

# IRRU BRIEFING

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## Big players, different rules?

Paul Marginson and Guglielmo Meardi

IRRU researchers recently coordinated an EU-wide comparative study for the European Industrial Relations Observatory examining the impact of multinational companies on collective bargaining developments. The study focused on multinationals' influence on national systems of bargaining, the cross-border parameters that shape their approach to local negotiations, and the consequences of their ability to threaten and implement relocations. Here, the authors highlight key findings.

The significance of multinational companies (MNCs) as employers within Europe's different national economies, their international organisation and management structures and their capacity to move production, jobs and workers across borders have important implications for the structures, agenda and outcomes of collective bargaining. These centre on three issues:

- First, as leading employers within national contexts, MNCs have been prominent in pressing for changes in national collective bargaining systems, including opening up greater scope for negotiation at company level and bringing considerations of competitiveness to the fore on the bargaining agenda.
- Second, because the scope of their operations does not correspond with

the boundaries of national collective bargaining, the agenda and outcomes of local negotiations can be influenced by cross-border comparisons of costs, performance and 'best practice' working and employment practices within MNCs.

- Third, increased flows of foreign direct investment between countries with different labour costs and conditions has led to growing concerns over relocations, either actual or threatened. Cross-national restructuring has become an increasingly prominent focus for negotiations.

### *Bargaining coverage, arrangements and agendas*

Implications differ as between multi- and single-employer bargaining systems.

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### Transnational influences on employee participation

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# IRRU's 40th anniversary

The Industrial Relations Research Unit (IRRU) was established in 1970 by the then Social Science Research Council. The relevance of the new centre's research agenda to public policy was immediate. In June of that year, a Labour government which had been forced by trade union pressure to abandon its attempt to reform the legal framework of industrial relations, unexpectedly lost a general election. The Conservative administration which succeeded it swiftly introduced its own legislative reforms. One of IRRU's first studies addressed the failure of these to take root.

The location of IRRU at the University of Warwick, on the doorstep of one of the country's major centres for manufacturing activity, was seen as symbolic. Coventry's car industry was widely held to epitomise the rise of the shop steward, workplace negotiations and unofficial industrial action which successive governments saw as a growing impediment to Britain's productivity and competitiveness. Further projects in IRRU's early years were aimed at comprehending these phenomena. The research revealed how specific problems reflected deeper shortcomings in the management and organisation of workplaces, and drew attention to the varying character of shopfloor trade unionism.

Forty years on, IRRU produces in-depth research which continues to both command widespread regard amongst the academic community and engage with and inform policy and practice. Although the public policy agenda has changed, the need for independent, empirically-based and critically-informed research remains a constant. During 2009, the onset of the present financial and economic crisis

prompted new forms of cooperation between employers and their workforces and, where present, the trade unions representing them, aimed at securing firms' skill base and maintaining employment. The circumstances under which such innovative arrangements have emerged and their sustainability beyond the immediate crisis are the focus of current IRRU research funded by the European Commission. The results will feature in a future edition of IRRU Briefing.

The agenda for research has changed in another respect. During the 1970s and well into the 1980s, IRRU's research was resolutely focused on the UK. The EU's initiative to create a single European market, launched in 1985, and the subsequent commitment to accompany this with a social dimension which included a Europe-wide floor of minimum rights, opened up Britain's industrial relations to international influences. This came via both supranational regulation and the growing tendency of multinational companies to internationalise employment practice within the single market. IRRU rapidly grasped the significance of these developments, and began the process that has established it as a major source of expertise on European industrial relations during the 1990s and 2000s.

IRRU's research agenda continues to evolve. The international scope of our agenda increasingly reaches beyond Europe, reflecting the wider process of internationalisation of economic activity and production which characterises the early 21st century. Inequality, equality and diversity in employment are a major focus of ongoing research. Investigation of employee representation embraces non-union arrangements as well as continuing

interest in the trajectory of trade unionism. The specificities and variety of the employment relationship in small firms are now a prominent concern, alongside a long-standing interest in employment practice amongst large and multinational employers.

In this, the first of two issues of *IRRU Briefing* to be published during 2010, we are pleased to carry testimonials to IRRU's contribution from three prominent industrial relations practitioners. A further set will feature in the summer issue.

This issue also carries four features highlighting different facets of IRRU's current research activities. Our first feature reports findings from a recent comparative study coordinated by IRRU for the European Industrial Relations Observatory which analysed the impact of multinational companies' activities on collective bargaining. The second showcases the publication of a new edition of the IRRU-produced textbook, *Industrial Relations: Theory and Practice*, 40 years after Hugh Clegg's original text – *The System of Industrial Relations in Great Britain*. The third feature in this issue assesses the strengths and weaknesses of diversity management compared to more traditional equal opportunities policies, while our final feature returns to the influence of multinational companies, focusing this time on their role in shaping employee participation practice in their subsidiaries in central Europe. We conclude with an update on IRRU's research activities.

We hope you find *IRRU Briefing* 18 informative and accessible, and would be interested to receive any feedback.

