

BOOK REVIEWS

Patrick Gunnigle, Patrick Flood, Michael Morley and Thomas Turner, *Continuity & Change in Irish Employee Relations*, Oak Tree Press in association with Graduate School of Business, University College Dublin, Dublin, hardback 1-872853-65-X, paperback 1-872853-57-9, IR£17.95 (paperback), 216 pp.

This book contains the results of the largest empirical survey of workplace employee relations conducted to date in the Irish Republic. The research, which was commissioned by the Department of Enterprise and Employment, was made possible through the participation of members of the Department of Personnel and Employment Relations, University of Limerick in the Price Waterhouse Cranfield study of Human Resource Management in Europe. The editors should be congratulated, not only for their initiative in actually undertaking this study, but also for producing what is possibly one of the finest publications to emerge, as yet, from the entire Price Waterhouse Cranfield Project (PWCP).

The Irish contribution to this project is based on a survey of a sample derived from the top 1,000 trading companies - as listed by *Business and Finance* - and the top 500 non-trading bodies in Ireland. Some 269 companies responded to the postal survey which makes this the best available snapshot of employee relations in the Irish Republic.

The book itself consists of eleven chapters. All but two of these were written by various teams of authors from the University of Limerick. The results which are presented in these chapters may be divided into two broad areas of employee relations: institutions and practices. There are approximately four chapters on each of these subjects. In addition there are single-authored chapters by McMahon on employee relations in small firms and by Gunnigle on employee relations in greenfield sites. Gunnigle's chapter is different to the others in that it is based on his own research into employee relations in greenfield sites. However, readers of this journal will have already encountered much of this material in volume thirteen (1992).

Much of the discussion on institutions concerns trade union recognition and density in the context of the emergence of the large non-union firm and of human resource management. The findings from the PWCP research confirm much of our existing understanding of these subjects. Chapter 2 demonstrates that trade unions are deeply embedded in the public sector and in certain private sector industries such as traditional manufacturing, transport and communications, banking and agriculture. US firms are less likely to recognise trade unions, though this tendency does not appear to be significantly greater than that of firms originating in other countries. The size of the firm is an important factor here. The majority of Irish firms which do not recognise trade unions have less than 50 employees while most of the US firms which are non-union have more than 50 employees. Gunnigle, in his chapter on greenfield sites, suggests that 'the most visible examples of HRM-type policies are in foreign-owned companies,

particularly of US origin' (p.162). One of the interesting statements about large non-union firms in this book is that they have 'come out of the closet'. If this is true, then it would appear that the employers who have initiated this path-breaking model for large firms have become much more confident about its viability in the Irish context. However, the reader can only take the authors' statement as an assertion since the data does not allow them to support their claim directly.

The chapter on the role of the personnel function adds to the existing body of knowledge on this subject. This chapter is also one of the few which is able to examine change over a period of time by comparing findings from the PWCP survey with earlier work also conducted at the University of Limerick. The authors of this chapter find a trend towards greater strategic integration of personnel practitioners at the top of the organisation as more and more personnel managers are being assigned positions at board level. This trend, however, is occurring predominantly within multinational companies. The picture is considerably less sophisticated among Irish-owned establishments. Only fifty per cent of the Irish-owned companies contained a formalised personnel function.

One of the more impressive features of the PWCP research is that it attempts to be more than a mere census of industrial relations institutions and procedures. This is reflected in a series of useful chapters on employer practices in the areas of recruitment and training, pay, and flexible work patterns. Again, indigenous Irish firms emerge as the least innovative in these areas. US and UK-owned firms were, for example, much more likely to have some form of variable or performance-related pay. They were also more likely to use the internal labour market when recruiting for positions across all employee categories. Irish firms were fifty per cent less likely to introduce flexibility changes than US firms. Their "incidentalists" approach to employee relations in greenfield sites also contrasted sharply with the more carefully planned and co-ordinated approach adopted by foreign-owned companies. Irish firms were, however, more likely to participate in state sponsored training schemes.

