Multinationals and Human Resource Practices in Ireland: A Rejection of the 'New Conformance Thesis'

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Abstract

In a previous edition of this journal, Turner et al. (1997a) claim that the industrial relations and human resource management practices of multinational companies operating in Ireland bear a close resemblance to those of indigenous firms. The advancement of this (new) conformance thesis stands in stark contrast to much recent work on Irish industrial relations. In this paper we criticise Turner et al.'s argument for its failure to appreciate and acknowledge the weight of evidence both internationally and in Ireland which points to the predominance of 'country-of-origin effects' over 'host country effects', especially in countries characterised by weak industrial relations systems. We are also critical of the empirical basis of the 'new conformance thesis'. In analysing data from a recently conducted national workplace survey our doubts as to the empirical validity and generalisability of Turner et al.'s results are confirmed. In brief, the 'new conformance thesis' is refuted and the employment relations practices of foreign-, and particularly US-owned establishments, are shown to be very different to those of Irish workplaces.

Keywords Multinational companies, HRM, industrial relations regimes, country-oforigin effects, globalisation

Introduction

The claim that the industrial relations and human resource management (IR/HRM) practices of multinational companies (MNCs) in Ireland conform to indigenous practice has, until recently, been most closely associated with the work of Kelly and Brannick (1985) and Enderwick (1986). This thesis, which will be labelled the 'conformance thesis', was shared by many other commentators outside of Ireland in the 1970s and early 1980s (ILO, 1976; Morgan and Blanpain, 1977; Liebhaberg, 1980). More recently, the thesis has attracted considerable criticism for underestimating the extent to which MNCs might seek to avoid adapting their IR/HRM practices to those of the host country. Certainly in the weaker industrial relations regimes of Europe, like the UK and Ireland, the evidence would suggest that MNCs have been able to import their own preferred HRM policies (Marginson *et al.*, 1993; Roche and Geary, 1996; Ferner, 1997).

Notwithstanding the weight of theoretical argument and empirical evidence which points to the increasing dominance of 'country-of-origin effects' over 'host-country effects', Turner *et al.* (1997a) have recently sought to offer a corrective, to what they refer to as the 'MNC dominance thesis'¹. Their thesis is here referred to as the 'new conformance thesis'. In sharp contrast to Roche and Geary (1996) they argue that there are few, if any, significant differences between the IR/HRM practices of overseas companies operating in Ireland and domestically-owned companies. To support their claims, Turner *et al.* rely on data from the well-known Price Waterhouse Cranfield Survey. As our paper (Roche and Geary, 1996) provides the touchstone for Turner *et al.*'s claims and criticisms, we offer a reply here.

Our reply begins with a re-statement of our earlier position. The theoretical basis of the new conformance thesis is then examined and is shown to be wanting in a number of significant respects. At this level, at least, the reasoning for the absence of a clear country-of-origin effect is found to be unconvincing. The sampling strategy and statistical tests employed by Turner *et al.* are also shown to be bound by important limitations. To obtain a more reliable picture of the nature of employment relations in Irish- and foreign-owned companies we rely on data from the recently conducted University College Dublin (UCD) workplace survey. The data from this survey substantially confirm the position, as presented in our earlier work, that MNCs'

practices are significantly different from indigenous companies.

Roche and Geary (1996) revisited

The starting point of our paper was the claim of Kelly and Brannick (1985) and Enderwick (1986) that the IR and HRM practices of MNCs operating in Ireland did not significantly diverge from Irish-owned companies. And although both the aforementioned works did identify some differences, these were presented in the main as matters of nuance, and therefore of little overall significance. Central to the conformance thesis position was the role played by national and regional development agencies in Ireland which had, until the 1980s, impressed upon incoming MNCs of the desirability of respecting, and abiding by, the local practice of recognising trade unions and engaging in collective bargaining.

In taking issue with the (old) conformance thesis we illustrated how some of the differences, identified by its proponents as matters of nuance and isolated exceptions, were of some considerable import and were, more importantly, evidence of a growing tendency and an incipient pattern. First there was the issue of trade union recognition. While it was certainly the case that overseas companies were typically willing to recognise unions in their Irish subsidiaries over the period examined by Kelly and Brannick (the 1960s to the mid 1980s roughly), the form of such recognition agreements was very different. In contrast to indigenous companies, which were typically characterised by competitive multi-union arrangements, union recognition arrangements in MNCs were more likely to involve the establishment of 'pre-entry' closed shops', where a single union was recognised or perhaps in addition a craft union to represent skilled manual employees. This tendency has been further confirmed in recent research by one of the advocates of the new conformance thesis (Gunnigle, 1994), which showed that MNCs willing to recognise trade unions on new 'greenfield' site operations, showed a clear preference for single union recognition agreements. Although this work is cited in Turner et al. (1997a), its significance is surprisingly down-played. In addition, it had also become apparent that newly-arrived US MNCs, particularly in the electronics sector, were increasingly insisting on establishing non-union operations in Ireland. The evidence for this seemed overwhelming: for example Toner (1987) and - surprisingly - data from the Price Waterhouse Cranfield Survey also confirmed this (cf. Roche and Turner, 1994), as

well as Gunnigle's (1994) survey of greenfield sites. The opportunity and viability of non-union employment relations systems in high-tech US MNCs was facilitated, in the main, by a relaxation, if not abandonment, of development agencies' exhortation of foreign companies to conform to indigenous industrial relations practices. In parallel, the employers' federation established a new unit to assist and service member companies, which chose to remain non-union. The potential for MNCs to implement their own distinctive set of employment relations practices, which diverged significantly from local practice and tradition, would seem, however, to have passed by the proponents of the new conformance thesis.

