Conflict Management Systems in Subsidiaries of Non-Union Multinational Organisations located in the Republic of Ireland

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Introduction

Historically, the organising principle of the Republic of Ireland's industrial relations was adversarialism. Relations between management and employees were usually at arms-length and mediated through collective bargaining processes. Roche (1998) persuasively argues this industrial relations system has fragmented. One important factor identified as driving the fragmentation process has been non-union multinationals importing innovative, 'ethnocentric' human resource management strategies. In particular, Roche (1998) suggests that many non-union multinational subsidiaries, mainly in high value-added sectors, operate sophisticated state-of-the-art people management policies to stave off the threat of trade union organising campaigns. Employee share ownership plans, elaborate conflict management strategies as well as comprehensive empowerment programmes are seen as core features of innovative human resource management (HRM) regimes in the subsidiaries of non-union multinationals. He suggests these regimes are so widespread within the foreign owned sector that they represent a coherent and substantial sub-section of Irish industrial relations.

Few would dissent from this view of contemporary Irish industrial relations. Yet on close scrutiny the argument that non-union multinationals are operating advanced, well integrated, bundles of HRM policies is based on a select number of case-studies and even anecdotes. Beyond a few prominent non-union multinational companies that operate sophisticated and well known HRM systems, there is little systematic information about the type of human resources regimes that exists more generally inside these companies. For the most part , this lack of information is due to researchers experiencing difficulties in gaining access to non-union firms to document the dynamics of HRM systems, a problem which is not peculiar to Ireland. Thus, while a number of widely accepted views prevail about how subsidiaries of non-union multinationals operate and how they organise their human resource management function, the reality is that we do not know for sure what is happening inside these organisations: they remain a black box.

The purpose of this study is to address this unsatisfactory situation. It seeks to shed greater light on the HRM policies and practices pursued by non-union multinationals in the Republic of Ireland by examining their conflict management strategies. In particular, we first report the main findings of a survey of conflict management policies used by 83 foreign-owned non-union multinationals located in Ireland and then report the findings of detailed interviews with ten human resource managers working in leading non-union subsidiaries. This study represents one of the first systematic investigations of a particular HRM practice in subsidiaries of non-union multinationals in the country. The decision to focus on conflict management alone was motivated by a desire to build a detailed picture of the type of practices being used in this particular area of HRM. Conflict management was selected not only because union and non-union organisations are considered to operate contrasting HRM policies and practices in this area, but also to try and get a better understanding of the extent to which non-unionised subsidiaries are diffusing innovative conflict management practices.

This study is organised as follows. The first section puts the study in theoretical context by outlining the on-going debate about the nature and direction of HRM policies in multinationals subsidiaries in Ireland. This is followed by an assessment of the differences between conflict management policies used in unionised and non-unionised firms. This section not only highlights the distinctive qualities of conflict management systems used in non-unionised firms, but also sets out what is seen as constituting innovative conflict management practices in this setting. After this discussion, the relevant literature on the dynamics of HRM regimes inside multinational organisations is reviewed to identify the themes and issues considered important for this study. The following section presents details of the survey and the research methodology employed to gather the data. The fifth section sets out the core descriptive statistics that emerge from the survey and discusses the import of the main findings. The sixth section explains why it was considered important to conduct interviews with senior HR managers in subsidiaries of non-union multinationals and details the semi-structured interview methodology. The penultimate section presents and interprets the findings of these interviews. The conclusions discuss the significance of the findings and bring together the arguments of the paper.

HRM and multinational companies in the Republic of Ireland

Multinational companies have a significant presence in the Irish economy, most of which are USA in origin. Roughly two thirds of the manufacturing labour force is employed in multinationals and these organisations account for more that 70 per cent of exports from the country (Gunnigle et al 2007). The level of foreign direct investment (FDI) in Ireland, relative to the size of the economy, is one of the highest in the world. More recently, the internationalised nature of the economy has been deepened in new ways, with the growth of the international financial services sector.

The debate about the industrial relations and human resource management consequences of the large number of multinationals in the country is lively and on-going. One aspect to this debate, which reflects a key theme in the wider literature on international HRM, concerns the extent to which multinationals located in Ireland are carriers of new human resource management policies or whether these companies conform to prevailing 'Irish' industrial relations policies and practices (Edwards, Colling and Ferner 2007). An influential view in the 1980's was that the subsidiaries of foreign multinational companies (MNCs) subsidiaries based in Ireland adopted human resource policies and practices similar to those that existed in Irish organisations (Kelly and Brannick 1985). A further study by a different set of researchers in the 1990's seemed to corroborate the view that multinational subsidiaries pursued 'polycentric' IHRM strategies (Turner et al 1997a and 1997b). Using data from the Cranet survey on HRM, the research concluded that MNC subsidiaries by and large conformed to the dominant features of the Irish employment relations system.

But this 'conformist' view was challenged by Roche and Geary (2001), who argued, using a different survey of workplace practices, that multinationals, mainly USA in origin, were diffusing human resource management policies that cut against the grain of Irish industrial relations practices and traditions. They argued that USA multinationals, in particular, were diffusing innovative 'soft' HRM practices that were at odds with the traditional adversarial model of industrial relations in Ireland, which emphasised collective bargaining and arms-length relations between managers and employees. A debate occurred between the two research teams about which view was the most accurate, but this did not lead to a decisive outcome one way or another (see Turner, D'Art and Gunnigle 2001). As a result, there has been uncertainty about the type of HRM strategies actually pursued by multinationals in Ireland.

Knowledge of HRM policies inside multinational subsidiaries has been greatly enriched by a new study on the topic by a team of researchers at Limerick University (Gunnigle, Lavelle and McDonnell 2007). It contains a large amount of new information on how multinationals design the HRM function inside subsidiaries in Ireland. It shows that the majority of MNCs subsidiaries studied recognise trade unions and engage in collective bargaining. It suggests that subsidiaries have a fair degree of discretion over trade union recognition, trade union involvement in decision-making and employee consultation. Country-of-origin effects are seen as having a strong influence on HRM policies: USA multinationals, for example, are less likely to recognise trade unions. Pay in MNC subsidiaries is generally higher than the average for the industry in which they are positioned. Multinationals also are more likely to pursue performance management techniques.

