

# Employment Practices of Multinational Companies in Organisational Context: A Large-scale Survey

## Report of Telephone Screening Survey

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# Executive summary

## *Introduction*

- This report provides an overview of findings from a telephone survey of nearly 900 UK- and overseas-owned multinational companies in the UK, undertaken in 2005-6.
- This is the first stage of a two-stage investigation. The second phase, currently nearing completion, involves a 70-minute face-to-face questionnaire with a sample of the companies that completed the telephone survey.
- It is the first survey of multinationals in the UK based on a properly representative sample, and it thus provides a novel picture of management organisation and practice in these companies.

## *Highlights of the telephone survey*

- The companies are split more or less equally across manufacturing and services.
- Their UK operations range in size from 100 to over 100,000 employees, and their worldwide employment from 620 to 500,000.
- Nearly half (49%) the responding operations are composed of multiple operating sites that are related to each other; a further 22% are multiple sites of which some are related; 16% of the total are single-site operations.
- A wide range of nationalities is represented but a small number of countries predominate. The largest single representation by far is the US, with over 330 companies, 38% of the total, followed by the UK (18%). Germany, Japan and France have 50 or more representatives each (6-7% each). Other European companies constitute the bulk of the remainder (17%).
- HR representation on the main worldwide board of companies is common – nearly two-thirds of firms have such representation.
- There are very few differences in the organisation or conduct of HR among MNCs operating in different sectors. This suggests that there may be a common model of international operation and organisation that applies equally well to manufacturing and to services.
- Nationality and size are significant influences on a variety of HR structures and outcomes, particularly the extent of HR autonomy, the nature of reporting links to higher levels, and the nature of codes of Corporate Social Responsibility.

- US-owned companies offer a distinctive pattern of HR that marks them out from other overseas companies and from the sample as a whole. This is particularly noticeable in:
  - lower levels of subsidiary HR autonomy;
  - more extensive reporting relationships between the subsidiary HR function and higher organisational levels;
  - the extent of mandatory CSR codes.
- A strikingly high proportion of respondents (53%) in subsidiaries of overseas firms perceive that they have complete autonomy in HR matters with respect to higher levels of the company. However, US firms are much less likely to report that they are autonomous – only 41% do so, compared with 63% of non-US firms.
- For companies where a higher level is influential on HR matters in the subsidiary, corporate HQ is the level most commonly reported by far as being the ‘most influential’ level (51% of responses), followed by region (31%). Structures such as international business divisions are the most influential only in a small minority of firms, suggesting that innovative international structures are not as common as some of the business literature might indicate.
- An important minority of firms (36%) have formal reporting relationships between the UK operations and higher levels of HR, in the form of ‘thick black line’ direct reports. Of those *without* such links, about 60% have ‘dotted line’ relationships to HR at a higher level.
- In a substantial minority of subsidiaries (22%) the HR function has *dual* thick black line reporting relationships, both to higher level HR and to senior line management in the subsidiary. Conversely, nearly as many (20%) have neither type of report (suggesting perhaps that the HR function is subsumed under other departments in these cases).
- A large proportion of UK subsidiaries - more than 80% - are covered by codes of Corporate Social Responsibility. In a large majority, such codes cover all or most of the company’s international operations. In most cases, at least some aspects of these codes are mandatory. Only a minority, however, have been negotiated with unions or Europe works councils, and the firms that have negotiated them are more likely to be continental European.

# Introduction

This report provides an overview for participating companies of the findings from the initial phase of the survey on *Employment Practices of Multinational Companies in Organisational Context*.

The aim of the overall study is:

- to map the organisational features of multinational companies (MNCs) in the UK, in terms of nationality of origin, international structures, sector of operation, size of firm, and so on;
- to examine how these organisational characteristics are linked to patterns of employment practice in MNCs' UK operations.

The survey was divided into two stages. The first, which is the focus of this report, consisted of a 10-minute **telephone survey** in about 900 companies to explore some initial issues of employment practice and organisation of the international HR function. This phase was also used to establish the accuracy of our database of MNCs in the UK and to identify a respondent capable of commenting authoritatively on HR practice.

The second, main stage of the study, currently nearing completion, involves a 70-minute face-to-face questionnaire with a sample of the companies that responded to the telephone survey. This questionnaire asks in detail about four areas of employment practice and policy: pay and performance, employee involvement, employee representation, and organisational learning and development. It also investigates the structure and operation of the international HR function in MNCs. A main survey report will be made available later in the year to the companies participating in this second stage.

## Representativeness and response rates

The telephone survey was used to check the accuracy of the initial database of more than 3,000 companies drawn up by the research team from a variety of proprietary databases, and to make sure that the companies in it met the minimum size criteria established for the study. These criteria were:

- for overseas-owned MNCs: a minimum of 100 employees in the UK and 500 employees worldwide;
- for UK-owned (and for joint UK-overseas owned) MNCs: a minimum of 100 employees outside the UK and worldwide employment of at least 500.

The telephone survey showed that, of just over 3100 companies in our initial database, approaching 500 failed to meet our employment size criteria. More than 700 more were identified as duplicate entries, were no longer in business, or were found to be untraceable after extensive additional searches.

The 'population' of UK-owned and foreign-owned MNCs operating in the UK, according to our size criteria, was therefore established as around 1900 firms. All these companies were surveyed and we achieved a response rate of 48%, or 873 usable responses. This represents a high level for a survey of this nature.

We ran tests to preliminary check how far the characteristics of our respondent companies matched those of the 'population'. Overall, the respondents appear to be representative of the population in terms of size and sector. However, UK-owned MNCs seem somewhat under-represented in our sample, as are MNCs with joint UK-foreign ownership.

## Findings

In this section we present the main findings from the 873 companies responding to the telephone survey.<sup>1</sup> We first provide an overview of the responding companies. We then look in turn at the degree of autonomy that subsidiaries have over HR issues; the reporting links between subsidiary HR departments and higher levels of the HR function; and the specific issue of codes on 'corporate social responsibility'. In 238 companies the respondent was too junior to answer the full range of questions, and the findings in this latter part of the report are based on 635 multinational companies with operations in the UK. Of these, 512 are overseas owned and the remaining 123 UK or joint UK–overseas owned.

### ***Overview of the responding companies***

#### *Country of origin*

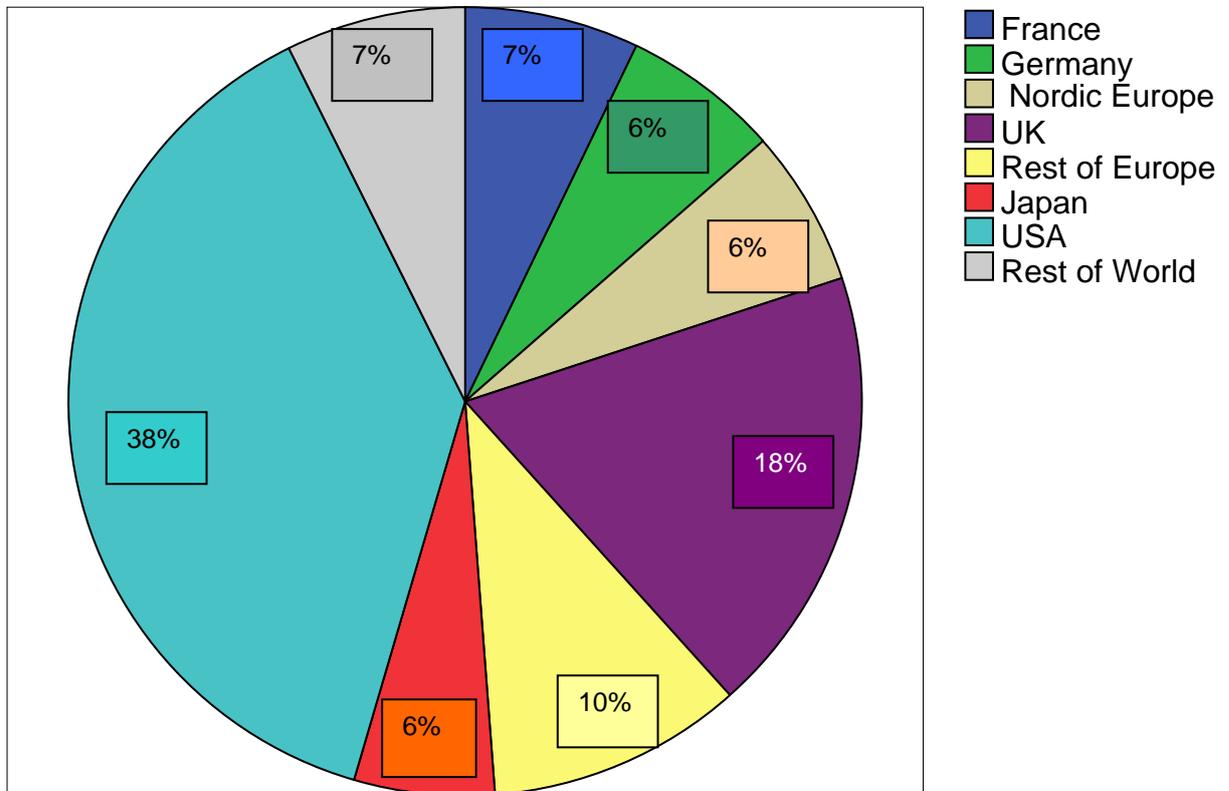
As can be seen in Graph 1 (Table A.1), by far the most prominent country of origin is the USA, accurately reflecting its predominant weight among foreign MNCs in the UK.

- The US, with 333 firms (38%) of the total, has more than twice as many respondents as the next largest country, the UK, with 161;
- Japan, Germany and France each provide responses from 50 or more companies;
- Over 50 responses were received from the Nordic countries as a whole, with Swedish firms accounting for nearly half of them;
- The top 10 countries (US, Japan, UK, Australia and six other European countries) account for 89% of all responses;
- Of the 91 from the 'rest of Europe', the Netherlands and Switzerland provide the bulk of responses.