A second distinguishing feature of MNCs in Ireland, we argued, was their higher level of adoption of new human resource management practices. Based on such evidence as was available, we laid great stress on this in our original paper. Foreign-owned companies were found, for example, to place greater emphasis on direct communications; to possess better resourced personnel departments; and line management was more likely to be responsible, and to be held accountable, for good employee relations. In all, MNCs were seen to have progressively given added emphasis to developing a direct relationship with their employees. Further, we pointed to the prevalence of American high-tech firms amongst those establishments using sophisticated non-union human resource policies.

Thus while we acknowledged in our original paper that the overall proportion of overseas companies recognising trade unions was not strikingly different to Irish companies or that union density figures differed greatly, we gave emphasis to the differences in the form of union recognition arrangements, as well as to the tendency of at least some non-union MNCs to pursue sophisticated strategies of union substitution. Such elucidation and stresses of emphasis are elided and given scant acknowledgement in Turner *et al.*'s review of our original argument.

A further difference lay in the area of pay settlement. MNCs showed a clear preference for conducting pay bargaining at a local level and, during the period of centralised wage agreements in the 1970s, they were more likely to exceed national wage norms. Similarly, with the return to decentralised pay determination over the period 1982-7, foreign-owned companies were found to be more likely to agree to

higher wage settlements across a variety of occupational categories. The higher capital intensity of MNCs, their relative profitability and their export orientation distinguished them from many indigenous companies and permitted them greater leeway in agreeing to wage settlements which exceeded prevailing wage norms. We did acknowledge, however, that once centralised negotiations were re-established in Ireland in 1987 the vast bulk of MNCs, in contrast to previous years, did seem to abide by the terms of national agreements.

With respect to policies on pay determination, Irish companies were found to emphasise external comparisons and relativities whereas MNCs were more likely to emphasise competitive criteria in wage-fixing. MNCs were also less likely to seek the representation and advice of IBEC, the employers' confederation, in wage negotiations. In this regard, too, while most MNCs do join IBEC, it was (and is) widely acknowledged that they constitute a distinct grouping within this organisation.

Finally, we identified differences in the strike record of MNCs and Irish-owned companies with the latter recording higher levels of strike activity from the 1960s through to the late 1980s. The contributions of MNCs of different nationalities to the overall strike record fluctuated significantly over this period. This aggregate strike record, as well as the changes in the strike profile of firms of different national origins, reflected, we argued the sectoral distribution of overseas investments and the variable competitive pressures bearing on the product markets serviced by MNCs.

A number of points can therefore be made in summary. In our original paper we set out to challenge the (old) conformance thesis. We drew on the available evidence to show that the pattern of industrial relations and human resource practices of MNCs were significantly different to that familiar in Irish-owned companies. We did acknowledge, though, that there were some similarities, and these are not dismissed *tout court* as Turner *et al.*'s' (1997a&b) accounts would impute. But we do stress that the differences are far more evident and stark than the old conformance thesis would have allowed. Some of these differences were acknowledged as being due, in part at least, to differences in size, differences in sectoral composition and differences in market and competitive positions of Irish subsidiaries of international companies.

The theoretical basis of the new conformance thesis

The new conformance thesis is inconsistent in a number of respects with existing knowledge on multinationals and human resource practices. First, it is inconsistent with existing Irish research on the subject - admittedly limited in scope and volume which was summarised by Roche and Geary (1996) and which provided the basis for their arguments. Second, it is inconsistent with recent research by Turner and his colleagues, themselves, which claimed evidence of clear-cut US country-of-origin effects on human resource practices, especially in green-field plants, and, in particular, on the incidence of union non-recognition (cf. Gunnigle, 1995; Gunnigle et al., 1997; Gunnigle et al., 1998). Third, the new conformance thesis is inconsistent with the balance of evidence in the wider literature on human resource practices in multinationals. This points on balance to the significance of country-of-origin or region-of-origin effects on human resource practices in multinationals (cf. Wood, 1996; Ferner, 1997; Ferner and Quintanilla, 1998; but see also Milkman, 1992; Guest and Hoque, 1996). While it is widely acknowledged that such effects are particularly likely in 'weak' institutional systems like the Irish industrial relations system, recent research has shown that even in 'strong' systems, like that of Germany, country-oforigin effects can continue to be of major significance in multinationals, especially those of US origin (Muller, 1998; Royle, 1998).

Though faced with this corpus of research, Turner *et al.* (1997a; 1997b) provide no coherent theoretical rationale to explain why few differences should be expected between the human resource practices of multinationals and Irish-owned enterprises. Their discussion of convergence in the features of MNCs and indigenous enterprises is focused on a putative rise in the incidence of union non-recognition in the case of both US and Irish companies. This they appear to regard as paradigmatic of the homogenising effects of globalisation and a new international economic regime on human resource practices generally (cf. Turner *et al.*, 1997a: 836-8; Turner *et al.*, 1997b: 99-101). They go on to argue that developments in Irish industrial relations, which they represent as pressure on the 'pluralist consensus', bear out the impact of international economic pressures on all companies, multinational and national (Turner *et al.*, 1997a: 837; 1997b: 100).

A number of comments must here be made. First, it is possible to make international

economic pressures and national institutional trends central to an analysis of firms' human resource practices, while recognising that multinational and national firms commonly occupy very different competitive and institutional 'spaces' in relation to such trends, with likely important, though undoubtedly complex, consequences for the human resource practices they adopt. Roche (1998) has argued that it is precisely the interaction of variable competitive pressures and national and sectoral institutional arrangements which explain the *growing* diversity of human resource practices across sectors and firms in Ireland - an account in which the features of US MNCs assume some prominence.