This survey did not cover the matter of conflict management and thus there is virtually no reference to the extent to which multinational companies are carriers of innovative HRM policies in this area. Overall, the detection of both discretionary and country-of-origin influences in the HRM regimes of multinationals suggests that these organisations pursue neither ethnocentric nor polycentric HRM policies; rather a hybrid combination of the two. In other words, they are becoming altogether more sophisticated when devising HRM policies. Hopefully this study, which should be seen as complementing the Gunningle et al's more aggregate survey, will throw further light on this tentative conclusion.

Conflict Management in Union and Non-Union Settings

Union and non-union firms tend to have different conflict management systems. Typically, unionised organisations have formalised disciplinary and grievance procedures to address workplace problems. In relation to grievances, for example, the procedures normally involve the use of several formal steps, the first of which requires the employee to put their case directly to their immediate manager. After submitting a grievance, an individual employee is normally represented by a trade union shop steward and then possibility by a trade union official if the grievance travels up the organisational hierarchy. On the management side, progressively higher levels of managers become involved if the grievance is not resolved at the first or intermediary stages of the procedure. The last stage of the procedure invariably involves a formal adjudication of the problem (Turnbull 2008). In the Irish case, this may lead to the involvement of an external independent party such as the Rights Commissioner and /or The Labour Court.

Although unionised organisations gravitate towards the conflict management system elaborated upon above, there is considerable variation in the extent to which organisations are successful in settling workplace disputes and grievances. Much of this variation is due to internal organisational attributes such as a lack of shared understandings between employees and managers about core organisational goals, a history of good or bad industrial relations, poorly designed or inadequately implemented conflict management systems and employee resistance to workplace change (Walton, Cutcher-Gershenfeld, and McKersie 1994)

Procedures for handling grievances and disputes in non-union organisations are usually seen as less formalised than in unionised firms. Unionised firms tend to have 'deeper' formalised conflict management systems than non-unionised firms: on the one hand, unionised firms are more likely to possess a greater number of conflict management procedures and on the other hand, non-union firms are probably more accepting of informal methods to resolve disputes at the workplace such as line managers settling a problem with employees without using formal procedures (Feuille and Chachere 1995). But these differences between union and non-union organisations should not be overplayed. Many non-unionised organisations have formalised conflict management procedures. To comply with the aims of employment legislation, organisations are in many instances required to establish formal procedures (Dobbin and Kelly 2007). Conversely, a fair amount of informality can be found in unionised firms; frequently, informal discussions between union representatives and management can either avert a potential conflict or secure agreement about an on-going problem.

The significant difference between unionised and non-unionised organisations on conflict management is that the former normally use collective procedures while the later normally use procedures that focus on the individual employee (Budd and Colvin 2005). In unionised firms, employees can be represented by trade unions in negotiated conflict management procedures. In contrast, conflict management procedures in non-unionised firms are likely to be unilaterally written by management and are unlikely to allow an employee to be represented by a trade union official. Conflict management systems in non-union organisations are less likely than unionised organisations to gravitate to a uniform model yet they are likely to share some similar traits (Lewin 1987).

Non-union organisations are likely to assume that management-employee interactions are based largely on trust and unity of interest. As a result, workplace conflict is likely to be regarded as deviant and to some extent a symptom of managerial failure (Rowe 1997). Thus, unlike unionised workplaces, where problems at work are considered to be almost inevitable, workplace conflict in non-unionised firms is not seen as either desirable or inevitable, but something that needs to be managed and kept to a minimum (Peterson 1992). Non-union organisations are usually of the view that the professional integrity of managers ensures that workplace conflict will be addressed effectively and fairly. Non-union organisations tend to prefer workplace conflict remaining in-house: strenuous efforts are normally made to avoid an employment grievance or dispute ending up in front of an Employment Tribunal or any other public dispute resolution agencies (Lewin 2001).

Different views exist about the nature of conflict management systems in non-unionised firms. Perhaps the dominant view in the industrial relations literature is that employees do not enjoy full procedural justice as their ability to appoint a representative of their choosing is restricted (Fernie and Metcalf 2004). Some aspects of the human resource management literature adopt a less critical stance and even suggest that interesting experiments in the management of workplace conflict are occurring in non-union workplace settings (Fincher, Lipsky and Seeber 2003). This literature is mostly American in origin and more or less focuses on the emergence of alternative dispute resolution (ADR) at the workplace. This literature suggests that the extent to which non-union multinationals adopt innovative conflict management strategies is tied to the extent to which they diffuse ADR practices.

Table 1: ADR Workplace Resolution Procedures

Ombudsman

A designated 'neutral' third party inside an organisation assigned the role of assisting the resolution of a grievance or conflict situation. The activities of an ombudsman include fact-finding, providing counselling and conciliation between disputing parties. High grade persuasion skills are the key asset of a good ombudsman.

Mediation

A process under the stewardship of a third party designed to help those involved in a dispute reach a mutually acceptable settlement. The third party has no direct authority in the process and is limited to proposing or suggesting options that may open a pathway to a mutually agreeable resolution.

Peer Review

A panel composed of appropriate employees or employees and managers which listens to the competing arguments in a dispute, reflects upon the available evidence and proposes a resolution. Whether or not the decision of the panel is binding varies across organisations.

Management Review Boards

Sometimes called dispute resolution boards, these panels are solely composed of managers and have more or less the same remit as peer reviews. Again the decision of the panel may or may not be final

Arbitration

A neutral third party is empowered to adjudicate in a dispute and set out a resolution to the conflict. This may or may not be binding depending upon the prevailing labour legislation and the design of the arbitration process.