Paul Marginson, IRRU Director

*IRRU Briefing is published periodically by the Industrial Relations Research Unit. It contains summaries of key findings from current and recent research projects, information on new projects and publications, and analysis of significant industrial relations developments.*

*IRRU Briefing aims to inform and contribute to the thinking of practitioners in industrial relations and human resource management. IRRU's research ranges much wider than the topics covered in this publication. Many of our recent papers can be found on our web site. Please go to: [www2.warwick.ac.uk/go/irru](http://www2.warwick.ac.uk/go/irru)*

*For further information on our work, please contact IRRU's Research Coordinator at the address on the final page.*

# Big players, different rules?

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At first sight, under the multi-employer, sector (or cross-sector) level, bargaining arrangements which prevail across continental western and northern Europe, MNCs adapt to existing systems. They usually affiliate to employers' organisations, in which larger multinationals exercise an influential voice. Their collective bargaining coverage is typically equivalent to (although sometimes above) the private sector average.

However, MNCs have been a major source of pressure for decentralisation of bargaining arrangements, through the introduction of greater scope for company negotiation within sector agreements.

Such pressures occur in different ways. In northern Europe, including Finland, Germany, the Netherlands and Sweden, the prominent role is played more by home-based, rather than foreign-owned, MNCs. Elsewhere, foreign-owned MNCs are more to the fore. In Mediterranean countries, including Greece, Italy, Portugal and Spain, and also in Bulgaria, Romania and Slovakia, these MNCs display a noticeably higher incidence of second-tier (i.e. company) negotiations as compared to locally-based firms. While respecting the sectoral structure of collective bargaining, its impact is reduced by increasing the scope for decentralised negotiations.

Mechanisms which legally extend the provisions of sector collective agreements to all relevant firms, which exist in many of the countries concerned, act to prevent radical disruption to existing structures. Where they are absent (or rarely invoked) there have been some isolated instances of MNCs opting out of sector agreements (e.g. the Netherlands and Germany). Elsewhere there have been instances of MNCs circumventing specific sector agreements by switching employers' association affiliation to another sector (e.g. Austria, Belgium, Italy and Spain).

Under single-employer, company-based, bargaining arrangements, which characterise the UK and most of the central east European new member states, collective bargaining coverage is typically higher amongst MNCs than the private sector average. This is often reflected in the pace-

setting role of MNCs in offering generally higher wages and better conditions. The Baltic states are the exceptions, due to the nature of the FDI involved (focussing on lower-added value sectors, such as forestry): collective bargaining coverage is lower and terms and conditions are no better than the local average. Amongst this group of countries, there is evidence of pragmatic behaviour by some MNCs, which recognise unions and practice collective bargaining at longer established sites while opening new sites on a non-union basis.

Concerning the bargaining agenda, under both multi- and single-employer bargaining MNCs have been at the forefront of agreements introducing variable payments schemes and more flexible working time arrangements in many countries. Also prominent on the company bargaining agenda has been restructuring, resulting in some innovative agreements.

### *The cross-border dimension of collective bargaining*

Second, the use of cross-border comparisons is much more extensive in manufacturing than services, above all in the automotive sector. Amongst the service sectors, the use of comparisons is becoming increasingly apparent in financial services. The scope of these comparisons, covering labour costs, best practice and performance, is European or worldwide, depending on the specific product market. These comparisons are widely used by management in local (company and plant) negotiations in manufacturing in most western European countries, and also in Slovenia, Hungary and Slovakia.

The main impact on the outcome of local negotiations is the introduction of cost-saving and flexibility-enhancing measures, including concessions in working conditions, reductions in (company-specific) pay supplements and more flexible working time arrangements. Where a threat to relocate is involved, such measures are sometimes traded-off against guarantees from management to maintain production, and therefore employment, at the location in question.

### *Relocation*

Third, the threat of relocation is a prominent area of controversy surrounding MNCs. Available research shows that

relocations, actual and threatened, are not as widespread as public debate sometimes presumes, but they are significant nonetheless (accounting for about 5% of job losses through restructuring, according to the European Restructuring Monitor). Yet, the prospect of relocation can have significant repercussions for the collective bargaining agenda and outcomes, as indicated above. Negotiations and the resulting local agreements can indeed avert threatened relocation, but this is by no means always so.

The negotiations addressing the issues involved are nearly always local in their scope. Of the growing, although still modest, number of European-level framework agreements, only a minority address the principles which might frame cross-border restructuring, and no more than a handful have addressed specific restructuring decisions. On the trade union side, there is a growing, if numerically limited, number of instances of transnationally co-ordinated responses. In other cases, reflecting specific conditions, localised action (including political pressure and mobilisation as well as local negotiation) is sometimes considered more appropriate by the unions involved.

### *Conclusions*

Overall, the study shows that, on the one hand, national collective bargaining structures seem robust and flexible enough to accommodate MNCs within them without major disruptions. Yet, on the other hand, and especially in internationalised product markets, the tensions between the international scope of MNCs' business operations and management decisions and the limited capacity of national collective bargaining arrangements to regulate them highlight the need – if collective bargaining is to remain a prominent form of labour market regulation – for developing the still embryonic transnational mechanisms of co-ordination and negotiation.