Second, the issue of union recognition is anything but paradigmatic of the effects of prevailing economic and institutional trends on companies' choices of human resource and industrial relations practices. The decision as to whether to recognise unions is the issue where host country traditions probably loom largest for multinationals. If prevailing pressures and trends *are* leading MNCs to override host country traditions in this highly contentious area, then, a fortiori, they should lead them also to become more insistent on implementing a whole battery of preferred corporate HRM practices, which might also, though to a lesser degree, involve a departure from established host country traditions. Turner and his colleagues might reply that competitive and institutional trends are also leading Irish-owned companies to adopt the same types of HRM practices as those found in foreign MNCs. While to some degree Irish-owned companies can indeed be expected to proceed along these lines - and indeed to emulate some of the practices found in leading-edge MNCs - any such innovation or emulation is likely to be partial and incomplete. Significant differences between Irish companies and foreign-MNCs are likely to remain, as in the case of the UK, where, it has been argued that British manufacturing firms have frequently sought to emulate Japanese HRM practices (Oliver and Wilkinson, 1992; Wood, 1996). Moreover, even emulation of a rather systematic kind is unlikely to result in anything approaching identical practices, and the removal of an Irish 'accent' from the practices of locally-based firms.

Third, the international literature would suggest that differences between multinational companies – in the face of 'globalisation' – remain, and are likely to be deepening even further. Marginson and Sisson (1994), for example, have coined the

phrase 'company-based employment systems' in an attempt to capture a tendency among individual MNCs to implement common HR practices across their subsidiaries internationally. The outcome of this trend, as Ferner and Hyman (1998) have suggested, is for increasing 'corporate isomorphism' cross-nationally (i.e., the employment practices of, say, Ford in Germany, Belgium and the UK come increasingly to resemble one another), but patterns of employment relations within countries, and even within sectors, would become more – not less – heterogeneous. As such, this growing variation would suggest that patterns of employment relations respond to, and are being shaped by, a host of factors and are not simply being homogenised, pace Turner *et al.*, by common pressures arising from 'internationalisation'.

Finally, the argument going back to Perlmutter (1969) that globalisation might override country-of-origin effects among MNCs has been questioned in recent empirically-based work on human resource practices in MNCs. Ferner and Quintanilla (1998) suggest that common pressures on European MNCs in the 1990s have indeed led many MNCs in countries like France, Germany and Italy to emulate the global co-ordination of activities more pronounced among US and UK MNCs - a trend they refer to an 'Anglo-Saxonization'. While Anglo-Saxonization involves tensions and possibly contradictions between generic principles of corporate control and HRM practices reflecting country of origin, it is argued that the process is likely to involve the emulation of leading-edge control strategies *in a manner that retains many elements of the business systems in which companies originate.* Ferner and Quintanilla (1998: 725) conclude that despite globalisation, MNCs continue to be characterised by the features of their countries of origin.

Turner and his colleagues thus neither draw support from the international research literature for their argument that prevailing economic and institutional trends can account for homogenising trends in MNCs and Irish-owned companies, nor do they supply cogent theoretical reasoning as to why this should be expected. The argument that globalisation and related institutional trends mean homogenisation, either as between the human resource practices of MNCs and national firms, or as between the human resource practices of different groups of MNCs, has little theoretical plausibility. On the basis of existing Irish and international research, as well as on theoretical grounds, there are few compelling reasons for expecting to find evidence that either process of homogenisation might be in train in the human resource practices of firms or workplaces.

The empirical basis of the new conformance thesis

The survey data, mode of specifying variables and statistical methods used by Turner *et al.* (1997a; 1997b) to support their 'conformance' thesis have important limitations. The data are drawn from the 1995 Price Waterhouse Cranfield (PWC) survey, conducted in Ireland by the authors of the papers. In the case of the *IJHRM* paper the data analysed are confined to manufacturing. In the case of the other paper (Turner *et al.*, 1997b) the analysis covers the private sector. While providing useful data on HRM and industrial relations in Irish enterprises, the PWC survey is essentially an attempted census from the sampling frame used, and the resulting sample was not reweighted to improve representativeness with respect to common stratification variables: size, sector etc. The sample, for example, has a pronounced upward size-skew.² The decision to restrict the analysis to firms with more than 50 employees is also of substantive significance. Of all enterprises in the private and commercial public sectors employing 20 or more employees, 60 per cent fall in the 20-49 size range: that is, they remain outside the range of the PWC study and the generalisations and population probabilities based upon it.³

Turner *et al.* also rely heavily on a range of 'synthetic' or multi-component variables in testing for differences between multinational and Irish companies. For example, the 'sophistication of selection techniques' is a composite of the range or type of techniques used and the categories of staff for which they are used. 'Employee involvement' is a composite of the extent of employee briefing on company and financial performance, the range of categories of staff briefed and whether joint initiatives were undertaken on quality, new product development or task flexibility (cf. Turner *et al.*, 1997a: 833-4). The use of such composite variables is, of course, quite defensible. At the same time, it is preferable in of understanding what results actually mean, to use the simple incidence of different practices - the exception being instances where multiple indicators are being used to measure complex 'latent variables' (e.g. high commitment management). This is not the case in either of these papers, and it is not readily apparent what differences - or, for that matter, what similarities - in the values of the composite quasi-interval scales commonly deployed actually mean with respect to the concrete features of HRM practices in companies of differing national or regional origin.

