

Between Boston and Berlin: American MNCs and the Shifting Contours of Industrial Relations in Ireland.

David G. Collings, Patrick Gunnigle and Michael J. Morley.

Please cite as

Early copy of paper subsequently published in the Int Journal of HRM, full citation as follows: Collings, D.G., Gunnigle, P. & Morley, M.J. (2008) “Between Boston and Berlin, American MNCs and the Shifting Contours of Industrial Relations in Ireland”, *International Journal of Human Resource Management*, 19 (2), 242–263.

ABSTRACT

Drawing on detailed qualitative case studies and utilising a national business system lens, we explore a largely underrepresented debate in the literature, namely the nature of change in a specific but critical element of business systems, that is the industrial relations institutions of the State and the impact of MNCs thereon. Given the critical mass of US investment in Ireland, we examine how US MNCs manage IR in their Irish subsidiaries, how the policies and practices they pursue have impacted on the Irish IR system, and more broadly their role in shaping the host institutional environment. Overall, we conclude that there is some evidence of change in the IR system, change that we trace indirectly to the US MNC sector. Further, the US MNC sector displays evidence of elements of the management of IR that is clearly at odds with Irish traditions. Thus, in these firms we point to the emergence of a hybrid system of the management of IR and the establishment of new traditions more reflective of US business system.

KEY WORDS:

Change; Hybridisation; Human Resources and Industrial Relations; Ireland; MNCs; National Business System; US.

Between Boston and Berlin: American MNCs and the Shifting Contours of Industrial Relations in Ireland.

David G. Collings, Patrick Gunnigle and Michael J. Morley.

INTRODUCTION

The significance of multinational corporations is well documented in the extant literature. While global FDI inflows have fallen from the record levels of \$1.1 trillion in 2000, current data point to a recovery from a three-year slump since 2003/4 with levels predicted to break the trillion-dollar mark again in 2006 (Economic Intelligence Unit, 2006). Such investment is driven by an estimated 70,000 transnational firms and their 690,000 foreign affiliates (UNCTAD, 2005). Indeed, many MNCs are so economically vast that their revenues outstrip the GDP of some nation states. Given the economic dominance of MNCs it is not surprising that there has been significant debate in recent years as to whether they act as ‘nation-less organisations’ (Ohmae, 1990) vis-à-vis the extent to which they “are embedded in larger and wider societal collectivities” (Sorge, 2004:118) and thus must organise their activities in the context of the multiple institutional environments in which they operate. It has been argued that globalisation is redefining the role of the nation state in managing the economic fortunes of nations (cf. Boyer and Drache, 1996) and further that MNCs may also play a part in constructing the environment in which they operate (cf. Boyer et al., 1998; Streeck and Thelen, 2005). This latter theme has received comparatively little attention and the literature, where it does exist, focuses mainly on the German context (cf. Lane, 2000; 2003; Schmitt, 2003; Streeck and Thelen, 2005).

Drawing on detailed qualitative case studies and utilising a national business system (NBS) lens, we explore a largely under-represented debate in the literature, namely the nature of change in a specific but critical element of business systems, that is the industrial relations (IR) institutions of the State and the impact of US MNCs thereon. Given the critical mass of US investment in Ireland, we examine how these US MNCs manage IR in their Irish subsidiaries, how the policies and practices they pursue have impacted on the Irish IR system, and more broadly their role in shaping the host institutional environment. Finally, we explore the extent to which the Irish Government has balanced the trade off between the financial efficiency outcomes of courting further FDI investment (through, for example, a permissive institutional context supportive of these innovations) while at the same time balancing the social equity outcomes for Irish

employees (through, for example, appropriate employment legislation) (cf. Kleiner and Ham, 2003; Friedman, 2006). The study is significant for a number of reasons. Firstly, Child (2000) posits that large business organisations may exert influence over not only the structures of host locations but also the policies of institutions in these nation states. In this context, he notes that studies in the national business systems tradition have generally focused on the observation and charting of congruence between structures of business organization and other institutions within nations or regions (see also Streeck and Thelen, 2005). The implicit assumption of these taxonomies is that the “functions performed by [Governmental, financial, technological, educational and community] bodies and the regulations or other constraints they impose upon firms, substantially explain the ways that the firms are governed, the range of specialties they internalize, and their philosophies of management” (pp. 42). Significantly however, he goes on to argue that this approach fails to explain “the extent to which key actors in firms can themselves determine the agendas of institutions through lobbying, co-optation, the threatened withdrawal of cooperation, and so forth”. This paper attempts to explore some of these debates in the Irish context. Secondly, while we acknowledge that while previous work has been carried out on IR in MNCs this largely focused on larger economies (e.g. US, UK, Germany, Japan) and overwhelmingly relied on survey-based methodologies. Thus, this paper addresses the lack of qualitative work on the impact of FDI on the evolution of IR systems and, furthermore, provides insights from a country which is one of the largest per capita recipients of FDI but which has not been the focus of investigation of this nature.

Indeed, Ireland represents a fitting site for the study of the behaviour and impact of foreign multinational enterprises. Firstly, the country was a late internationaliser and thus the influence of foreign thought and practice has been relatively recent. Secondly, attracting mobile FDI has for some time been a fundamental plank of economic policy. Thirdly, the apparent success of this policy means that MNCs have attained huge economic significance in the Irish economy. Ireland has recently been classified as the most globalised economy in the world (Kearney, 2002), due to the prominence of foreign MNCs in Irish economic life. Furthermore, the country continued to attract significant FDI despite the recent global downturn in FDI (cf. UNCTAD 2005; Collings et al., 2005). Ireland was the largest net recipient of FDI in the OECD over the period 1993-2003, recording a cumulative balance of inflows over outflows of \$71billion,

making it the world's 11th largest recipient of FDI (Collings et al., 2005). MNCs contribute approximately 80 per cent of industrial exports (O'Higgins, 2002). Further, over 49 per cent of employment in manufacturing is accounted for by those employed in affiliates under foreign control (OECD, 2005). Even allowing its preferential corporation tax rate of only 12.5 per cent, the largest ten foreign MNCs in Ireland contributed €1.3 billion in corporation tax- 27 per cent of total annual corporation tax revenues (Barrington, 2005). Although the identities of these companies have not been released by the authorities, it is generally accepted that the vast majority are American. It is estimated that 7.6 per cent of the private non-agricultural labour force are employed by US subsidiaries (Collings et al, 2005). Ireland is thus heavily dependent on FDI, and the US is by some way Ireland's largest source of FDI.

In presenting this debate we briefly introduce the national business system literature and key debates on the impacts of MNCs on NBS. We then briefly address the literature on change and hybridisation within business systems drawing primarily on the work of Lane (2003)ⁱ. In contextualising our later discussion we then present a summary analysis of the key tenets of Irish IR. After outlining the methodology employed, we present our research findings and finally present our discussion and analysis.

THE VALUE OF THE NATIONAL BUSINESS SYSTEM (NBS) APPROACH

Key to the understanding of the NBS approach is an appreciation of the role of national institutional contexts in shaping the strategies and structures of firms (cf. Hall and Soskice, 2001; Whitley, 1999). The working assumption may be summarised as continued diversity and divergence between firms emanating from different institutional contexts. In this regard, firms emerge within a specific business system, whose institutions condition and influence the organisation and operation of the firm. Further when firms expand abroad they must take account of the host business system in configuring their foreign operations.

Apposite to this, a key underlying premise in much of the globalisation debate is that the MNC acts as “a powerful element of change that challenges existing interests and structures in the labour market and at the bargaining table” within the various host countries in which they operate (Weber, 1974: 249). While MNCs are not the only

means through which IR innovations may be introduced into a foreign business system (others include management consultancies and business associations), they are arguably the single most important conduit through which these innovations are diffused from one business system to another (Ferner, 2003). Indeed, MNCs have been described as the “foremost ‘innovators’- for good and ill- within national business systems” (Ferner and Varul, 2000: 115). This description highlights the fact that MNCs can have both positive and negative consequences for host countries. A number of studies have found that MNCs continue to display characteristics of their home business system or “country of origin” in the management of their foreign subsidiaries (cf. Almond and Ferner, 2006; Ferner et al., 2004; Geppert et al., 2003; Gunnigle et al., 2002; Harzing and Sorge, 2003). Of particular significance to our argument is the finding that US MNCs display strong country of origin effects. For example, in their study of foreign MNCs operating in Europe Gunnigle et al (2002) found that although firms from both the US and differing European countries modified their practices to account for the host context, levels of localisation in US MNCs tended to be lower. Turning to the nature of the determination of human resource management (HRM) policy, Ferner et al (2004) found that US MNCs displayed centralised, standardised and formalised traits in this regard (see also, Almond and Ferner, 2006).