The full text of the comparative study on which this article is based is available to download at: [www.eurofound.europa.eu/eiro/studies/tn0904049s/index.htm](http://www.eurofound.europa.eu/eiro/studies/tn0904049s/index.htm)

# New edition of leading industrial relations text

Trevor Colling and  
Michael Terry

Forty years after the publication of Hugh Clegg's 'The System of Industrial Relations in Great Britain', the latest in the series of Warwick textbooks it inspired has been published. Its editors chart both the changing nature of the subject in the intervening years and the continuities with its celebrated predecessor.

1970 was an important year in British industrial relations history. Hugh Clegg published *The System of Industrial Relations in Great Britain* and the Industrial Relations Research Unit, funded by the Social Science Research Council, was established at Warwick with Clegg as its first Director. Forty years later the Unit is celebrating a significant anniversary in changed times and the latest edition in the series of books inspired by Clegg's celebrated text has been published.

Now called *Industrial Relations: Theory and Practice*, this latest volume follows the tradition established by George Bain in his 1983 collection *Industrial Relations in Britain* of inviting distinguished academics, many based at Warwick, to contribute research-based chapters in their areas of specialist knowledge. Each chapter stands as an authoritative analysis in its own right and the whole knits together to provide a comprehensive overview of industrial relations in the UK after more than a decade of Labour government.

### *The changing nature of the subject*

Four things immediately strike the reader of Clegg's original text forty years on. The first is the confidence in the importance of the subject area. Hugh Clegg knew that in describing trade unions and their activities, and the processes of collective bargaining, he was addressing the dominant economic and political preoccupations of the late 1960s and 70s. The second is the narrowness of the subject matter, focusing primarily on collective institutions and processes and above all the structure and behaviour of trade unions. Third, is a similarly narrow conception of those subject to industrial relations – women, for example, are not absent entirely but the analytical gaze is predominantly on the workplace and on male employment there. Finally, however, even on this terrain and during a period of relative stability, the dynamism of the

subject is readily apparent, constantly requiring 'new treatment of old themes.'

Since then scholars have had to come to terms with ever more complex interactions between institutional and social change and their implications for workplaces. While the subject has grown enormously in scope it has lost much of the purchase it once held among economic and social policy-makers. The central argument of the new volume is that this neglect is a great mistake. Many of the most pressing social and policy problems of the day can only be understood, and hence adequately addressed, through the analytical lens of industrial relations – the study of the dynamics of the employment relationship.

### *The structure of the new volume*

The chapters fall under five major headings. The first establishes explicitly the international context within which British workplaces are developing, a theme which then runs through many contributions. Chapters by Crouch and Hyman locate UK industrial relations within comparative contexts – of labour market dynamics and of European politics and regulatory frameworks respectively. The subsequent four sections address the key dimensions of the subject, looking in sequence at actors, contexts, processes and outcomes.

Our now permissive 'system' of industrial relations has created enormous scope for variation in employment practice, a theme explored in the section on *contexts*. Arrowsmith, for example, finds quite different approaches across the 'private sector' and urges analysis that recognises conditioning factors that vary by sector. These themes are echoed by Ram and Edwards, who examine presumptions about 'small firms' and advocate greater sensitivity to their location within different product markets and organisational networks.

The chapters on *processes* illustrate vividly dramatic shifts in regulation that lie at the heart of changes in our subject over the last forty years. An established policy focus on voluntary regulation by employers and trade unions established a firm point of departure for Clegg's volume. Subsequent marked decline in the coverage of collective bargaining, traced by Brown in the present volume, provides a stark contrast in the current climate. While accommodations between employers and their workforces is an enduring feature of the employment relationship, the formal processes through which they are achieved have changed very substantially since 1970. Some of the tensions and dynamics in this new regulatory context can only be understood by reference to its 'voluntarist' past but legal mechanisms and institutions now have wider roles in setting employment standards, as Dickens and Hall and Colling respectively make clear.

“ Each chapter stands as an authoritative analysis in its own right and the whole knits together to provide a comprehensive overview of industrial relations in the UK after more than a decade of Labour government. ”

This is reflected in the final section on *outcomes*, which is conceived broadly to explore the interplay of regulation, social change, and developing workplaces. Contributions here examine the influence of industrial relations contexts on pay

## IRRU 40 years

“ For forty years IRRU has been one of the country’s leading centres for research in the field of employment relations and the quality and breadth of its output has been of considerable

benefit to Acas in its work. IRRU’s research on employee voice and information and consultation has played a big part in helping Acas formulate its own thoughts on these subjects. Its lead in undertaking regional analysis of the latest Workplace Employment Relations Survey has made the job of promoting better employment

relations at a local level that much easier. IRRU has made a huge contribution to British employment relations. ”

Ed Sweeney  
Chair, Advisory, Conciliation and Arbitration Service

and working time, skills, and economic performance. Labour market participation has changed substantially over the last forty years as shifting industrial and regulatory landscapes have drawn more women in particular into workplaces. Dean and Liff reflect on the important implications for industrial relations theory and institutions.

“ Hugh Clegg knew that in describing trade unions and their activities, and the processes of collective bargaining, he was addressing the dominant economic and political preoccupations of the late 1960s and 70s. ”

Clegg felt obliged in his preface to acknowledge selectivity inherent in a volume from a ‘single-pen.’ Despite the multi-author approach in the current volume, that risk has multiplied in the interim as the boundaries of the subject have extended. Nevertheless, the continuing importance of the subject as it enters its fifth Warwick decade is manifest here in the capacity of industrial relations perspectives to cast analytical and empirical light on pressing social concerns.