A final problem regarding the empirical provenance of the conformance thesis concerns the modes of data analysis employed, and this problem appears particularly serious. One-way Analysis of Variance (ANOVA) measures and t tests for simple comparisons of the means of scales are the statistical methods used to test for differences between multinationals, or groups of multinationals of differing national origin, and Irish-owned firms. These techniques, of course, cannot control for differences in the sample composition of Irish and multinational firms, or of groups of multinational firms of differing national origins. Though significant differences in the sample distributions of a range of features of multinational and Irish firms are identified, in particular differences in size and sectoral spread, no controls are used to allow for the possible effects of such differences on the results of the comparisons made. The use of multivariate techniques, which would allow controls to come into play, would also likely be constrained by the small Ns in both the manufacturing and the private sector samples.

The cumulative effect of these shortcomings mean that major doubts must exist regarding the empirical validity and generalisability of the results of the analysis outlined in the papers by Turner and his colleagues. This will be confirmed below when we present the results of a major survey which addresses the various weaknesses and limitations of the comparisons presented by Turner *et al.*.

The UCD workplace survey

To provide a more reliable and rigorous assessment of whether multinationals and Irish companies differ, this paper draws from a large-scale survey of workplaces across the Irish private sector and the publicly-owned commercial sector.⁴ Only the main salient features of the survey will be outlined here. A report outlining full technical details of design, sampling, response rates and weighting is available on request from the authors. The survey, *Irish Management Practice in the Changing Marketplace*, was conducted by a research team at the Graduate School of Business, University College in 1996-97. A range of management practices was examined

through a multiple-respondent survey. They included industrial relations and human resource management, production/operations management, services management and buyer-supplier relations. The sampling strategy was devised and the fieldwork managed by the Survey Unit of the Economic and Social Research Institute, Dublin in conjunction with the research team. No reliable population list of Irish workplaces exists. Consequently a two-stage sampling strategy was followed. Stage 1 consisted of drawing a random sample of all *enterprises* in Ireland employing 20 or more persons in the sectors covered. The population list used is maintained by the ESRI Survey Unit and is the most reliable such sampling frame available for Ireland. Stage 2 involved identifying all multi-site enterprises sampled (39 per cent of all sampled establishments), compiling a list of all workplace sites in these enterprises, sampling again from that list and adding the resulting sample to the original sample of singleworkplace enterprises. The result is a sample of *workplace sites* in enterprises with 20 or more employees. As is common in workplace surveys, a disproportionate stratified probability sampling procedure was used, and workplaces in larger companies were disproportionately sampled. The final sample was re-weighted to restore the numbers of cases in each size stratum to their proportions in the survey population. The survey was a postal survey, followed up by contact from the ESRI's field researchers and the UCD research team, and attained a response rate of 36 per cent - very much higher than standard for postal surveys.

Workplaces in which separate managers were responsible for industrial relations/human resources and for operations/services management received two questionnaires. A questionnaire covering industrial relations, human resources and aspects of work organisation was sent to the designated industrial relations/human resource manager. Workplaces where a *single manager* was responsible for both industrial relations/human resources and operations/services management (and often other areas besides) received a questionnaire containing questions on some of the many areas covered in the questionnaire sent to designated industrial relations/human resource managers.

In the analysis to be reported below, data from the questionnaires returned by both the designated industrial relations/human resource managers and single managers are combined. Data on many human resource and industrial relations practices are

available in respect of the largest non-managerial occupational group across 419 firms returning these questionnaires. The excision of cases with missing values leads, of course, to some degree of sample depletion. The resulting (non-weighted) sample Ns are listed in the tables to be presented in the paper. The largest non-managerial occupational group comprises either 'skilled' or 'routine' workers.⁵ In the case of some aspects of collective industrial relations, data were only available for the 209 firms returning the designated industrial relations/human resource managers' questionnaire.

Human resource practices in Irish-owned and foreign-owned workplaces

In our examination of the UCD workplace survey results we conduct two analyses. Both are designed to compare the industrial relations and human resource practices of Irish workplaces with those of foreign-owned workplaces. For this a large number of practices are examined, each grouped under a series of specific heads. With the first analysis (see Table 1), the proportion of all foreign-owned and Irish-owned workplaces adopting the listed practices are compared. We also present data which contrasts indigenous workplaces with US-owned and other foreign-owned establishments. The bulk of the latter are subsidiaries of European multinationals. For this analysis a chi-square test is used for the purpose of indicating whether HRM and IR practices in MNCs as a whole are generally statistically different to indigenous workplaces. Chi-square tests are not conducted for the differences identified between Irish-, US- and other foreign-owned workplaces. To do so would only indicate whether or not the observed differences as a whole were likely to be a consequence of chance; it would not be able to discriminate between which pairs of cases were actually different. Neither would such a test be able to control for possible differences in the composition of the different nationalities of workplaces. As such, the results outlined in Table 1 are useful mainly for descriptive purposes to demonstrate the extent to which practices are being used, and to help identify substantive differences between Irish establishments and those of the groups of MNCs.

The second analysis uses logistic regression, with a set of relevant controls which are described at the foot of Table 2. With this statistical technique, the dependent variable is binary (i.e., whether or not a workplace has a given practice), and the effect of the independent variables on relative frequency with which 'yes' and 'no' responses

occur are presented into the form of odds ratios. The coefficients in Table 2 then indicate whether, or to what degree, the likelihood of finding a given practice in a workplace is increased or reduced depending on whether it is US-, other foreign-owned, as against an indigenous workplace. It will be recalled that the statistical techniques used by Turner *et al.* – ANOVA and t tests – failed to test for differences between MNCs and indigenous workplaces while controlling for differences in their sample composition. The present study's statistical methods allow for such potential effects to be taken into consideration.