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<sup>1</sup> Results are presented in graphical form in the text. The Appendix provides summary tables of results. While we have not included detailed information on tests of statistical significance in this report, a short note on our procedures is contained in the Appendix, including an indication of the statistical significance of individual findings.

**Graph 1 Country/Region of Origin**



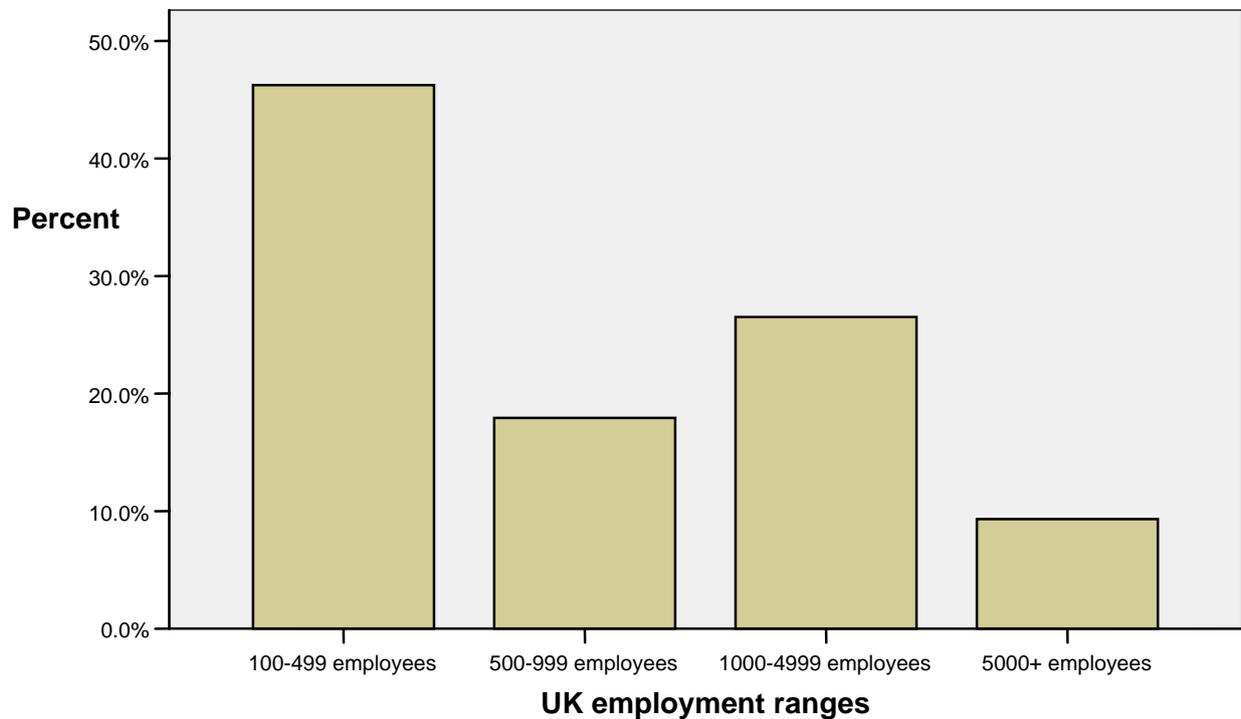
### *Size*

As shown in Graph 2 (Table A.2), there is a broad spread of UK subsidiary sizes in terms of employment.

- 382 companies (46%) employ between 100 and 500 in the UK;
- 148 firms (18%) employ between 500 and 999;
- 219 companies (27%) have between 1000 and 4999 employees
- 77 firms (9%) have 5000.

Thus over a third of responding firms - nearly 300 - have at least 1000 UK employees. The mean average size of UK employment of firms in the survey is just under 2400.

**Graph 2 UK employment**



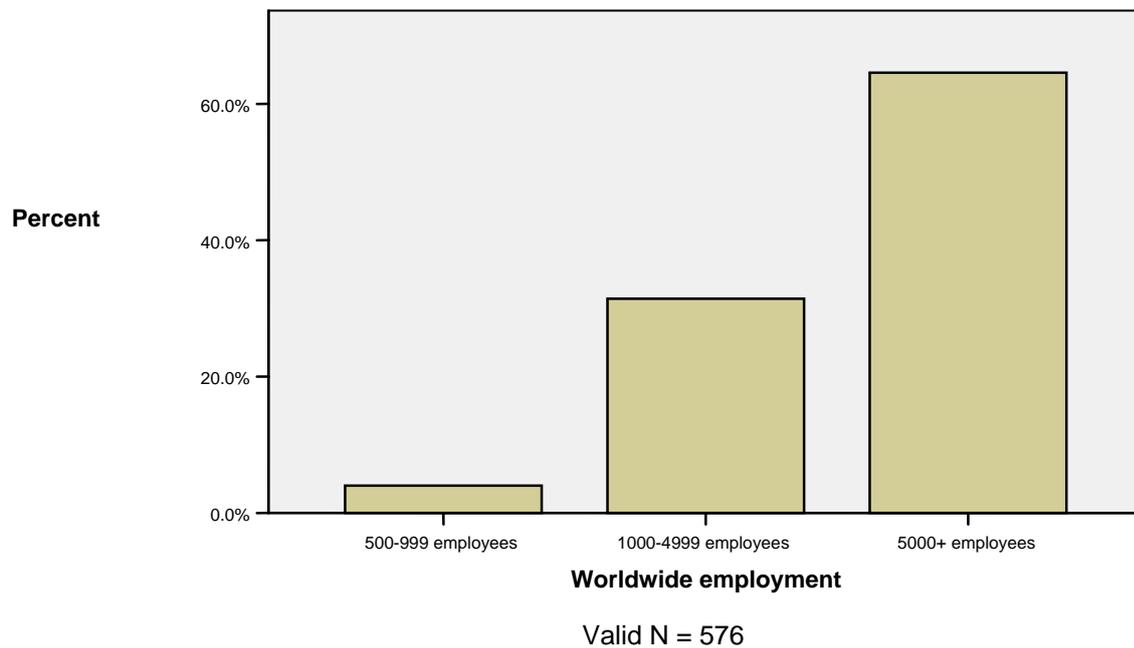
Valid N = 826

In terms of worldwide employment, as can be seen in Graph 3 (Table A.3), there is again a broad spread of firm sizes.

- Average worldwide employment for responding firms is around 25,000, with a broad spread of sizes from around 500 to over one million;
- 23 companies (4%) have fewer than 1000 worldwide, while 181 (35%) have between 1000 and 4999 employees.
- Nearly two-thirds of companies (370 firms, or 65% of the firms for which we have the information) have 5000 or more employees worldwide;
- Of the 573 firms for which we have precise worldwide employment data, 145 (25%) have 25,000 or more employees worldwide; of these, 81 (14% of the total) have 50,000 or more; 31 (5%) have 100,000 or more.

Countries of different nationality do not differ notably in the size ranges of their worldwide workforces, with the exception of a tendency for Nordic firms to have smaller worldwide employment (43% of the Nordic firms in the sample employ fewer than 5000 worldwide, compared with 26% of other firms). This possibly hints at a concentration of Nordic international operations in small, specialised niche areas of productive activity.

**Graph 3 Worldwide employment**

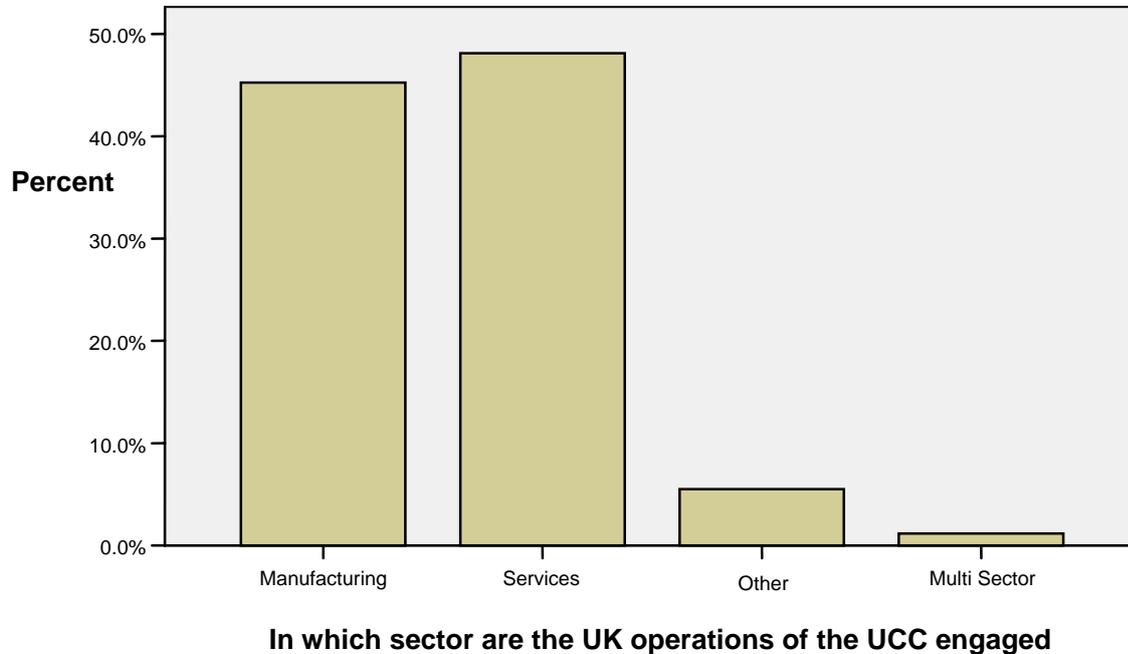


### *Sector*

Companies were also asked which sector of activity they primarily belong to: manufacturing, services, construction/utilities, or agriculture/forestry/extraction. The results can be seen in Graph 4 (Table A.4).