Trevor Colling and Michael Terry (eds), *Industrial Relations: Theory and Practice* (3rd edn), John Wiley & Sons, January 2010, 600pp, ISBN: 978-1-444-30885-3

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# Diversity management in the UK

Anne-marie Greene  
and Gill Kirton  
(Queen Mary, University  
of London)

A new book presents findings from a major research project on the involvement of stakeholders in diversity management. Its authors show how UK organisations in the public and private sectors are responding to the diversity concept and how different organisational stakeholders experience diversity management.

A previous issue of *IRRU Briefing* (number 14, spring 2007) carried initial findings from our research project on *The involvement of stakeholders in diversity management: the way forward for equality policy and practice?* that was sponsored by the European Social Fund. The completed research involved in-depth organisational case studies, interviews, observation and documentary data from over fifty UK organisations. Drawing on this, our new book, which includes chapters by Deborah Dean and Chris Creegan, provides a critical analysis of the central tenets of diversity management (DM). It identifies key challenges, tensions and dilemmas of DM when considering multiple stakeholders, including how DM threatens to marginalise trade union involvement and to weaken employee voice.

Our central research objective was to investigate the concept of DM at the level of organisational policy and practice. This included a concern to understand the role of 'stakeholder involvement' in DM – which groups and individuals within the organisation were involved in developing and implementing organisational policy? This stakeholder perspective also meant including within the research the widest possible group of organisational members, but specifically the views of non-management employees and trade union representatives whose voices are often unheard in diversity debates.

In particular, two chapters look respectively at the public and private sector contexts, framing analysis of the two empirical case studies carried out in each of these sectors. The extent to which the business case for DM has overshadowed the traditional public sector commitment to the social justice case for equality and is dominant in the private sector context is explored. Four chapters then look specifically at the

views of major organisational stakeholders (DM practitioners, line managers, non-management employees, and trade unions). Throughout the book verbatim quotes are utilised to ensure the voices of the stakeholder involved are heard and to bring the analysis alive.

“ I’ve seen equality policies go from about a paragraph and a half to twelve glossy pages. I’ve seen a whole equality industry develop, and they’re making millions out of producing packages which appear to be radical but actually provide a very safe tick-in-the-box solution for organisations ”

(White female diversity consultant)

## Headline findings

It is clear that DM is a policy paradigm that has firmly come of age in the UK in that it seems to have become a ubiquitous part of organisational life and of the wider public discourse. There was not a single organisation where the term 'diversity' was not used in some way or another (albeit a relatively recent development in some, especially in the public sector), and usually the term 'diversity management' or some variant of this has replaced the more traditional terminology of 'equal opportunities' (EO) or 'equality'. Equality units have often been renamed 'diversity' and almost all diversity practitioners had

'diversity' somewhere in their job title.

Beyond this rhetorical commitment to DM, a number of continuities were identified:

- *continuity of practice*: while the diversity discourse is ubiquitous in public and private sector organisations, practice still very much revolves around traditional EO policies and initiatives;
- *continuity of limited stakeholder involvement*: responsibility for equality and diversity continues to rest primarily with the HR function and there is very limited involvement of line managers, non management employees or trade union representatives; and
- *continuity of a generic business case*: organisations emphasise the rhetoric, but find extreme difficulty in operationalising the business case for DM.

## Can DM advance the equality agenda?

The debate around the implications of the shift from EO to DM has focused on the question of whether DM offers anything that has the potential for progress on equality issues within organisations. It has been previously argued that the diversity discourse is theoretically less able to advance equality in the workplace. In practice it may not make much difference, if, as we have found, there are very few examples of organisations actually developing a coherent strategy within the DM paradigm. Overall, the evidence indicates that policy and practice at organisational level pose little challenge to the status quo and existing social attitudes.

This is not to say that there were not examples of good practice, or of improvements. There is no doubt that, in

# IRRU 40 years

“ The TUC has had a long and productive relationship with IRRU and I value its work enormously. IRRU is particularly good at identifying emerging developments and engaging in intelligent, well-targeted research. When

EU-level discussions about information and consultation started, IRRU saw this in the context of changing union roles and the ‘partnership’ agenda. This was very helpful to us and no doubt to employers. I also appreciate IRRU’s valuable work on women in unions and employment. IRRU has an unusually good penetration into industrial and political circles, which gives it a much

more ‘grounded’ feel than some comparable centres elsewhere. ”

Sarah Veale  
Head, Equality and Employment Rights Department  
Trades Union Congress

some circumstances, the emergence of DM has provided an opportunity to reinvigorate and re-energise tired EO policies within organisations. In particular, the DM rhetoric of valuing differences and being inclusive appears to cause less backlash and less theoretical opposition.