[Table 1 here]

The most striking feature of the results reported in Table 1 is the extent to which, on a whole variety of IR/HRM practices, MNCs are commonly different. Of the nine areas examined, in all but one – work organisation – foreign-owned workplaces were generally more likely to have adopted the listed items. Focusing first on human resource management practices like new reward systems (profit sharing, share ownership and single-status reward systems); voice mechanisms (team briefing, attitude surveys, employee involvement, suggestion schemes); and flow management (advanced selection techniques, performance appraisal, assessment centres, training) the differences were particularly marked. For example, in many instances twice or three times the proportion of foreign-owned establishments as indigenous used these practices. The data in Table 1 also reveal that it was the US-owned workplaces, in the main, that were very substantially different. Only on one item – aptitude tests - did the proportion of other foreign-owned workplaces exceed that of US-owned workplaces, and then only very marginally.

Closer inspection of the results confirm this tendency for US establishments to be different (see Table 2). When controls are entered for workplace size, the nature of the main occupational category, union recognition and sector many of the differences shown in Table 1 remain robust. Results worth highlighting include: US MNCs were more than eight times as likely to have profit sharing and share ownership schemes; nearly five times as likely to have employee involvement in *ad hoc* task forces; and twice as likely to have used performance appraisal and assessment centres. Interestingly, and in contrast to Table 1 in respect of work organisation issues, when

controls are used US-owned workplaces were more than twice as likely to have had team-working and to have permitted individual employees discretion to organise their own work. Given that foreign-owned companies place greater emphasis on the development of human resource management policies, it is not surprising to see that they were much more likely to have a designated personnel specialist at the workplace or directly responsible for the workplace – 61 per cent as against 22 per cent of domestically-owned workplaces.

The results in respect of industrial relations practices are to some degree similar in bearing out that MNCs commonly differ from indigenous companies. To begin with, in all workplaces, irrespective of the period in which operations began, the logistic regression results for union recognition confirm (item 35 of Table 2) that US workplaces as a whole differ little from the Irish, but that other foreign-owned MNCs are almost three times more likely to have recognised unions. Simply comparing groups of workplaces may however mask important *recent* trends. When a comparison is made of the degree to which US and other foreign-owned workplaces established since the mid 80s diverge from Irish workplaces established over the same period, what is particularly striking is the dramatic relative decline in union recognition among the US group. Thus the trend in union recognition is dominated by a remarkable rise in non union workplaces among US employers entering Ireland since the mid 1980s.

[Table 2 here]

When the analysis is then confined to those workplaces in which unions are represented, MNCs again emerge as different in a number of significant respects from their Irish counterparts. The results in Table 2 show that representative structures and negotiating arrangements are less complex in foreign-owned workplaces, a feature we noted in our original paper. The results indicate that US workplaces were nearly five times - and other foreign-owned workplaces twice - more likely to have a single– union recognition agreement. Further, MNCs were also more likely to facilitate shop stewards with time off to attend to union affairs, as well as hosting regular monthly meetings with stewards and involving professional union officials in the resolution of workplace problems. Management-union relations were also much more likely to be

reported to be 'good' or 'very good'.

There were also some interesting differences in the area of pay determination. US establishments, in contrast to indigenous workplaces, were more likely to agree pay rates which were not only higher than other companies in their sector (41 per cent), but which also, and more importantly, were in excess of national wage norms (66 per cent). This is a significant finding and one which contrasts with that in our original article. But it is not surprising. In the intervening period, labour markets, particularly for skilled occupations in the electronics and pharmaceuticals industries – both sectors have a very significant US presence - have tightened considerably. The pressure, or at least the incentive, to exceed national wage settlements to attract and retain key personnel has become particularly acute. It does, however, reinforce our original argument that, the 'bargaining independence' of foreign-owned companies reflects less a principled commitment or opposition to centralised bargaining and more a pragmatic view of whether abiding by, or acting independently from, national wage norms is in their best interests.

In sum, the data from the UCD workplace survey very clearly support the view that there are differences in the IR/HR practices used by Irish and foreign-owned firms. What is remarkable from the higher quality data now available is how substantial that difference is. Furthermore, there is a clearly identifiable US country-of-origin effect which is particularly marked in respect of human resource practices and, from the mid 1980s at least, in respect of union recognition. Although not quite as marked in regard to industrial relations practices, it is nonetheless also evident here. In most instances, the differences in the odds of finding a given employment practice in a US workplace stood out at a relatively high level of statistical significance (p < 0.01), even when the potentially confounding factors of size of establishment, sector, occupational category, and union recognition were controlled for.

The differences as between US- and other foreign-owned workplaces should also be pointed to. While the latter have, in the main, higher levels of HRM practices than indigenous workplaces, they have them to a lesser degree than US MNCs, they have been more 'collectivist' in their management of the employment relationship (i.e., see items 35 and 36 in Table 2) than Irish and US workplaces and have (vis a vis Irish workplaces) more rationalised industrial relations arrangements.

In summary, foreign-owned companies were distinctive in a number of ways. They were more likely to have a designated personnel specialist and the personnel function was more likely to be represented at board level. They would also seem to have made more efforts to communicate with and involve employees. Initiatives like employee involvement in *ad hoc* task forces, suggestion schemes, joint consultative committees and task participation were notably more pronounced. Payment systems in foreign-owned establishments were also more consistent with an overall philosophy of employee involvement with profit sharing and share ownership being more evident. They also appeared to have been more strategic in their management of employee selection, development and training. In brief, MNCs' approach to personnel issues would seem to have been more consistent with a human resource management approach than that of Irish-owned workplaces. This finding is consistent with other evidence from survey research. In the UK, too, significant differences of approach towards employee management were identified between overseas- and UK-owned companies (Marginson *et al.*, 1993).

