Employee Representation, Multinational Companies and Institutional Context:

Union Recognition in Canada, Ireland, and the United Kingdom

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Introduction

- We seek to empirically study union recognition and double-breasting (DB) within and across three institutional contexts
  - Canada, Ireland, and UK are our countries of interest
  - We use quantitative empirical tools to measure variables that influence recognition and DB at MNCs in each country
- We argue that institutional structures shape and mediate MNCs' efforts to implement home-country behaviours into host environments
  - These institutional factors directly influence the relative magnitude and significance of the variables associated with recognition and DB
  - Country-specific IR system permissiveness may affect the influence of country of origin and other variables on our DVs

Varieties of Capitalism Literature

- Transference of home-country practices by MNCs to host environments is shaped by the MNC's national business system
  - However, institutional structures mediate the pressures for conformance to a single business system or approach
- Varieties of Capitalism (VoC) literature forms one foundational point for this paper
  - Fundamental differences between the structures and institutions constituting liberal market economies (LMEs) and those enveloping coordinated market economies (CMEs)
  - National business systems interweave with these structures
  - Firms may seek to carry particular attitudes/behaviours congruent with their country of origin into the host environment
  - Alternatively, firms may choose to operate within host environments in order to escape particular structures found within their home countries

Criticisms of VoC Literature

- Some have criticized the VoC literature as too simplistic/rigid in its typology
  - Nuanced differences within LMEs and CMEs overlooked due to broad categorizations
- While many IR scholars support VoC, some say it devalues the role of the state
- Reliance on qualitative methods rather than quantitative techniques
- Our work allows for a nuanced comparison within three LMEs, and employs quantitative empirical tools

Economic Dominance Literature

- Economic dominance literature suggests that organizations emanating from economically successful nations can most easily and credibly transfer and implement specific business policies and practices in their foreign subsidiaries
  - Economic performance of home country offers MNCs global legitimacy to carry these practices into foreign subsidiaries
  - This is often more pronounced in small and late-developing economies (e.g., Ireland)

Double-Breasting Literature

- The term originated within the construction industry in the United States (Lipsky and Farber 1976) and was used to address unionized construction firms opening non-union plants while concurrently maintaining their unionized operations
- In the U.S., the term implied a tendency for firms to open new sites in “right to work” states and shift production from unionized, regulated regions to less union-friendly and more lenient areas
- Use of the term spread to other industries and countries over time
  - European researchers offer that double-breasting may not necessarily be sequential in nature; i.e., union site first, non-union second (Beaumont 1985, 1987, 1992)
    - Key difference in definition is concept of simultaneity, rather than sequentiality (e.g., the term lacks a normative element)

Country-Specific Contexts: Canada

- Canadian IR characterised by extensive legal regulation and a high degree of decentralisation
  - Shares Wagner model for union recognition with US
- Approaches to union recognition are province-dependent
  - No mechanism for linking recognition at firms' sites between provinces, and often within provinces
- Union density at 29% (was 35.7% in 1980)
- Pattern bargaining is typically found, but this type of bargaining is under pressure
- Public policy increasingly amenable to employers in terms of union recognition and avoidance

Country-Specific Contexts: Ireland

- IR system historically tied to voluntarist traditions of UK
- Current IR landscape dominated by national-level partnership agreements between unions, employers, and government
- Union density currently 33% (high: 62% in 1980)
- Union avoidance prevalent amongst recent MNCs, who exert considerable influence on public policy
- No mandatory legal process for union recognition
- Recent ‘right to bargain’ legislation allows unions to pursue cases against companies where no collective bargaining exists

Country-Specific Contexts: UK

- Voluntarist IR system overlayed by individual employment rights and innovations concerning employee information and consultation
- Legal changes (1979-97) constrained unions' abilities to secure recognition from employers
  - Recent enactment of a statutory recognition procedure had only a modest impact
- Union density now below 30% (high of 55% in 1979)
  - Union recognition exhibits a similar trend
- Policy of MNCs toward union recognition has long commanded attention, particularly in terms of US MNCs