“ What happens is policies get written, procedures get formulated, but nobody has a clue what’s going on, what unfairness feels like. So actually, coming up with mechanisms to find out how people are feeling on the ground and what their experience is, is quite important ”

(Black male trade union equality officer)

One area where a move to DM could possibly be seen as a retrograde step is around the involvement of trade unions and non-management employees. Despite DM’s rhetoric about shared ownership and accountability, the research indicated a real ‘responsibility vacuum’ within organisations. Line managers had difficulty understanding or implementing DM; trade unions, where they existed, were not routinely seen as partners in the DM policy arena; and there were very few examples of anything more than superficial involvement of non-management employees. Diversity specialists typically no longer came from activist backgrounds, and this move away from the activist-oriented EO paradigm, that arguably would have routinely involved trade unions or other employee groups, has resulted in or coincided with very limited employee involvement in DM.

Taking a stakeholder approach to the research is valuable in realising the nuanced way in which people understand and engage with DM and therefore

has uncovered the complexity of its implementation. The access to the non-management employee perspective on DM is seen as particularly useful as it is an area where there has been a significant knowledge gap. Employees are arguably the litmus test of whether DM policies work, and whether the DM paradigm offers anything new or progressive, because they are the key stakeholders at the receiving end of policy – and they are the ones who are supposed to benefit most from it. The book reveals the very messy existence of the ‘sticky floor’, where employee understandings of patterns of inequality can vary highly from organisation to organisation, and where employees were not simply passive victims, or waiting recipients of policy, but exhibited palpable frustration at their lack of involvement in

the policy arena, and at not understanding what was going on around DM.

Taking a stakeholder approach also offers support for Linda Dickens’s earlier work which argued that the business case, the legislative case and the joint regulation case together provide a much stronger basis for action on equality and diversity issues than any of them alone. However, for this to be achieved, organisations have to grapple with the thorny issue of how to involve the widest group of stakeholders possible.

Anne-marie Greene and Gill Kirton, *Diversity Management in the UK: Organisational and Stakeholder Experiences*, Routledge, May 2009, 274pp, ISBN: 978-0-415-43176-7

## Differences between principles of EO and DM

Equal opportunity	Diversity management
<ul style="list-style-type: none"> <li>Reliance on legal regulation and bureaucratic procedures to eliminate discrimination</li> </ul>	<ul style="list-style-type: none"> <li>Systemic, cultural transformation of the organisation to promote the value of workforce diversity</li> </ul>
<ul style="list-style-type: none"> <li>Highlights discrimination and the penalties that organisations face under the law</li> </ul>	<ul style="list-style-type: none"> <li>Uses positive imagery and celebratory rhetoric</li> </ul>
<ul style="list-style-type: none"> <li>Efforts justified by reference to legal compulsion and the social justice case</li> </ul>	<ul style="list-style-type: none"> <li>Efforts justified by reference to the business case</li> </ul>
<ul style="list-style-type: none"> <li>Social group-based differences are the focus – e.g. gender, race/ethnicity, disability, etc</li> </ul>	<ul style="list-style-type: none"> <li>Individual differences are emphasised, including lifestyle, appearance, workstyle, etc</li> </ul>

# Transnational influences on employee participation

Guglielmo Meardi

Findings from a recent research project led from the University of Vienna with IRRU involvement uncover the relationship between foreign direct investment and employee participation practice. The research compared the extent of transnational influences on employee participation in Czech plants of Anglo-American and Germanic multinational companies in the automotive and finance sectors.

A recent research project funded by the Austrian government and conducted by the late Professor Franz Traxler from the University of Vienna and IRRU's Guglielmo Meardi focussed on the link between foreign direct investment (FDI) and employee participation rights. This is a hot issue in Austria, given its proximity to countries with lower labour costs and weaker employee information and consultation rights, but also an important one for theory and for global practice.

The project combined a quantitative analysis of data on US-originated foreign investment (which was entirely conducted in Vienna) and a qualitative analysis of practice in multinational companies (MNCs) of Anglo-American or Germanic origin (Guglielmo Meardi being responsible for the Anglo-American case studies).

### *The impact of macro markets*

The quantitative analysis represented an innovation over previous studies by introducing the hitherto neglected effect of 'macro markets' such as the EU single market which, through the elimination of trade barriers, have increased the scope of efficiency-motivated FDI. Our research, focussing on the EU as a prototypical macro market, has detected that national market size is no longer a determinant of FDI inflows. This implies that large countries (e.g. France and Germany) are now under stronger competitive threats from smaller countries (such as most new member states of the EU). Even so, labour costs and industrial relations variables still have little or no effect on FDI inflows. Some negative effect was detected for union density and legal extension of collective agreements. The results also

showed that FDI flows did not affect industrial relations institutions – that is, they did not trigger a 'race to the bottom'. Our findings therefore suggest that fears of employee rights deterring investors are largely exaggerated.

### *Case studies*

Case studies were undertaken in twelve multinationals in the finance and automotive sectors that are headquartered in the US/UK and Austria/Germany. This added a qualitative understanding of investors' decisions and practices. The two groups of countries of origin represent different styles of industrial relations and human resource management (HRM), which previous IRRU research has investigated in depth (see G Meardi, P Marginson, A Tóth, M Stanojevic, M Frybes and M Fichter (2009) 'Varieties of multinationals', *Industrial Relations*, 48 (3), 489-512).

The host-country focus was on sites in the Czech Republic, as the new member state closest to western markets and the one with the most competitive manufacturing sector in terms of export. The research also included headquarters-level interviews with both managers and employee representatives.