In developing this argument in the context of the NBS literature, it is pertinent to examine the nature of change in business systems. Here it is important to introduce two theoretically important constructs: systems change and the emergence of a hybrid system within the NBS (Lane, 2003). The former is conceptualised as the emergence of a radically different institutional framework within a business system. In regard to the latter, the emergence of a hybridised system is conceptualised as changes that occur in a number of organisations within a business system but fail to take root in other firms and hence do not override the traditions of the system more generally (cf. Lane 2003). Lane (2003) further identifies a number of key theoretical questions that must be considered in attempting to explore changes in NBS. Firstly one must consider how one type of change differs from another? How can we determine whether institutional innovation is bounded and within the system versus fundamental system change and the adoption of a new path? In this regard she postulates “system change has occurred when a new logic has replaced the old one, i.e. when it is accepted by most influential actors in the political economy” (Lane, 2003: 84) Secondly, she questions how system

change differs from hybridisation, whereby the latter implies the concurrent adoption of different logics within a business system. She notes that in hybrid situations there is generally not complementarity within the system and thus different parts of the system are dominated by different logics. An important point to note is that if a cumulative change in a key institution has resulted in fundamental changes in the logic which underscores the system combined with support from powerful actors then the longevity of hybridisation is likely to be short-lived, as the new logic will become dominant and institutionalised. An important aspect of the business system in which to explore this is the industrial relations arena. We now turn our attention to sketching that aspect of the Irish business system, something which provides a context for our later evaluation of change and continuity in IR in our case firms.

INDUSTRIAL RELATIONS IN IRELAND:

Many of the traditional characteristics of the Irish IR system derive from her historical linkages with the United Kingdom, though in recent years the IR trajectories of both countries have shifted significantly. Ireland did not gain independence from Britain until 1922 and there have been close historical and political ties between the two countries for many centuries. By the time of the formation of the Irish Free State in 1922, Irish trade unions shared with their British counterparts an approach to collective bargaining that was termed ‘traditional adversarialism’ (Donnelly, 1999). Although trade unions initially struggled to gain acceptance in Ireland they had gained a foothold in many key industries by the early 1900s. Indeed, O’Mahony (1964) notes, at the beginning of the nineteenth century trade unions were faced with moves to suppress them by Government, largely because of their incompatibility with doctrines of “freedom of contract”, a quarter of a century later, they were tolerated because of a re-evaluation of the doctrine of “freedom of contract” and within fifty years they were advanced to a position which afforded them legal protection and privilege. While it is important not to neglect the role of the state, it is important to note “organised labour consolidated its position and advanced the interest of its members largely through collective bargaining with employers” (Kelly and Roche, 1983: 224). Indeed by the early 1900s trade unions were well established in many industries. Thus early in the twentieth century the State realised that it was necessary to redefine the rights and

privileges accorded to organised labour and this was achieved through the 1906 Trade Disputes Act (O'Mahony, 1964).

As Kelly and Roche (1983) note, in Britain and Ireland labour developed an industrial countervailing power in advance of a countervailing power of a political nature. This stood in contrast to the experience in most Continental European countries and thus they argue helps to explain the distinctive nature of IR in the UK and Ireland. It also stands in contrast to the experience in the US, from where our case firms originate. There, large industry gained legitimacy and power long before trade unions and even before federal Government. Thus, in the US the balance of power in the workplace favours capital more than in most other countries (Leidhner, 2002).

Hence, for over a century, IR in Ireland has been characterised by a strong collectivist orientation reflected in reasonably high levels of union density and a reliance on adversarial collective bargaining (Gunnigle and Morley, 1993; Gunnigle, 1995; Roche, 2001). While a detailed discussion of the IR system is beyond the scope of this paper, we draw on von Prondznski (1998) whose review of the main tenets of the Irish IR system concluded that these could be characterised thus: *voluntaristic*ⁱ: it relies on the voluntary commitment of the participants to implement agreements achieved through the bargaining process (Teague, 2005; Wallace, 2003); *antagonistic*ⁱⁱ: it is underpinned by an acknowledgement of pluralist conflicts of interest inherent in the system reflected in a the prevalence of collective bargaining, a core tenet of pluralism, as a means of regulating the employment relationship (Gunnigle 1995; Roche, 2001); *centralised*: for most of the period since 1970 collective bargaining has tended to be dealt in a centralised fashion, reflected in national level agreements on pay and other aspects of economic and social policy (Roche, 2001; Wallace, 2003); *non-participative*: given that there has been little evidence of formalised workplace participation schemes, leading Roche (1995) to describe the Irish partnership model as truncated reflecting the lack of diffusion of same to the enterprise level; *non-flexible* reflecting the traditionally high levels of restrictive practices such as highly specified job descriptions and rigid demarcation lines; *institutionalised*ⁱⁱⁱ: reflecting the reliance on third-party institutions in assisting the resolution of IR disputes (Teague, 2005). To these we add *collectivist*, springing from the legitimacy and influence of trade unions in Irish society, the relative

importance of collective bargaining, high levels of trade union density and recognition and the historical absence of a strong anti-union agenda (Roche and Ashmore, 2002).

Before considering our findings, we now summarily outline our methodology.

METHODOLOGY:

This paper uses data gathered from five detailed studies of IR and HRM in Irish subsidiaries of US MNCs. Summary detail on these is provided in box 1. This article draws on the Irish node of an international study involving a large number of researchers from seven universities in the UK, Spain, Germany and Ireland. The overall project consisted of 14 detailed cases. In total some 260 semi-structured interviews were conducted by the project team. These included interviews at corporate HQ, regional HQ and subsidiary level in the case firms and further involved individuals at all levels of the organisational hierarchy. This paper focuses solely on the Irish subsidiaries. Our case study data were generated largely through in-depth interviews with company personnel, employees and employee representatives (including trade union officials) in Irish subsidiaries of 5 US MNCs, while additional information was garnered from company documentation, web sources and observation. We selected the firms based on variables such as union/non-union heritage, time of establishment in Ireland, sector, location in the US, etc. We also drew extensively on secondary data on the case firms. In total the case firms employed approximately 12,000 people in Ireland, a figure that accounts for 13 per cent of total US MNC employment there. Given this variance and scope of case firms we are confident that the cases provide a reasonably representative picture of HRM and IR practices in US MNCs in Ireland. Further, given the in-depth qualitative nature of our work, we believe it provides substantial and novel insights in the changing approaches of American MNCs towards industrial relations in Ireland and their impact on the evolution of the Irish IR system.

In each case, interviews were conducted with all of the top management team, plus a cross section of middle and front line managers/team leaders, lower ranking employees, employee representatives (shop stewards) and trade union officials. In interviews with trade union officials we explored their experiences with US MNCs more generally and issues around Irish industrial relations in addition to the specifics of the case companies. In total, some 67 interviews were conducted by the Irish team over the period January 2000 to June 2005. Each interview was conducted by a minimum of two interviewers, tape-recorded and transcribed. Interviewees were briefed in advance

regarding the research agenda. All companies are identified through pseudonym and all interviewees identified by their job titles. The data were analysed using QSR NVivo which allowed us to code the data into a number of significant categories (or nodes). We also drew on discussions with employer organisation representative who we could not formally interview due to potential conflicts of interest, but who did provide insights on some key trends and issues. Further, we drew on information from academic work, the popular press and IR periodicals such as *Industrial Relations News*, which were particularly useful in identifying trends with regard to IR issues. These elements helped in particular substantiating our tentative findings with regard to systems level change. *Our* main findings are outlined below.

TAKE IN BOX 1 ABOUT HERE

FINDINGS:

The following presentation of our findings is organised according to the espoused characteristics of the Irish IR system outlined above. We supplement data from the case firms with information garnered from other sources to provide a broader picture of the current configuration of IR in Ireland. We begin by exploring the evidence of shifts in collectivism in our case firms as we feel this will significantly impact on other elements of the system discussed thereafter.

Collectivism:

In exploring the nature of collectivism in our case firms we consider the extent to which our case firms engage with trade unions to be a key indicator. In this regard, we identify two broad approaches to trade union engagement. Specifically, our two ICT companies, Ico and Computerco are staunchly opposed to trade unions and would attempt to maintain this status at all costs. In contrast, our other three firms Healthco, Pharmaco and Logistico appear to have a more pragmatic approach to trade union recognition. By this we mean that they have a strong preference to operate on a non-union basis but if this is not possible then they will engage with trade unions. Specifically, the two longest established firms (Healthco and Pharmaco), established their initial Irish operations (in the late 1960s and early 1970s) on a unionised basis and engaged with Irish IR traditions. These establishments continue to operate on a

unionised basis and workplace issues tend to be managed through collective bargaining. In explaining, the decision to establish the Irish plants on a non-union basis, a unique situation in both firms at the time of their establishment. We have pointed elsewhere (cf. Gunnigle et al, 2005) to the significance of the prevailing institutional environment at the time in explaining the decision. Particularly significant in this regard was the advice of Government bodies charged with attracting FDI and the employers' organisation, all of which recommended that the companies engaged with Irish IR traditions and recognised trade unions. Also significant was a highly publicised and failed attempt by another US multinational EI Ireland (a subsidiary of General Electric) to establish on a non-union basis around that time.