Table 1 sets out the practices most associated with the ADR approach to workplace conflict management. As illustrated above, ADR practices for workplace conflict do not throw overboard tried and tested methods of resolving disputes. Established methods of reaching settlements to workplace grievances - mediation conciliation, arbitration and so on - are at the centre of many ADR procedures used to address workplace conflict, but they are designed and packaged in new ways. Thus,, ADR is probably best seen as an umbrella term to capture new initiatives that are being introduced by organisations, mostly non-union organisations, to modernise workplace conflict management arrangements (Teague and Thomas 2008). It is these arrangements that are seen to be at the centre of innovative workplace conflict management in non-union firms. Thus,, non-union organisations are not only seen as having distinctive conflict management systems, but also as sites where important innovations are taking place in this area of HRM. We wish to find out the extent to which this is true for non-union multinationals, organisations that are often seen as in the vanguard of human resource management innovation. But before this can be done it is important to contextualise the investigation within the literature on international human resource management.

The dynamics of international HRM

Two core themes dominate the study of international human resource management. One is the extent to which HRM policies and practices should be standardised or differentiated across the subsidiaries of a multinational (Schuler, Dowling and De Ceiri 1993). The other is the extent to which the responsibility for the HRM function should be centralised within headquarters or decentralised to the subsidiary (Sparrow and Brewster 2006). Getting the optimal balance between standardisation and differentiation as well as between centralisation and decentralisation is widely seen as the key to successful international human resource management (Ferner et al 2007). Table 2 below outlines the broad strategic outcomes that are possible when these four variables interact with one another.

Table 2: The Architecture of International Human Resource Management

Quadrant 1 Standardised HRM policies and centralised decision-making	**Quadrant 2** Standardised HRM policies and decentralised decision-making
Quadrant 3 Differentiated HRM policies and centralised decision-making	**Quadrant 4** Differentiated HRM policies and decentralised decision-making

For the most part, **Quadrant 1** captures the nature of the HRM architecture found in ethnocentric multinational companies. In this situation, the headquarters of a multinational follows a command-and-control approach to the management of human resources (Ferner 1997). Policies and programmes relating to individual employees are devised at the centre and implemented as far as possible uniformly across the organisation: little concession is given to the established employment relations conditions of the host country in which a subsidiary is located. Multinationals seeking to develop a strong identity as a particular type of employer or wish to monitor performance standards of employees from the centre are examples of organisations that tend to pursue ethnocentric HRM policies.

Quadrant 4 sets out an international human resource management architecture usually found in what are called polycentric multinationals (Morgan 2005). These organisations do not seek to transfer the dominant people management regime of the home country to the place where they are establishing a subsidiary. Instead, they adopt the dominant host country approach to the management of the employment relationship. In other words, the subsidiary is given discretion to follow HRM policies and practices that correspond with the dominant local employment relations culture and traditions. A multinational subsidiary which is engaged in stand alone business activity or is only loosely connected with other subsidiaries is most likely to follow a polycentric HRM strategy.

In the literature, there is much discussion about multinationals turning themselves into global firms, or what Bartlett and Ghoshal (2001) call transnational companies. A defining feature of these organisations is that they seek to be global and local at the same time. Being global and local requires a multinational to be simultaneously ethnocentric and polycentric; it has to blend together centralised and differentiated organisational practices.

Quadrant 3 reflects the most probable outcome of this multinational business strategy in relation to human resource management. On the one hand, in line with the desire to being sensitive to local conditions, human resource management policies and practices are allowed to be different across subsidiaries. On the other hand, the centre still plays an active and important role in ensuring that the human resource management regime in subsidiaries is based on the core values of the company and is established efficiently by meeting centrally agreed performance targets. Thus, quadrant 3 depicts an international human resource management based on organised decentralisation, which closely approximates to the transnational model of multinational companies.

Quadrant 2 is the option least likely to emerge inside a multinational. It is hard to conceive of a situation where a multinational would try and standardise human resource management policies across its operation yet decentralise to subsidiaries decision-making capabilities over the management of the employment relationship. Some level of central coordination would be required if a multinational sought to develop uniform policies across subsidiaries. Perhaps a multinational pursuing a multi-domestic corporate strategy in which business activity in each subsidiary is unrelated may develop a standardised HRM system to be implemented by local managers. But this scenario is likely to be the exception rather than the rule and in any event would probably not result

in the implementation of standardised HRM practices since subsidiary managers are likely to use their discretion to remould the template handed down by headquarters.

Of course the scenarios set out above are only ideal-types. In practice, a gap can emerge between espoused and actual policies. Multinationals may seek to pursue an ethnocentric HRM policy, but its intention may be blown of course by a range of factors. In much of Europe, for example, the institutional density of industrial relations systems remains quite thick, which puts constraints on the type of human resource management system that a multinational can put in place in a subsidiary: for instance, many European countries have employment legislation that requires companies to establish some form of works council which may compromise the ability of a multinational to establish a 'voice' regime based on direct communication within a subsidiary (Tempel et al 2006). Some multinationals may be able to circumvent national institutional and legal rules (Royle and Towers 2003), but it is questionable whether this is a general trend (Dean and Shenkar 2002).

In addition, to 'institutional distance' between the home and host countries, cultural and labour force characteristics of host countries may also disrupt a multinational from pursuing IHRM policies of their choice. When Japanese carmakers, for example, attempted to introduce 'Japanese' style work and human resource practices into their subsidiaries in the USA, they found a wide gap in performance between home-based units and USA-based subsidiaries: the high productivity levels of Japanese plants could not be replicated in the USA (Abo (ed) 1994). As a result, ethnocentric HRM strategies had to be modified to accommodate the cultural and skill traits of American workers. Hybridisation is the term usually given to this situation where a multinational does not conform to any ideal-type international human resource management strategy (Boyer, Charron, Jurgins and Tolliday, 1998) Instead, the relationship between centralisation and decentralisation as well as standardisation and differentiation are combined together in an idiosyncratic manner. The concept of hybridisation is important as it suggests that there is a range of intermediate factors that influence not only the HRM architecture inside organisations, but also the nature of particular HRM policies. Thus, in investigating whether MNC subsidiaries follow innovative HRM policies the analysis must assess factors that go beyond the dichotomies between standardisation versus differentiation and centralisation versus decentralisation. In short, it must assess whether other strategic international human resource factors are influencing the choice of conflict management systems adopted by organisations.

