

MULTINATIONAL COMPANIES IN IRELAND: ADAPTING TO OR DIVERGING FROM NATIONAL INDUSTRIAL RELATIONS PRACTICES AND TRADITIONS?

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The impact of multinational companies on Irish industrial relations practice has long been the focus of scholarship and debate. The orientating question has generally been which effect has had the greater influence: the so-called 'country-of-operation' effect or 'country-of-origin' effect? The general view among Irish industrial relations scholars has been that the former effect has exerted a greater influence. In this paper, we examine the relationship between these two effects and argue that the host-country effect, once thought to be the predominant effect or pattern, has increasingly been overridden by 'country-of-origin' effects.

The chapter begins by examining the growth of foreign investment in Ireland and details the type of production facilities that are located here. The relevant industrial relations literature is then reviewed, concentrating initially on the what we term the orthodox view, wherein it is argued that MNCs coming to Ireland have conformed to 'local' industrial relations' practice and traditions. In the remainder of the paper this view is problematised by examining a number of issues, such as union recognition, industrial relations practices and outcomes, collective bargaining and incomes policies, industrial conflict, and human resource policies.

Multinational Companies in Ireland

Overseas multinationals have formed the backbone of industrial policy in Ireland since the 1960s. From the early 1930s to the 1950s Ireland had implemented an 'inward-looking' strategy of industrialisation based on import substitution. Foreign companies had attained a significant foothold in a number of industries during the 1920s, particularly in the food sector, car manufacturing (Ford) and insurance. With the imposition of protectionist measures during the 1930s, indigenous manufacturing companies had become the engine of industrialisation and employment growth. By the 1950s this policy had run out of steam: the scope for further industrial expansion through import substitution was limited; and the level of manufacturing employment virtually stagnated during the decade.

During the 1960s, new foreign investment was confined largely to mature labour-intensive industries like clothing, footwear, plastics and light engineering. From

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the late 1960s, the pattern of foreign investment shifted towards more technologically advanced, capital-intensive industries like electronics, computer hardware and software, machinery, pharmaceuticals and medical equipment. The new technologically advanced industries contributed very significantly to industrial growth. By the early 1990s, foreign-owned firms accounted for 45 per cent of total manufacturing employment, 55 per cent of manufacturing output and 76 per cent of manufactured exports (O'Malley 1996). Most foreign-owned investment has been undertaken by US-owned multinationals. Ireland was chosen as a convenient location from which to produce for European markets; Irish industrial policy also provided very favourable incentives and tax holidays for foreign firms locating in the country. Presently, profits in manufacturing and internationally traded services are taxed at 10 per cent. In addition, Irish labour costs continue to remain low in comparison to most other European economies.

Typically foreign multinationals have located only the more routine fabrication stages of their production in Ireland. In consequence, large proportions of their work-forces have performed tasks with low skill content (Murray 1984; Enderwick 1986; Jackson 1987). Multinational work-forces also tend to aggregate to have higher levels of female employment and younger age-profiles (Toner 1987). Overall assessments of the job characteristics of multinationals compared with indigenous manufacturing enterprises have concluded that the latter are more likely to be associated with industrial processes requiring skilled work and judgement (Murray 1984: 42). Foreign multinationals have also been characterised by a low level of linkages with the local economy (O'Malley 1992). Multinationals frequently located outside Dublin or other major urban centres. This reflected the availability of higher levels of grants and incentives for industries willing to locate in less-developed regions. It also reflected the low priority accorded to place of location within Ireland by multinational enterprises that had chosen Ireland for reasons other than immediate proximity to the services and infrastructure of large urban centres.

The early 1980s witnessed a slowing-down in new foreign investment in Ireland. Industrial policy also again shifted direction to provide greater incentives to indigenous enterprises possessing, or capable of attaining, sufficient scale to compete successfully in export markets. Much attention has also been given to the development of clusters of enterprises in sectors where Ireland is seen to possess the capacity to build successful export industries. The 1980s and early 1990s have also witnessed large-scale employment losses in foreign multinationals in product markets characterised by major international shake-outs. The flagship industry of the 1970s, computing, was particularly badly affected, with companies like Digital, Amdahl and Wang closing down entirely, or laying off large sections of their Irish work-forces. Nevertheless, attracting foreign investment to Ireland remains a key element of industrial policy. The most recent Operational Programme (1994), for instance, sees in foreign investment the opportunity to increase employment; transfer technology and management skills to Irish industry; and foster the development of the indigenous sub-supplier base (O'Malley 1996).

This dual emphasis on attracting foreign-owned companies and developing indigenous industry has attained considerable success. Grant-aided Irish-owned enterprises have recently been accredited with having over-taken grant-aided foreign firms in creating employment (O'Malley *et al* 1992). Further, and notwithstanding the job losses in the computer industry at the end of the 1980s and early 1990s, foreign-owned industry, in particular with the recent arrival and expansion of companies like Intel, IBM, Hewlett Packard, Oracle and other firms in the computer software and tele-marketing industries, continue to contribute substantially to employment growth.