- Companies are spread fairly evenly between manufacturing and services;
- 10 companies reported that their activities straddle two of these broad sectors.
- A small number of companies responded from the utilities sector and from extraction, agriculture and forestry.

**Graph 4 Sector of operation**



Valid N = 873

\*Note: 'Other' includes utilities, construction, extraction, agriculture and forestry.

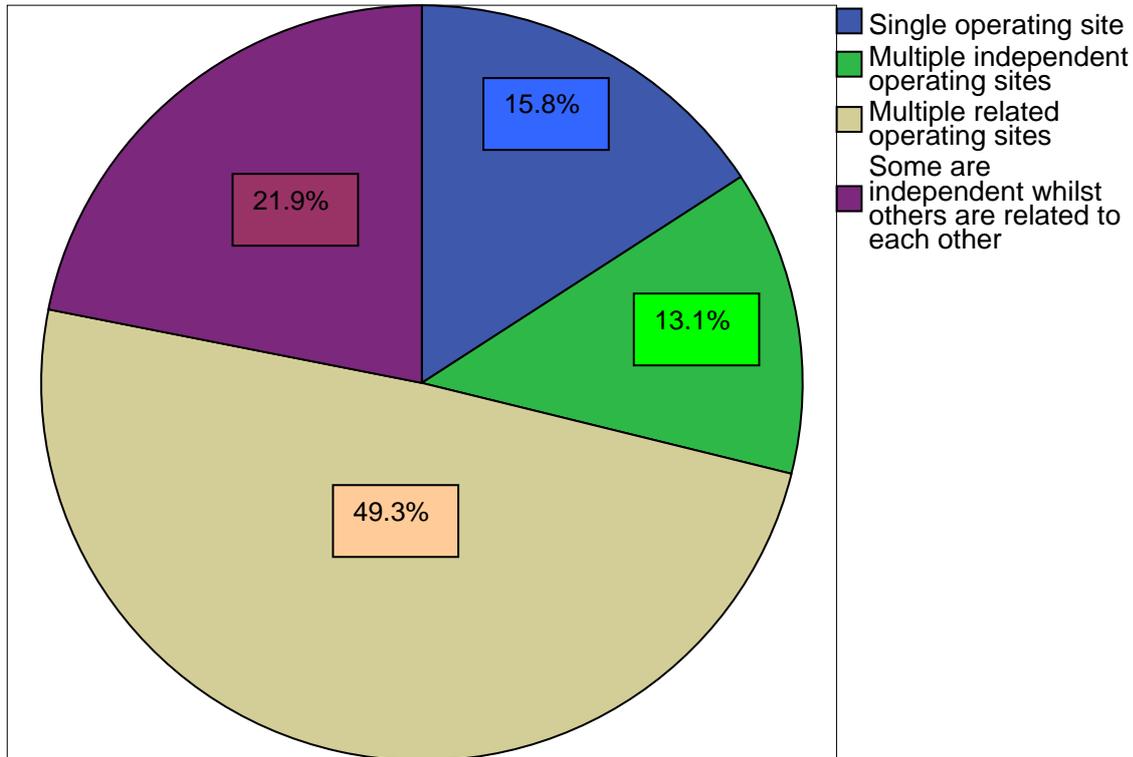
### *Single or multi-site*

Finally, companies were asked whether they were single site or multi-site. If the latter, they were asked whether sites were related or independent. Results are shown in Graph 5 and Table A.5.

- Nearly half the subsidiaries comprise multiple related operating sites;
- Only 16% are single-site operations (19% of overseas companies);
- As might be expected, subsidiaries in the services sector are much more likely than manufacturing companies to have multiple related sites (57% of service subsidiaries compared with 36% of manufacturing firms);
- Japanese firms are more likely to have a single site than other foreign firms;
- Unsurprisingly, there are very few single-site operations of UK-owned firms.

Subsidiaries of overseas MNCs with 1000 employees or more are much less likely to consist of a single site than smaller subsidiaries: fewer than 3% of the former have a single site, compared with 24% of the latter.

**Graph 5 Site type**



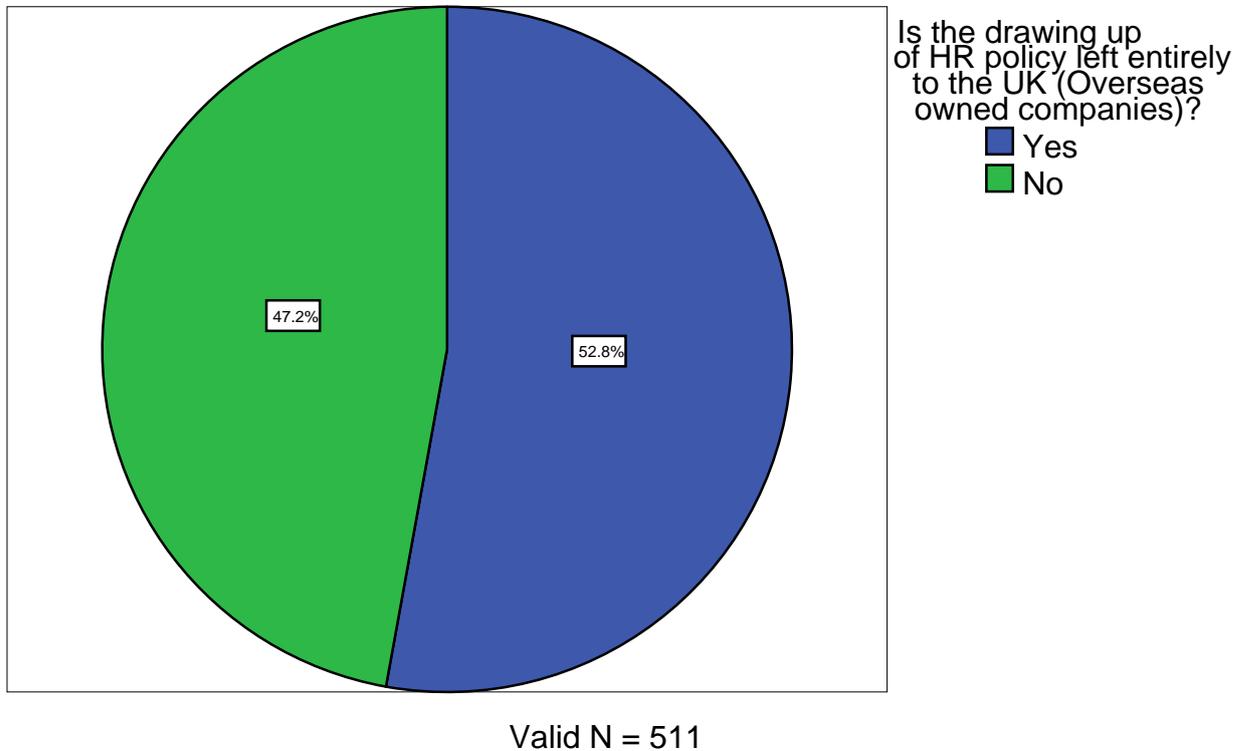
### ***The autonomy of operating companies***

We asked respondents in overseas-owned companies whether policy on HR matters was left entirely to the UK operations. We also asked UK-owned companies whether HR policy was left to subsidiaries abroad. We report the findings separately for the two groups as they are not strictly comparable: in the first case we were asking subsidiary respondents, and in the second case head office respondents.

The results for the overseas-owned companies reveal a strikingly high level of responses claiming autonomy on HR matters (Graph 6a, Table A.6):

- 53% said HR matters are left entirely to them, compared with 47% who said they are not.

**Graph 6a Autonomy for overseas owned companies**



Perhaps unsurprisingly, given that respondents were generally based at headquarters, the 123 UK-owned companies report a lower level of subsidiary autonomy on HR matters:

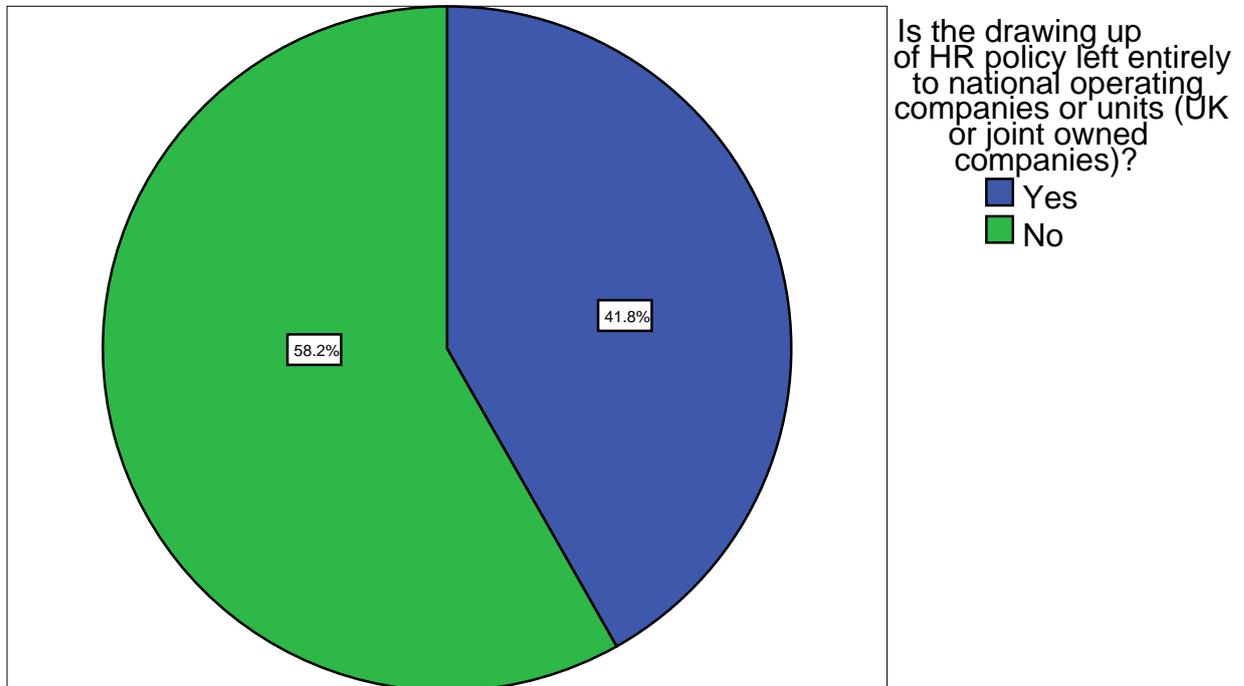
- Only 42% said that matters are left entirely to overseas operating companies, compared 58% who said they are not (Graph 6b).