The Survey and Data

The survey, on which this study is based, consists of responses from 83 subsidiaries of non-union foreign-owned multinationals in the Republic of Ireland. Selecting the sample for the survey was complicated and time-consuming. As a number of other researchers have also noted, there is no one comprehensive data-base that lists the number of foreign-owned multinationals in this country (McDowell, Lavelle, Collings and Gunnigle 2007). As a result, the second best alternative was followed and a list was compiled drawing from a range of sources, including IDA Ireland, Enterprise Ireland, Irish Times List of Top One Thousand Companies, IBEC, Excellence Through People, The American Chamber of Commerce and Dun & BradStreet. This exercise yielded a population of 472 multinational companies. The next task was to separate out unionised multinationals and non-unionised multinationals.

A panel of expert HR managers and industrial relations consultants was used to help us complete this exercise. Advice was also sought from several trade union officials, IBEC IR/HR Regional Directors and Executives and staff from public dispute resolution bodies to gain clarification when it was uncertain whether a multinational was unionised or non-unionised(or partially unionised). At the end of this task we obtained a population of 143 non-union multinationals. Then a sample of 90 multinationals was randomly selected weighted by sector, country-of-origin and size. Getting access to non-unionised firms to discuss their human resource management regimes is notoriously difficult. Through the use of contacts, persistence and good fortune we were able to gain access to 83 multinationals: 7 companies simply did not want to participate in the survey. Given the nature of the topic, securing a sample of 83 non-unionised multinationals is considered to be a significant achievement.

It was decided to administer the survey through face-to-face interviews due to the length of the survey and the nature of the topic. The survey sought to obtain information on a range of topics, including; the characteristics of the multinationals; the formal and informal dimensions to the conflict management systems; the motivation behind setting up the particular conflict management system in place; the type of issues that can be raised under the conflict management system; the extent to which innovative conflict management practices have been diffused; the nature of the representation afforded to employees involved in workplace problems; training provided for managers and employees on problem-solving and conflict management; the extent to which workplace conflict inside the multinational reaches the public dispute resolution agencies; and the systems used to evaluate the effectiveness of the system. Initially, the survey contained questions about the incidence of conflict in multinationals and how these were resolved, including post grievance filing experiences, but a pilot survey found that companies were not willing to answer these questions and to try and obtain such information might jeopardise access. Thus,, it was decided to omit these questions. As a result, the survey relates mostly to the architecture of the conflict management systems in non-union multinationals.

Table 3: The Formality of Conflict Management Systems in Non-Union Multinationals

Does your company have a formal policy to resolve employment related problems or disputes that arise with staff?	98%
Is your company's problem solving process provided for in	
• Employment contracts	47%
• Company handbook	86%
• Management policy	28%
• Other	11%
Does your organization have a formal bullying & harassment policy	96%
If yes, is a problem solving procedure specified?	94%
Does your organization have a formal grievance procedure?	100%
If yes, is a problem solving/ appeals procedure specified?	98%
Does your organization have a formal disciplinary procedure?	100%
If yes, is an appeals procedure specified?	94%

Conflict Management Systems in Non-Union Multinationals

This section sets out the findings relating to the core characteristics of conflict managements systems in non-union multinationals in Ireland. Six features of these systems are worthy of note. First of all, over 90 per cent of organisations surveyed had a formal HR department and as Table 3 above shows the overwhelming majority had formal policies to address workplace disputes and grievances in their organisations. This result is not surprising: putting in place formalised procedures relating to workplace conflict is now seen as standard human resource practice to comply properly with various aspects of employment law and to meet minimum standards of procedural justice at the workplace. As relatively sophisticated organisations, it would be expected that non-unionised multinationals would at least meet this basic threshold.

A second feature of conflict management systems in non-unionised multinationals that is worthy of comment is the extent to which these organisations use a wide range of techniques or innovative, ADR-inspired, procedures when seeking to resolve workplace problems. Table 4 provides information on these matters. Two important findings emerge from the table. First, only a minority of non-union organisations, roughly about 25 per cent of those surveyed, use a wide variety of conflict management techniques, ranging from facilitation to arbitration. Second, organisations cannot be considered adopters of ADR-inspired approaches to conflict resolution. Almost all surveyed firms say that they operate an open door policy which is minimally in line with ADR workplace conflict resolution practices. But only about a quarter say they use peer review methods to solve disputes. A very small number, four all told, of multinationals make use of an ombudsperson to help solve employment disputes and grievances, despite this procedure being touted in the literature as a highly effective mechanism to solve workplace problems (Rowe and Simon 2001). Thus, the main message from this table is that non-union multinationals, in the main, are not operating what are widely considered to be innovative conflict management strategies. The table also suggests that management is eager to remain in control of the conflict management process: progressive forms of management review appear to be the norm and few organisations engage external people to help solve problems.

Table 4: Conflict Management Techniques and Procedures in non-Union Multinationals

	Internal	External	Both	No	Missing
Facilitation	26	2	7	46	2
Mediation	22	3	7	49	2
Arbitration	6	7	2	66	2
Employee hotline	15	5	1	60	2
Open door policy	79	0	0	4	2
Progressive management review	53	n/a	n/a	28	2
Peer review	13	n/a	n/a	68	2
Ombudsperson	4	1	0	76	2
Other	1	3	0	77	2

A third feature that needs highlighting is the motivations behind non-union multinationals creating their particular conflict management system. Probably the main view in the literature is that these systems are devised as part of a wider strategy to keep out unions (Stone 1999). But other literature suggests non-union organisations are also motivated by additional factors such as complying with the requirements of legislation and wanting to create arrangements that strengthen employee morale and confidence in the organisation (Rowe 1997). Table 5 provides information on the motivations for non-union multinationals in creating their distinctive conflict management systems. The striking fact that emerges from this table is that union avoidance is not identified by managers as a big consideration: seeking to create a system in which employees have confidence and which is capable of solving disputes internally are the two most important factors.