Industrial Relations in Foreign Multinationals: the Orthodox View

The dominant position in Irish industrial relations commentary and scholarship during the 1970s and 1980s has been that foreign MNCs have conformed to 'local' industrial relations' traditions and practices. The role of the main development agencies, the Industrial Development Authority (IDA) and the Shannon Free Airport Development Authority (SFADCO), in encouraging incoming MNCs to recognise trade unions and adapt to local traditions of industrial relations, was frequently emphasised in this regard. A dramatic dispute which occurred over union recognition in the late 1960s in a US company, EI Shannon (a subsidiary of GEC), was often viewed as both an illustration of the futility of attempting to impose an 'alien' industrial relations tradition on Irish work-forces and as an exceptional – though by no means unique – lapse from a more general tendency to adapt to local industrial relations' practice.

The most detailed elaboration of this view can be found in a paper by Kelly and Brannick (1985), which examined the industrial relations features of a sample of 27 MNCs in Ireland, based on interviews conducted with personnel and industrial relations managers and trade union officials. The sample was stratified to be broadly representative of the sectoral spread, size-range, location and technology characteristics of the population of MNCs. MNCs widely regarded as having 'good' and 'poor' industrial relations were also included in the sample.

Concentrating on the issues of job security, information disclosure, consultation and trade union recognition practices, Kelly and Brannick (1985: 109) came to the conclusion that no evidence could be found to 'support the contention that MNCs were materially different (in industrial relations terms) from home-based companies'. As they put it: 'In general MNCs are regarded as no different than Irish firms and the trend seems to be one of conformity with the host country's institutions, values and practices.' (1985: 109)

Fears for job security were confirmed among managers and union officials in MNCs, a reflection of the mobility of foreign capital. However, union officials did not necessarily see indigenous firms as offering higher levels of job security (Kelly and Brannick 1985: 101–3). Regarding the disclosure of information on the performance of MNC's Irish subsidiaries, trade union officials interviewed felt that the existing practice

was largely comparable with known developments in indigenous companies. This was also the case with consultation practices (Kelly and Brannick 1985: 107). In the area of union recognition, Kelly and Brannick (1985: 107–8), suggested that recognition disputes like that which had occurred at EI Shannon, were isolated incidents: the general picture was one of a widespread acceptance of the union's role.

Kelly and Brannick's interpretation of their research data was heavily influenced by an international literature pointing to the dominance of 'host-country effects' in MNC's postures towards the countries in which their subsidiaries were located. Their research in turn fed into, and reinforced, mainstream commentary on industrial relations in MNCs in Ireland. Enderwick (1986), for example, while specifying a series of a priori reasons for expecting industrial relations in MNCs to be different (scale effects, corporate strategy effects, capital-intensity effects etc.), accepts the 'evidence' that these factors were outweighed by host-country effects in the Irish case. For Enderwick, MNC conformance with host country industrial relations traditions in Ireland can be explained in terms of a number of features of the kinds of MNCs locating there. Convergence, he suggests, is a rational course in instances where investors are unfamiliar with the Irish labour market; where development agencies favour, or expect, conformance and are willing to become catalysts for change in areas of particular concern for MNCs (for example, multiple unionism), and where lack of vertical integration within MNC production systems reduces the vulnerability of the international corporation to union power and industrial stoppages in subsidiaries (Enderwick 1986: 6–8). Finally, Enderwick suggests that the branch-plant nature of many MNCs in Ireland, with limited linkage activity to the local economy, has limited the diffusion of novel management practices to subsidiaries (1986: 9).

Both Kelly and Brannick and Enderwick show an awareness of differences between MNCs and indigenous companies with respect to industrial relations. These differences, however, tend to be presented as mere matters of nuance; as indicative of little more than isolated deviations from the general pattern, or as being of limited significance. Following the lead of Kelly and Brannick and Enderwick, a number of commentators on industrial relations in MNCs during the 1980s emphasised conformance and adaptation to local practice (McMahon *et al* 1988; McCann 1988).

The Orthodoxy Unravels

Even during the period addressed directly by Kelly and Brannick and by Enderwick (roughly the 1960s to the mid 1980s), differences were apparent between MNCs and indigenous companies which were of no little significance for the conduct of industrial relations and collective bargaining. These can be divided up into a number of areas.

Trade union recognition

It is true that MNCs were typically willing to recognise trade unions in their Irish

subsidiaries over much of the period up to the 1980s. But recognition increasingly took on the familiar form of so-called 'pre-employment agreements'. These involved the effective establishment of 'pre-entry closed shops' through company agreement to recognise a single trade union for all manual workers. Development agencies like IDA and SFADCO acted as brokers in the process of concluding pre-employment agreements.