The results for overseas companies show some important differences according to country of origin. These differences are statistically significant. Most strikingly:

- Respondents in US firms are much less likely to claim full autonomy on HR matters compared with other overseas firms (41% compared with 63%) (Table A.7).

This is in line with studies that show American MNCs to be relatively centralised in their management of HR, compared with MNCs of other nationalities. Further analysis suggests that this effect remains even when we allow for size and sector differences between US and other companies.

**Graph 6b Autonomy for UK/UK joint owned companies**



Valid N = 122

Sector has no impact on perceived autonomy, but subsidiary size appears to have an effect.

- Firms with smaller UK operations are somewhat more likely to answer that HR policy is left entirely to them (56% of firms with under 1000, compared with 45% in firms over 1000).

This suggests that small subsidiaries tend to be left alone by higher levels, while bigger and possibly more strategically important subsidiaries tend to be more closely monitored. Worldwide employment size appears to have no impact on the perception of subsidiary autonomy.

Whether subsidiaries comprise a single site or multiple sites has a bearing on their perceived autonomy. Single-site subsidiaries are more likely to claim autonomy: two-thirds do so, compared with around half of multi-site operations.

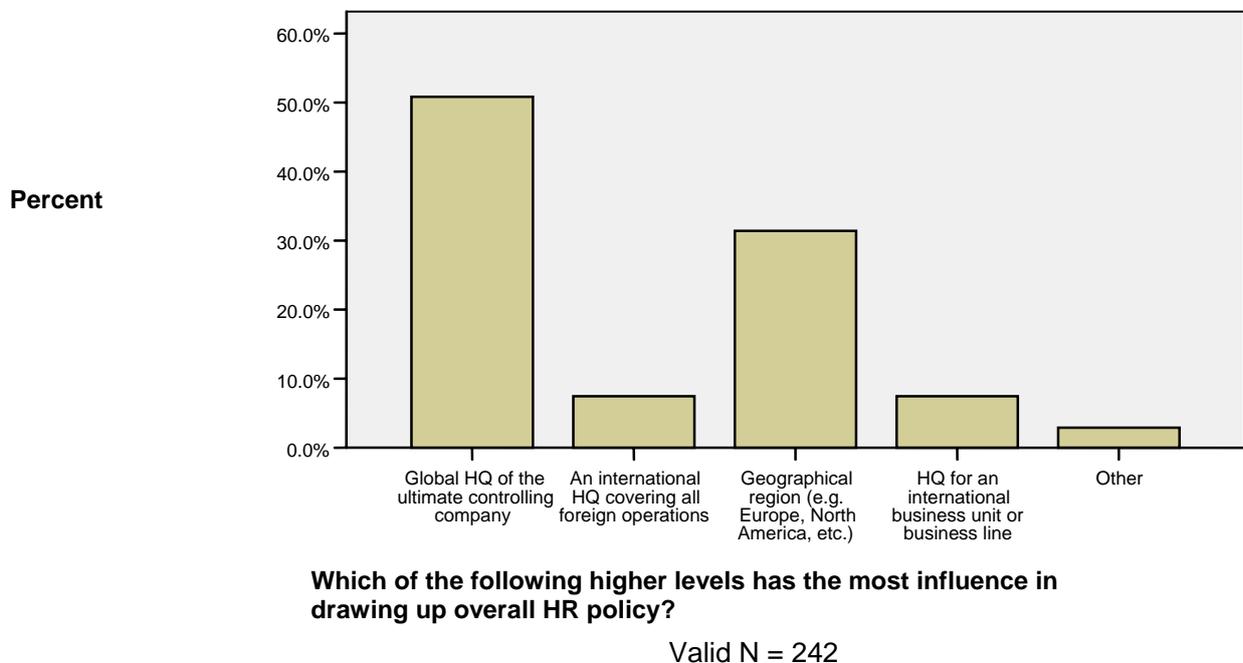
Respondents who said that the UK operating company (or overseas operations in the case of UK-owned companies) is not entirely free to determine HR policy were asked which level of the MNC is the most influential in determining HR policy. Responses are given in Graphs 7a and 7b (Table A.8). Interestingly, despite the increasing attention paid in recent years to intermediate levels of international

organisation such as region or business division, global HQ remains the most influential level for HR in overseas-owned firms.

- Global HQ is the most influential level in just over half the responses;
- The geographical region is reported to be the most influential level by slightly less than a third of respondents;
- Headquarters covering all international operations or international business division HQs are the most influential level in only a small minority of cases.

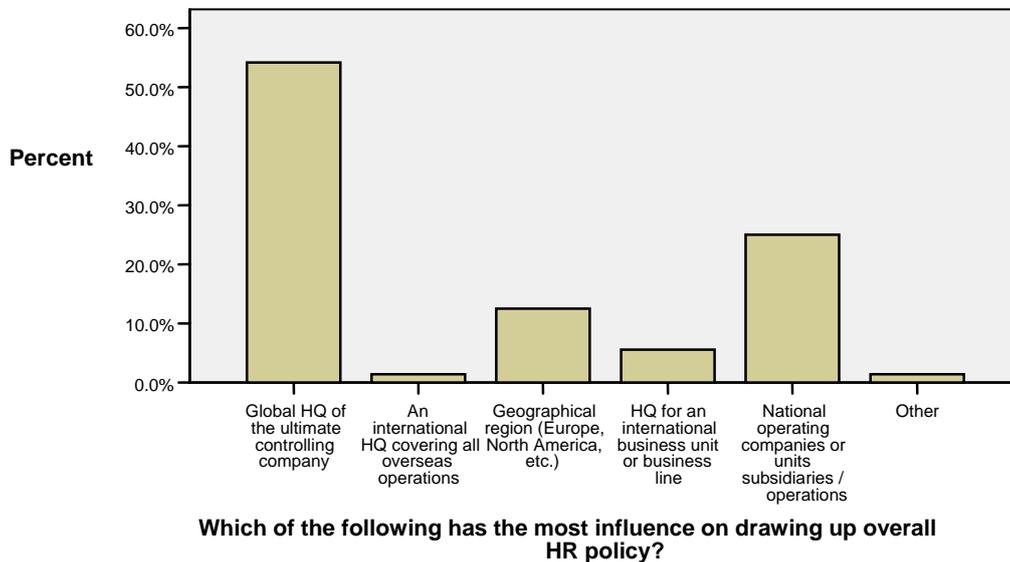
This pattern does not seem to be related to the major ‘structural’ features of size, sector or country of ownership.

**Graph 7a Non-autonomous Overseas companies**



A broadly similar pattern, in which the role of global HQ is even more pronounced, is found among UK-owned companies, as shown in Graph 7b.

**Graph 7b Non-autonomous UK/UK joint companies**



Valid N = 72

Respondents who reported that higher levels of the MNC exercised influence over HR policy were then asked about the nature of that higher level intervention in subsidiary HR policy. Specifically, they were asked whether the role of higher levels is:

- to set detailed policy that the subsidiary is obliged to adopt;
- to set a mandatory framework for policy in the subsidiary;
- to set policy that the subsidiary is advised or encouraged to adopt;
- to approve policy set by the subsidiary.

The question was asked for two specific policy areas: the *career development of managers*; and *employee involvement*.

Graphs 8-9 (Tables A.9-A.12) show the findings for overseas and UK-owned companies separately. The most common roles for higher levels are: to set a broad policy framework that the subsidiary has to follow; and to approve policy drawn up by the subsidiary.

However there are significant differences in the responses on the two issues.

- A higher level is more likely to set detailed mandatory policy on managerial career development than on employee involvement.
- For employee involvement, higher levels are more likely to approve policy set by the subsidiary.

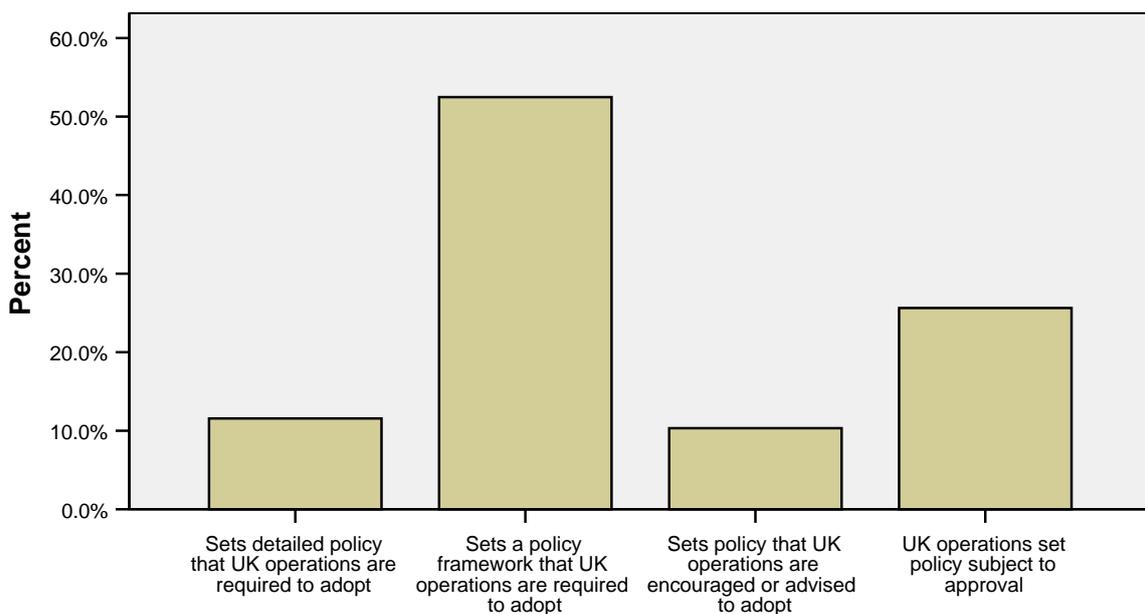
In other words, there is more detailed and coercive higher level intervention over managerial careers than over employee involvement. This is what would be expected given the strategic nature of managerial career policy in many MNCs, and the fact that previous studies have found that subsidiaries generally enjoy relative latitude in setting employee involvement policies.

