approach on succession planning and the position of the subsidiaries in the GVC. However, the extent of monitoring on HR issues does not remain significant. Amongst the four variables included at this step, only the capacity for collaborative action within the site does not attain the minimum significance level. The presence of unique capabilities in the Canadian subsidiary and strong capacity for collaborative action within the local economy are significantly and positively associated with ER discretion. In fact, higher discretion is significantly related to the existence of unique capabilities, such as the capacity to innovate or to concentrate on special skills, the involvement in networking with HR managers from other countries and strong engagement

in regional institutions such as employer associations or university. However, ER discretion is significantly and negatively related to collaborative action within the MNC: low discretion is associated with frequent contact between HR managers from different countries. The inclusion of these variables brings the largest increases to the adjusted R square which reaches .303, as compared to .179 with model four. The findings thus support proposition 4 with regards to the effect of subsidiaries capabilities on HR discretion.

Overall, our results lend strong support to propositions 1, 2, 3, and 4. Discretion on employment relations policies is lower in subsidiaries that are US-controlled, that do not occupy a strategic position in their GVC and that have weak capabilities but close contact within the broader corporation.

5. Discussion

While mindful of both the complexity of this debate and the limits of a survey that is not longitudinal, our findings provide insight on the degree of dependence and autonomy in foreign-controlled subsidiaries in Canada. The policies of MNCs in Canada cannot be understood without considering the influence of US capitalism, which has shaped their very structures. Although our results do not directly address Arthurs' contention (2000) that the Canadian head offices of foreign-controlled subsidiaries are being 'hollowed out', they speak directly to the issue of Canada's position as a centre of decision-making on employment policies and practices. Local discretion on these matters is lower in US-controlled MNCs than in foreign-controlled firms from other countries. Canada may not be an exception on this matter since empirical research conducted in different host countries show exactly the same trend (Almond and Ferner 2006; Almond et al. 2005; Pudelko and Harzing 2007; Fenton-O'Creevy et al. 2008). Canada's geopolitical situation may however make Canadian subsidiaries more vulnerable on this front, thereby exacerbating the dependence of the Canadian political economy.

This line of analysis is further enhanced by a consideration of a subsidiary's location within its MNC's GVC. Subsidiaries with low discretion are more likely to be US-controlled and to perform low value-added activities, such as manufacturing without R&D or market and back-office services and/or R&D without manufacturing. Subsidiaries with high discretion on employment relations policy are more likely to be part of MNCs from the rest of the world and be engaged both in manufacturing and R&D in Canada. More generally, the configuration of GVCs highlights how power is distributed among firms and other actors (Gereffi, 2005). Subsidiaries performing a broader scope of functions and high value-added activities are more likely to have discretion over employment relations policies. A strategic position within the GVC appears to open up opportunities and provide more resources to such subsidiaries in their ongoing negotiations with the headquarters of their parent company.

This brings us to a consideration of the corporate mechanisms of control. Are they highly centralized organizations, coordinated by powerful headquarters that command and control the operations of their subsidiaries spread across the world or, in contrast, loose coalitions of actors competing and cooperating over scarce resources? Underscoring the considerable variations, these processes of control range along a continuum from, at one end, subsidiaries with high discretion, weak monitoring and an insider approach to succession planning to, at the other end, subsidiaries with low discretion, more intensive monitoring and an outsider approach to succession planning for managers. Many combinations would seem to exist in between.

Perhaps most importantly, our results highlight how it is important to understand how actor capabilities — be they in terms of knowledge or access to networks and institutional resources— expand or reduce discretion on employment relations policy. Subsidiaries better able take part in the activities of social and economic networks and to manage the fit

between the development of their own specific capabilities and their environment are more likely to be decision-makers rather than followers in the global economy. This finding supports the Kristensen and Zeitlin's (2005) argument as regards the success of 'local' actors in playing 'global games' being linked to the development of a capacity for collaborative action at distinct levels of action. We find that engaging in networking with local institutions is particularly important. In contrast to those that do not do so, subsidiaries involved in such networking are in a better position to play a more significant role in decision-making processes.

6. Conclusion

While single-respondent, cross-sectional data necessarily requires caution, this wide-ranging survey of the discretion reported by the most senior HR managers of foreign-controlled MNCs in Canada in developing employment relations policies in their Canadian subsidiaries lend strong support for the theoretical propositions that inform this paper in two complementary ways.

First, it is important to go beyond binary analysis of corporate control and subsidiary autonomy and to embrace the complexity of power, control and decision-making within MNCs. Indeed, as noted in Introduction, although MNCs are driven by the objective of capital accumulation, they are also complex organisational forms that may be conceived as social and production networks which can only be efficiently managed by headquarters if the discretionary power of foreign subsidiaries is both fostered and monitored. Drawing on the perspective of their Canadian subsidiaries, and at least as concerns policies relating to human resources and employment, this paper sheds light on this broader set of relationships, both inside and outside the firm.

Second, in seeking to integrate and test country-of-origin, global value chain and organisational capability effects in a single framework, our paper bridges what are often seen as distinct dividing lines in research on MNCs (for a useful overview, see Collinson and Morgan 2009). Our findings indicate that these different lines of analysis can be seen as complementary forces. Although country of origin effects remain an influential factor, especially in relation to the massive influence of US MNCs in Canada, this factor does not over determine other lines of analysis. The position of Canadian operations in the global value chain and capabilities developed by subsidiaries, including in their relationships with the local economy, open up a realm of discretion and autonomy that must be integrated in future research and in relation to a wider range of MNC business functions.

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