These firms have more recently however established new operations in the Irish context on a non-union basis. The concurrent operation of sister plants on a non-union basis, termed double-breasting (cf. Beaumont and Harris, 1992) is a novel innovation in the Irish context and particularly worrying for the trade union movement and significant evidence of the erosion of collectivism in Ireland as these new non-union plants are premised on individual relations with employees.

Although Logistico was established on a non-union basis in Ireland, management have recently agreed to a limited recognition agreement for certain categories of workers. We argue that this decision was as a pragmatic response to a prolonged union recruitment drive. The nature of the agreement provides for trade union representation on individual issues only and does not allow for full collective bargaining.

Thus in terms of engagement with trade unions as an indicator of collectivism, our data clearly indicate that over time the US MNCs we studied have, on balance, moved away from trade union recognition and towards engaging with employees on an individual basis. Further, evidence on the emergence of individual performance related pay combined with an increasing emphasis on direct communication with employees further point to a shift away from collectivism and these factors are discussed in detail below.

Voluntarism:

As was noted above Ireland was traditionally classified as voluntarist in terms of the configuration of the industrial relations machinery there. In this regard, the voluntary commitment of the participants is key in implementing agreements achieved through the bargaining process. The key direct evidence we unearthed in this regard was the shift towards non-unionism in recent years. This suggests that US MNCs had the capacity to establish new plants on a non-union basis, a trend which stood in contrast to traditional IR in Ireland, and further indicates the limited recourse for the trade union movement in preventing or mitigating this shift. This is illustrative of broader trends in trade union recognition more generally on a national and global scale^{iv}. However, US MNCs have most certainly been leaders in pursuing this course of action in the Irish context and our cases confirm the growing incidence of the establishment of US subsidiaries in Ireland on a non-union basis (see also, Gunnigle, 1995; Roche, 2001; Geary and Roche, 2001). Specifically, Logistico, Computerco and Itco all established their Irish operations on a non-union basis. While both Computerco and Itco continue to operate on a non-union basis, Logistico has recently agreed to a limited recognition agreement for certain categories of workers as mentioned above. We also highlight another worrying trend from a trade union point of view, namely the emergence of so called ‘double-breasting’ noted above. We have argued elsewhere (Gunnigle et al, 2005) that this may serve to further erode trade union influence in the US MNC sector. This shift away from recognition in US MNCs, combined with other research which suggest that levels of compliance with Labour Court recommendations dealing with trade union recognition were significantly lower than the general pattern of compliance with Labour Court recommendations (Gunnigle et al., 2002) represent significant challenges for the Irish trade union movement.

It thus appears that US MNCs have both directly and indirectly impacted on the voluntarist characteristics of the host IR system. We point to the fall in private sector union density. Although this is not unique to the US MNC sector, this sector was clearly in the vanguard in initiating the shift in the Irish context. Further, it could be argued that we have witnessed a shift in the trade union movement’s attitude towards voluntarism in response to this trend. In a similar way to their UK counterparts, the Irish Congress of Trade Unions^v has pursued the provision of statutory union recognition legislation. This first came to public prominence in the negotiation of *Partnership 2000* national accord covering the period 1997-2000.

Amid increasing union concern, a ‘High-Level Group’ was established in 1997 under the terms of *Partnership 2000* to examine the issue of trade union recognition. Comprising representatives of Government, the Irish Congress of Trade Unions (ICTU), Irish Business and Employers Confederation (IBEC), and IDA Ireland. It issued its report within months and recommended the use of voluntary rather than mandatory procedures to deal with recognition disputes. The recommendations of this group were implemented through the introduction of the Industrial Relations (Amendment) Act 2001. This Act was generally regarded as a poor result for the trade union movement in that its provisions provided trade unions with little likelihood of statutory union recognition (cf. Gunnigle et al., 2002; D’Art and Turner, 2005). The Act has since been supplemented by the 2004 Industrial Relations (Amendment) Act. Although an improvement on the 2001 Act, and while appearing to speed up some of the procedures of the 2001 Act, the 2004 Act does not appear to have gone as far as the trade union would have liked with regard to statutory recognition legislation. Nonetheless, the union movement has continued to press their agenda with regard to statutory recognition legislation and are likely to continue to do so in the context of declining union recognition. Arguably the fact that the legislation has failed to directly target US MNCs and has been largely ineffective in requiring them to negotiate with trade unions or the concede recognition is reflective of their power within the Irish business system.

Antagonistic

As noted above, the Irish IR system has traditionally been underscored by pluralist IR traditions which was reflected in a general acceptance of collective bargaining as the optimal means of regulating the employment relationship. This acceptance of host IR traditions appeared to filter through to the earlier waves of MNC investment, (Kelly and Brannick, 1985 etc), as is reflected in both Healthco and Pharmaco, where both companies signed pre-start up recognition agreements with trade unions and these plants continue to operate on a unionised basis. Although neither firm could be characterised as having high levels of industrial unrest, respondents in both companies reported difficulties with the trade unions from time-to-time and there was clear evidence of elements of antagonistic relationships between the parties on occasion,

particularly in Pharmaco and to a lesser degree in the earlier days of Healthco's operation. Thus, these older plants do appear to conform with this particular characteristic of the Irish system.

In contrast, the other three firms established on a non-union basis. Respondents in these companies continually emphasised the desire to deal with issues on an individual basis with employees and without third party intervention. The following quote is illustrative of the opinion solicited.

It's not an anti-union thing. We have a system of management which says that it is a manager-individual relationship. That's how we operate. It's quicker than any other mechanism, and it works well. In our industry I think you need things like that because you need to do things quickly. It is an alternative, lets say, to a unionised system.

(Manager, Technology Facility, Itco)

Likewise, in Computerco, interviewees pointed to the preference of dealing with employees on a one-to-one basis. A human resource manager there noted: "They [corporate] wanted very much to deal with employees on a one-to-one basis". In attempting to minimise the risk of union organising drives management in these subsidiaries are cognisant of the need to minimise the conflictual elements of the employment relationship as these may represent triggers to unionisation. This exhibits elements of the so called "catch 22" of union avoidance identified by Flood and Toner (1997). In their pursuit of non-unionism the firms incurred many opportunity costs, such as increased pay levels and the provision of sophisticated non-union grievance procedures. As the VP of Operations in Computerco noted: "You [management] actually have to work harder [to remain non-union]. You don't have an intermediary to go to".

This is significant because a union official we spoke to confirmed that the greatest opportunity for a trade union to gain a foothold in a non-union establishment arose when management made a significant error. He clearly felt that when management in these firms "got it right" in terms of managing employee relations, there were few triggers to unionisation. In contrast, when an employee felt aggrieved the trade union was often one of their first ports of call.

In attempting to maintain their non-union status, the MNCs utilised a number of techniques. Firstly, management generally claimed to be pro-active in terms of identifying concerns within employee ranks and ensuring the issues are redressed internally without recourse to third party bodies such as trade unions. In this regard annual employee opinion surveys, ‘open door’ policies and other communications fora, combined with sophisticated non-union grievance procedures, in both Itco and Logistico in particular, were identified as significant in minimising these conflicts (see below).

I think in general the HR group do a very good job in making sure it [union recognition] does not come up. If they see something as being an issue that can affect the morale or whatever it may be they will take action on it. They have done so over the past couple of years as things have changed.

(Operations Manager, Itco)

A further significant finding was the minimising of conflict around the wage-effort bargain through pitching the reward package at a level above the regional and/or sectoral average and, in some companies, often significantly in excess of that in comparable unionised firms:

The non-pay benefits were always very good. That was one of the ways that they [management] kept unions out. It was a case of- ‘well look at all we give you. You won’t get any more in a union’.