The beneficiaries of such deals were usually large general unions. Single-union deals such as these frequently gave way to slightly more complex bargaining arrangements, involving, perhaps, a craft union representing skilled workers. But the bargaining arrangements involved were simpler to operate than the multiple union arrangements frequently encountered in larger indigenous companies. For example, a study comparing foreign MNCs and Irish companies in the early 1980s, indicated that employees in 39 per cent of the latter were represented by three or more unions, compared with 29 per cent of foreign MNCs. Surprisingly, the same study indicated that single-union representation was prevalent in 34 per cent of Irish companies compared with 38 per cent of foreign MNCs – a considerably lower relative incidence of single union representation in the MNCs than might be expected. This can perhaps be accounted for by the age-profile of the 'stock' of MNCs included in the sample; a comparison of MNCs established during the 1970s, when single-union pre-employment agreements appear to have become standard, would likely have revealed a different picture. The study found that multiple unionism was associated with higher levels of strikes and other forms of industrial action, particularly where the number of unions in an enterprise exceeded two (Murray 1984: 9).

More recent research on union recognition in 'greenfield' sites established over the period 1987–1991 points to the clear preference for single-union recognition agreements among foreign MNCs willing to recognise unions (Gunnigle 1993).

The rising incidence of non-union MNCs

While the available evidence for the early 1990s would indicate that there is little difference between levels of union recognition in Irish and foreign-owned companies – 76.2 per cent of indigenous companies and 79 per cent of MNCs (Cranfield Price Waterhouse Survey (1992) – it should be pointed that, since the 1980s, unions have found it increasingly difficult to gain recognition.

As outlined above, commentators during the 1970s and 1980s tended to view the union recognition debacle at EI Shannon in 1967 as an aberration from the main pattern on industrial relations in foreign MNCs. By the mid 1980s a different posture was evident among some commentators at least. EI Shannon now came to be seen as the first indication of a growing insistence by new U.S. multinationals to remain non-union. Throughout the 1970s and into the 1980s, multinationals in the electronics sector, many of them of U.S. origin, sought to avoid union recognition. Many were now proving to be more successful than earlier proponents of the non-union strategy in practising 'union

substitution'. Toner (1987) argued that the rise of non-union foreign MNCs reflected a specific country-of-origin effect: namely, the anti-union ideology of the U.S. parents of Irish subsidiaries. This view now became something of an orthodoxy in itself. Based on multivariate analysis of data collected in 1992, Roche and Turner (1994), have argued, in contrast, that the rise of the non-union phenomenon, can better be understood as a sector-specific phenomenon arising out of the competitive and technological exigencies of the high-technology electronics sector. What bears emphasis in the present context, however, is that such a sectoral effect outweighed host-country effects, permitting an employee relations culture to grow up in a key sector which was strikingly different to that familiar in indigenous companies. In the research on greenfield companies established during the period 1987–1991, Gunnigle (1993) provided further evidence of the prevalence of non-union strategies among firms in high technology sectors. Again many of these companies were of US origin. Gunnigle stresses that the decision to opt for non-union employee relations was usually taken in the corporate headquarters of foreign MNCs.

The viability of a sector-specific industrial relations culture, based on foreign MNCs, was aided by a change in policy on the part of the main Irish development agencies. During the 1980s IDA and SFADCO appear to have relaxed considerably, or to have abandoned, their earlier policy of encouraging foreign MNCs to grant union recognition and adapt to local traditions of industrial relations. In parallel with this trend, the main employers' federation in the field of industrial relations, the Federation of Irish Employers (now the Irish Business and Employers' Confederation), also established a new unit to assist and service member companies which opted to remain non-union.

Recent research has revealed a more general growth of resistance to trade union recognition in Ireland during the 1980s and 1990s (Gunnigle 1993; McGovern 1988). This is evident from a number of indicators: the volume of recognition disputes being referred to third-party institutions (the Labour Relations Commission and Labour Court), rose dramatically in the 1980s and the number of strikes related to union recognition have also increased significantly over recent decades. In the 1960s, for example, there were 21 strikes, 24 in the 1970s, 24 again in the 1980s and 8 for the first four years of the 1990s. The average length of these strikes and the number of working days lost, too, show a striking increase over recent years indicating further a hardening in managerial resistance to union recognition. It should also be emphasised that this increase in the number of strikes related to union recognition is made more remarkable by the overall decline in strike activity in Ireland since the early 1980s.

One of the most striking features of the data is the predominance of Irish firms. Roughly 80 per cent of recognition disputes took place in indigenous companies, with the vast majority taking place in companies of fifty employees or less. Also of note is that of the last 13 recognition strikes which occurred between 1986 and 1993 not one includes a foreign-owned company.