In short, the data is largely consistent with the arguments in our earlier paper that MNCs are indeed different and, far from showing a reduction in difference, the evidence suggests that MNCs, and particularly US-owned multinationals, continue to stand apart in their practice of industrial relations and human resource management.

There is something else which needs to be emphasised. Notwithstanding the significant differences in the level of adoption of human resource practices between foreign- and Irish-owned workplaces, there is evidence to support the view, expressed in our original paper, of a 'spill-over-effect' where the latter are increasingly introducing new HR practices most often associated with MNCs. Witness, for example, the incidence of performance related pay (both individual and group), open-door policies, team briefings, and new work practices. And while there are obvious limitations to making statements about change from the cross-sectional data presented here, elsewhere in our questionnaire we did ask respondents whether the various HR practices had been introduced in the five years preceding the survey or prior to then. The evidence would suggest that experimentation with many of these initiatives has

been recent and would, as such, support our earlier argument that the *direction* of convergence (where it exists) is more likely to be from 'host country practices' towards foreign companies' practice and not vice versa as argued by the conformance thesis. In that sense, the HR practices of MNCs may well have acted as an important catalyst and exemplar for change amongst Irish-owned companies.

Conclusion

In summary, there are two elements to our reply to Turner *et al.*'s (1997a,b) claim that the IR/HRM practices of foreign-owned companies operating in Ireland conform to those of domestically-owned workplaces. First, their research fails to appreciate and acknowledge the weight of evidence both in Ireland and elsewhere as to the predominance of country-of-origin effects over host-country effects, especially in countries characterised by weak industrial relations systems. It is not that a view of the world which differs from predominant orthodoxies cannot be countenanced, but one might have reasonably expected some consideration as to why one might, *a priori*, have anticipated little or no differences in the IR/HR practices of Irish- and foreign-owned workplaces. Such theoretical reasoning might then have been used to drive any subsequent empirical analysis.

Not surprisingly, then, the next serious weakness in their work is the linkage between evidence and argument. In some instances, Turner *et al.* choose to accept the authority of evidence congenial to their own position, while ignoring or downplaying contrary evidence which sometimes comes from their own earlier research.

The second element to our critique is our use of the UCD data set which provides for the first time in Ireland, a comprehensive picture of IR/HRM practices at the level of the workplace. Here the evidence as a whole is striking in its confirmation of our position, as presented in our original paper, that foreign-, and particularly US-owned, establishments are indeed very different to Irish workplaces. To this extent, the evidence as it pertains to Ireland would suggest that the Irish case does not represent some kind of an 'outliner' from employment relations patterns evident elsewhere and that there is little empirical, or theoretical, basis for the new conformance thesis as espoused by Turner *et al*.

Notes

¹ Turner *et al.*'s argument is also restated in a very similar piece for the *Industrial Relations Journal* (1997b).

² Data made available to the authors by the Survey Unit of the Economic and Social Research Institute, Dublin.

³ Data made available to the authors by the Survey Unit of the Economic and Social Research Institute, Dublin.

⁴ The building and construction sector was excluded from the survey on the grounds that its employment practices are highly sector-specific, and would not be validly captured by the general questionnaires developed for the survey.

⁵ In the case of the questionnaire completed by designated human resource/ industrial relations managers, the composition of these occupational categories was pre-defined for respondents. 'Skilled' employees were defined as comprising 'all (non-managerial, non-supervisory) skilled/ professional employees who have acquired skills through experience and on the job training and/or who hold degrees, vocational and professional qualifications, City and Guilds qualifications etc. ...'. Examples provided in manufacturing establishments were 'apprenticed craft workers, technicians, engineering workers; other skilled groups'. Examples provided in services establishments were 'accountants, nurses, doctors, accounting and finance workers, bank officials/ career bankers'. In the same way 'routine' employees were described for respondents as comprising 'routine manual/routine service workers, junior administrative and secretarial/support staff. Examples provided were 'production operatives (semi-skilled and unskilled), sales assistants, checkout operators, warehouse staff, porters, bank assistants, clerical workers'. In the case of the questionnaire completed by 'single managers', respondents were asked to describe the main non-management occupational group, and replies were coded in accordance with the skill/occupational classification outlined above.

