

Multinationals' union avoidance practices at new sites: Transatlantic variations

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1. Introduction

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

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

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

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

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

2. Definitions of double-breasting

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

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

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

3. Country-specific contexts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Methodology

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

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

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

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

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

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

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

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

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

5. Dependent and independent variables

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

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

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

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

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

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

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

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

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

6. Findings

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

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

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

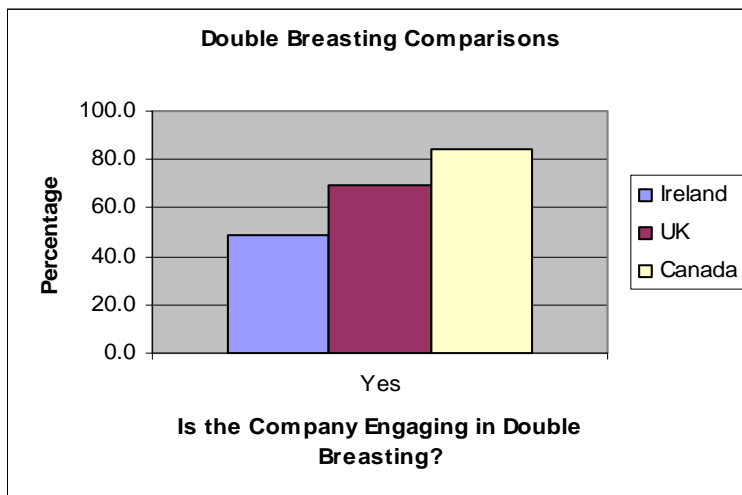
Table 1: Frequencies for union recognition across the three countries

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

a) Profiling double-breasting across the three countries

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

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



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

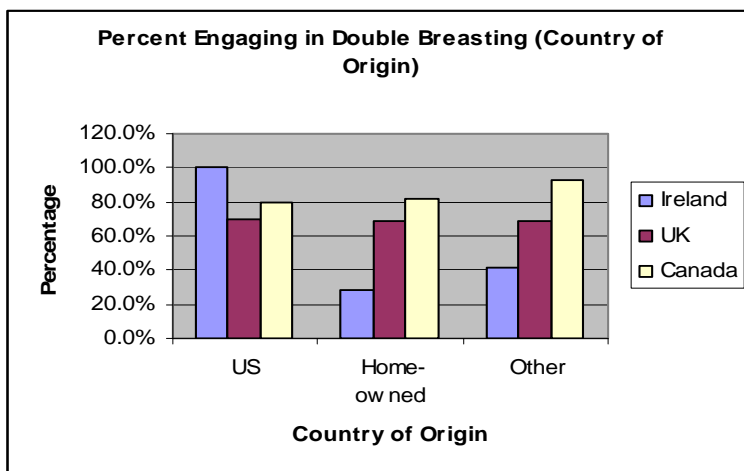
Although it appears that the degree to which firms engage in double-breasting is different across the three countries, our data allow for comparisons of the interactions between various independent variables (i.e., country of origin, sector, size, etc.) and the dependent

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

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

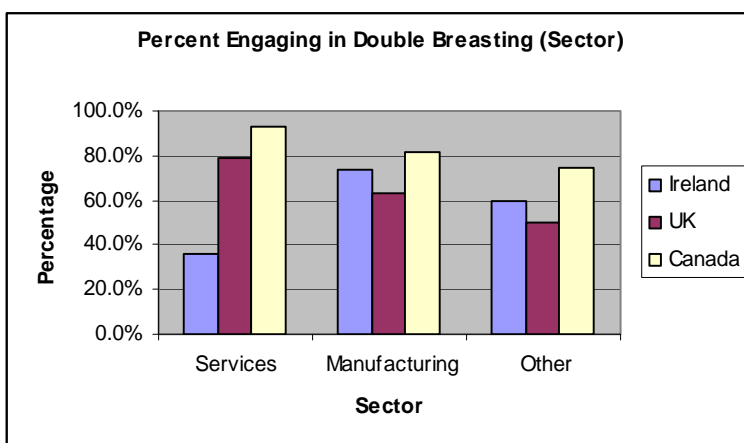
Country of origin. The third table offers the percent of firms engaging in double-breasting across the three countries, according to their countries of origin. We see a substantial country of origin effect on double-breasting in general, with relatively high percentages across all three countries and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