### *Key findings*

None of the companies appeared to have given significant attention to industrial relations factors when choosing the location of their investment, confirming the interpretation of the quantitative data. The heavy emphasis among new member states' governments on employment deregulation as a crucial factor enhancing competitiveness appears to be exaggerated.

Formal, representative-based arrangements for employee participation (e.g. works council-type structures) are mainly found on 'brownfield' industrial sites, as a legacy of pre-existing arrangements with trade unions before acquisition. As a corollary, it is hard to detect any effect from home country practice in German- or Austrian-based MNCs, or from implementation of the EU Directives on the information and consultation of employees or on European Works Councils.

More generally, companies tend to be very opportunistic in the degree of their practice transfer. Extensive transfers in the area of production are matched by only selected transfers in the industrial relations and HRM spheres (see table).

Anglo-American companies are distinctive in the extent to which their direct participation practices are elaborated, especially in the finance sector. They emerge as transferring their HRM and industrial relations practices (seen as a competitive advantage) more often than their German or Austrian counterparts, which see them rather as a cost. However, these direct participation practices appear to be insufficient to address high labour turnover and employee dissatisfaction with internal communication.

There are significant differences between the manufacturing and service sectors. In the finance sector (contrary to the commonly held view that in services MNCs adapt to local traditions), major change in employment relations and participation practice follows from radical innovation in products and modes of service delivery, of which foreign

## IRRU 40 years

“ I have always appreciated the high quality of the research that has been undertaken by IRRU on employment issues, especially its multi-disciplinary nature. Many aspects of IRRU’s research programme, particularly on changes

in payments systems and collective bargaining arrangements, have been of consistent interest to EEF and its members. Research findings on the information and consultation of employees and European Works Councils have also contributed to EEF’s representations on employment issues in both Westminster and Brussels. Over recent years, the high quality of

this research and its relevance to policymakers has enhanced IRRU’s international reputation, particularly in Europe. ”

David Yeandle OBE  
Head of Employment Policy  
EEF – The Manufacturers’ Organisation

companies are the drivers. Yet there is little transnational communication with home country operations.

In the automotive sector, practices are more affected by the strong industrial traditions of the host country, despite the international integration of production. They also depend on the geography of the production networks. This can be of three types:

- ‘spatially close’ (the Austrian-owned factories, managed directly from the headquarters, where a maximum of re-organization and divergence from home country practice was observed);
- ‘mid-range’ (the German companies, sufficiently close to relocate, but not

enough to integrate Czech and German factories, resulting in strong competitive pressure); or

- ‘loose’ (the US and often UK factories, servicing separate markets and therefore less affected by competition, and more similar to the service sector companies.)

Employee representatives are more concerned with transnational co-operation and the comparison of employment conditions in the automotive sector – characterised by very strong international competition – than in the banking sector. However, the medium size of the manufacturing companies under investigation (representative of the large majority of investors) does not allow the development of strong networks of

employee representatives. European Works Councils, where they exist, are rather weak actors. Czech representatives tend to be very interested in comparison with western conditions in order to prepare their local demands, but they are also increasingly concerned with countries further east (e.g. Ukraine, Romania, Turkey), where production may be relocated to.

Findings from this research project are presented in more detail in: F Traxler, G Meardi and S Strohmer, ‘Multinationals and social transfers to central eastern Europe: British, US, Austrian and German experiences reviewed’, in S Contrepois, V Delteil, P Dieuaud and S Jefferys (eds), *Globalising employment relations*, Palgrave (forthcoming, 2010).

### Multinationals’ practices in the Czech Republic

Sector and country of origin	Production transfers	HRM transfer	IR transfer	IR style in subsidiary	Transnational union contacts
Automotive Germany/Austria	High	Medium	Low	Paternalistic/unilateral	Contingent on company size and location
Automotive UK/US	High	Medium/high	Very low	Pluralist	Medium
Finance Germany/Austria	Medium/high	Medium/high	Low	Paternalistic	Medium
Finance UK/US	High	Medium	Medium	Individualised	Low

# Research update

## Recently published

IRRU staff produce a wide range of books, reports, articles, chapters for edited collections and other published outputs. Details of these, and recent working and conference papers, are available from our website. Here we highlight just some of our latest publications:

- Two articles by Melanie Simms and Jane Holgate (London Metropolitan University), to be published in early 2010, draw on research into the strategies and impact of the TUC's Organising Academy, set up in 1998 to train a new cadre of trade union organisers and develop an organising culture to reverse the decline in union membership. An article in the *International Journal of Human Resource Management* shows that trained organisers are influential within their unions, but that many get stuck in relatively junior positions because of the lack of a specialist career structure. A division between 'servicing' and 'organising' functions is an almost inevitable consequence of the establishment of a separate, specialist organising role. Despite this, the authors argue that the Academy has had a considerable impact, fostering innovative organising approaches that would probably not have emerged otherwise. A second article, in the journal *Work, Employment and Society*, provides a broader assessment of the organising model. It finds that many unions that have adopted 'new' organising approaches tend to see organising as a 'toolbox' of practices rather than as having an underpinning political philosophy or objective.
- Four IRRU authors are among the contributors to *The evolution of the modern workplace* (Cambridge University Press, 2009), edited by William Brown, Alex Bryson, John Forth and Keith Whitfield. The book is an authoritative analysis of the changes in employment relations over the past 25 years drawing on the five Workplace Employment Relations Surveys conducted between 1980 and 2004. Paul Edwards co-authored a chapter with William Brown on 'Researching the changing

workplace'. Linda Dickens and Mark Hall contributed a chapter on 'Legal regulation and the changing workplace', and Keith Sisson wrote a chapter with Gill Dix and John Forth on 'Conflict at work: the changing pattern of disputes'.

