

Employment practice in multinational companies

Last year's report covered the initial steps taken towards mounting a comparative analysis of the findings of the 2006 large-scale survey of employment practice in the UK operations of multinational companies (MNCs) and those of the parallel surveys undertaken by research teams in three other countries: Canada, Ireland and Spain. It also reported that the UK research team, which comprises Paul Edwards and Paul Marginson, together with Anthony Ferner and Olga Tregaskis (De Montfort University) and Tony Edwards (King's College London), had secured a 24-month ESRC award to underpin their contribution to comparative analysis which runs until late 2011. The focus of the ESRC award is the simultaneous role of MNCs in integrating across, and differentiating between, national business and employment systems.

The compilation of an international data set, which involved bringing together the relevant parts of the four national data sets, was completed in the first four months of 2010. The work involved close working between the four research teams, and was greatly facilitated by the continued employment of the UK project's Warwick-based research fellow, Duncan Adam. The main substantive work was the preparation of a set of five papers, each undertaking comparative analysis of a different aspect of MNCs' employment practice, for an invited conference on 'Employment relations in multinationals' hosted by Cornell University's School of Industrial and Labor Relations at Cornell in September. The organisation of the conference was coordinated by Tony Edwards and Paul Marginson, together with Sarosh Kuruvilla of the ILR School. Paul Edwards was the lead author for one paper; Marginson was lead author for another paper and a co-author of a further one. Each of the papers had a Cornell discussant, and the papers are being revised for submission as a symposium to the Industrial and Labor Relations Review.

The paper led by Edwards deploys the 'system, society and dominance' model of influences on employment practice to develop propositions concerning the take-up of 'best' human resource management practices. System effects would be indicated by widespread take-up, and also by adoption through similar mechanisms in different countries. The evidence from the four countries supports this view. Dominance effects are generally expected to be exerted by US firms, which will have more practices than firms from other countries. This expectation is also met. Societal effects have traditionally been seen as constraints on global models, in particular where national business systems are institutionally distant from the dominant model. Here, take-up would be expected to be lowest in Spain. The evidence does not support this view. The explanation is that national business systems are not fixed things but have multiple features; in this case, the Spanish system has an openness to new managerial models.

Two aspects of variability in social dialogue through European Works Councils (EWCs) are addressed in the paper led by Marginson, which analyses findings from the three European surveys. Only four out of every ten multinationals covered by the EU's regulatory measure have actually established an EWC. The incidence of EWCs is found to be strongly influenced by the degree of international integration of companies' operations, the nature of international management organisation, worldwide employment size and the presence of workforce organisation. Policy concern has also focused on minimalist management practice towards EWCs. Management practice is shown to vary, ranging from the minimalist to active engagement with EWCs. Minimalist practice is less likely to be the case amongst Nordic- and continental European-based companies, and where the HR function is internationalised.