Thus, the manner in which employers have tried to resist unionisation would seem to differ significantly between multinational companies and indigenous companies. With the latter, many of whom are small and medium-sized employers, management have resorted primarily to old-fashioned techniques in union avoidance and suppression, reflecting the resurgence – in circumstances of intensified market competition and high unemployment – of traditional unitarist anti-unionism. This has given rise, in cases like Finnegas Teo, Lett & Co Ltd, River Valley Products, Pat the Baker, Nolan Transport and Dunnes Stores, to bitter and protracted disputes. Only in the case of foreign MNCs is there any evidence of well-formulated union substitution strategies. Here the main obstacle is represented by the adoption of human resource management techniques, where the use of new forms of work organisation, employee involvement and innovative payment systems is designed, in part at least, to render union organisation irrelevant and unnecessary.

When we look at the overall picture for trade union membership, the differences in levels of union density between foreign-owned and indigenous companies is quite small. Table 1 below reveals something approximating to a curvilinear relationship, where indigenous companies are more likely to have no members or a lower trade union density than multinational companies, but at the other end of the table, it is clear that a greater proportion of Irish-owned firms have a higher trade union density than multinationals.

Table 1: Proportion of Staff in Trade Unions

	<i>Indigenous</i>	<i>MNC</i>
No members	22.2%	16.2%
1 – 25%	6.3%	3.8%
26 – 50%	7.9%	19.0%
51 – 75%	19.0%	24.0%
76 – 100%	41.3%	33.3%

Source: Cranfield Price Waterhouse Survey, 1992.

Industrial relations practices and outcomes

In 1984, the IDA commissioned a study of industrial relations practices in foreign MNCs and Irish companies in manufacturing (Murray 1984). This survey of a sample of 151 enterprises pointed to significant differences in industrial relations policies, practices and outcomes. The survey also pointed to a number of 'country-of-origin effects'. US companies, for example, were more likely to lay claim to distinctive human resource policies than either other foreign companies or Irish companies. International companies generally placed greater emphasis on direct communication of policies to

staff. Foreign companies also possessed better resourced personnel/industrial relations function than Irish firms. Again American companies were distinctive in terms of levels of resourcing and a higher tendency to hold first-line supervisors accountable for good employee relations (Murray 1984: 33–52).

Nearly all US and other foreign companies also insisted on conducting negotiations at enterprise level, compared with 60 per cent of Irish companies. Foreign companies were also much more likely to claim that they adopted a strategic posture on collective bargaining and industrial relations issues (Murray 1984: 47). With respect to policies on pay determination, Irish companies emphasised external comparisons and relativities, whereas foreign MNCs were more likely to emphasise competitive criteria in wage-fixing. Foreign MNCs were also considerably more likely to state a preference for 'individualistic' strategies of employee relations over 'collectivist' strategies based on the dominance of dealings with union representatives (Murray 1984: 49). Information disclosure was also much more highly developed in foreign MNCs. Industrial relations outcomes over the period 1981–4 (the imposition of non-strike sanctions, flexible labour deployment, resort to third-party mechanisms for dispute resolution) also favoured foreign MNCs to a significant degree, although the incidence of strikes over the period differed little between foreign MNCs and indigenous companies.

Employer representation

The available evidence would indicate that the vast majority of MNCs have joined the main employers' federation, IBEC (previously FUE/FIE). They are to some extent at least a distinct grouping within this organisation. As is outlined in more detail below, foreign-owned companies have tended to confine their use of its services to seeking information, often to issues pertaining to labour law and have preferred, in the main, to settle their wage rates as individual companies and not as part of any group. In contrast to many Irish companies, MNCs do not have the same need for IBEC participation in negotiations as their personnel departments are better resourced for this function.

Collective bargaining and incomes policy

Differences between foreign MNCs and indigenous companies with respect to union recognition, procedural arrangements and wage policies (the degree of emphasis placed on institutional versus competitive forces etc.) have already been alluded to. Other differences with respect to collective bargaining and wage policies were also apparent from the 1970s. In the nature of these areas, it is often difficult to obtain precise data for purpose of comparison. Nonetheless, it is possible to provide some indication, for example, of the relative willingness of foreign MNCs to abide by pay norms determined in centralised collective bargaining..

Murray (1984) established that U.S. MNCs made greater use of merit/performance-based payment systems for salaried staff. US companies appeared less

likely than either Irish or other foreign MNCs to utilise incentive/bonus plans for manual workers. This finding conflicts somewhat with the findings of a 1980 survey of wage payment systems in manufacturing. This survey by Mooney (1980), also found that U.S. MNCs tended to favour flat-rate payment systems for manual workers, but revealed that proportionately more British and continental European establishments than Irish establishments operated individual and plant-wide bonus schemes in the case of manual workers (Mooney 1980: Ch. 3).