- A recent report by Mark Hall, Sue Hutchinson (University of the West of England), John Purcell, Michael Terry and Jane Parker (Auckland University of Technology) analyses and accounts for the differing experiences of information and consultation bodies in 12 private and voluntary sector case study organisations over a two-year period, highlighting key factors shaping developments. The research was undertaken as part of a project examining employee consultation practice in the light of the Information and Consultation of Employees Regulations 2004, funded by the Department for Business, Innovation and Skills, Acas and the CIPD. The report, *Implementing information and consultation: evidence from longitudinal case studies in organisations with 150 or more employees*, was published in December 2009 in the Department's Employment Relations Research Series (no. 105) and is available to download at: [www.berr.gov.uk/files/file53962.pdf](http://www.berr.gov.uk/files/file53962.pdf)

## New research grants

**European Observatory network:** In the summer of 2009, IRRU successfully tendered to continue as the UK national centre for the network of EU-wide 'Observatories' operated by the European Foundation for the Improvement of Living and Working Conditions. The new contract will last for a four-year period, starting in March 2010. The network embraces the European Industrial Relations Observatory (EIRO), the European Working Conditions Observatory (EWCO) and the European Restructuring Monitor (ERM). IRRU's role is to provide up-to-date information on key employment and industrial relations developments, restructuring data, research findings and policy analysis, aimed primarily at practitioners and policymakers at national and EU levels and published on-line. UK input to the Observatories is co-ordinated and edited by Mark Hall and Thomas Prosser. At the same time,

a consortium consisting of IRRU and the Institute for Employment Studies successfully tendered to continue as one of a small group of European research institutes responsible for coordinating and writing up EU-wide comparative analytical reports for the three Observatories.

**Employment practice in multinational companies:** Building on a large-scale survey of employment practice in the UK operations of multinational companies (MNCs) undertaken in 2006, IRRU researchers have recently been involved in launching an ambitious comparative analysis between the UK survey and parallel surveys of MNCs' operations in three other countries – Canada, Ireland and Spain. The focus is the simultaneous role of MNCs in differentiating and integrating national business and employment systems. The UK research team, which comprises Paul Edwards and Paul Marginson together with Anthony Ferner and Olga Trekasis (De Montfort University) and Tony Edwards (Kings' College London) has been successful with a funding application to the ESRC which will provide resources for the UK's contribution to the comparative analysis planned for the period up to the end of 2011.

**Collective bargaining as a changing mode of labour market governance in Europe:** During 2009, IRRU researchers began new research exploring the implications of the reorientation of collective bargaining to address questions of competitiveness, flexibility, employment security and sustainability. This is one of four main projects which make up a programme of research on 'The governance of uncertainty and sustainability: challenges for labour market, industrial relations and social welfare policies in European countries' (GUSTO). The three-year GUSTO programme, which is coordinated by Professor Colin Crouch of WBS's Governance and Public Management group, is financed by the European Commission's 7th Framework Programme. The collective bargaining research involves collaboration between Paul Marginson, Colin Crouch, Dorothee Bohle (Central European University, Budapest), Luigi Burroni (University of Terramo) and Maarten Keune (University of Amsterdam).

Manuela Galetto joined IRRU in January 2010 to work on the project. Guglielmo Meardi also recently started work on a second project under the GUSTO programme, exploring the interaction between migration and different European social models, in collaboration with Antonio Martín Artiles (Autonomous University of Barcelona).

*Market freedoms and social rights in the EU:* Aristeia Koukiadaki will join IRRU in April 2010 having secured a two-year Leverhulme Trust early career fellowship to research the tensions between market freedoms and social rights in the EU with a particular focus on the debates surrounding the posted workers Directive.

## International links

*EU/US doctoral workshop:* In September 2009, IRRU hosted the annual European Doctoral Workshop in Industrial Relations. This was the sixth such workshop, bringing together doctoral students and academic staff from seven European institutions (including Warwick) and from Cornell University, USA, for presentation and intensive discussion of students' work. Fourteen students presented papers over two days, each of which was commented on by a student and an academic from another institution. Two of IRRU's doctoral students, Christina Niforou and Emma Stringfellow, presented papers and a further two, Michael Frize and Juan Lopez-Catalero, participated in the sessions, as did Paul Edwards and Paul Marginson. An innovation for the 2009 workshop was the participation of students and a member of academic staff from Cornell, building on IRRU's developing relationship with Cornell's Industrial and Labor Relations (ILR) School. Cornell had previously hosted a bi-lateral Cornell-Warwick doctoral workshop in 2007.