UK-owned firms follow the same general pattern as overseas MNCs, although they tend to place greater emphasis on the role of higher levels in setting *mandatory* policies for subsidiaries in both policy areas. This is especially noticeable on employee involvement:

- 67% of UK firms claim to set mandatory detailed or framework policies for their subsidiaries, compared with the equivalent figure of 47% for overseas-owned companies.

However, these results may well reflect the difference in the organisational level of the respondents in the UK firms (based at corporate HQ) and the overseas companies (based in the UK subsidiary), rather than any 'UK nationality effect'.

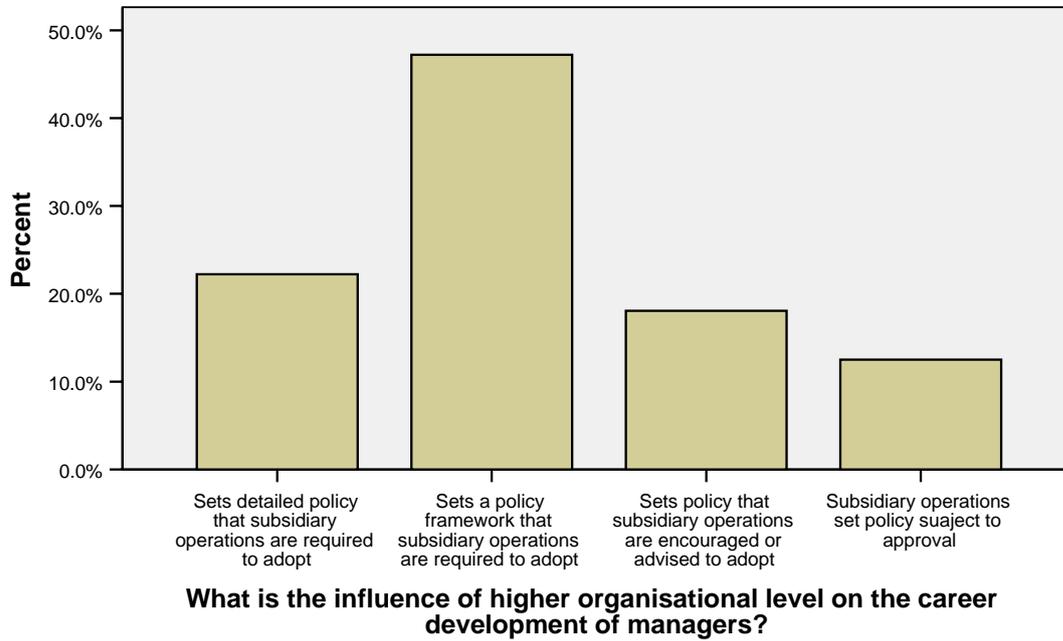
**Graph 8a Influence of higher organisational levels on career development of managers (overseas companies)**



**What is the influence of higher organisational level on the career development of managers?**

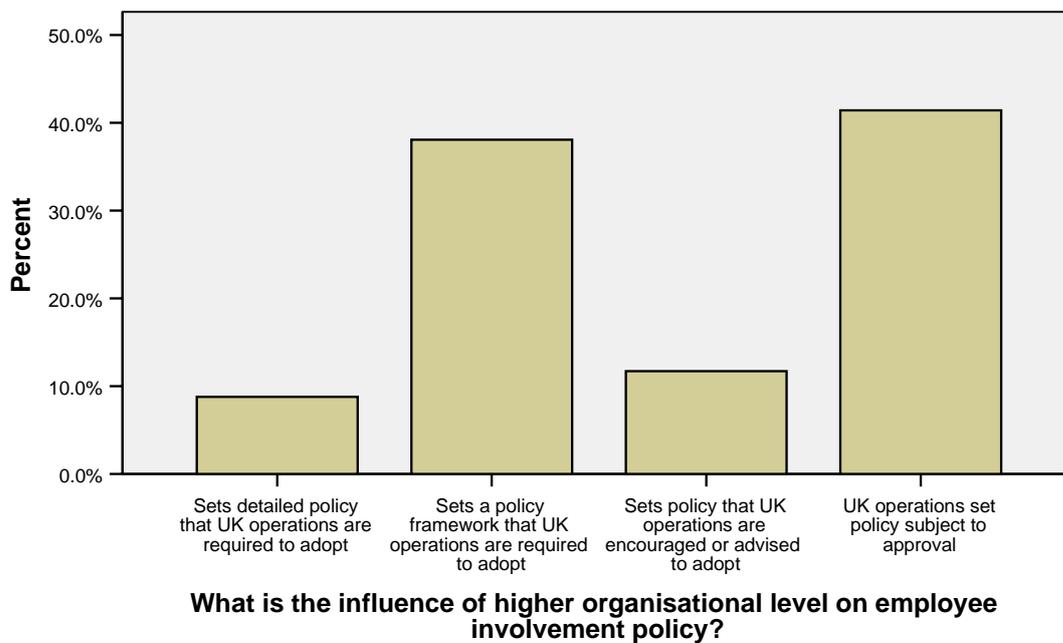
Valid N = 242

**Graph 8b Influence of higher organisational levels on career development of managers (UK companies)**



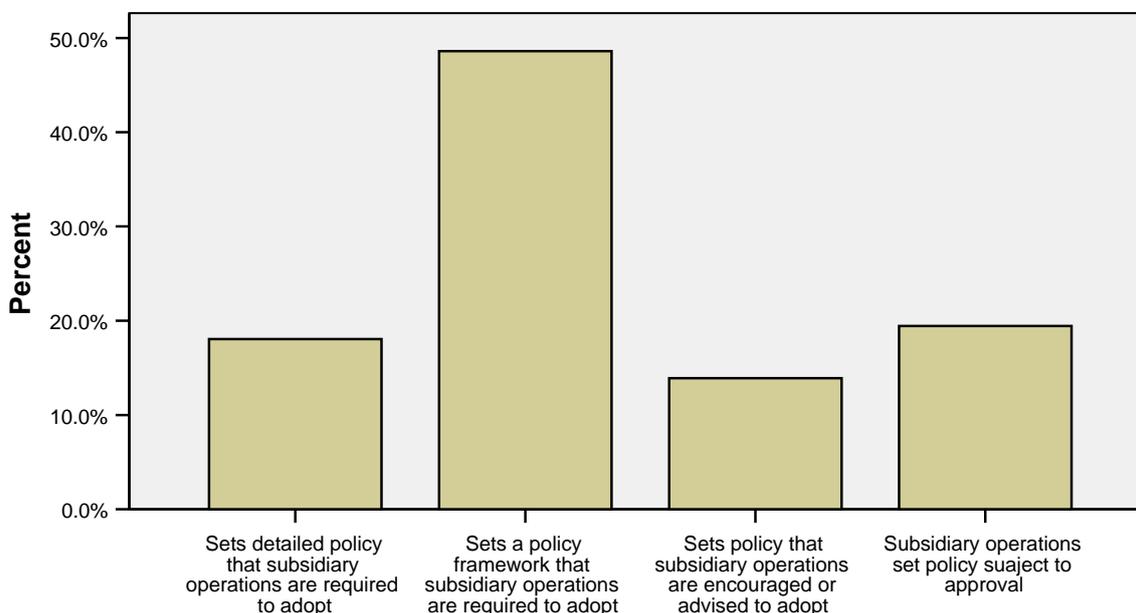
Valid N = 72

**Graph 9a Influence of higher organisational levels on employee involvement policy (overseas companies)**



Valid N = 239

**Graph 9b Influence of higher organisational levels on employee involvement policy (UK companies)**



**What is the influence of higher organisational level on employee involvement policy?**

Valid N = 72

### ***Main board representation***

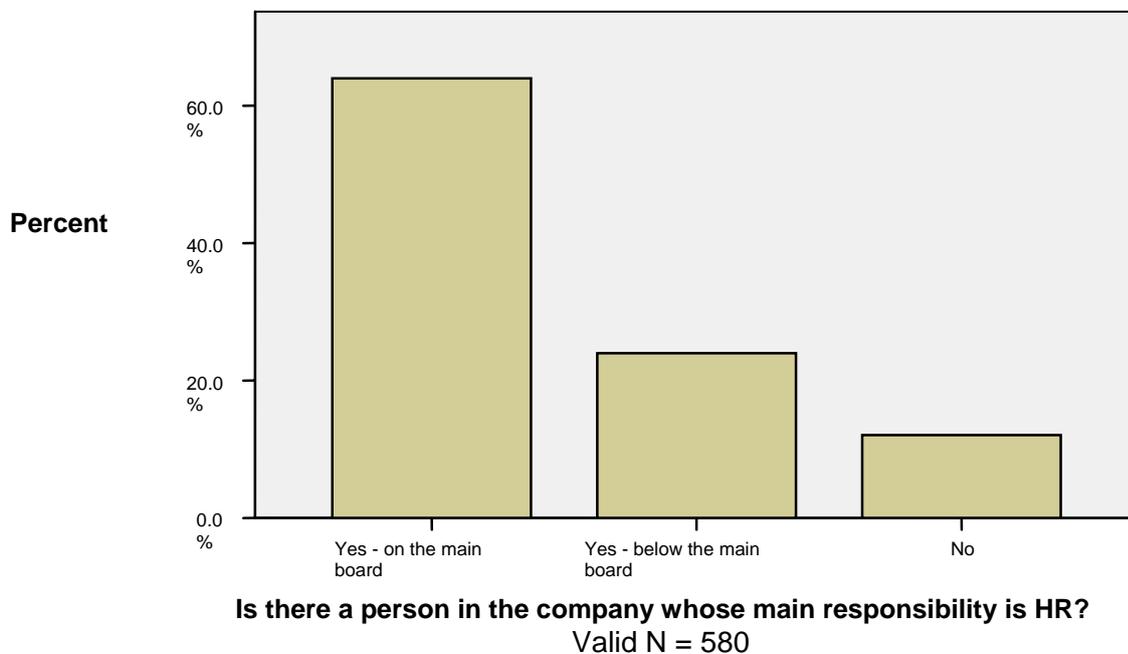
Respondents were asked whether there is **a main board member of the worldwide company with responsibility for HR**. Results are given in Graph 10 (Table A.13):