In determining pay rises, foreign MNCs also emerged in the study by Murray as placing more emphasis on competitive considerations than comparisons and relativities. A study of foreign MNC members conducted by FUE in 1980 reported that virtually all claimed to base their Irish pay policies on conditions prevailing in Ireland rather than in their parent companies (FUE 1980: 45).

The emphasis on competitive considerations and the greater scope in MNCs for enterprise- plant- or individual-level payments (for salaried employees in the case of U.S. MNCs and for manual workers in the case of MNCs of other national origins) raises the important question of the wage-bargaining behaviour of foreign MNCs, especially under the centralised pay agreements which operated in Ireland from 1970–80 (9 national pay agreements) and since 1987 (3 tripartite programmes). The first issue of relevance here is the membership status of foreign MNCs in IBEC. Given foreign MNCs firm preference to conduct pay negotiations at company level, it is not surprising that they have tended to use the general advisory and information services of IBEC rather than seek IBEC representation in negotiations (cf. Murray 1984; Hardiman 1988; Ch. 6). This finding is consistent with Gunnigle's data on greenfield operations established in the period 1987–91). It indicates that foreign MNCs have enjoyed greater autonomy with respect to wage bargaining than was typical of Irish companies. How have they chosen to exercise this autonomy?

Hardiman's study (1988) of national wage agreements in Ireland over the period 1970–1980 implies that MNCs added significantly to the problems of FUE in securing members' compliance with national pay norms. The relatively high capital intensity of MNCs in a number of sectors, their relative profitability and their export orientation, distinguished them from many areas of indigenous industry and provided them with much greater leeway to improve on national pay norms. A review of national pay bargaining conducted by FUE itself, made explicit reference to the problem posed for the Federation by 'many firms in manufacturing (which) are offshoots of trans-national companies with limited commitment to the Irish economy' (Fogarty *et al* 1981: 29). This was an unusually pointed reference to problems with a section of membership – especially in a report which was clearly pulling punches. Little direct evidence has been adduced, however, of above-average wage drift among MNCs during the decade, or of direct wage spillover from MNCs to indigenous companies. A study of industrial relations in the Mid West region, centering on Limerick, where many multinationals had located during the 1970s, did find that 71 per cent of multinationals had paid increases

above national pay norms during the 1970s, compared with 52 per cent of Irish firms (Wallace 1982: 189).

More generally, MNCs during the 1970s were deemed by commentators to have both the capacity and the resolve to adopt wage policies which took little cognisance of national pay norms or consideration of domestic incomes policy. MNCs themselves informed FUE, in a survey, that national pay agreements had either had little effect on their industrial relations climate (16 per cent) or had proved helpful (67 per cent) (FUE 1980: 47).

With the return to decentralised pay determination over the period 1981–7, foreign MNCs tended consistently to agree relatively high pay settlements (cf. IRN 1981–7). Murray (1984: 12) found that foreign MNCs were more likely to conclude above-average pay settlements with shopfloor employees over the course of the 22nd to the 24th rounds (1982–4). Foreign MNCs also paid significantly higher salary increases to their managerial employees and slightly higher levels of additional payments to shopfloor employees over the period 1982–4. They appear also to have been more concentrated among ‘early starters’ or ‘middle-term’ settlements over the course of these rounds. The deals concluded by foreign MNCs with the major general unions early in the course of rounds tended to set headlines for other bargaining groups during the course of decentralised pay bargaining (cf. IRN 1981–7).

The return to centralised negotiations in the 1987 witnessed a significant change in the wage bargaining behaviour of MNCs. In contrast to previous years when foreign companies acted as wage leaders and set their wages with a higher degree of autonomy from national wage rounds and wage norms, the vast majority of foreign companies appear to have abided by wage agreements struck at national level. With the Programme for National Recovery (PNR), 1987–1990, for instance, it is estimated that 95 per cent of all settlements recorded by the IRN were in accordance with the terms of the national wage agreements. This high compliance rate was also matched by a reduction in wage drift between foreign owned firms and domestic companies. Significantly, too, the level of compliance was particularly marked amongst MNCs in the chemical and pharmaceutical sector. A similar level of compliance was found with the Programme for Economic and Social Progress (PESP), 1991–1993. Many of the agreements which did breach the terms of the PESP were in the process of being negotiated before PESP came into force and many contained a so-called self-financing element where changes in work organisation, the introduction of new technology, team working, TQM and co-operation with ongoing change were agreed to by employees and their representatives.

It is worth pointing out that, if there was a threat posed to the PESP at this time, that is where wage increases exceeded the terms of the agreement, it came from within the commercial semi-state sector – the Electricity Supply Board – and not from foreign-owned companies. There have been, however, a small number of foreign-owned companies which have not acted in accordance with the terms of national wage agreements. These include such companies as Cadbury’s, De Beers and Apple Computers.