(HR Generalist 2, Computerco)

Although this was particularly visible in our non-union companies and indeed articulated by a number of interviewees, it also emerged in the unionised companies. Both Healthco and Pharmaco have traditionally paid significantly in excess of the awards due under national pay accord to their unionised employees. Although we have witnessed a shift in this policy over the recent past (we will return to this below) one could plausibly argue that in their unionised establishments US MNCs in Ireland have attempted to minimise the conflictual elements of the employment relationship through conceding above the norm pay settlements. Thus, on balance, our findings point to a significant degree of variance with host norms in terms of the nature of the employment relationship at least in terms of the level of antagonism between management and employees, reflected in unitarist managerial ideology and the minimisation of triggers to unionisation.

Centralisation:

As noted above, centralised agreements on pay and other aspects of economic and social policy have long been a key characteristic of Irish IR. In line with the voluntarist traditions of Irish IR, employers and trade unions are broadly free to follow, or not, the terms of such agreements.

In the cases we investigated, all of the non-union companies claimed to operate outside of centralised agreements. In these firms it was claimed that pay increases were generally determined at an individual level based on an evaluation of performance, together with a management review of the ‘going level’ of increase based on some analogue of comparator firms (normally on a sectoral and sometimes regional basis). It appeared that these companies were very aware of the terms of centralised agreements and generally ensured that their average level of increase was at or, more often, above that of centralised agreements. Thus, centralised agreements provided an external benchmark of the minimum level of pay increases to be awarded. This was also the case for the non-union employees in all three of the companies which had some level of unionisation of employees.

We look next at the unionised firms. As noted above, both Pharmaco and Healthco have consistently agreed ‘above the norm’ pay deals with their unions. We have however witnessed a shift in the degree to which agreements exceed pay norms in recent years. Indeed, recently management in both companies have attempted to agree pay increases closer to the levels agreed under national pay accords. In explaining this shift, management respondents pointed to the increasing competitiveness for business within the respective firms. For example the Director of HR in Pharmaco noted that the shift in policy was due to: “Change of business. Fighting for volume [within the corporation]...Competition [between plants]”. Even though labour cost only represented a small percentage of total production costs in Pharmaco, making savings seems to have become increasingly important in maintaining, and ideally increasing, the mandate of Irish subsidiary within the corporation. Similar views were expressed by respondents in Healthco. Particularly noteworthy however was that a management respondent in Pharmaco hinted at the fact that the traditional high increases awarded under the above the norm deals left little room for performance related compensation. Thus, he hinted that the reduction in general levels of increases may allow the company the opportunity

to shift the emphasis in compensation towards additional remuneration for higher performing employees, or an element of performance related pay for these workers. In other words, he expected annual increase to continue to exceed those due under national accords but to be paid in different ways, while acknowledging that such payments may have to be on a team basis due to “the union issue”. Thus, although both of these companies have shifted their strategies in recent years and returned to paying only what was agreed under the national pay agreements, our findings indicate that the national accords did provide an important external benchmark of the minimum level of increases, and that their policy was significantly influenced by pragmatic considerations. Specifically, we point to market and internal corporate pressures in driving the shift towards pay around the levels of the accords. Further, one could plausibly argue that the shift towards payments due under the accords could be interpreted, as an attempt to facilitate performance related elements in the compensation package of the unionised employees. This is a particularly novel finding in the Irish context and how it will play out remains to be seen. Nonetheless the union movement may view it as a challenge to their role within the companies.

In Logistico, where partial recognition (see above), which did not cover pay, was recently afforded to the union, we found that management did not directly follow the national pay accords in determining increases for any employees. Annual increases were determined on the basis of individual performance. However a union official indicated that Logistico were ‘intelligent’ in how they managed the process and that no employee got less in annual pay increases than what they would have under Sustaining Progress. This is significant because the Labour Court recently determined that “whether the Company increases pay as a result of market based assessment and/or a performance based system is of no concern, as long as the value of these increases has due regard to the value of increases provided by national partnership agreements” (Higgins, 2004 a and b). Thus, it would appear that all employees, regardless of whether their company signed up to the agreements or not are entitled, to the increases due under the national pay agreements. This finding has been tempered somewhat by a more recent Labour Court case which found that once an individual’s cumulative increases over a specific reference period equated to the total due through national agreements over the same period that it could happen that an individual may not be awarded an increase in a given year (Higgins, 2005). In other words, if an employee

received a total of 10 per cent in pay increases over a three year period but no increase in one of those years, and the total due over the term was 10 per cent or less then the company was within its rights not to award an increase in that year.

Thus, we find that the impact of centralisation in Irish IR had only a partial impact on our case firms. Pay increases for non-union employees were generally determined on the basis of a combination of some measure of performance and a management pay adjustment based on cost of living increases and pay trends in comparable firms. Further, the unionised companies did not directly follow the terms of national pay accords, a factor which allowed them some flexibility in terms of the negotiation of pay increases, sometimes linked to productivity agreements and more recently towards some element of performance.

While it is important to note that other employers in the private sector may act outside of the national framework, the high profile often attached to awards in US MNCs has a number of consequences. As D'Art and Turner (2005: 121) note, the non-union firms, in the FDI sector in particular, "appear as 'free riders' that have enjoyed the benefits of national partnership but evaded the compromises and concessions that necessarily characterise such [national level] agreements". This, they posit, has two potential consequences. Firstly, it may serve to challenge the trade unions' continued engagement with the partnership process due to disillusionment with the free-rider problem. Further, unchecked, the free rider problem will add further credibility to non-union employment models and may encourage more private sector employers to go down the non-union route. At a minimum, they postulate, that this trend undermines the fabric of the national partnership model (D'Art and Turner, 2005).

Participation:

Earlier we noted that low levels of employee participation at workplace and enterprise level characterise traditional Irish IR. In this regard, there is little doubt that the US MNC sector has been to the fore in introducing innovative forms of employee involvement and participation to the Irish workplace. We found fairly developed forms of involvement and participation in our case firms. We look first at direct communication as it represents a key element of managing the employment relationship in non-union companies, and resonates with the individualist employment relationship which these organisations wish to pursue. All of our case firms displayed fairly developed and sophisticated direct mechanisms of employee involvement. It was also utilised in an attempted to play down the trade union role in the unionised firms. For example, it was clear that Itco Ireland placed a strong focus on management-employee communications. Ensuring ‘effective’ communications came across as a key management priority in the HRM sphere and was integral part of Itco managers’ and employees’ everyday work life. The interviewees reported that processes such as group meetings, ‘roundtable’ discussions, ‘one-on-one’ meetings, ‘town- hall’ gatherings, ‘all-hands’ meetings, emails, internet postings and in-house closed circuit televisions (positioned ‘strategically’ around the buildings) were used to ensure Itco ‘communicates ‘effectively’ with employees:

There is an awful lot of stuff on the Internet, emails we send out to people, there’s [sic] the TV screens you have seen around the building and there are departmental meetings which are usually seen as a way of communicating or emphasising stuff which is relevant.

(HR Country Leader, Itco)

A striking finding in Itco was the remarkable consistency among respondents when we raised the issue of collective grievances at the workplace level with employees and managers in Itco. Firstly, everyone appeared aware that Itco had a corporate policy of non-union status. Secondly, all the personnel interviewed (both management and employees) consistently observed that Itco does not acknowledge ‘collective groups’. Furthermore, it was also stated that where a grievance or issue of collective dispute arises, the Itco approach is to deal with this on an individual basis. Even where the dispute clearly affects a group, the approach was to deal with each employee in the group individually and attempt to resolve the issue on this basis. Similar views were

expressed in Logistico, although not with the same consistency as was apparent among respondents in Itco.

A particularly innovative practice, which emerged as common in our case firms, was the use of employee opinion surveys. In Itco these surveys were conducted every other month with a sample of the employees. It would appear that the surveys are used as a pulse in identifying action areas for Itco. Interviewees generally agreed that issues that arise in the survey' (i.e. problem areas such as low satisfaction with certain aspects or events) were generally addressed soon after by specific action plans. The findings suggest that this may be partly related to Itco adopting a proactive role in addressing areas of potential employee discontent quickly to avoid the prospect of collective grievances and unionisation. This is reflected in the fact that the results of the survey may affect managers' performance appraisal ratings, which inevitably impacts their performance related pay award.

A similar picture emerged in Computerco, where despite some poor practice in the company's early history in Ireland (see Collings, 2006 for further detail) direct communication fora were relatively developed:

They [management] do communicate individually rather than as a collective in terms of issues and stuff. So if there was an issue they would actually go and talk to the person about it; so they actually would communicate with each individual and each individual would go and talk to somebody if they had a problem.

(Human Resource Generalist 2, Computerco)

Computerco also conducts annual global and local employee opinion surveys (EOS), in every Computerco subsidiary around the world and the local EOS is conducted quarterly and annually among certain cohorts of employees. The results are collated and those themes that are most prominent identified as action items that need to be addressed.