Table 3: Double-breasting by country of origin



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

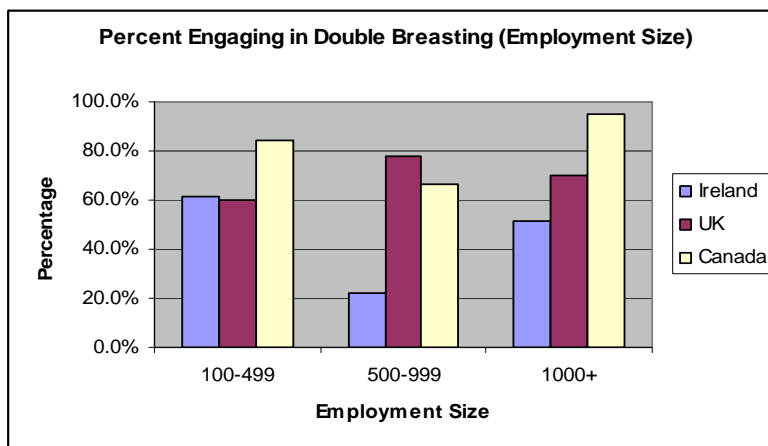
Table 4: Double-breasting by sector



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

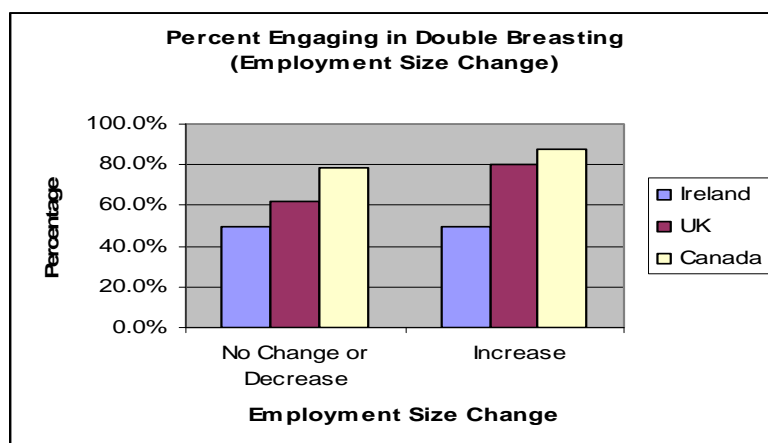
Total employment size. Table 5 gives the percent of firms engaging in double-breasting according to their total employment size for each country. The results indicate quite a mixed picture. There are no clear upward trends according to size, which is what our hypothesis would lead us to believe. In the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

Table 5: Double-breasting by total employment size



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

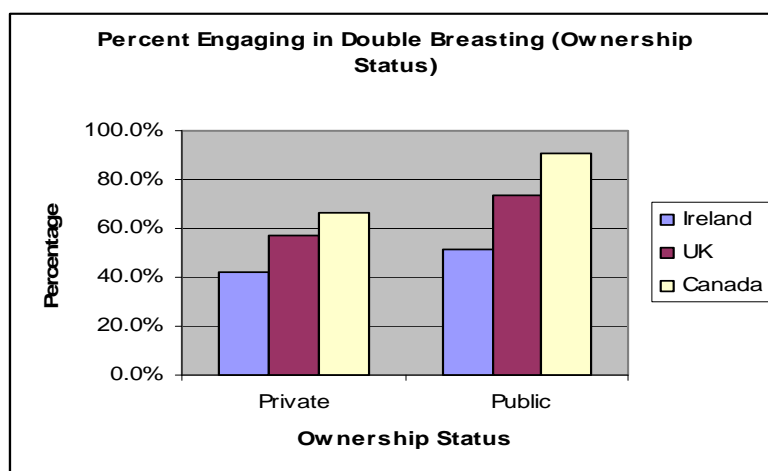
Table 6: Double-breasting by change in employment size



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

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

Table 7: Double-breasting by ownership status



b) Means comparisons

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

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

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

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

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

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

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

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

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

7. Discussion and implications

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

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

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

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

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