Table 5: The primary motivations for introducing the particular form of conflict management system in your company? (rank top 1,2,3 in order of importance)

	R1	R2	R3	R4	Missing
Comply with employment legislation	22	14	13	29	5
To avoid employees using the state machinery	0	5	6	67	5
As part of union avoidance	6	4	10	58	5
Corporate initiative	5	3	7	63	5
To enhance employee satisfaction and morale	28	18	8	24	5
To resolve matters in house if possible	18	26	16	18	5
Precipitation event	2	2	6	68	5
Local HR/ management champion	3	4	6	65	5
Other	0	0	0	78	5

A fourth aspect of the conflict management systems of non-union multinationals that can be gleaned from the survey is the extent to which employees involved in a conflict are permitted to have representation during the process, a core feature of procedural justice at work. **Table 6** shows that the overwhelming number of organisations in the survey possesses conflict management procedures which all employees can access and which allow parties to use representation. However, less than a quarter of non-union multinationals permit employees to use trade unions during the process: more firms allow employees to use solicitors than trade unions. The norm appears to be for employees to use a work colleague during the conflict resolution process, while just above half of companies allow human resource managers to represent employees. Overall, the table shows that non-union multinationals constrain the option of independent representation in the management of disputes by employees.

Table 6: Employees, Representation and Conflict Management Systems in Organisations

Can all employees access the company's problem solving process?	91.6%
Is there a service requirement before employees who can access the company's problem solving process?	3.6%
Can an employee have a representative at the company's problem solving process?	94%
if Yes, who can potentially represent the employee?	
Work colleague	90.4%
HR representative	48.2%
Solicitor	34.9%
Trade union official	22.9%
Any person of their choosing acting in a personal capacity	44.6%
Other	6%

Table 7: Informal problem solving and dispute resolution in processes

Does your organization have "informal" problem solving mechanisms to detect employee grievances?	96.4%
If yes, does this involve any of the following:	
Conducting regular employment audits with employees	32.5%
The organization of focus groups	35%
HR personnel interacting with employees on an informal basis	87.5%
Line managers responsible for interacting with employee on an informal basis	86.3%
Other	20%
Does the organization follow an informal problem solving procedure to obtain a speedy resolution to an employment grievance?	95.2%
If yes, does this involve any of the following:	
The immediate manager/supervisor meeting the involved parties	94.9%
HR personnel meeting the involved parties	80.8%
Other	10.3%
Are all employment related matters covered by the informal problem solving procedures?	
Yes, all covered	72.3%
Yes, some covered	21.7%
No	2.4%
How are the informal problem solving procedures monitored and evaluated?	
Through an organized HR policy	15.7%
Informal feedback between HR and employees	62.7%
Informal feedback between line managers and HR	78.3%
Other	10.8%

A fifth feature of the survey that is worth commenting upon is the extent to which there is an informal dimension to conflict management systems in non-union multinationals. Table 7 sets out information on this matter. A number of interesting points emerge from the table. Nearly all the surveyed multinationals suggest that they have an informal dimension to their conflict management system, which the vast majority say covers nearly all issues. In almost all cases, middle managers appear to be the lynchpin of informal arrangements, which is in line with a core tenet of HRM thinking that line managers should be at the front end of managing the employment relationship. Only in a minority of multinationals does there appear to be an organised connection between the formal and informal dimensions to conflict management. The majority of organisations do not monitor the informal process in any systematic manner: the emphasis is very much on word-of-mouth interactions between different tiers of management. Moreover, only about a third of organisations seek to evaluate the informal process systematically through the use of audits or focus groups. Thus, although the informal dimension is a large aspect of conflict management system it does not appear to be organised to any great extent.

The sixth feature of the conflict management system in non-union multinationals which is important to point out is whether the procedures used to address conflict have been designed by local managers or by staff at headquarters: in other words, do multinationals operate polycentric or ethnocentric conflict management systems. Table 8 suggests that very few non-union multinationals operate a genuinely ethnocentric conflict management system. The surveyed organisations appear to be more or less evenly split between those operating polycentric arrangements, which give local management the decisive role over the design and operation of conflict management procedures and those that put hybrid arrangements in place which involves local management developing policies and practices that are consistent with the framework and values established by headquarters for the management of conflict. This results suggest that multinationals are not carriers of conflict management procedures as part a wider strategy to transmit HRM policies from the home to host country.

Table 8: Which of these 4 statements best describes your organisation's approach to developing a dispute resolution system?

	No.	Percentage
The local management team has complete discretion to set policy in this area and has developed a system that is specifically designed for the Irish Operation	34	41.0%
The local management has taken account of corporate policy in this area but has tailored the approach to suit local needs	33	39.8%
The local management team follow corporate policy in this area with a small level of localization to deal with specific Irish legal requirements only	15	18.1%
The local management team follow corporate policy in this area	1	1.2%

Several important observations emerge from these descriptive statistics. Non-union multinationals appear not to be designing sophisticated conflict management procedures. They are not big HRM innovators in the area of conflict management. At the same time, the survey suggests that they are also not bleak houses where employees are treated shoddily and where there is an absence of well developed conflict management procedures. The surveyed multinationals have an array of conflict management procedures, both formal and informal, that are best described as middle range and unexceptional. The findings also heavily suggest that non-union multinationals do not act as a transmission mechanism for the diffusion of state-of-the-art HRM systems which stand at odds with traditional Irish industrial relations.

Getting a view from the inside
The main conclusion emerging from the survey is that non-union multinationals are not carriers of innovative human management practices in the area of conflict management. Most subsidiaries of multinationals have a fair degree of discretion over the way they design their conflict management systems. None of the systems established can be described as innovative in the sense that they seek to use ADR practices in an integrated and systematic manner to resolve workplace problems. The common pattern if anything is to shy away from innovation in this area and to treat conflict management as a routine HRM function. Thus, the picture that emerges is of multinational subsidiaries following traditional formal grievance and disciplinary procedures while at the same expecting line managers to try and settle disputes informally. No great strategic priority appears to be given to conflict management as few subsidiaries consider it necessary to monitor and evaluate the functioning of their conflict management systems. It is as if workplace conflict management has been deemed not to be a part of the repertoire of policies required to make HRM more strategic in character.