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	All Foreign-owned (1) %	Irish-owned (2) %	US-owned (3) %	Other foreign-owned (4) %	Sample Ns (unweighted (5)
Rewards Practices					
 Personal contracts/personal pay and benefits packages 	31.0	30.8	40.8	24.8	346
2. Individual performance- related pay	40.9	39.3	46.1	38.3	348
3. Skill-based pay	25.8***	41.3	31.2	22.3	350
4. Service-based incremental pay	44.7	49.9	51.3	40.0	361
5. Group performance-related pay	20.9	23.8	23.7	19.2	349
6. Profit sharing.	21.0***	8.0	35.6	12.3	343
7. Share ownership	24.6***	6.6	37.7	16.4	348
8. Single-status reward system	38.1***	24.1	51.8	29.8	404
Pay Determination					
9. Pay awards exceeded national pay settlements over last five years	43.7	43.1	65.9	29.9	400
10. Pay rates higher than other companies in sector	34.1***	26.6	41.2	29.8	395
11. Pay rates lower than other companies in sector	7.5	7.9	2.4	10.6	395
Voice Practices					
12. Formal open-door policy	77.4	74.7	79.7	76.2	369
13. Company-confined grievance system	33.3***	20.2	38.2	30.1	347
14. Team briefing by line management	67.9***	50.6	87.7	55.0	364
15. Attitude surveys	30.7***	13.9	56.4	15.0	359
16. Quality circles	22.2	17.5	35.4	13.7	350
17. Employee involvement in ad hoc task forces	65.6***	48.6	82.7	54.3	364
18. Suggestion schemes	48.1***	31.3	58.8	41.3	360
19. Joint consultative committees/ works councils	25.7***	12.4	31.2	22.4	353
Flow Practices					
20. Aptitude tests used	32.4***	21.0	32.1	32.6	359
21. Psychometric selection methods used	13.7***	7.5	15.4	13.3	347
22. Biodata/personal history inventories used	27.6***	10.9	38.0	20.8	347
23. Assessment centre used	11.3***	5.6	14.0	9.6	348
24. Systematic assessment of whether recruits fit	42.2***	20.7	51.9	36.2	354
organizational culture 25. Performance appraisal used for employee development	49.3***	37.3	58.7	43.5	369
26. Promotion based on merit as determined through performance appraisal	70.2***	59.9	84.0	62.4	369
27. Promotion based on seniority	12.7	16.8	9.3	14.6	354
28. Promotional positions filled by internal candidates	82.4***	66.9	87.0	79.9	374
29. Training conducted for current work tasks	99.5	91.9	98.7	100.0	392
30. Training conducted in anticipation of future	64.7***	52.1	71.8	60.6	376
production or process changes 31. Training undertaken in a wide range of skills	66.7***	52.5	67.5	66.2	370

Table 1 Human Resource Practices in Irish-owned and Foreign-owned workplaces

Table 1 Continued

	All Foreign-owned	Irish-owned	US-owned	Other foreign-owned	Sample Ns (unweighted)	
	(1) %	(2) %	(3) %	(4) %	(5)	
Work Organization						
32. Individual employees allowed discretion to organize their own work	56.0	51.9	67.1	49.6	363	
33. Employees work in formally designated teams and group responsible for managing work arrangements	62.6	59.1	77.4	52.8	376	
 Employees routinely work across different occupational/ skill categories 	65.6	67.2	70.9	62.6	369	
Union Recognition and Organization						
 Union(s) recognized Single-union recognition agreement ^a 	66.7*** 48.0***	43.8 26.2	52.3 59.3	74.8 43.1	411 181	
 37. High union density (over 75%) 38. Low union density (less than 50%) 	92.9 7.1	87.9 12.1	93.3 6.7	92.7 7.3	253 253	
 39. Formal or informal closed shop^a 40. Multiple trade unionism in workplace^a 	73.6*** 35.7	43.4 31.3	100.0 33.3	64.2 36.1	184 180	
41. Multiple trade unionism in largest occupational group	12.2	10.6	2.2	15.0	265	
Industrial Relations Practices						
42. Collective bargaining	97.2***	75.9	100.0	96.2		
 43. Single-table bargaining^a 44. Use of state-provided third-party facilities for resolving disputes 	17.6 69.7***	16.7 40.0	22.2 64.6	16.0 73.0	272 368	
45. Shop stewards permitted to spend some of their working time engaged in union-related business ^a	64.2**	51.6	65.6	64.1	183	
46. Meetings held with shop stewards at least monthly ^a	55.1***	32.1	73.3	48.8	190	
47. Professional trade union officials commonly attend meetings with shop stewards ^a	52.4***	34.7	60.0	49.3	174	
48. Management more inclined in recent years to involve professional union officials in the resolution of workplace problems ^a	50.5***	37.1	46.7	51.9	192	
The Character of Industrial Relations						
49. Management-union relations rated 'good' or 'very good'	87.9***	71.0	95.6	84.4	247	
50. Management-union relations seen to have improved during the five years preceding the survey	47.9	44.2	62.2	41.1	247	
Management Organization						
51. Designated personnel specialist at workplace or directly responsible for workplace	48.4***	21.8	61.3	41.3	409	
responsible for workplace 52. Personnel function represented on most senior executive-level management committee at workplace ^a	87.0	82.8	92.0	81.4	165	

Table 1 Continued

	All Foreign-owned	Irish-owned	US-owned	Other foreign-owned	Sample Ns (unweighted)
	(1)	(2)	(3)	(4)	(5)
	%	%	%	%	
53. Personnel function represented at board-level in corporate headquarters ^a	68.0*	59.0	78.0	61.7	235
54. Workplace/enterprise is a member of an employers' association	85.1***	65.8	88.4	82.5	311
55. Professional officers of employers' association routinely involved in pay settlements	46.3***	20.9	32.6	55.6	391
56. Professional officers of employers' association routinely involved in workplace restructuring	37.2***	18.6	36.5	37.7	382

Notes

Data based on survey responses of designated human resource/industrial relations manager only. Difference between all foreign-owned and Irish- owned significant at the 0.10 level. Difference between all foreign-owned and Irish- owned significant at the 0.05 level. Difference between all foreign-owned and Irish- owned significant at the 0.01 level. а