Direct employee communication emerged as a key HR practice in the unionised companies also. For example, in Pharmaco, even though the older sites are heavily unionised, particularly at craft and operator levels, the emphasis in terms of communications is on direct communication with employees. The communication systems that are in place in the company are described by the HR Advisor as

“fantastic”. Direct communication is highly structured within Pharmaco with a heavy emphasis on verbal communication. Communication policy is based mainly on cascading communication from the Managing Director and subsequently to the site leaders and from there it is cascaded through the rest of the organisation. Pharmaco also conducted a global employee opinion survey on an annual basis. This represented a key management goal in terms of participation rates and performance objectives for senior management were often based on addressing issues which emerged through the opinion survey.

Turning to indirect participation, the primary evidence we unearthed on this issue was in relation to European Works Councils (EWCs). All of our case companies had established EWCs. While these Councils may potentially represent a significant form of employee participation, our findings suggest that in the Irish context they represent a somewhat toothless form of participation to date. While Irish representatives in all of the firms did attend regular EWC meetings and reported back to employees in some form or other, the general theme of our findings was that the EWC agenda in the various companies tended to be dominated by the concerns of representatives from countries where collective employee representation at workplace level was strongest, such as Germany and France. Interviewees suggested that most employees in the subsidiaries, were ‘not that interested’ in EWCs and rarely asked their representatives to pursue any particular agenda. The following quote is illustrative of the opinion solicited:

I’ve always felt that I need to be going to them [co-workers], I really need to be going to them and sitting down [and asking for their inputs] and...no one has come to me and told me there’s an issue

(EWC Representative Logistico)

We therefore conclude that the impact of EWCs has been quite benign among American MNCs operating in Ireland. On balance, our findings suggest that EWCs fail to represent a progression of employee participation as they were originally conceptualised, at least thus far. Thus, with regard to the non-participative characterisation of the Irish IR system, it appears that the US MNC sector conforms with the traditional picture with regard to indirect participation. However, turning to direct communication we witnessed a number of innovative forms of involvement mechanisms, including cascading communications, employee opinion surveys and non-

union grievance procedures. This is not unexpected however given the preference for direct relations with employees and the relatively benign employer legislation in this regard in the Irish context.

Flexibility:

The characterisation of the Irish IR system as inflexible relates to the argued high levels of demarcation and need to negotiate the introduction of change initiatives with trade unions (Von Prondzynski, 1998). We found some evidence of strong demarcation lines in the older unionised companies. In Pharmaco the extent to which demarcation prevailed led a HR Manager to describe the pharmaceutical sector as the “last bastion for unionisation”, while a production supervisor summarised the situation thus:

I think the lines are fairly clearly drawn. If someone says that a particular task is not their job and we don't agree then we are going to try to challenge that in some format. But to be honest about it the lines are clearly drawn and we know what's allowed and what isn't

Although the issue of flexibility was not as prominent in Healthco in recent years, similar views were expressed about the earlier years of Healthco's operations in Ireland. Overall it would appear that IR practice in Pharmaco's and Healthco's older (unionised) plants is characterised by demarcation and some union imposed strictures in regard to changes in work practices. In contrast however their newer (non-union) plants appear to be characterised by increased management prerogative with regard to changing work practices and higher levels of functional flexibility among employees. Indeed, increasing prerogative and flexibility was frequently raised by management interviewees as one of the major reasons for union avoidance in newer sites. Thus, it was not that management in either firm reported extensive difficulties in their interactions with unions but rather they sought the greater prerogative and enhanced levels of flexibility which non-union status conferred. This was particularly the case in Healthco. Here managers broadly acknowledged their good working relations with the trade unions while simultaneously expressing their preference for the additional flexibility accorded to management through establishing new plants on a non-union basis: “It is not a huge issue though, just a preference. We don't have militant unions here. We get on fine. Going non union is less hassle”.

In a similar vein, the VP of HR in Pharmaco indicated that: “they [corporate] felt in the long run it [establishing the new plants on a non-union basis] would give them better, greater efficiency and greater flexibility.” This perception was confirmed by a union official who noted that the desire to set up on a non-union basis was driven by a desire for:

Immediate change without a grievance procedure to discuss it. When management want to change they don't want to have anyone and particularly a union coming in and saying wait you have to discuss that with us.

(Union Official 2, Pharmaco)

Among our ICT firms, managers continually emphasised the need for change and high levels of flexibility, particularly functional flexibility but also, in some firms, numerical flexibility:

It's [non unionism] quicker than any other mechanism, and it works well. In our industry I think you need things like that because you need to do things quickly.

(Manager, Technology Facility, Itco)

More generally an important finding was the large numbers of managers who indicated that their companies were involved in lobbying Government and European regulators in their effort to influence the shape of emergent employment legislation and application of EU directives, etc. A senior executive in Computerco cited this as one of the key reasons it had taken up membership of Ireland's largest employer association, IBEC. This lobbying function appears to be one of the key services which IBEC provides for US MNCs. This is particularly significant in the European context where much of the innovation in national level employment legislation is driven by EU directives. In transposing this into national legislation, governments are afforded a degree of latitude as to the final provisions of the act, thus lobbying by interest groups can impact on the extent to which the final legislation fits with their particular agenda. In this regard, we found that Itco strongly lobbied the Government through the employers' organisation on the implementation of the European Information and Consultation Directive.

We made a submission via IBEC on the information and consultation directive...[our desire is] in some way to make it [the final legislation] as flexible as possible...Not to be too prescriptive I suppose about how they want it to implement. They have to do this. That's it. But its to make it as flexible within the establishment should be taking or whatever that we can actually decide within the business how we're going to do it.

(Employee Relations Manager, Itco)

This trend was also evident in Computerco where in regard to application of the European Works Council directive, the VP of HR stated:

Our strategy is to, where possible, influence and lobby the Government to make sure that the legislation that is enacted is as user friendly as is possible, particularly for cultures and environments where you have non-union organisations... We have submitted to Government on several initiatives around it where we would lay out our two party culture, our communications framework and believe that that is goodness in its own right.

He further noted that Computerco also articulate their views to Government through the American Chamber of Commerce (Amcham), an organisation comprised representatives of most key American MNCs in Ireland. The influence of Amcham is evidenced in the fact that they had met with the Tainaiste (Assistant Prime Minister) twice and the Taoiseach (Prime Minister) once in the six months prior to our interviews. These meetings coincided with the drafting of the 2001 Industrial Relations Amendment Act (dealing with trade union recognition) and although this was not the only agenda item our evidence suggests it was very high up the agenda. In a similar vein, a union official related a conversation which he had had with a senior representative of the national representative body of the Irish Congress of Trade Unions who attributed the delay, in part, in the transposition of Working Time Directive to the Government's consultation with Amcham.

On balance our findings would suggest that with the exception of some of Healthco's and Pharmaco's older plants our cases do not conform to the characterisation of IR practice in Ireland as inflexible. Indeed, quite the contrary: most of our case firms seemed to be characterised by high levels of functional flexibility. We also saw how most of these firms had been involved in lobbying national and supra-national Governments or agencies to ensure the Irish regulatory continued to allow firms achieve the highest possible levels of flexibility.

Institutionalised:

In considering the extent to which IR in our case firms are 'institutionalised', we detected some elements of change in this regard. This was particularly evident in relation to the use of third party institutions in mediating or arbitrating on IR issues. In

particular we found evidence of increased use of so called ‘alternative dispute resolution’ (ADR) mechanisms, where ADRs are defined as alternatives to progressing disputes through the legislature in preference for the intersession of a neutral and objective third party (Brown and Marriot, 1999). This was particularly evident among the newer established US MNCs we studied, who appeared to have a reluctance to engage with the normal third part referral agencies operated by the State in resolving disputes, although clearly the older unionised companies have done so traditionally, while this happened it the newer firms on occasion also. In explaining this preference, a union official we spoke to indicated that the firms he represented would regard it as somewhat of a failure if a dispute found its way into the state’s IR dispute resolution machinery:

Logistico have asked us [about ADR] now because we have this JCC [Joint Consultation Committee]. But we don’t have an independent chair which should be something we should consider ...With [another US MNC], they have suggested bringing in an independent arbitrator as opposed to running to third parties. Logistico have touched on it because when we had a disagreement with them recently on the starting time of the drivers, I said ‘lets just throw it to a Rights Commissioner^{vi}’ and they see that as a bit defeatist. They’d prefer that we could try and have an independent mediator.

(Union Official, Logistico)

We also consider the desire of the non-union firms to avoid engagement with IR institutions largely associated with collective IR and trade unions as significant in explaining this trend.