This conclusion is at odds with the prevailing view that non-union multinationals in Ireland adopt innovatory HRM practices, including those related to conflict management. It also stands apart from the argument found in some of the wider conflict management literature that non-union organisations are causing a 'paradigm shift' in the way disputes and grievances are being resolved at the workplace by adopting innovating, ADR style practices (see Lipsky 2003, Bingham & Chachere 1999 and Constantino & Sickles Merchant 1996, Rowe & Bendersky 2003). Because the findings of this study are not in step with prevailing thinking, it was considered prudent to examine further why non-union multinationals located in Ireland are not engaging in workplace conflict management innovation. To try and establish fuller insight into why these organisations were reluctant to develop comprehensive conflict management arrangements, it was decided to conduct a series of in-depth interviews with senior HR managers in non-union multinationals about their approach to workplace conflict management.

A preliminary target list of 23 organisations was identified and following consultations with IBEC, CIPD and a group of experienced HR Consultants with a strong academic background, this was reduced to a target group of 10 organisations, all of which have been located in Ireland for more than five years. We made strenuous efforts to move beyond a core group of 'old reliables' that have been the focus for research in Ireland. Contact was made with the target group organisations and all agreed to be interviewed. The interviewees were in all cases the most senior site HR representative in Ireland (HR Director or HR Manager level) as these people were considered best placed to comment on the organisation's conflict management system. Some of the questions we wanted to raise with these people were sensitive and unsurprisingly there was a high degree of reluctance on the part of most organisations to engage fully with the research team. Concerns were expressed about the purpose of the research and the potential for comments to be quoted in a publication that might reflect negatively on particular individuals or companies. To meet these anxieties, the research team provided each company with an absolute written assurance that all information would be treated in total confidence and that neither the names of individuals nor companies would be mentioned in the Report. It was considered necessary to give this assurance so that the research team could gain access and obtain an undiluted view on the issues under investigation: the team wanted each participant to speak frankly and honestly about workplace conflict management.

Section 2 of this paper includes extracts from the interviews to each of the questions we raised. There are a series of discussion points raised in Section 3 and a conclusion that seeks to draw together some of the common themes that emerged from the research.

Section 2: Responses to Questions posed at the Interviews with HR Managers

Question 1

Much of the literature on HRM would suggest that non-union MNC's are innovators in many aspects of HR. In your experience what factors constrain local Irish based management from being more innovative in the area of problem solving/dispute resolution when compared to other HR processes?

This is a core question as it goes directly to the matter of why organisations consider conflict management to be outside the portfolio of innovative HRM practices. Interestingly, all 10 HR managers identified two key factors preventing subsidiaries being more innovative in the area of problem solving/dispute resolution. First of all, each of the HR Managers interviewed referred to their organisational culture and expressed a strong view that the language of dispute resolution and conflict management does not fit within the culture of a non-union organisation. The sample of direct quotations in Box 1 drawn from each of the Interviewees illustrates the point:

Box 1

"Dispute resolution is not part of our language"

"We have an empowerment culture and if people have an issue they will raise it"

"We are passionate around our culture and our focus is on excelling in 3 areas namely recruitment, development and engagement. We have failed if we have to go to a 3rd party –our Line Managers and /or HR have failed to understand how that person is thinking."

"We have a very transparent and open culture. We recruit to fit our culture –we hire to a very high standard and we seek out high achievers"

"We work on the basis of resolving issues at the lowest level possible with the lowest level of formality required."

"We do not have an ER function or ER capability on site as we are anxious to avoid institutionalising or allowing Line managers to abdicate their responsibility"

The aversion displayed to using the language associated with workplace conflict was vividly captured by the comment of one HRM manager when he suggested that discussing disputes and grievances was analogous to "culture contamination". Thus, workplace conflict was seen in a wholly negative light, a symptom of management failure that had the potential to corrode good working relationships in the organization and in the process damage business performance. Because HR managers wanted to avoid using the language of conflict, they had no appetite to develop innovative workplace conflict practices, which would signal to employees that conflict management was a strategic priority for the HRM function. For the most part, using language associated with conflict was seen as cutting against efforts aimed at building an integrated harmonious organisational culture where the interests of employees and employers are overlapping. The language of conflict management was considered the preserve of the unionised sector.

The second factor highlighted by the HR managers to explain why conflict management innovations were so thin on the ground was the absence of a "compelling business case" for such initiatives. As one HR manager put it *"if there is no driver then we will have no oxygen and no traction. While we will generally conform with what is required from corporate we can be creative if there is a compelling business case. However we will be asked the question, What employee data is driving this ?" and given our track record of dealing with cases internally and the low incidence of formal grievances e.g. no 3rd party referrals in the past 10 years , it is not really an issue in our organisation"*

This is an important observation for at least two reasons. First of all, it gives an insight into the organisational context in which HR managers are operating in MNC subsidiaries. In particular, subsidiaries of MNCs in Ireland face two forms of competitive challenge, one external and the other internal. Like any other business, a subsidiary of a multinational has to make products or deliver services that can successfully compete in the marketplace. But unlike most other businesses they also have to make products or deliver services at least as well as other subsidiaries within their organisation. If the subsidiary is unable to match the performance of other subsidiaries yet is relatively successful on the external market nonetheless, it still runs the risk of being closed down. Thus,, to be successful subsidiaries have to engage in a form of subsidiary entrepreneurship to maintain its mandate – the business or element of business assigned to the subsidiary by the multinational company and for which it has responsibility. In this context, HR managers are reluctant to make the business case for innovative conflict management policies as it might be construed that the subsidiary has organisational problems.

Secondly, the argument about there being no business case for innovative conflict management policies reveals that all the multinational subsidiaries appear to have adopted Ulrich's business partner model of HRM. Traditionally, personnel managers were regarded as being semi-detached from other parts of management, interacting most of the time with trade unions to either smooth out niggling small-scale problems or to avert looming large-scale industrial unrest (Legge 1995). Co-mingling with trade unions resulted in personnel managers remaining at a distance from corporate decision-making on business strategy. Sometimes they were even treated with suspicion by senior managers who were concerned that they had got too close to trade unions: Batsone (1980) suggested that at times they were considered as the 'enemy within'.