*

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	Us-owned workplaces Odds ratios (1)	Other foreign- owned workplaces Odds ratios (2)	Sample Ns (unweighted) (3)
Rewards Practices			
1. Personal contracts/personal pay and benefits packages	2.4026***	0.8998	329
2. Individual performance- related pay	1.5119	1.2518	332
3. Skill-based pay	0.6759	0.6052**	333
4. Service-based incremental pay	1.2285	0.8922	344
5. Group performance-related pay	1.3127	0.9608	333
6. Profit sharing.	8.3672***	1.9802*	
7 Share ownership	8.9834***	1.7035	331
8. Single-status reward system	2.8456***	1.3256	386
Pay Determination			
Pay awards exceeded national paysettlements over last five years	3.2986***	1.0672	383
10. Pay rates higher than other companies in sector	2.6354***	1.3111	377
11. Pay rates lower than other companies in sector	0.2405*	1.6625	377
Voice Practices			
12. Formal open-door policy	1.4470	1.2562	352
13. Company-confined grievance system	2.2102***	1.1743	331
14. Team briefing by line management	5.5329	0.7340	348
15. Attitude surveys	8.4551	0.8283	343
16. Quality circles	2.6540***	0.5059**	334
17. Employee involvement in ad hoc task forces	4.9128***	0.8373	348
18. Suggestion schemes	3.4264***	1.4945*	344
19. Joint consultative committees/works councils	2.7071***	1.4858	337
Flow Practices			
20. Aptitude tests used	1.2379	1.2902	342
21. Psychometric selection methods used	1.6472	1.3178	332
22. Biodata/personal history inventories used	6.7931***	2.1649***	331
23. Assessment centre used	2.1524*	1.4991	333
24. Systematic assessment of whether recruits fit Organizational culture	4.3959***	1.7905**	339
25. Performance appraisal used for employee development	2.2190***	1.2075	351
26. Promotion based on merit as determined through performance appraisal	3.2863	1.2368	351
27. Promotion based on seniority	0.7654	0.8901	337
28. Promotional positions filled by internal candidates	2.8361***	1.6558**	359
29. Training conducted for current work tasks	4.7557	()	375
31. Training conducted in anticipation of future production or process changes	1.7615**	1.1236	358
31. Training undertaken in a wide range of skills	1.8776**	1.7128**	352
Work Organization			
 Individual employees allowed discretion to organize their own work 	2.3824***	1.2090	344
33. Employees work in formally designated teams and group responsible for managing work arrangements	2.156***	0.7535	357
34. Employees routinely work across different occupational/skill categories	1.4479	0.7925	350

Table 2 Human Resource Practices in US-owned and Other Foreign-owned Workplaces: Logistic Regression Results

Table 2 Continued

Table 2 Continued		Others f	C 1 M
	US-owned workplaces Odds ratios (1)	Other foreign- owned workplaces Odds ratios (2)	Sample Ns (unweighted) (3)
Union Recognition and Organization			
35. Union(s) recognized: all workplaces Pre-1985 workplaces	0.8830 1.9571*	2.9640*** 2.4573***	393
Workplaces established since 1985	0.0636***	3.6987*	384
36. Single-union recognition agreement ^a	4.5857***	2.1999***	173
37. High union density (over 75%)	3.2510	1.9088	244
38. Low union density (less than 50%)	0.3076	0.5239	244
39. Formal or informal closed shop ^a	()	1.6896	176
40. Multiple trade unionism in workplace ^a	0.5532	0.9910	176
41. Multiple trade unionism in largest occupational group	0.3295	2.1679	256
Industrial Relations Practices			
42. Collective bargaining	()	8.1681	
43. Single-table bargaining ^a	4.5857***	2.1999**	173
44. Use of state-provided third-party facilities for resolving disputes	2.0763**	3.2503***	352
45. Shop stewards permitted to spend some of their working time engaged in union-related business ^a	2.7211**	2.1817***	175
46. Meetings held with shop stewards at least monthly ^a	6.0658***	2.1052***	182
47. Professional trade union officials commonly attend meetings with shop stewards ^a	1.6900	1.5283	168
48. Management more inclined in recent years to involve professional union officials in the resolution of workplace problems ^a	2.0696	2.1766***	185
The Character of Industrial Relations			
49. Management-union relations rated 'good' or 'very good'	17.0487***	2.4069***	237
50. Management-union relations seen to have improved during the five years preceding the survey	1.4212	0.5792**	237
Management Organization			
51. Designated personnel specialist at workplace or directly responsible for workplace	5.9772***	2.9640***	390
 52. Personnel function represented at most senior executive-level managment committee at workplaces^a 	1.8266	0.4833	157
 53. Personnel function represented at board-level in corporate headquarters^a 	3.3256***	1.460	223
54. Workplace/enterprise is a member of an employers' association	3.6752***	1.8704**	381
55. Professional officers of employers' association routinely involved in pay settlements	1.7510	3.1846***	381
56. Professional officers of employers' association routinely involved in workplace restructuring	2.3768***	1.8065**	363

Notes

1. In all regressions Irish-owned workplaces constitute the reference category for ownership terms. All regressions include the following control variables: numbers employed; skilled workers comprising the largest occupational group, union recognition (items 35, 36-43 and 45-50 excepted), and sectoral dummy variables (advanced manufacturing, financial and professional services, other services. Traditional manufacturing workplaces are the reference category.

2. Regressions for itmes 36-43 and for items 45-50 are confined to workplaces where union(s) are recognized.

3. The regression reported under item 35, testing for the effects of US and Other foreign-owned workplaces established since 1985 on union recognition, contains a 'main effect' term to control for any trend in union recognition among Irish workplaces established since 1985.

() Proportions of workplaces by ownership category implementing a practice was 100 per cent and resulting odds ratios have large standard errors.

^a Data based on survey responses of designated human resource/industrial relations manager only.

* Significant at the 0.10 level.

** Significant at the 0.05 level.

*** Significant at the 0.01 level.