Although we consider this to be an emerging trend we feel it has important implications for IR in Ireland, as it represents a further challenge to the traditions of the Irish IR system- a shift away from the institutionalised IR heritage there. In explaining this development we would identify a number of potential explanatory factors. Firstly, it avoids the prospect of the state’s IR institutions making determinations against these firms which inevitably appear in the public arena. Secondly, it effectively keeps issues of workplace disagreement ‘in-house’.

DISCUSSION AND ANALYSIS:

In synthesising the import of our findings we point to a number of noteworthy trends. Firstly, we tentatively argue there is evidence of system-wide change in some elements of the Irish IR system. More definitive however is the evidence of an essentially hybrid system in the US FDI sector. This finding resonates with much of the more recent research on MNCs in Ireland which has broadly indicated that MNCs are indeed different and, that US-owned multinationals in particular, continue to differ to indigenous firms in relation to how they manage human resource and industrial relations issues (see D'Art and Turner, 2005; Geary and Roche 2001; Gunnigle, 1995; Roche, 2001). We begin by discussing the former.

In considering the emergence of system-wide change, we make some tentative conclusions based on our study. This is an area which requires further empirical verification however. Nonetheless, we tentatively point to two key shifts in the Irish IR system which can be traced to a significant degree to the US FDI sector, namely-decreasing voluntarism and increased flexibility. In this regard, we argue that the effect of the MNCs is indirect rather than direct, but very significant nonetheless. Indeed, in their recent submission to the Government on the transposition of the European Union Information and Consultation Directive, Amcham argued that the directive should accommodate voluntarist industrial relations traditions in Ireland (Dobbins, 2005c), thus highlighting that, in many ways, the voluntarist traditions of the system facilitates managerial discretion in managing the employment relationship, as third party intervention is minimal under this model, and hence may be preferable to managers of MNCs. Specifically, the shift away from voluntarism, primarily evidenced in terms of campaigning for statutory union recognition legislation has been largely driven by the trade union movement. The union movement's action is however premised on falling levels of trade union density and increasing opposition to union recognition. Indeed, this resonates with the British experience and Towers (2003) notes that while voluntary recognition worked well for the UK trade unions in conditions of high membership, Government favoured unionisation and the extension of collective bargaining, the unions reversed their attachment to voluntarism when membership began to fall in the 1980s, in conditions where employers were increasingly in a position to deny membership. While these trends are not exclusive to Ireland it was a number US MNC

subsidiaries who led the way in jettisoning the established practice of MNCs recognising trade unions and engaging in collective bargaining (cf. Gunnigle, 1995; Gunnigle et al., 2005; Roche, 2001; Wallace 2003). It is clear that the traditional voluntarist underpinnings of the Irish system have been severely eroded in recent years. While much of this shift has been driven by the implementation of the burgeoning volumes of European legislation which has increased the level of legislative regulation of the employment relationship, a development which is clearly at odds with Ireland's voluntarist traditions, it is reasonable to argue that the trade union movement's recent and prolonged campaign for statutory union recognition legislation is one of the clearest indicators of the shift. The union movement appears to have shifted its position with regard to the need for legislative control of key IR issues and without question the impact of the US MNC sector on the shift is important in explaining this trend.

The second system-wide shift is with regard to increased management prerogative in relation to workplace level change and increased functional flexibility, where the US MNC sector has again been very much to the fore. A number of our case firms placed a significant emphasis on lobbying the Government on new IR legislation and on the transposition of EU directives to ensure that firms retained high levels of management prerogative and flexibility in managing the employment relationship. Indeed, trade union officials also noted this agenda within the US MNC sector. Further, it appears that the US MNC sector has been particularly successful in pursuing this agenda. The high level of access Amcham to senior Government officials is reflective of the significance of FDI, and particularly US FDI, to the Irish economy and the importance that Government places on this sector. This influence is arguably reflected in the actual transposition of many EU directives in the Irish context. It is plausible to argue that most of these directives have been enacted along lines which are broadly pro-business and tend to impose the minimal possible restrictions on business and management. The transposition of the recent Information and Consultation Directive provides a prime example in this regard. Indeed it has been argued that employers have been far happier with its transposition, through the Employees (Provision of Information and Consultation) Bill 2005, than their trade union counterparts (Dobbins, 2005b). Specifically, the Bill is posited on an 'opt-in' rather than an 'opt-out' principle, which means that employees will not have an automatic right to formalised representative structures. Rather, 10 per cent of the workforce (subject to a minimum of 15 employees

and a maximum of 100) must request formalised representative structures before employers will be required to develop such structures (Dobbins, 2005b). A recent *Industrial Relations News* report argued that Amcham has left an indelible mark on the Bill (Dobbins, 2005c). While acknowledging a varied response to the Directive among US MNCs, Dobbins posits that the significance of the US FDI sector meant that Amcham's submission carried significant weight in Government circles and that this was reflected in the final drafting of the Bill.

It is therefore clear that the US MNC sector carries considerable political clout as reflected in their success in ensuring the Irish IR system is as permissive and flexible as possible. In recent years, the Tanaiste (Deputy Prime Minister) stated that it was in Ireland's best interests to be "a lot closer to Boston than Berlin" reflecting the desire to create a business environment which was more reflective of the US free market ideology than the European social market. Our evidence suggests that this has been the case in the Irish context.

Secondly, we also argue that there is clear evidence of a hybrid system, substantiated by the lack of centralised influence on IR in the case firms, the shift away from traditional industrial relations institutions of the State in settling IR disputes, the evidence of innovative methods of employee involvement at a firm level and their pursuance of collaborative and non-antagonistic employment relations, largely premised on unitarist principles. The configuration of IR policy and practice in these firms differed on a number of significant characteristics of the archetype of the Irish IR system identified above. This hybrid system was particularly prominent in the management of employees in the non-union companies and the non-union employees in the unionised companies. We consider the hybrid system apparent in our case firms to be indicative of the picture in a large percentage of the US multinationals operating in Ireland. Although our findings are based on a small number of companies, they differ in terms of sector, length of operations and other characteristics. We suggest that a very high percentage of US MNCs in Ireland are likely to conform to this non-union model as the level of workforce density in the FDI sector is estimated to be as low as 11 per cent, compared to approximately 38 per cent in the country more generally (Dobbins, 2005a; Wallace, 2003). Further, many of the characteristics we identified in the firms resonate with home country preferences and thus one could plausibly speculate that

they represent a country of origin effect (cf. Geary and Roche, 2001; Turner et al., 2001) and thus are likely to be indicative of the picture in other US subsidiaries in Ireland. The emergence of this hybrid system is particularly significant because of the high percentage of private sector employment in this sector.

In evaluating the configuration of IR policy and practice in our case firms we found a number of points of variance with the posited characteristics of the Irish IR system. Firstly, we point to the unitarist underpinning of the employment relationship in the case firms. This ideological position, combined with its embodiment in policies and practices represents a significant variation with Irish IR traditions and a shift away from the adversarial traditions of IR in Ireland reflected in direct communications with employees. Our firms also tended to display a preference for managing IR issues at the firm level and preferred in to general engage with the centralised bargaining traditions of the state. Further, we find some emerging evidence of a shift toward the use of private ADR services, which indicate a shift away from use of many of the standard IR ‘third party’ institutions which traditionally played a critical role in the Irish IR system. There has also been a shift towards more individualist management of the employment relationship in the case firms. We also witnessed a managerial desire for higher levels of prerogative and flexibility. We have tentatively argued the latter characteristic has become ingrained in the system more generally also.

In exploring how this hybrid system has evolved in the Irish context we point to a number of significant drivers. In particular the arguments posited by Whitley’s (1999: 127-9) may help in explaining the emergence of the hybridisation within the US MNC sector. Specifically, we point to the vast economic significance of US MNCs in the Irish context, which means that they have attained a powerful position in the Irish economic and political landscape. Further, very few of the firms rely to any great extent on Irish financial institutions for equity investment and given the small size of the Irish market, the ultimate consumer of their products is generally outside the state also. Thus links to Irish organisations and state agencies are limited and primarily focused on the provision of grant aid. Hence, US MNCs can act in accord with managerial preferences. Although the sectors in which they operate are key to economy, they are relatively new in the Irish context and do not represent a challenge to the traditional strongholds of Irish industry such as agriculture. Thus they have not witnessed significant resistance

from powerful interest groups. In addition we point to the economic dominance of the US economy. While in the 1980s this position was challenged by Japanese firms, the economy has consistently outperformed its European counterparts for some considerable time and thus US managerial ideology and IR practice is generally afforded a high degree of credibility in the Irish context (Gunnigle et al., 2002). Finally we point to the significance of the malleability of the host Irish institutional context in explaining the emergence of the hybrid system. In this regard, the longevity of both Healthco and Pharmaco's operations in Ireland help in illustrating this point. In exploring why both Healthco and Pharmaco engaged with trade unions at initial start-up, we found that the decision was very much conditioned by the host (Irish) institutional framework at the time. We have argued elsewhere (cf. Gunnigle et al., 2006) that there is a very clear temporal influence in this regard. Specifically as the MNC sector has become more economically significant in the Irish context, the system has become more accommodating of foreign capital allowing foreign MNCs greater capacity to employ IR practices in line with corporate home country preferences.

