

Theme 1: Europeanisation and internationalisation of employment relations

EU enlargement into central and eastern Europe and industrial relations

The ESRC-sponsored project, led by Guglielmo Meardi and also involving Paul Marginson, on the impact of US and German-based multinationals on employment practice in the new EU member states was formally completed in December 2005. The comparison of twelve case studies in Hungary, Poland and Slovenia (four in each) within the automotive component sector challenges some established views on the coherence of national production models. Both German and American companies appear rather pragmatic in transferring employment practices associated with their home-country model, and in some instances have abandoned them altogether. The findings also question conventional presumptions about the nature of 'social dumping' within the enlarged EU. Several of the plants observed had attained levels of productivity equivalent to, or in excess of, sites in western Europe, which combined with lower labour costs gave these operations a tangible unit labour cost advantage. Moreover, the plants concerned had done so without introducing much of the 'social' element of western European production models. Yet it is also true that workforce resistance to excessive flexibility or unilateral management is becoming increasingly detectable.

Multinationals' employment practices in Central-Eastern Europe: key findings

The research was based on twelve German and American-based multinationals with successful, technologically advanced plants in the automotive component sector, three each in Poland, Hungary and Slovenia. The research design was testing the potential for implementation of best employment practices; the findings cannot therefore be generalised to all multinationals operating in the region. Key findings include:

- foreign investors in automotive supply have rapidly achieved western levels of productivity, flexibility and quality in their Central-Eastern European plants, with a consequent gap in unit labour costs between eastern and western European sites;
- direct international performance comparisons are an everyday reality for Central Eastern European employees, regularly faced with shop-floor level comparative data;
- HRM practices also correspond in several cases to sophisticated, state-of-the-art western concepts;
- technological and organisational transfers are readily apparent, but employment practices do not systematically reflect country-of-origin models, responding instead to contingent processes of hybridisation in which local and sector influences are also evident;
- differences between German and US-owned companies are evident in corporate culture (more traditionally production-oriented in German companies and more financially-oriented in US companies) and functional flexibility (based more on systematic vocational training in German companies);
- some variation can be observed on working time (overtime is more common than annualisation in US companies) and numerical flexibility (permanent contracts are more prevalent in German companies);

- few differences can be observed on industrial relations (German-owned plants are not more likely to be unionised), pay (which is very flexible in both German- and US-owned plants), teamwork (reflecting sector-level best practices);
- diversity management and equal opportunities are generally very underdeveloped;
- although pay, numerical and functional flexibility tend to be higher than in western Europe, within a matter of years either through trade unions negotiating activity or informal bargaining levels of flexibility are becoming constrained;
- differences exist between Hungary, Poland and Slovenia; in particular, dense associational regulations in Slovenia provide more consent for rapid organisational change, as well as a more effective link between industry and vocational education.

A summary report of the findings was prepared and presented in December at workshops for managers and employee representatives from the participating companies, trade union officials, officials from business associations in Budapest, Warsaw and Ljubljana. In Poland, staff from the American embassy and a leading German foundation also attended the dissemination event. Papers analyzing findings from the project were presented to the European Sociological Association (September) and the German Industrial Relations Association (October). Further dissemination activity is planned through the coming year. New research questions have emerged on the nature of cross-border influences within MNCs in the enlarged EU, and Guglielmo Meardi has been involved in the preparation of new funding applications for follow-up research to the French (unsuccessful) and Austrian (outcome pending) governments.

Guglielmo Meardi has also pursued his comparative work, and co-coordinating role, on the INTAS-sponsored project on post-communist trade unions. The first year of research, on national-level developments, revealed an interesting paradox among former USSR-countries: the more trade unions reform themselves, the weaker they become. This is explainable through the natures of resources and opportunities available in those societies, and contrasts very clearly with the situation of the Central-European countries now in the EU, where trade unions tend to be weak but also show some positive signs of revitalization. The international team is now engaged in the company-level part of the research, with case studies of (rare) occurrences of successful union workplace organization.