These companies, all of whom are unionised, have usually paid well above going rates. A small number of other foreign companies, for example Boxmore Plastics, attempting to introduce flexible working did not comply with PESP rates.

There is another partial exception to this picture of general uniformity in wage settlements. Recent research by Sheehan (1996) has led to the identification of 'pockets' of companies most notably in the pharmaceutical and chemical sector in the Cork region which have paid wage increases above the terms of the most recent national agreement, the Programme for Competitiveness and Work (PCW). Sheehan's tracking of pay agreements among a number of companies which would have traditionally paid higher wage increases during the decentralised bargaining period found, with one exception, that all companies continued to maintain their independence from national wage norms. Examples here include companies like, Pfizer Pharmaceuticals, Cara Partners and Abott Ireland. Interestingly, as well as being able to exceed national wage norms, some of these companies have also chosen to conform to wage norms at various points. This suggests first, that both management and unions in these organisations did, and can, act independently of national wage agreements; second, that when these companies choose to abide by national agreements, the unions did not possess the means to extract further concessions from management; and finally, this 'bargaining independence' is perhaps better thought of as a pragmatic response to the benefits of abiding by, or diverging from, national wage norms and does not, in itself, reflect a principled commitment or opposition to centralised bargaining (Geary and Lalor 1996).

It is important to note, though, that these 'above the norm' (ATN) increases have been confined to a small number of companies and that they have not had significant knock-on implications in other foreign owned or indigenous organisations either because unions have been unwilling or unable to exploit the opportunity afforded by such ATN wage increases. Furthermore, Sheehan's research shows that most companies which could have afforded to pay ATN increases did not do so. Thus, the majority of foreign- and Irish-owned companies continue to adhere to recent wage agreements negotiated at a national level.

This preference for conforming to national wage agreements is also revealed in evidence from two further sources: Sexton (1996) and the Cranfield Price Waterhouse Survey (1992). First, Sexton's analysis of real earnings trends reveals that, although there were significant variations in wage movements within manufacturing in the 1970s and through much of the 1980s, there was a significant change from 1987 with the reintroduction of national wage agreements. In the former period, above average wage increases had been particularly evident in the drink and tobacco industry and also in the chemical industry, which is dominated by MNCs. Since 1987 the evidence would suggest there has been considerable convergence in real earnings increases across all manufacturing sectors, with the partial exception of the drink and tobacco industry. It would seem that the moderation and compliance demonstrated by foreign-owned

companies in comparison to that which characterised this sector in the 1970s and early 1980s is a reflection, *inter alia*, of the severity of inter-subsidary competition within multinationals. In such circumstances of cross-plant comparisons, the need to be good citizens in adhering to the terms of national wage agreements can provide management with a convenient excuse to concede moderate wage increases, even in instances where companies could have afforded to pay above the norm. (Geary and Lalor 1996).

The data in Table 2 below also illustrate, particularly in relation to the pay of manual and clerical employees, employers' conformance to national pay agreements. Establishment-level bargaining, as one might have expected, is rare amongst indigenous companies for all categories of employees, but amongst foreign companies, it is far more prominent with about a fifth of organisations settling pay at this level for all employees. The data reveal that individual mechanisms of pay are not widely used for manual employees, but there would seem to be a clear preference by both multinational companies and Irish companies to settle pay for managerial, professional and technical staff and, to a lesser extent, clerical employees at the level of the individual. In sum, while national wage agreements are the predominant means for settling pay in both foreign-owned companies and indigenous companies, in those instances where companies seek to supplement nationally-agreed wage increases, or perhaps where they act autonomously from national wage agreements, establishment- and company-level bargaining are the most often used.

Table 2: Level at which Pay is Determined

A. Multinational companies

	<i>Managerial</i>	<i>Prof/Tech</i>	<i>Clerical</i>	<i>Manual</i>
<i>National/Industry wide</i>				
<i>collective bargaining</i>	12.3%	21.0%	35.2%	66.7%
<i>Regional collective bargaining</i>	—	1.9%	6.7%	9.5%
<i>Company / Division</i>	38.1%	32.4%	32.4%	22.9%
<i>Establishment level</i>	20.0%	22.9%	21.9%	21.0%
<i>Individual</i>	56.2%	42.9%	29.5%	10.5%

B. Indigenous companies

	<i>Managerial</i>	<i>Prof/Tech</i>	<i>Clerical</i>	<i>Manual</i>
<i>National/Industry wide</i>				
<i>collective bargaining</i>	20.6%	31.7%	50.8%	58.7%
<i>Regional collective bargaining</i>	—	1.6%	6.3%	6.3%
<i>Company / Division</i>	28.6%	28.4%	28.6%	19.0%
<i>Establishment level</i>	12.7%	17.5%	9.5%	6.3%
<i>Individual</i>	54.0%	39.7%	19.0%	7.9%

Source: Cranfield Price Waterhouse Survey.