Further, it is important to comment on why the hybrid system evident in the US MNC sector has failed to overtake the traditional system and become the dominant logic within the business system. In this regard, we point to a number of buffers (Lane, 2003) which have prevented this occurring. Specifically, we point to the countervailing balance of EU legislation. Although we have argued above that this tends, in the main, to be transposed in generally pro-business terms, it nonetheless is underscored by the principles of the European Social Charter which prevents too much of a shift toward the free market model with which many of the practices in the US MNC sector resonate. Indeed, it has been argued that Government and trade unionist representatives alike have a preference for having sensitive matters with regard to employment regulation addressed at a European level so as it would not single out Ireland in the European context and threaten US investment (Wallace, 2003). Thus while the trade union movement does appear to have a large degree of cross party political support, when this is stacked up against the influence of the FDI sector, it often loses out in policy terms. Thus in many ways it would be politically easier for most of the main political parties, if the EU were to continue to draft directives which favour organised labour and they could argue to the MNCs that the 'collectivist' agenda was being pursued from Brussels rather than from the Irish State. Furthermore, Ireland has a tradition of coalition

governments which arguably promotes an inbuilt bias toward compromise (cf. Hyman, 2004). A final factor which we point to is the significance of institutional reproduction. In this regard we argue that the institutional characteristics of the Irish system which have built up over the years are relatively permanent and do appear difficult to change. We further suggest, consistent with Hall and Soskice (2001) that these will not change unless such change is embraced by a majority of the powerful actors within the business system. This is consistent with our findings in that the systems changes which we did identify are driven by Irish actors, and the trade union movement in particular, as opposed to the US MNCs whose impact was indirect. Thus in relation to the increasing flexibility within the system, this has been embraced by employers' organisations and Government at a minimum. While the shift away from voluntarism has been driven to a significant degree by the trade union movement's response to falling levels of unionisation, with the transposition of EU legislation also playing an important role.

Overall, we tentatively conclude that there is some evidence of change in the IR system in Ireland, change which we trace indirectly to the US MNC sector. Further, the US MNC sector displays significant evidence of elements of the management of IR which is clearly at odds with Irish traditions. Thus, in these firms we witnessed the emergence of a hybrid system of the management of IR and the establishment of new traditions more reflective of US business system.

References:

Almond, P. and Ferner, A. (2006) (eds) *American Multinationals in Europe: Managing Employment Relations Across National Borders*, Oxford, Oxford University Press.

Barrington, K. (2005) "Even US may question low tax regime", *Sunday Business Post*, May 1st.

Beaumont, P.B. & Harris, R.I.D. (1992) "'Double-breasted' recognition agreements in Britain", *International Journal of Human Resource Management*, 3: 267-283.

Blanchflower, D.G. and Freeman, R.B. (1992) "Unionism in the United States and other Advanced OECD Countries", *Industrial Relations*, 31: 56-80.

Boyer, R., Charron, E., Jürgens, U. and Tolliday, S. (eds) (1998) *Between Imitation and Innovation: The transfer and hybridisation of productive models in the international automobile industry*, Oxford, Oxford University Press.

Boyer, R. & Drache, D. (1996) (eds) *States Against Markets: the limits of globalisation*, London, Routledge.

Boyer, R., Charron, E., Jürgens, U. and Tolliday, S. (eds) (1998) *Between Imitation and Innovation: The transfer and hybridisation of productive models in the international automobile industry*, Oxford, Oxford University Press.

Child, J. "Theorizing about organizations cross-nationally" in R.B. Peterson (ed.) *Advances in International Comparative Management*, (Vol. 13), Stamford, CT: JAI Press, 2000.

Collings, D.G. (2006) "Between Boston and Berlin: American MNCs and the Shifting Contours of Industrial Relations in Ireland", unpublished PhD thesis, Kemmy Business School, University of Limerick.

Collings, D.G., Gunnigle, P. and Morley, M.J. (2005) "American Multinational Subsidiaries in Ireland: Changing the Nature of Employment Relations?" in G. Boucher and G. Collins (eds.) *The New World of Work: Labour Markets in Contemporary Ireland*, Dublin, Liffey Press, pp.125-44.

Cully, M., Woodland, S., O'Reilly, A. & Dix, G. (1999) *Britain at Work as Depicted by the 1998 Employee Relations Survey*, London: Routledge.

D'Art, D. and Turner, T. (2005) "Union recognition and partnership at work: a new legitimacy for Irish trade unions?", *Industrial Relations Journal*, 36: 121-39.

Dobbins, T. (2005a) "Irish industrial relations system no longer voluntarist", *Industrial Relations News*, XXI: 10.

Dobbins, T. (2005b) "Employers happier than unions with the new Bill", *Industrial Relations News*.

Dobbins, T. (2005c) "US Chamber leaves indelible stamp on Employee Consultation Bill", *Industrial Relations News*.

Donnelly, S.N. (1999) *The Management of Industrial Relations and Human Resources in Irish-Owned Multinationals*, unpublished PhD thesis, Warwick Business School, University of Warwick, UK.

Economic Intelligence Unit (2006) *World Investment prospects to 2010: Boom or backlash?*, special edition. London, Economic Intelligence Unit.

Ferner, A. (2003) "Foreign Multinational and Industrial Relations Innovation in Britain" in P.K. Edwards (ed.) *Industrial Relations: Theory and Practice, second edition*, Oxford, Blackwell.

Ferner, A., Almond, P., Clarke, I., Colling, T., Edwards, T., Holden, L. and Muller, M. (2004) "The transmission and adaptation of 'American' traits in US multinationals abroad: Case study evidence from the UK", *Organizational Studies*, 25: 363-391.

Ferner, A., & Varul, M. Z. (2000) "'Vanguard' subsidiaries and the diffusion of new practices: a case study of German multinationals". *British Journal of Industrial Relations*, 38: 115-140.

Flood, P. and Toner, B. (1997) "How do large non-union companies avoid a *catch 22*", *British Journal of Industrial Relations*, 35: 257-77.

Friedman, T.L. (2006) *The World is Flat: A brief history of the twenty-first century, Expanded edition*. New York, Farrar, Straus and Giroux.

Geary, J.F. and Roche, W.K. (2001) "Multinationals and human resource practices in Ireland: a rejection of the 'new conformance thesis'", *International Journal of Human Resource Management*, 12: 109-27.

Geppert, M., Matten, D. and Williams, K. (2003) "Change Management in MNCs: How global convergence intertwines with national diversities", *Human Relations*, 56: 807-38.

Gunnigle, P. (1995) "Collectivism and the Management of Industrial Relations in Greenfield Sites", *Human Resource Management Journal*, 5: 24-40.

Gunnigle, P., Collings, D. and Morley, M. (2006) "Accommodating Global Capitalism? State policy and industrial relations in American MNCs in Ireland" in A. Ferner, J. Quintanilla and C. Sanchez-Runde, *Multinationals, Institutions and the Construction of Transnational Practices: Convergence and Diversity in the Global Economy*, Basingstoke, Palgrave.

Gunnigle, P., Collings, D.G. and Morley, M.J. (2005) "Exploring the dynamics of industrial relations in US multinationals: evidence from the Republic of Ireland", *Industrial Relations Journal*, 36: 241-56.

Gunnigle, P. and Morley, M. (1993) "Something old, something new: A perspective on industrial relation in the republic of Ireland" *Review of Employment Topics*, 1: 114-42.

Gunnigle, P., Murphy, K.M., Cleveland, J., Heraty, N. and Morley, M. (2002) "Localisation in Human Resource Management: Comparing American and European Multinational Corporations", *Advances in International Management*, 14, Stamford, CT: JAI Press, pp. 259-84.

Gunnigle, P., O'Sullivan, M. and Kinsella, M. (2002) "Organised Labour in the New Economy" in D. D'Art and T. Turner (eds.) *Irish Employment Relations in the New Economy*, Dublin, Blackhall.

Hall, P.A. & Soskice, D. (2001) (eds.) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Oxford, Oxford University Press.