Accordingly to Ulrich, the modern day business environment is requiring the HRM profession to cast off its image as being one step removed from mainstream management. Instead, the profession has to acquire the posture and mentality of mainstream management by performing the role of business partner. Making HRM more strategic in orientation not only involves HRM managers leaving behind their role as 'organizational nanny', but also championing the case for organizational change and performance management systems (Becker, Huselid and Ulrich 2001). Thus, the business partner model required HR managers to adopt a new set of values, almost a new mentality towards managing the employment relationship. Because the entire thrust of the business partner model is to show directly how people management policies can improve business performance, the HR managers appeared loathe to designate workplace conflict as a topic for strategic action. There were concerns that do so would be to signal that they had adopted the business partner role in name only and that they remained wedded to the traditional personnel management approach to managing people. Thus, to maintain their credibility within the management team, HR managers in subsidiaries remained reluctant to advance a case for workplace conflict management innovation.

Question 2

If you had total autonomy would you introduce any more innovative practices in this area?

As the quotes in Box 2 indicate, HR managers responded overwhelming in the negative to this question. The common reason given was that no compelling business need existed for the introduction of a new approach to problem solving and dispute resolution.

Box 2

"We have less than 12 issues per annum with c 1600 people"

"We simply do not feel the need at this stage."

"There is a pressure to maximise alignment with HR in the US but they will tolerate deviation for legal reasons –there are no legal reasons for us to do any more in this area "

"The conflict frame of reference switches people off it is equated with old world thinking. I would not call it Dispute Resolution or Alternative Dispute Resolution as this creates an adversarial image or brand"

"Our sense is that conflict arises due to the personality of the leader and we have some people that we cannot put into a leadership role"

The general view was that the case did not exist to introduce any new or innovative workplace conflict management practices. The HR managers interviewed struggled to identify any compelling reason why they would introduce a different approach. At best, some of the managers suggested that they would countenance low level changes such as an internal contact person to make the conflict management system more accessible. One even stated that she would create an internal mediation option prior to any external referral.

Question 3

In the literature on ADR great emphasis is placed on the importance of introducing a range of complementary practices such as Mediation, Fact Finding, Ombudsman , Peer Review –why in your opinion is there such a low incidence of these practices in non-union MNC's?

Box 3

"In my opinion that means that the literature is too aspirational and is certainly not grounded in the organisation I work in"

"It is not that we don't want to do it but that the need does not arise – we have 10-12 case per annum (both formal and informal) and have only had one external referral in the past 4 years "

"There is very little said about ADR, it is probably a taboo subject."

"We will not promote a contra culture in our company – this is how we do it and this is what you sign up to."

"We do all of them but not in the formal way that is described in the literature. We don't document them formally but would deploy them in a more ad hoc or unstructured way as required."

"We don't have the volume of cases but would use any of them if it made sense to do so."

"We work on the primacy of the relationship between the employee and their immediate manager and we look to invest our resources in this and not in dispute resolution structures."

The answers to this question, which suggest that none of the HR managers are engaging in any way with workplace ADR, are revealing and important. ADR practices to solve workplace conflict emerged mainly in American non-union organizations as an alternative to the use of litigation through the courts to settle employment-related grievances (Stone 1999). However, overtime the purpose of ADR practices broadened to represent the resolution of workplace problems through consensual means and to the satisfaction of all involved parties. Although this approach does not diminish the importance of cultivating employment engagement and other forms of employee commitment in organizations, it is premised on the view that workplace conflict exists and needs to be managed in a systematic and comprehensive manner. Thus, from this standpoint, creating formal conflict management practices – including mediation, fact finding and an ombudsman procedure - to address problems at work systematically is considered part and parcel of modern HRM. It is evident that HR managers have not bought into this approach to conflict management.

Another point arising from the answers to this question is worthy of comment. During the late 1960s and 70s, MNCs led the creation of a 'counterculture' in the areas of union recognition and the use of collective processes to resolve workplace disputes. MNCs sought to put in place what might be described as a direct engagement model of people management. Forty years later, it is reasonably safe to say this model has gained considerable legitimacy, having developed to a point where most organisations in the private sector now use it in some form or other to manage employees. As a result, there now appears a strong preference for workplace conflict to be resolved informally and as this has become the standard approach to managing workplace problems there is no desire to depart from it: non-union multinational will not be promoting another 'counter-culture' to encourage the diffusion of ADR-type conflict resolution practices. At the same time, the HR managers were not totally inflexible on this point as there was recognition that practices such as mediation, fact finding and adjudication may be required in a one-off, exceptional situation where other options had failed. However, should any of these practices be required there was a deep reluctance to allow external parties to become involved in the resolution of a dispute. A strong preference was expressed for the use internal management-led processes.

Question 4
In your experience do HR Managers in non-union organisations adopt a different set of assumptions about their requirements in relation to problem solving/dispute resolution than their counterparts in Unionised organisations?

> **Box 4**
> *"Yes. In NUCOS we have to create communication channels to allow employees to vent issues and feel comfortable in doing so. We need first line management to engage heavily in formal and informal communications –one to one's, internal representative fora, team briefings, senior management accessibility and speedy and responsible dispute/grievance resolution."*
>
> *"HRMs in unionised companies expect to be challenged by Trade Unions. HRMs in non-union companies will generally work to drive innovation in their people strategy to match their culture. Therefore different skill sets and mind sets are required.We hire bright people and we need to create an environment in which they can be free to comment"*
>
> *"They are different worlds in my opinion. Everything is about negotiation, them and us, there is always a game being played."*
>
> *"We never think or act in the collective. We encourage people to take personal responsibility for resolving cases. If they have an issue then they can come and talk to us. We don't have the volume of cases that would require an infrastructure."*
>
> *"We make a significant investment up front in our preparation and look to think through all the issue that might arise. There is a huge level of trust in the organisation."*

> *"There is a degree of paranoia about a union advance. We cannot afford to consult with a union up front to such an extent that it could derail our timelines for implementing a change. We are operating to a dictat from our Group and we have to make a conscious effort to remain non-union rather than just expect to remain non-union"*

The answers to question 4 indicate that virtually all the HR Managers considered non- union organisations as operating in a fundamentally different way to unionised organisations. In particular, non-union organisations were considered to be operating in three distinctive ways. First, non-union organisations were considered to be less bureaucratic, even less sclerotic than unionised firms: collective bargaining negotiations and other forms of collective industrial relations were almost universally seen as a process that holds up organisational decision-making. Secondly, non-union organisations were seen as allowing pro-active HR practices to be enacted systematically. Thus, non-union organisations were viewed as making a significantly greater investment in the management of their people, which, it was claimed, reduced the need for reactive conflict management systems. In the view of the HR managers unionised organisations do not make the same level of investment in HR and effectively 'get what they deserve'. Thirdly, non-union organisations were regarded as more focused on developing strong individual working relationships: even where common issues arise amongst groups of staff it was considered more appropriate for these to be processed individually rather than allow a collective voice to emerge on an issue. Overall, there was stark recognition among the HR managers that non-union organisations operated in a distinctive manner and that the role of the HRM function was to develop and embed these distinctive features.