It is not possible to summarise the large range of detailed findings which this book contains within a short review. Since this is one of the very few, and therefore very important, studies of national patterns of employee relations it is worth reviewing its strengths and weaknesses in some detail, especially if the editors proceed with a repeat of the 1992 survey. With regard to the strengths, the survey was, in my view, sensibly executed and the resulting data was carefully analyzed. The tables which report these results are quite clear and should prove very useful for teaching purposes. The appendix provides a battery of useful additional information on a range of topics.

I would like to preface my criticisms by stating that they relate primarily to the presentation of the findings in the book and not to the workplace survey itself. My overall judgement of this book is that it does not present the findings in a manner which does justice to the quality of the material produced by this project. This problem could probably have been overcome by tighter editorial control over the teams of authors who

were responsible for individual chapters.

First, much of the material is presented in a manner which assumes that the reader is fully acquainted with the various concepts and variables that are used throughout the book. It is assumed that the reader understands, for instance, why establishment size matters. But what is it about size that matters? This assumption has also contributed to some mild excesses of academic jargon, for example, in the discussion of 'Factors affecting union density' (pp.15-16). This is unfortunate because these weaknesses could have been removed by some simple explanations of the concepts and the variables. As it stands, this publication may only appeal to a much more restricted audience than that which it deserves.

Second, the analysis of the data fails, in some chapters, to amount to little more than the repeated churning of a list of variables (size, ownership, union / non-union, public / private sector). To be fair, this is a sensible enough way to proceed with survey analysis. However, the reasons for using some of the variables and the subsequent results do need to be explained. Why, for example, should union presence/absence have an impact on the use of fixed term contracts (p.119)? Or why are companies which recognise trade unions significantly more likely to join employer associations (p.154)? This lack of elaboration means that the reader is, in some instances, left with as many questions as answers.

Third, the overall interpretation of the evidence is disappointing, notably in the concluding chapter. Here, I believe a marvellous opportunity has been missed. The concluding chapter amounts to a mere six pages. But what is even more disappointing is that this chapter is simply a distilled version of the conclusions from each of the individual chapters. I had expected a lengthier discussion of the overall pattern of employee relations in Irish industry. There might also have been some discussion of the overall findings that were shaped by individual variables. Some of the more interesting findings, such as those on the different employee relations practices of foreign and Irish-owned firms, are instead scattered across various chapters. I was particularly surprised there was no discussion of the relatively unsophisticated practices of indigenous employers since one of the overall objectives of this research was 'to highlight action areas' for the Department of Enterprise and Employment.

Despite these criticisms, I believe that this book will prove to be an invaluable reference book for teachers and students of human resource management or industrial relations. The scale and quality of the research will ensure that it becomes a much cited benchmark of the state of Irish employee relations in future years.

Finally, I would like to congratulate the editors and publisher on what is clearly a path-breaking series of *Irish Studies in Management*. Their decision to produce such a series can only result in an improved understanding of the nature and performance of Irish industry.

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Anthony Foley and Dermot McAleese (eds.) *Overseas Industry in Ireland*, Dublin, Gill and Macmillan, 1991, pp. 203, £8.99 Pb.

The role and nature of foreign investment in the Irish economy is, perhaps, more open to myth making by vested interests than most other types of economic activity. The announcement of the arrival of a multinational corporation is accompanied typically by press releases, TV coverage and sound-bites from politicians who, in their eagerness to be associated with good news, can only provide resounding endorsements. In this context, an empirically-informed collection of academic papers on the nature of overseas industry in Ireland, especially one which sets out to provide a 'comprehensive assessment of the economic role of overseas industry', is to be welcomed. While this volume is far from perfect - for reasons which I will explain later - it contains a number of useful findings and arguments. Only a few of these can be covered here.

Foley's discussion of 'Output data on Overseas Industry' (Chapter 2) leaves the reader with a strong suspicion that many Irish-based multinational corporations (MNCs) engage in transfer pricing. Either that or they are more than *twice* as productive as their counterparts in Germany, France, and the UK!