- A clear majority (more than 60%) report main board representation;
- In a further one-quarter there is HR representation at a level below the main board;
- Larger companies are more likely to have main board representation: 68% of those with 5000 and more employees worldwide, compared with only 46% of those with fewer than 5000;
- The size effect is even more noticeable for even larger companies: 81% of companies with 25,000 employees or over worldwide have HR representation on the main board;
- US firms are significantly more likely to have main board HR representation (70%) compared with firms based in other countries (52%);
- In firms without main board HR representation, about two-thirds have a member with HR responsibility on the senior executive body below the main board; but around 70 companies (11%) have HR representation at neither level.

Firms were also asked about the **proportion of parent-country nationals among main board members**. This is a frequently-used indicator of the extent to which MNCs have remained 'ethnocentric' or have become more 'global' in orientation. On this evidence, there is little sign of any shift away from the dominance of parent-country nationals on corporate boards.

- Large majorities of UK-owned companies (85%) and overseas-owned companies (79%) said that three-quarters or more of the members of the main worldwide company board are parent-country nationals;
- Among foreign-owned companies, US firms tend to have a higher proportion of parent-country nationals: in 52% of them, *all* members of the main board are American; the figure for non-US firms is 40%.

**Graph 10 Responsibility for HR**



### **Reporting relationships**

We asked our respondents about the **reporting relationship** of the HR function

- to higher organisational levels;
- to general management within the subsidiary.

Firms were first asked whether the HR function at subsidiary level has a '*thick black line*' reporting relationship to HR at a higher level such as corporate or regional headquarters (see Graph 11, Tables A.14-A.16). The existence of such a link seems to be related to the nationality of the parent, and to size, while sector does not appear to be significant.

- 36% of respondents report having such a reporting line, while 64% do not;
- For UK firms, the picture is very similar – in around one-third of firms there are thick black reporting lines to subsidiary HR;
- US companies are much more likely to have thick black line reporting: 51%, compared with 24% in non-US firms;
- German and Nordic companies are much less likely to have such reporting links (16% and 19% respectively);
- In general continental European companies are significantly less likely to have such a reporting link than firms headquartered elsewhere;
- When firms with fewer than 1000 UK employees are compared with those with 1000 or more, the smaller subsidiaries are less likely to have a thick black line (33% compared to 46%).

The results for '*dotted line*' reporting relationships to HR at a higher level are summarised in Graphs 11 and 12 (Table A.16).<sup>2</sup> The existence of dotted line links again appears to be significantly related to country or region of origin.

- Some 60% of firms have a dotted line link to a higher level of HR;
- German and French firms are less likely, and Japanese firms much less likely, to have these links than are US, Dutch, Nordic, or 'other European' firms.

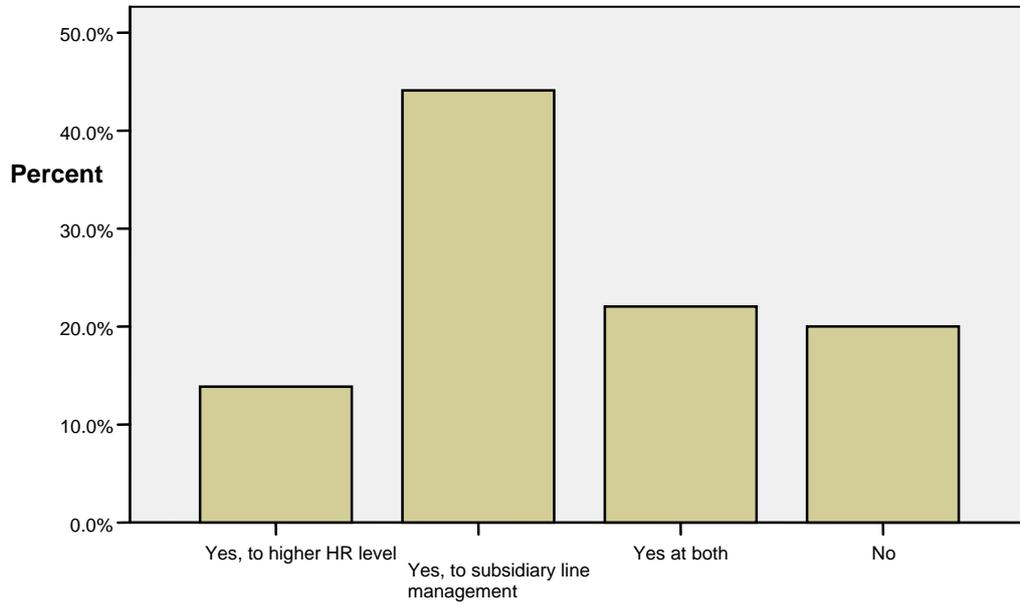
In terms of relationships *within* the subsidiary, we asked about thick black line links from an HR manager to senior line management in the subsidiary.

- In two-thirds of overseas firms (and a similar proportion of UK firms) there is a thick black line link to senior line management;
- Firms without such a link are more likely to have a thick black line to HR at a higher level;
- A considerable number of companies (140 or 22%) report thick black line links both to higher-level HR and to business managers in the subsidiary;
- More surprisingly, perhaps, in 20% of all cases (94 foreign and 33 UK firms) there are thick black lines neither to higher-level HR nor to subsidiary-level line management (suggesting perhaps that the HR function is subsumed under other departments in these cases); US firms are considerably less likely than others to be in this situation – only 12% of them, compared with 25% of non-US firms.

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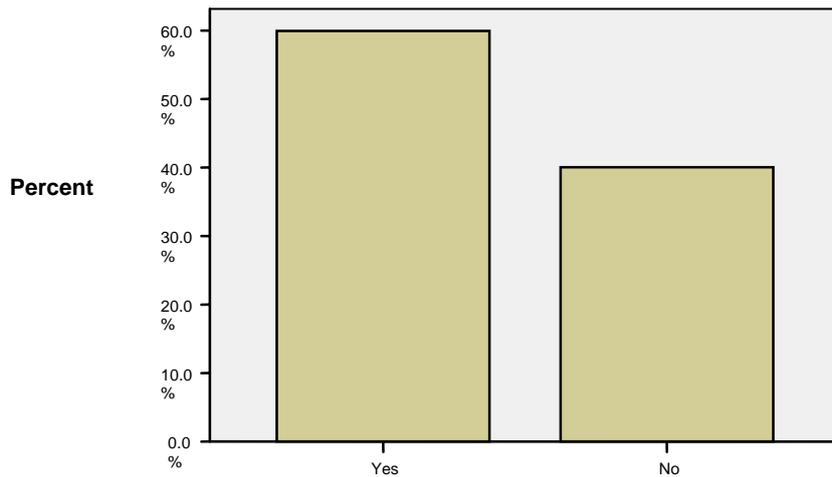
<sup>2</sup> Only firms which did not report thick black lines to higher HR were asked about dotted lines to higher HR. It is possible therefore that some firms have both kinds of relationships to higher level HR (e.g. thick black links to regional HR and dotted line to corporate HQ).

**Graph 11 Is there a 'thick black line' relationship from HR managers in the UK to HR managers or directors at the next organisational level?– overseas and UK combined**



Valid N = 635

**Graph 12 Is there a 'dotted line' relationship from HR managers in the UK to HR managers or directors at the next organisational level? Overseas and UK combined**

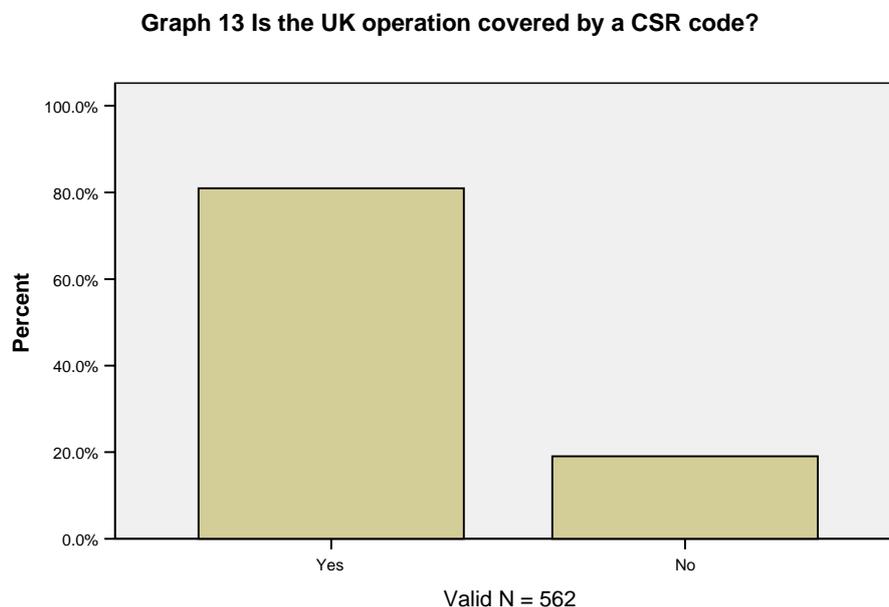


Valid N = 402

## Codes on Corporate Social Responsibility

A final area explored in the telephone survey is the existence and nature of **codes on corporate social responsibility**. Respondents were asked:

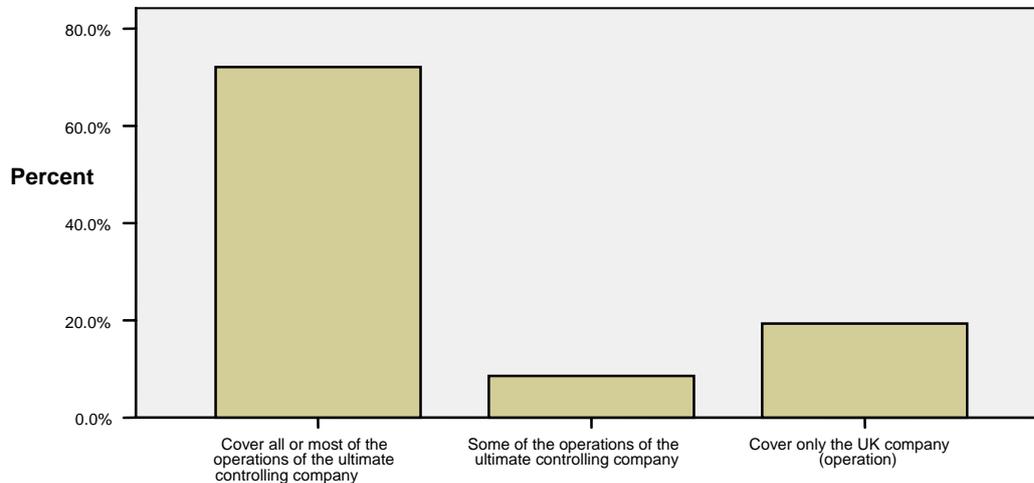
- whether such a code covers the UK operations, and if so,
- whether it covers all or most of the international operations, some of the international operations, or only the UK operation;
- whether the code is mandatory, advisory, or mandatory in some parts and advisory in others;
- whether the code is negotiated with an international trade union body or a European works council.



The results are given in Graph 13 (Tables A.17, A.18). The existence of such codes is related to nationality and to size, and again there is little difference between manufacturing and services.

- Around 81% of responding firms are covered by CSR codes;
- US- and UK-owned firms are the most likely to have such a code, whilst German- and Dutch-owned companies are the least likely;
- Smaller subsidiaries are significantly less likely to report a code than larger operations: 74% firms with under 500 UK employees had codes while 87% of those with 1000 and above had them.

**Graph 14 Coverage of the CSR code**



Valid N = 455

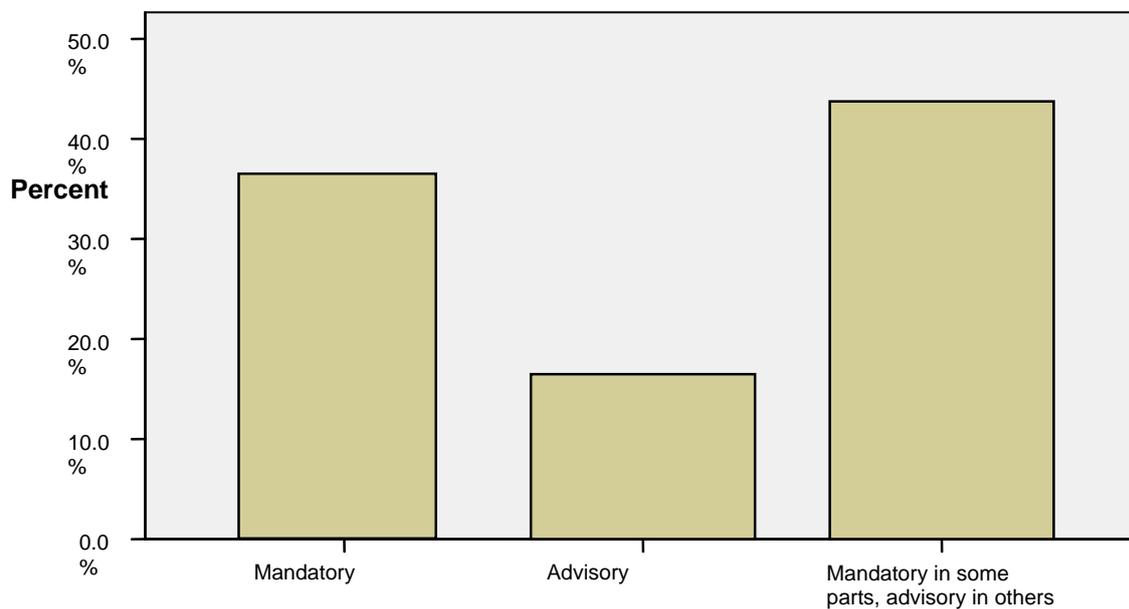
Of companies with codes, in nearly three-quarters the code covers all or most operations of the international company (Graph 14, Table A.19). There is no particular effect of sector, but there is a significant impact of size and nationality.

- In larger firms, codes are significantly more likely to cover all or most operations compared with smaller firms (85% of firms with 1000 or more UK employees compared with 62% of those with fewer than 500);
- In UK and US firms the codes are more likely to cover all or most operations than is the case in other companies.

There is considerable variation in whether companies apply the code in a mandatory fashion or not (Graph 15, Table A.20). As before, sector is not influential, but nationality is.

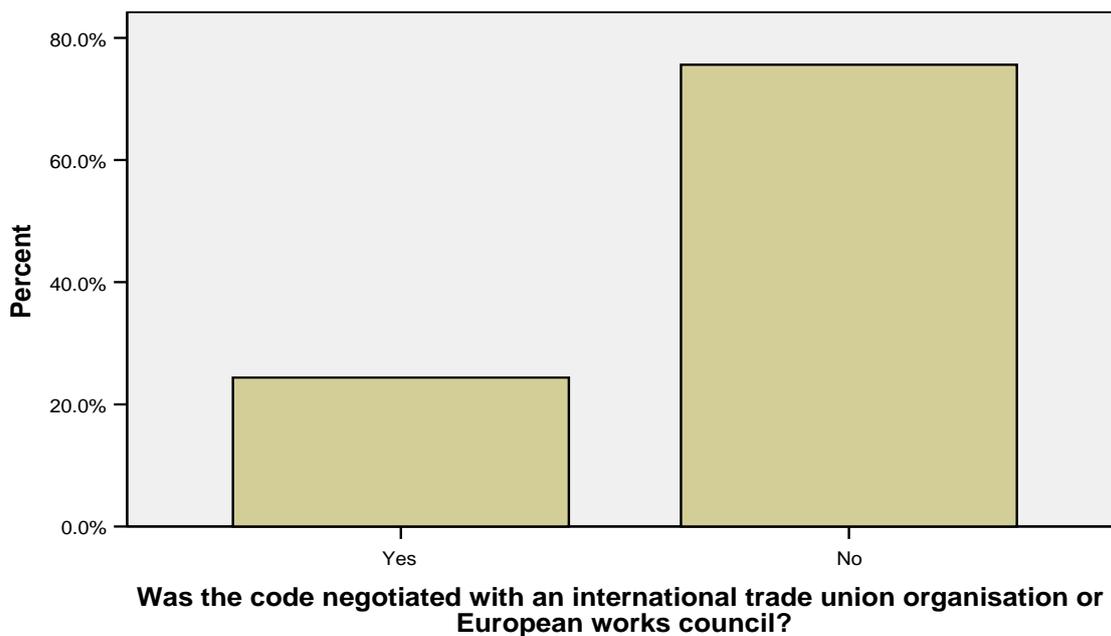
- In 40% of companies, the code is mandatory;
- In rather more (44%), it is advisory in some parts and mandatory in others;
- In only a relatively small proportion of firms (17%) is it purely advisory.
- US firms are significantly more likely to have fully mandatory codes than firms of other countries (49% compared with 34%).

**Graph 15 Status of the CSR code**



Valid N = 455

**Graph 16 Whether or not CSR code was negotiated**



Valid N = 365

Finally, companies tend not to negotiate CSR codes with a union or European works council (Graph 16, Table A.21). Size and sector appear to have little influence, but whether firms come from continental Europe or elsewhere has a significant impact on whether or not codes were negotiated.

- Only 24.4% of firms with a code negotiated it with a union or EWC, compared with 75.6% which did not;
- Strikingly, continental European companies are much more likely to have negotiated the code: 42% have done so, compared with 18% of firms based in other countries.

## Discussion and Conclusions

These findings provide, for the first time, a representative overview of multinational companies in the UK by size, sector and nationality of ownership. They offer an insight into the organisation of the HR function internationally, providing evidence on the degree of HR autonomy of the UK subsidiaries of overseas companies, the nature of the reporting lines of the HR function to higher levels of the company, and the relative importance of intermediate levels such as the region in the management of HR. The data also explore the way companies deal with one specific HR issue, the use of codes of corporate social responsibility.

A number of important conclusions flow from the findings, concerning the key impact of organisational variables of sector, size and country of origin, on aspects of HR structure and on features of CSR codes. These are discussed in turn.