A second issue here is whether foreign-owned companies act as wage leaders or followers when it comes to wage levels? The available evidence would suggest that multinational companies tend to pay higher wages than Irish companies. A survey of wage levels in manufacturing found, for instance, that the average wage for workers in Irish-owned companies in 1990 was £11,585, compared to £13,844 of employees in foreign companies (Hourihan 1993). While the difference here is quite striking, some caution is required in interpreting such aggregate figures. We do know, for example, that wage levels vary significantly between different sectors of the economy. In the electronics industry, for instance, where multinational companies recruit a predominantly unskilled and semi-skilled young, green, female workforce, wages are often at or below the average. In other sectors, like pharmaceuticals, chemicals and drink, where a greater proportion of the workforce are occupied in skilled and professional categories, wages levels are often higher (cf. Sexton 1996). As well as the industrial sector and structure of employment, another key element is the nature of the labour market: for unskilled and semi-skilled employees there is little competition for labour, and, as a consequence, there is not the same pressure to pay above going rates. As one rises, however, through the skill categories, the labour market tightens considerably. With engineering graduates, for instance, indigenous and foreign-owned companies face considerable competition from German-, English- and Dutch-based companies. In this instance, multinational companies are often forced to act as wage-level leaders in order to recruit and retain the skills they require.

Finally, findings from a number of case study investigations (e.g. Geary 1991; O'Hehir and Keating 1992) would suggest that, in the case of US-owned enterprises, corporate headquarters exercise considerable control over pay administration.

Strike performance

While Murray (1984) found that indigenous companies had a higher incidence of the use of non-strike sanctions in industrial disputes, foreign MNCs emerge as having higher levels of strike activity over the period from 1960 to the end of the 1980s. However, the contributions of MNCs of different nationalities to the overall strike record differed significantly over the period. U.S. MNCs figured prominently in the aggregate strike record during the 1960s when U.S. investment was concentrated in strike-prone 'mature' industrial sectors like the car assembly industry. During the 1970s the relative strike record of U.S. firms declined and the decline continued into the 1980s. This reflected the sectoral shift of U.S. investment during this period into electronics, chemicals and pharmaceuticals. It also reflected the rising incidence of non-union U.S. companies. Kelly and Brannick (1991) also claim that new human resource policies played a role in reducing the strike record of U.S. MNCs. The improvement in the strike record of U.S. multinationals during the 1970s and 1980s was paralleled by a deterioration in the record of British companies. This reflected the intensified competitive pressures experienced by British MNCs. A wave of British MNCs had entered Ireland during the

1930s, when state policy sought to industrialise through import substitution. A second wave had entered from the late 1950s in response to capital incentives. Both waves of British investment were concentrated in mature product sectors like food, drink, tobacco and textiles. With the growing liberalisation of trade from the mid 1960s, and Ireland's entry to the EEC in 1973, these enterprises came under more intense competition. This resulted in major restructuring and rationalisation programmes which provoked a sharp rise in industrial conflict.

Thus, overall foreign MNCs displayed higher levels of industrial conflict over the period as a whole from the 1960s. This aggregate relative strike record, as well as changes in the strike profile of different sectors of foreign capital, reflected the sectoral distribution of overseas investment and competitive pressures bearing on the product markets serviced by MNCs.

Third party involvement in disputes

The available evidence here would indicate that we can make a clear distinction between multinational companies that are unionised and those that are non-unionised. The former companies have been as likely to use the Labour Relations Commission's (LRC) dispute resolution and conciliation services as indigenous companies. However, non-union multinationals rarely, if ever, seek to use such services. This would seem to hold true for both large non-union foreign companies like DEC and IBM and smaller companies like Raychem. Many non-union multinational companies tend, however, to inform the LRC of plans they have for major organisational change or restructuring. (Such companies may have employees who are union members and, in anticipation of their making contact with an LRC official, management often think it sensible to tell the LRC of its plans).

As yet, it is too early to draw any firm conclusions on the extent to which foreign companies use the Commission's advisory services. This service was established in 1991. In sum, it would seem that there are few differences here between foreign- and Irish-owned companies, save for non-union multinational companies who do tend not to avail of the services of the LRC in the resolution of disputes.

Transnational collective bargaining

There is little evidence that transnational collective bargaining or solidarity in dispute situations developed in the wake of the dramatic expansion of MNC activity in Ireland. Kelly and Brannick (1985: 104-6) discounted even the relevance of seeking management and union views on information disclosure concerning the corporate functioning of MNCs on the grounds that Irish unions are unlikely to have had any success in obtaining such information. Murray (1984: 50) provides an indication that U.S. companies may have been more willing than others to provide corporate financial information to employees, but the validity of the finding is rendered suspect due by the low response

rate to questions probing information disclosure practices.