European Works Councils

The writing-up of research findings from the earlier IRRU project investigating the impact of European Works Councils in eight US- and UK-based companies was completed during 2005 with the publication of an essay by Mark Hall and Paul Marginson in an edited collection published in memory of Harvie Ramsay, who was an ESRC-funded Visiting Fellow in IRRU from 1989 to 1991. This examined the significance of EWCs as an institutional innovation, and reviewed research into the spread of EWCs, the provisions of EWC agreements and EWC practice, drawing attention to the substantial variation in their activity, effectiveness and impact on management decision-making and the contingent factors accounting for this identified by IRRU's research.

Employment practice in multinational companies

The large-scale survey of employment practice in organisational context in multinational companies operating in the UK, funded by ESRC, entails two phases of fieldwork. At the start of the year NOP Social and Political were commissioned, following a tender process, to undertake both phases. The first is a telephone screening of all companies to check database information on their basic characteristics (and hence their eligibility for inclusion in the population to be surveyed) and to administer a short substantive questionnaire. This was completed by the autumn, and resulted in the eligibility of 914 companies being confirmed and that of 474 companies being rejected. A further 995 companies were contacted, but either refused to participate, were unavailable in the time period or respondents did not respond to multiple messages. Of the 914 companies, completed substantive questionnaire were returned from 644. These are now the focus of substantive analysis. The second phase, which commenced late in 2005, takes the form of an extended face-to-face interview with a senior HR manager in up to 450 multinationals from amongst the total of 914. The research team comprises Paul Edwards and Paul Marginson, Anthony Ferner and Olga Tregaskis (De Montfort University) and Tony Edwards (Kings College, London). A Warwick-based survey research assistant was appointed from October. A meeting of the project's Advisory Panel was convened in June, and provided valuable comments on the draft questionnaire instruments for the second phase of the survey.

As reported in 2004, an exciting development has been the addition of an international, comparative dimension to the initial project. Research teams in Canada (CRIMT, Université de Montréal), Ireland (University of Limerick), Spain (IESE Madrid/Barcelona) and Mexico (Colegio de la Frontera Norte) are undertaking / have well-advanced plans to undertake parallel surveys of employment practice of multinationals operating in the four countries, respectively. Like the main UK survey, the Canadian survey went into the field in late 2005. The UK and Canadian teams met bilaterally in January and members of the the Canadian, Irish and Spanish teams travelled to London for the June meeting of the project's Advisory Panel. Further bilateral meetings involving UK team members have been held with the Irish and Spanish teams, and two tri-lateral meetings convened in Montréal with the Canadian and Mexican teams. An international workshop is planned for autumn 2006 to plan comparative analysis of the surveys.

Benchmarking practice in multinational companies

Sylvia Rohlfer completed her ESRC-funded doctoral research on the impact of benchmarking on the cross-border dimension in employment relations. Looking at four major MNCs in the UK and Germany the comparative study reveals that the application of benchmarking is not simply a matter of technical expediency by organisational actors. Through an examination of the implications of benchmarking practice for employment practice, the research findings demonstrate that the design and utilisation of the benchmarking tool depends on the specific context in which it is applied. By examining different national and organisational contexts the research shows how benchmarking practice in British and German MNCs is influenced not only by characteristics of the UK and German business systems but also by the sectors within which they operate and other organisational issues. The principal conclusion of the research is that in practice the main focus for benchmarking is comparison of quantitative data, and that there is little emphasis on its use as a tool in HR. However,

the use of benchmarking in other areas does impact on the sharing of best working practices and employment levels. Relationships between employees and management appear to remain largely unaffected by the indirect influence of benchmarking practices.

Other developments

Valeria Pulignano secured funding from the British Academy, in the context of her research investigating transnational union coordination strategies in the face of globally-organized companies, to host an international workshop at Warwick in November. The theme of the workshop, which attracted 25 participants, was 'Europeanisation and Organised Labour: an Unsolved Dilemma'. One outcome of the workshop was the establishment of a European network of researchers interested in trade union responses to the internationalisation of production and service provision by multinational companies, for which Guglielmo Meardi is acting as one of the facilitators.

Jim Arrowsmith and Guglielmo Meardi went to China in April 2005 for an exploratory research visit at the invitation of Jing Li of the Department of Languages at Chongqing University, who has a Warwick MA. Activity included company visits in the Special Economic Zones of Shenzhen and Chongqing, facilitated by Jing Li, and academic meetings in Chongqing and Hong Kong to assess the possibility of research co-operation and activity in a country which can no longer be ignored when studying multinational corporations.