### **Sector**

The striking finding for sector is that it appears to have very little influence on any of the key aspects of HR that we investigated. Given that past studies have suggested that sector is an important explanatory factor, the most likely explanation for our findings is that our measure of sector is too broad-brush to pick up 'sector effects'. With the main survey, we will be able to explore in more depth the impact of such aspects of sector and product market as the intensity of competition, product/service standardisation, the extent of international integration of operations, the degree of focus on the domestic market, and so on. We would expect to find significant influence of such factors on HR characteristics of MNCs.

Nonetheless, for all the finer-grained distinctions that might be made, an important general conclusion can be drawn: in broad terms there seem to be ways of organising and running HR in MNCs that can be applied equally across manufacturing and services.

### **Size**

We looked at the influence of size, both of UK employment and worldwide employment. Size affects several aspects. Companies with larger UK workforces are significantly more likely to have:

- A thick black line HR reporting relationship to the HR function at global or regional headquarters or other higher levels of the firm;
- A code of CSR covering the UK operations;
- A CSR code that covers all or most international operations.

Overseas companies with larger foreign-owned subsidiaries are somewhat less likely than smaller ones to see themselves as autonomous in HR matters.

Worldwide employment appears to have rather less influence than UK employment (although there is a significant impact on the existence of a code of CSR in the UK and on whether it covers all/most of operations). In one area, however, worldwide employment is significant while UK employment is not: MNCs with larger global employment are more likely to have HR representation on the main board.

However, worldwide size is not associated with other aspects of HR where it might be expected, for example:

- Whether the subsidiary sees itself as autonomous in HR matters;
- The higher level that the UK subsidiary sees as being most influential for subsidiary HR policy;
- The role that higher levels play in subsidiary HR.

### ***Country of origin***

There are significant differences in the results for MNCs of different countries of origin. We looked at the patterns for US MNCs compared with others and for continental European MNCs as a group compared with others. We also analysed separately the pattern of findings for UK-owned MNCs. Firms of particular nationalities are not notably clustered in particular sectors or size ranges (with the exception of the greater prevalence of smaller firms among Nordic MNCs).

Several aspects of HR are significantly related to nationality. Notably:

- The perception of subsidiary autonomy is much higher in continental European and east Asian firms than in US companies;
- US firms are much more likely to have strong reporting lines between subsidiary and higher-level HR functions.

There are also important national differences in the nature of codes of corporate social responsibility, particularly in the proportion of a firm's operations covered by the code, and in whether it is negotiated.

The country of ownership impact appears to remain even after allowing for size, sector and other organisational variables. This is likely to reflect real differences in the way in which companies from different national business traditions organise their human resource function and manage their employment relations in their international operations.

However, several features are unaffected by nationality. For example, there is little or no relationship between nationality of ownership and the likelihood of an HR representative on the main corporate board, the most influential higher organisational level for HR matters (corporate, regional HQ, etc.), or the role

performed by higher organisational levels in relation to managerial careers and employee involvement policies.

## Appendix

### Summary Tables

*Note: tables refer to both overseas- and UK-owned companies unless otherwise stated.*

*Chi-square was used to test for significant relations between variables (e.g. between nationality of ownership and subsidiary HR autonomy). Where significant associations were found these are indicated on the table.*

**Table A.1 Country/Region of Ultimate Controlling Company**

Country/region	N	%
France	62	7.1
Germany	56	6.4
Nordic Europe	56	6.4
UK	161	18.4
Rest of Europe	91	10.4
Japan	50	5.7
USA	333	38.1
Rest of World	64	7.3
Total	873	100

Base: All companies screened (N=873)

**Table A.2 Size of UK employment**

	N	%	% (excluding not available)
100-499 employees	382	43.8	46.2
500-999 employees	148	17.0	17.9
1000-4999 employees	219	25.1	26.5
5000+ employees	77	8.8	9.3
Data not available	47	5.4	-
Total	873	100	100

Base: All companies screened (N=873)

**Table A.3 Size of worldwide employment**

	N	%	% (excluding not available)
500-999 employees	23	2.6	4.0
1000-4999 employees	181	20.7	31.4
5000+ employees	372	42.6	64.6
Data not available	297	34.0	-
Total	873	100	100

Base: All companies screened (N=873)

**Table A.4 Sector of operation**

Sector	%
Manufacturing	45.2
Services	48.1
Production (non-manufacturing)	5.5
Multi Sector	1.1
Total	100

Base: All companies screened (N=873)

**Table A.5 Single versus multi-site subsidiaries**

	%
Single operating site	15.8
Multiple independent operating sites	13.1
Multiple related operating sites	49.3
Some sites are independent whilst others are related	21.9
Total	100

Base: All companies screened (N=873)

**Table A.6 Is the drawing up of HR policy left entirely to the UK operations?**

	%
Yes	52.7
No	46.9
Don't Know	0.2
Total	100

Base: Overseas owned companies with full interview (N=512)

**Table A.7 Drawing up of HR policy left entirely to the UK operations by overseas owned companies' country of origin**

	Yes	No
Non-US owned	63.3	36.7
US owned	40.7	59.3
All	52.8	47.2

Significant at p .05 level (N=511)

**Table A.8 Which of the following levels has the most influence in drawing up overall HR policy?**

	%
Global HQ of the ultimate controlling company	50.8
An international HQ covering all foreign operations	7.4
Geographical region (e.g. Europe, North America, etc.)	31.4
HQ for an international business unit or business line	7.4
Other	2.9
Total	100

Base: Overseas owned companies with full interview where UK operations do not have full autonomy (N=242)

**Table A.9 What is the influence of higher organisational level on the career development of managers?**

	%
Sets detailed policy that UK operations are required to adopt	11.6
Sets a policy framework that UK operations are required to adopt	52.5
Sets policy that UK operations are encouraged or advised to adopt	10.3
UK operations set policy subject to approval	25.6
Total	100

Base: Overseas owned companies with full interview where UK operations do not have full autonomy (N=242)

**Table A.10 What is the influence of higher organisational level on employee involvement policy?**

	%
Sets detailed policy that UK operations are required to adopt	8.7
Sets a policy framework that UK operations are required to adopt	37.6
Sets policy that UK operations are encouraged or advised to adopt	11.6
UK operations set policy subject to approval	40.9
No response	1.2
Total	100

Base: Overseas owned companies with full interview where UK operations do not have full autonomy (N=242)

**Table A.11 What is the influence of higher organisational level on the career development of managers?**

	%
Sets detailed policy that subsidiary operations are required to adopt	22.2
Sets a policy framework that subsidiary operations are required to adopt	47.2
Sets policy that subsidiary operations are encouraged or advised to adopt	18.1
Subsidiary operations set policy subject to approval	12.5
Total	100

Base: UK and UK/Joint owned companies with full interview where overseas operations do not have full autonomy (N=72)

**Table A.12 What is the influence of higher organisational level on employee involvement policy?**

	%
Sets detailed policy that subsidiary operations are required to adopt	18.1
Sets a policy framework that subsidiary operations are required to adopt	48.6
Sets policy that subsidiary operations are encouraged or advised to adopt	13.9
Subsidiary operations set policy subject to approval	19.4
Total	100

Base: UK and UK/Joint owned companies with full interview where overseas operations do not have full autonomy (N=72)

**Table A.13 Is there a member of the board, or a member of the senior executive management body below the main board, whose main responsibility is HR?**

	%	% (excluding don't know)
Yes – on the main board	58.4	64.0
Yes – below the main board	21.9	24.0
No	11.0	12.1
Don't Know	8.7	-
Total	100	100

Base: All companies with full interview (N=635)

**Table A.14 Presence of a 'thick black line' HR reporting relationship to management at an international level by country/region of origin**

	% Yes	% No
France	28.2	71.8
Germany	15.8	84.2
Nordic Europe	19.1	80.9
Netherlands	23.8	76.2
Rest of Europe	25.5	74.5
East Asia (incl. Japan)	26.0	74.0
USA	51.3	48.7
UK	32.5	67.5
Rest of World	32.4	67.6
All	35.9	64.1

Significant at p .05 level (N=635)

**Table A.15 Presence of a 'thick black line' HR reporting relationship to management at an international level by employment size of UK operations**

	% Yes	% No
UK employment below 1000	32.1	67.9
UK employment 1000 or above	43.0	57.0
Total	36.1	63.9

Significant at p .05 level (N=617)

**Table A.16 Presence of a ‘dotted line’ HR reporting relationship to management at an international level by country/region of origin**

	% Yes	% No
France	48.0	52.0
Germany	51.6	48.4
Nordic Europe	68.4	31.6
Netherlands	62.5	37.5
Rest of Europe	65.7	34.3
East Asia (incl. Japan)	32.4	67.6
USA	68.4	31.6
UK	59.0	41.0
Rest of World	65.2	34.8
All	60.0	40.0

Significant at p .05 level (N=402)

**Table A.17 Presence of a CSR code by country/region of origin of overseas owned companies**

	% Yes	% No
US owned	85.8	14.2
Non-US owned	76.3	23.7
All	80.8	19.2

Significant at p .05 level (N=447)

**Table A.18 Presence of a CSR code by employment size of UK operations**

	% Yes	% No
100-499 UK employees	74.0	26.0
500-999 UK employees	86.7	13.3
1000-4999 UK employees	86.5	13.5
5000+ UK employees	86.7	13.3
All	81.0	19.0

Significant at p .05 level (N=548)

**Table A.19 Coverage of CSR codes**

	%
Covers all or most operations of the ultimate controlling company	72.1
Covers some operations of the ultimate controlling company	8.6
Covers only the UK company (operation)	19.3
Total	100

Base: All companies with CSR codes (N=455)

**Table A.20 Status of the CSR code**

	%
Mandatory	39.8
Mandatory in some parts, advisory in others	43.7
Advisory	16.5
Total	100

Base: All companies with CSR codes (N=455)

**Table A.21 Was the CSR code negotiated with an international trade union organisation or European works council?**

	%	% (excluding don't know)
Yes	19.6	24.4
No	60.7	75.6
Don't Know	19.8	-
Total	100	100

Base: All companies with CSR codes (N=455)