Similarities and Differences between the Three Contexts

- All three countries have seen declines in union density and increased scope for unionised companies to implement non-unionism
- Canada differs from Ireland/UK in its reliance on legal procedures and decentralisation
- Ireland differs from Canada/UK in its use of national partnership agreements and tacit endorsement of union-free MNC operations

Methodology

- We use data gathered from large-scale surveys of employment practices at MNCs in each of the countries
- Total of 770 responses (Ireland=260, UK=302, Canada=208)
- Most senior HR practitioner at each firm was surveyed either face-to-face or via mail
- Response rates were 50% in Ireland, 18% in UK, and 15% in Canada
  - Robust checks for non-response bias were used to ensure that the results were representative

Models and Variables

- Dependent variables: recognition of unions at any sites (Model 1) and operation of both union and non-union sites (Model 2)
- Independent variables:
  - Country of Origin (US; Continental European; other Anglo-American)
    - Hypothesis: US firms less unionized and more likely to double breast
  - Sector (production; services)
    - Hypothesis: Production firms more unionized, more likely to double breast
  - Employment Size (100-499; 500-999; 1000+)
    - Hypothesis: Larger firms more more unionized and more likely to engage in double-breasting
  - Ownership Status (publicly traded; privately owned)
    - Hypothesis: Publicly traded companies less unionized and more likely to engage in double-breasting
  - Date of Establishment (1980 and earlier; post-1980)
    - Hypothesis: Post-1980 firms less unionized, more likely to double breast

Propositions for Empirical Results

- Proposition 1: The models for union recognition and double-breasting in Canada will be the least well-defined, have fewer significant variables, and have lower magnitudes of influence for significant variables
- Proposition 2: The models for union recognition and double-breasting in Ireland will be the most well-defined, have the most significant variables, and have the highest magnitudes of influence for significant variables
- Proposition 3: The UK models will sit between Ireland and Canada, but will edge closer to the Irish results than the Canadian outcomes

Descriptive Results

Variable	Percent Frequency			
	U.K. *N = 258*	Canada *N = 165*	Ireland *N = 213*	Pooled Data *N = 636*
DEPENDENT				
Union Recognition = No	53.3	52.8	43.7	49.9
Union Recognition = Yes	46.7	47.2	56.3	50.1
Double-Breasting = No	57.5	54.5	65.8	59.9
Double-Breasting = Yes	42.5	45.5	34.2	40.1
INDEPENDENT				
Country of Origin				
U.S.	52.8	70.7	49.0	56.0
Continental Europe	39.9	18.7	30.6	31.2
Other Anglo-American	7.3	10.7	20.4	12.7
Sector				
Services	41.5	37.0	49.8	43.1
Production	58.5	63.0	50.2	56.9
Employment Size				
100-499	48.4	57.6	60.6	51.5
500-999	15.5	17.6	16.0	17.8
1000 plus	36.0	24.8	23.5	30.7
Ownership Status				
Private	32.2	15.2	25.1	37.4
Public	67.8	84.8	74.9	62.6
Length of Operations				
Established pre-1981	24.0	50.0	24.9	33.0
Established post-1980	76.0	50.0	75.1	67.0

Logistic Regressions: Canada

	Union Recognition Model			Double-Breasting Model		
	N = 146	*Nagelkerke R^2 = .188*		*N = 71*	*Nagelkerke R^2 = .233*	
Variable	**B**	**Std. Error**	**Odds**	**B**	**Std. Error**	**Odds**
Country of Origin						
(U.S. = ref.)						
Continental Europe	.248	.525	1.281	-1.701*	.968	.182
Other Anglo-American	.102	.608	1.107	.610	.856	1.840
Sector						
(Services = ref.)						
Production	1.364***	.418	3.913	-1.019	.710	.361
Employment Size						
(100-499 = ref.)						
500-999	.497	.485	1.643	.716	.695	2.046
1000+	.751*	.447	2.120	1.370**	.631	3.935
Ownership Status						
(Private = ref.)						
Public	-1.345**	.599	.261	-.495	.702	.610
Length of Operations						
(Estab. Pre-1981 = ref.)						
Estab. Post-1980	.549	.368	1.732	-.443	.554	.642
Constant	-.397	.729	.673	.762	1.072	2.144