Harzing, A.W. & Sorge, A. (2003) "The Relative Impact of Country of Origin and Universal Contingencies on Internationalization Strategies and Corporate Control in Multinational Enterprises: Worldwide and European Perspectives", *Organizational Studies*, 24: 187-214.

Higgins, C. (2004a) "Non-union employers fear 'compulsory' national deals after Meteor case", *Industrial Relations News*, XX 29.

Higgins, C. (2004b) "First binding decision on pay in on-union company", *Industrial Relations News*, XX: 42.

Higgins, C (2005) "Analog told to deal with pay for non-union groups", *Industrial Relations News*, XXI: 14.

Hyman, R. (2004) "Varieties of capitalism, national industrial relations systems and transnational challenges", in A.W. Harzing and J. van Ruysseveldt (eds.) *International Human Resource Management, second edition*, London, Sage.

Kearney, A.T. (2002) "Globalization's Last Hurrah?", *Foreign Policy*, Jan./Feb.

Kelly, A. & Brannick, T. (1985) "Industrial Relations Practices in Multinational Companies in Ireland", *Journal of Irish Business and Administrative Research*, 7: 98-111.

Kelly, A. and Roche, W. K. (1983) "Institutional Reform in Irish Industrial Relations", *Studies: An Irish Quarterly Review*, LXXII: 221-230.

Kleiner, M. and Ham, H. (2003) "The effects of different industrial relations systems in the United States and Europe on foreign direct investment flows", in W.N. Cooke (ed.) *Multinational Companies and Global Human Resource Strategies*, Westport, CA, Quorum.

Lane, C. (2003) "Changes in Corporate Governance of German Corporations: Convergence to the Anglo-American Model?", *Competition and Change*, 7: 79-100.

Lane, C. (2000) "Globalization and the German model of Capitalism-erosion or survival?", *British Journal of Sociology*, 51: 207-34.

Leidner, R. (2002) "Fast Food in the United States of America" in T. Royle & B. Towers (eds) *Labour Relations in the Global Fast Food Industry*, London, Routledge.

OECD (2005) *Country Statistical Profiles 2005: Ireland*, Paris: OECD.

O'hame, K. (1990) *The Borderless World: Power and Strategy in the Interlinked Economy*, London, Collins.

O'Higgins, E.R. (2002) "Government and the creation of the Celtic Tiger: Can management maintain the momentum?", *Academy of Management Executive*, 16: 104-120.

O'Mahony, D. (1964) *Industrial Relations in Ireland: The Background*, research paper number 9, Dublin: The Economic Research Institute.

UNCTAD (2005) *World Investment Report 2005*, Geneva, UNCTAD.

Roche, W.K. (2001) "Accounting for the Trend in Union Recognition in Ireland", *Industrial Relations Journal*, 32: 37-54.

Roche, W.K. (1995) "The new competitive order and employee relations in Ireland" paper presented to the IBEC conference on human resources in the global market, Dublin.

Roche, W.K. and Ashmore, J. (2002) "Irish unions in the 1990s: Testing the limites of social partnership", in P. Fairbrother and G. Griffin (eds) *Changing prospects for trade unionism: Comparisons between six countries*, London and New York, Continuum.

Schmitt, M. (2003) "Deregulation of the German industrial relations system via foreign direct investment: Are the subsidiaries of Anglo-Saxon MNCs a threat for the Institutions of Industrial Democracy in Germany?", *Economic and Industrial Democracy*, 24: 49-77.

Sorge, A. (2004) "Cross national differences in human resources and organisations" in A.W. Harzing and J. van Ruysseveldt (eds.) *International Human Resource Management, second edition*, London, Sage.

Streeck, W. and Thelen, K. (2005) *Beyond Continuity: Institutional Change in Advanced Political Economies*, Oxford, Oxford University Press.

Teague, P. (2005) *Towards flexible workplace governance: Employment rights, dispute resolution and social partnership in the Irish Republic*, Trinity College Dublin, The Policy Institute.

Towers, B. (2003) "Comparisons and prospects: Industrial relations and trade unions in North America and Britain", in G. Gall (ed.) *Union Organizing: Campaigning for trade union recognition*, London, Routledge.

Turner, T., D'Art, D. and Gunnigle, P. (2001) "Multinationals and human resource practices in Ireland: a rejection of the 'new conformance thesis: a reply'", *International Journal of Human Resource Management*, 12, 128-33.

Von Prondzynski, F. (1998) "Ireland: Corporatism Revisited" in A. Ferner and R. Hyman (eds.) *Changing Industrial Relations in Europe*, Oxford, Blackwell.

Wallace, J. (2003) "Unions in 21st Century Ireland - Entering the Ice Age?", paper presented at the *Industrial Relations News Conference 2003*, University College Dublin, 27th February (www.irn.ie).

Weber, A.W. (1974) "Bargaining without boundaries: Industrial relations in the multinational firm" in Weber A.W. and Flanagan, R.J. (Eds.) *Bargaining without boundaries: the multinational corporation and international labor relations*, Chicago: University of Chicago Press, pp. 233-49..

Whitley, R. (1999) *Divergent Capitalisms: The Social Structuring and Change of Business Systems*, Oxford, Oxford University Press.

BOX 1 - The Case Study Firms

Pharmaco is one of the world's top pharmaceutical firms. It was established in the US in the nineteenth century and expanded abroad in the 1950s. It currently boasts global employment levels of 120,000 and annual revenues in the region of US\$50 billion. Its first Irish operation was established in the 1960s and it now employs approximately 2000 people in Ireland at a number of sites.

Healthco manufactures pharmaceutical, medical and diagnostic products. It was established in the US in the late nineteenth century and expanded abroad in the late 1930s. It has global revenues of US\$16 billion and employs some 70,000 people worldwide. It opened its first Irish manufacturing operation in the mid 1970s and currently employs some 2000 people at a number of Irish sites.

Itco was incorporated in the US in the early 1900s and in 2003 had global revenues of US\$89 billion and employed well over 300,000 people worldwide. It operates in the information and communications technology (ICT) sector. While having a sales presence from the 1950s, *Itco*'s Irish operations remained quite small up to the mid 1990s, when it established an international technical support and customer service and, soon after, a large production facility. Total employment in Ireland is currently in the region of 3,500 spread across a number of sites.

Logistico was founded in the early 20th century in the US and is one of the world's leading distribution and transport corporations. It currently operates in 200 countries, employing over 370,000 workers and boasting global revenues of some US\$30 billion. *Logistico* has three primary operations in Ireland. It established in Ireland in the early 1990s, with the other centres opening in the mid and late 1990s respectively. Total Irish employment amounts to some 1,000 people.

Compuco was established in the US in the early mid 1980s, boasts global revenues in excess of US\$41 billion and employs approximately 53,000 people worldwide. It manufactures and sells computer hardware. It established its first European manufacturing operation in Ireland in the early 1990s and currently has a number Irish sites, employing more than 3,000 people.

ⁱ Differences between MNCs and indigenous firms with regard to management practices in Ireland have long since been dichotomised as home versus host country effects (cf. Geary and Roche, 2001; Turner et al., 2001). Our use of the terminology of hybridisation draws from our choice of theoretical lens. Specifically, the national business systems/varieties of capitalism literature describes changes in host environments such as those under study in these terms.

ⁱⁱ As a reviewer correctly noted, adversarialism is perhaps a more accurate description of Irish IR, allowing as it does for differing degrees of conflict in underlying relationships. Given that we are drawing on von Prondznski, we have chosen to retain his terminology in this paper with the aforementioned caveat.

ⁱⁱⁱ In a similar vein to the point about adversarialism, it could be argued that a term such as "resort to third-party institutions" may be more appropriate here. However, given that we are drawing on von Prondznski, we have chosen to retain his terminology in this paper.

^{iv} It is important to point out that increased resistance to union penetration is not exclusive to Ireland, but also evident internationally. Even in the US, where employers have traditionally opposed union recognition, we find evidence of an increased intensity in opposition since the 1980s (cf. Blanchflower & Freeman, 1992), while the UK Workplace Industrial Relations Surveys indicate a fall in union

recognition among newly established companies (Cully et al, 1999). Further, US MNCs are not alone in the shift to non-unionism in the Irish context. They were however in the vanguard and Wallace (2003) points to a demonstration effect whereby the successful establishment of non-union plants by *Intel* and later *Motorola* and *Hewlett Packard*, did much to legitimise this approach and encourage its uptake among other new MNCs (see also, Gunnigle et al. 2006).

^v The ICTU is the central co-ordinating body for the Irish trade union movement. It represents the collective will of the Irish trade union movement at a national level.

^{vi} An independent State office created to intervene and investigate industrial disputes with a view to promoting settlement. Focus is generally on individual disputes and the type of case that can be heard is limited.