Fitzpatrick and Storey's (Chapter 3) update on Irish industrial policy since the arrival of the Telesis report in 1982 ends with the provocative conclusion that grant aid for foreign investment should simply be on the basis of jobs created. In other words, current attempts to target projects which will establish key functions in Ireland, or result in considerable linkages with the local economy, should be dropped in recognition of 'the inevitably limited role that foreign investment can play in the Irish economy' (p.59).

Ruane and McGibney (Chapter 4) dispel the myth that foreign industry is synonymous with modern industry. They show that over the period 1973-88 employment in foreign firms increased in ten of twelve industrial sectors including those which have been considered to be traditional Irish sectors such as food, drink and textiles.

Kennedy (Chapter 5), in his discussion of the linkages between foreign industry and the Irish economy, argues that, with the exception of the food industry, a job created in foreign industry has an almost identical impact on the economy as a job created in an Irish-owned industry. However, he does acknowledge that foreign industry contributes less than indigenous industry when measured in terms of output or sales.

Keating and Keane (Chapter 7) show that foreign industry should not be treated as one homogenous sector because firms behave differently according to nationality. Employment, for example, declined dramatically in British-owned establishments while it increased significantly in US-owned firms over the period 1979-86. Foley also notes in the previous chapter that firms which originated in the EC sourced 52.9% of materials within Ireland as opposed to 17.3% by non-EC firms.

An assessment of the role of foreign industry is attempted in the final chapter by the editors. McAleese and Foley clearly state that foreign investment is a 'second-best' solution to the problem of developing the Irish economy. This is because MNCs have limited linkages with the domestic economy while simultaneously having a high import content in production. Furthermore, their strategic functions are not located at branch

plants and their profits are repatriated. Despite these drawbacks the editors end with an endorsement of the role of overseas industry in the Irish economy principally because it compares well with the 'reality of indigenous industry'. But is this comparison a sufficient basis for endorsing the presence of foreign investment in the Irish economy?

I would argue that if a comparison is to be made then it should be with the activities of MNCs in other European countries. This avoids the old problem of comparing apples with oranges. It is also, perhaps, a more sensible form of comparison in a world of increasingly globalized economic activity. I would also contend that a proper evaluation of the role of foreign direct investment must consider its contribution to the overall development of the Irish economy. O'Hearn's research on this point (see for example *American Sociological Review*, August 1989) indicates that reliance on foreign investment and free trade are related to slower economic growth - because of slower investment-growth - and higher levels of inequality within Irish society. It also leads to excessive dependency on foreign investment. None of the contributors referred to these arguments even though the book claims to assess the major critiques of overseas industry.

There are a couple of other weaknesses in this book. The first concerns the argument, advanced by the editors in their opening chapter, that foreign industry contains higher skill levels than indigenous firms and thus contributes to the skill levels of the national workforce. I have two problems with this argument. First, as Ruane and McGibney indicate, foreign investment is not limited to the modern hi-tech sector. It also occurs in more traditional areas which are considered to be less skilled. This brings me to my second point which concerns the comparisons between skill levels in foreign and indigenous industry. These typically compare the proportions employed in administrative and technical positions. This is an extremely crude measure. It assumes that radically different types of industry can be compared by occupational composition and that, furthermore, this can be done without distorting the skill comparisons. In any case, those who emerge as the more highly skilled from such comparisons are *employed by foreign firms* and are inclined to stay with foreign employers because of the better salaries and career opportunities. Unfortunately, the only time they 'contribute to the creation of a larger pool of industrial skills' (p.5) is when the Irish branch plant is shut down e.g. Digital in Galway, Wang in Limerick etc.

The second problem which I have with this book is the absence of papers on such subjects as the impact of foreign industry on the environment, wages and skills, research and development and the cost of attracting such investment. The editors state that despite these omissions they are confident that the eleven chapters in this collection cover the most important issues and topics. Since this reviewer believes that the subjects which have been excluded are among the most important I cannot recommend this collection of papers as a *comprehensive assessment*.

That said, I still found this to be a very informative and well presented book. The paperback edition is also relatively cheap. It should prove to be an excellent starting point for undergraduate students (in business or economics) and for researchers who wish to understand what actually lies beyond the myths.

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