Logistic Regressions: Ireland

	Union Recognition Model			Double-Breasting Model		
	N = 201	*Nagelkerke R^2 = .359*		*N = 114*	*Nagelkerke R^2 = .286*	
Variable	**B**	**Std. Error**	**Odds**	**B**	**Std. Error**	**Odds**
Country of Origin						
(U.S. = ref.)						
Continental Europe	1.759***	.427	5.809	-1.548**	.614	.213
Other Anglo-American	2.185***	.494	8.889	-2.336***	.736	.097
Sector						
(Services = ref.)						
Production	1.905***	.376	6.720	-1.670***	.595	.188
Employment Size						
(100-499 = ref.)						
500-999	-.228	.469	.796	.591	.715	1.806
1000+	.803**	.408	2.231	.960*	.501	2.611
Ownership Status						
(Private = ref.)						
Public	.086	.402	1.090	.291	.564	1.337
Length of Operations						
(Estab. Pre-1981 = ref.)						
Estab. Post-1980	-.757*	.407	.469	-.252	.492	.777
Constant	-1.245**	.592	.288	1.045	.899	2.842

Logistic Regressions: UK

	Union Recognition Model			Double-Breasting Model		
	N = 232	*Nagelkerke R^2 = .245*		*N = 108*	*Nagelkerke R^2 = .244*	
Variable	**B**	**Std. Error**	**Odds**	**B**	**Std. Error**	**Odds**
Country of Origin						
(U.S. = ref.)						
Continental Europe	.681**	.316	1.976	-.842*	.459	.431
Other Anglo-American	.164	.585	1.178	-1.074	.965	.342
Sector						
(Services = ref.)						
Production	1.571***	.313	4.813	-.161	.512	.851
Employment Size						
(100-499 = ref.)						
500-999	.894**	.440	2.446	.374	.674	1.453
1000+	1.407***	.342	4.084	1.317**	.515	3.731
Ownership Status						
(Private = ref.)						
Public	-.056	.326	.945	.894*	.507	2.444
Length of Operations						
(Estab. Pre-1981 = ref.)						
Estab. Post-1980	-.092	.343	.912	-.182	.488	.833
Constant	-1.904***	.492	.149	-.975	.839	.377

Logistic Regressions: Pooled Data

	Union Recognition Model			Double-Breasting Model		
	N = 579	*Nagelkerke R^2 = .230*		*N = 293*	*Nagelkerke R^2 = .205*	
Variable	**B**	**Std. Error**	**Odds**	**B**	**Std. Error**	**Odds**
Country of Origin						
(U.S. = ref.)						
Continental Europe	.917***	.220	2.501	-1.029***	.322	.358
Other Anglo-American	.984***	.299	2.674	-.896**	.409	.408
Sector						
(Services = ref.)						
Production	1.581***	.200	4.859	-.705**	.309	.494
Employment Size						
(100-499 = ref.)						
500-999	.415	.259	1.514	.523	.373	1.687
1000+	1.055***	.221	2.872	1.222***	.298	3.395
Ownership Status						
(Private = ref.)						
Public	-.175	.222	.840	.284	.313	1.328
Length of Operations						
(Estab. Pre-1981 = ref.)						
Estab. Post-1980	-.071	.205	.932	-.365	.279	.694
Host Country						
(Ireland = ref.)						
U.K.	-.704***	.223	.494	.130	.321	1.139
Canada	-.428*	.249	.651	.103	.347	1.109
Constant	-1.098***	.335	.334	-.036	.516	.965

Discussion and Implications

- Some consistency in terms of influential variables within each regression
  - Sector, country of origin, and employment size hypotheses generally supported (with some exceptions)
  - Inconsistency for ownership status and date of establishment variables
- Our propositions related to variable magnitude and significance across countries were all supported
  - Canadian regressions had lowest R^2 and fewest significant variables
  - Ireland had largest coefficient differences for country of origin, Canada had no significant differences, and UK was in between (but closer to Ireland than Canada)
  - All of this supports our argument that permissive IR systems allow for easier implementation of home-country behaviours
- Broader implications and relationship to theoretical debates?