While the Irish Congress of Trade Unions is affiliated to the ETUC and many unions are affiliated to international union groupings and federations in specific sectors, there is little evidence of solid activity on co-ordinated collective bargaining or international collective bargaining. Unions with headquarters in the U.K. comprise about 14 per cent of Irish trade union membership. This membership is divided nearly evenly across British craft, general and white-collar unions. British unions have traditionally provided their Irish offices with information on UK parent companies in industries where they have negotiated with those companies on both sides of the Irish sea. A significant example is provided by the insurance industry. Such activity has tended to be the limit to which bargaining information and activity has been co-ordinated. The primary stance traditionally taken by unions in the U.K. to their Irish membership in various sectors has been to ensure that rates of pay in Ireland did not significantly undercut those prevailing in the UK and divert investment to Irish operations. Other aspects of international co-operation have largely amounted to symbolic gestures, for example, Irish contributions to strike funds in the case of protracted British disputes, like the British mining strike of 1984.

The recent EU Works Council Directive, however, is likely to have significant implications for the conduct of collective bargaining within MNCs. Organisations which come under the remit of the Directive will have to establish a European Works Council (EWC) to inform employees on company issues which are of a transnational nature. While reaction to the Directive has varied, most commentators are agreed that it does represent a significant development in Irish industrial relations. For the first time, apart from the Worker Participation (State Enterprises) Acts, of 1977 and 1988, employers will be legally accountable to an employee representative body. But, perhaps more importantly, the exchange of information between representatives from different branch plants, which the EWCs will undoubtedly facilitate, may lead, if not to the development of formal collective bargaining at European-level within companies, then, at least to informal bargaining of an indirect or "arm's-length" kind.

New employer policies

It was noted above that research by Murray (1984) found that US MNCs in Ireland were more likely to lay claim to have adopted a distinctive and sophisticated approach to human resource management than other organisations. More recent evidence would suggest that multinational companies have been more successful in introducing new employee involvement initiatives and new work structures than their Irish counterparts. Evidence for the Price Waterhouse survey, for instance, reveals that MNCs were more likely than Irish companies to inform professional/technical, clerical and manual staff of the company's financial performance and its business strategy. Quality circles, suggestion schemes, attitude surveys were also more widely used in foreign-owned

companies. Interestingly, though, nearly two-thirds of Irish companies and MNCs communicated with their employees through trade union structures.

With regard to work organisation, it was found that Irish-owned firms had, for all categories of employees, made jobs more specific. Multinational companies were far more likely to depart from Tayloristic work structures and adopt wider job profiles with more flexibility between work tasks.

In all, then, it would seem that management in MNCs have progressively given added emphasis to developing a direct and 'individualistic' relationship with their employees and less to their dealings with trade unions. Accompanying the implementation of these new policies is often an employer expectation that unions relinquish traditional bargaining agendas and adversarial tactics for a relationship which relies more on 'partnership' and 'co-operation' with management and a sharing in the 'responsibility' for the achievement of business objectives. Clearly, it is difficult to know how well-formulated and coherent these initiatives have been, but we can be sure that management are experimenting with new approaches to industrial relations and that unions are being forced to respond to new labour management practices.

Conclusion

This paper has reviewed the impact of foreign-owned companies on Irish industrial relations. In particular, it has questioned the 'orthodox' view within Irish industrial relations scholarship that MNCs' industrial relations practices have, in the main, conformed to traditional Irish practice. While it is conceivable that host-country effects may have overridden country-of-origin effects in the early years of Irish industrialisation, specific differences between the industrial relations practices of Irish-owned companies and MNCs did begin to emerge during the second wave of inward investment in the 1960s, if not before.

These differences have in part reflected differences of scale, differences in sectoral composition, differences in market and competitive positions and differences originating in the role of Irish subsidiaries in the international companies. These differences have probably become more pronounced during the 1970s and 1980s and, perhaps even more so, with the third wave of international investment as the sectoral and product markets of MNCs changed more sharply from those of indigenous companies. The change in the positions of development agencies like the IDA and SFADCO have also contributed to allowing country-of-origin effects to gain ground on host-country effects. This is most strikingly evident in the electronics sector where a distinctive industrial culture has grown up.

This growing influence of country-of-origin effects has in turn been paralleled by a practice and institutional 'spill-over effect' into Irish industrial relations. This is evidenced not only by Irish employers' experimentation with new human resource management policies and a preference for single-union and pre-production agreements,

but also by Irish unions' willingness to co-operate with new employer strategies and see them attain a wider diffusion. In particular, the Irish Congress of Trade Unions' publication of two recent reports (1993 and 1995) is a clear indication of its willingness to work with the new industrial relations, as long as certain safeguards for trade unions are met. In summary, then, it would seem that the industrial relations practices of MNCs operating in Ireland are acting as a catalyst for change and that convergence is from 'host country practices' towards foreign companies' practices and not vice versa as per the orthodoxy.

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