*IRRU visiting fellow:* Magdalena Bernaciak, a doctoral researcher in political science at Central European University, Budapest, joined IRRU in January 2010 for a three-month visiting fellowship. Magdalena's work focuses on relations between trade unions from 'old' and 'new' EU member states, particularly in the automotive and construction sectors.

# IRRU staff

Thomas Fetzer left IRRU at the end of 2009 to take up a teaching post at the Central European University, Budapest. Sukanya Sengupta returned to Warwick Business School from Cardiff University at the start of 2010, becoming an Associate Professor in the Industrial Relations and Organisational Behaviour group. Aristeia Koukiadaki joins IRRU in April 2010 from a research post at Cambridge to take up a Leverhulme Trust early career fellowship.

## Academic and research staff

Trevor Colling  
Ardha Danieli  
Deborah Dean  
Linda Dickens  
Paul Edwards  
Manuela Galetto  
Michel Goyer  
Anne-marie Greene  
Mark Hall  
Aristea Koukiadaki (from April 2010)  
Paul Marginson  
Guglielmo Meardi  
Gillian Morris \*\*  
John Purcell  
Thomas Prosser  
Sukanya Sengupta  
Melanie Simms  
Keith Sisson \*  
Michael Terry\*

\* Emeritus Professor  
\*\* Honorary Professor

## Support staff

Val Jephcott  
(IRRU Research Coordinator)

## IRRU doctoral students

Michael Frize  
Benjamin Hopkins  
Euk Hwan Kim  
Jeong Hee Lee  
Juan Lopez-Cotarelo  
Christina Niforou  
Orestis Papadopoulos  
Thomas Prosser  
Emma Stringfellow  
Christina Niforou  
Thomas Prosser  
Emma Stringfellow

## IRRU Associate Fellows

James Arrowsmith  
Jacques Bélanger  
Mark Carley  
Tony Edwards  
Anthony Ferner  
Mark Gilman  
Richard Hyman  
Jane Parker  
Valeria Pulignano  
Helen Rainbird  
Monder Ram  
Robert Taylor  
Judy Wajcman  
David Winchester

# About IRRU

IRRU embraces the research activities of the industrial relations community in Warwick Business School (WBS). There are currently 19 academic and research staff in membership, plus a number of associate fellows.

Our work combines long-term fundamental research and short-term commissioned projects. In both instances, we maintain the independence and integrity which have been the hallmark of IRRU since its establishment in 1970. We aim thereby to improve the quality of data and analysis available to industrial relations policy-making by government, employers and trade unions.

IRRU's advisory committee includes senior representatives of the Advisory, Conciliation and Arbitration Service, the Chartered Institute of Personnel and Development, the Confederation of British Industry, the Department for Business, Innovation and Skills, EEF and the Trades Union Congress.

IRRU's research projects are clustered around five main themes:

- Europeanisation and internationalisation of employment relations, including employment practice in multinational companies;

- equality, inequality and diversity in employment;
- evolving forms of employee representation and voice;
- small firms, payment systems and employment relations; and
- legal regulation of the employment relationship.

Textbooks by IRRU staff on industrial relations and human resource management include:

Trevor Colling and Michael Terry (eds) *Industrial Relations: Theory and Practice* (3rd edn), Wiley, 2010

[Peter Boxall and] John Purcell, *Strategy and Human Resource Management* (2nd edn), Palgrave Macmillan, 2008

Paul Edwards and Judy Wajcman, *The Politics of Working Life*, OUP, 2005

[Gill Kirton and] Anne-marie Greene (eds), *The Dynamics of Managing Diversity: A Critical Approach* (2nd edn) Butterworth Heinemann 2004.

IRRU also publishes its own series of research papers – *the Warwick Papers in*

*Industrial Relations*. These are available on-line at:

[www2.warwick.ac.uk/fac/soc/wbs/research/irru/wpir/](http://www2.warwick.ac.uk/fac/soc/wbs/research/irru/wpir/)

IRRU is the UK national centre for the network of EU-wide 'Observatories' operated by the European Foundation for the Improvement of Living and Working Conditions. The network embraces the European Industrial Relations Observatory (EIRO), the European Working Conditions Observatory (EWCO) and the European Restructuring Monitor (ERM). A consortium consisting of IRRU and the Institute for Employment Studies is also among a small group of European research institutes responsible for coordinating EU-wide comparative analytical reports for the three Observatories.

The three Observatories' databases are publicly accessible on-line at:

[www.eurofound.europa.eu/eiro/](http://www.eurofound.europa.eu/eiro/)  
[www.eurofound.europa.eu/ewco/](http://www.eurofound.europa.eu/ewco/)  
[www.eurofound.europa.eu/emcc/erm/index.htm](http://www.eurofound.europa.eu/emcc/erm/index.htm)

## Further information

Information on our current research programme and projects, and on recent papers and publications, is available from IRRU's website: [www2.warwick.ac.uk/go/irru/](http://www2.warwick.ac.uk/go/irru/)

Alternatively, please contact Val Jephcott, IRRU Research Coordinator, Warwick Business School, University of Warwick, Coventry, CV4 7AL; email: [irruoffice@wbs.ac.uk](mailto:irruoffice@wbs.ac.uk); phone: +44 (0)24 7652 4268