Question 5

Has trade union organising or the prospect of a union recruitment campaign played any role in the shape of your problem solving/dispute resolution system at any stage?

> **Box 5**
> *"Our HR system was set up with that being it's primary motivation. There is a constant fear of union organising or contamination and the environment is driven by this."*
>
> *"No. People make a big difference here. We need to recruit and retain top class talent."*
>
> *"No. It is not an issue or a motivation. It just does not appear on our radar. All our staff are Graduates, relatively young and are more interested in their employability –they are not lifers—they want to enhance their skills and move on. For example our I&C structure is in place due to a legal obligation but there is zero interest in acting in the collective."*
>
> *"We have a considerable general operative/manufacturing operation. There is no threat but there is certainly a desire not to fail. I don't want a trade union in here under my watch. It does drive us to create a greater culture of engagement and we are not complacent. We don't see the need to make a system change due to a perceived union organising threat. We would be seen to be running scared and on the defence."*
>
> *"No. It has never been an issue with us."*
>
> *"Yes. We have developed a definite communications strategy and an internal employee representative forum to specifically facilitate employee voice. We have also invested heavily in soft engagement skills training for first line and supervisory personnel. We have engaged all employees in how to participate in one to one direct meetings with their immediate manager. what to expect how to set co agendas etc) We are also using internal/external employee perception surveys."*

Answers to question 5 suggest that the majority of HR managers interviewed were not overly perturbed by the threat of union organising. Some considered it not to be even on their HR radar, which suggests that a high-level of confidence existed amongst the HR managers that the non-union approaches adopted by their subsidiaries to people management enjoyed wide support among employees. Certainly, the trade union organising threat was not considered important enough by the majority of organisations to develop specific initiatives in the area of problem solving/dispute resolution. It was also recognised that employing young, highly educated people made it easier to create an open and more transparent culture within the organisation, which helped embed a non-union HR approach. A minority of HR managers – three cases- were concerned about the union organising threat to varying degrees. The profile of the workforce employed (manufacturing operatives) and/or the location where they are employed (e.g. in an industrial estate that has other unionised sites) caused the HR managers to calculate that their organisation was susceptible to a union organising campaign. To counteract this threat, these HR managers had introduced specific dispute resolution structures as well as other HR initiatives to intensify employee engagement. Thus, the more embedded the people management regime is in non-union organisations the less likely trade union organising campaigns will be treated as a serious threat

Question 6
What constraints exist in permitting any (or a greater) external role within your problem solving system?

> **Box 6**
> *"A solicitor is not an issue for us. We have had no requests for a Trade Union Official to date. We would have an issue with a Union Representative and would be cautious about it. But in our procedure employees can be represented or accompanied by a work colleague or person of their choosing"*
>
> *"The culture is very conservative with a high focus on confidentiality and doing things internally. Everything must go through the Parent –it needs sign off. We would have to go through so many hoops to secure approval for this."*
>
> *"It would be counter cultural to have a structured external role formalised within our procedures. People choose to buy into our culture –we do not give them the formal option of an external person. That said a Solicitor appeared on one occasion and we let in happen"*
>
> *"It simply is not an issue. If there was discontent with our current system it would surface. While the culture would be open to considering the idea, logic and business reasons will always prevail."*
>
> *"It runs counter to our direct relationship philosophy. An external reliance may not grow our internal managerial competence and there would also be a perceived loss of control. "*
>
> *"We would be concerned about ceding control, exposing ourselves to crazy recommendations and there is a tension between the cost involved versus the efficiency of doing things internally. Most cases will be sorted internally anyway. Employees can have an external person if they insist on it but why should we provide for it."*

One argument commonly found in the literature is that non-union firms are most reluctant to allow external public agencies to get involved in the resolution of an internal workplace conflict Strenuous efforts are made to avoid an employment grievance or dispute ending up in front of an Employment Tribunal or any other public dispute resolution agency. There is even reluctance to use external experts that might assist in the resolution of a dispute or grievance. The focus is very much on building up internal dispute resolution systems to ensure that workplace conflict or an employment

dispute is settled satisfactorily in-house. Yet the wider literature on workplace conflict management suggests that using an external party enhances the procedural justice aspects of a conflict management system. Procedural justice is about the methods used to resolve an employment dispute being free from any real or apparent partiality, bias and prejudice.

Question 6 was an attempt to uncover more precisely the constraints preventing non-union firms from using any external party in their conflict management procedures and the procedural justice implications from this stance. Responses to the question confirm that the unanimous preference of HR managers was for problems to be solved in-house without a referral to an external third party. Moreover, our strong impression from the interviews was that no desire existed to depart voluntarily from this procedure. In terms of procedural justice, most subsidiaries seemed to expect an employee to self represent in the first instance when progressing a case through the grievance procedure: at a further stage it was normal for the employee to be "accompanied" (not represented) by a work colleague; and in some cases, where representation concerns emerged, an internal advocate, typically from the HR team, would be made available. In almost every subsidiary, employees taking a grievance are encouraged only to use the minimum level of external assistance necessary to resolve the case so that the philosophy of resolving conflict in-house is not overly compromised. Of course, exceptions may be made to this norm on a case-by-case basis, particularly in the area of disciplinary and dismissal cases, but typically this flexibility is not formalised as an option within grievance procedures.

Question 7

Why in your view do non-union MNC's generally not have monitoring systems in place to review the effectiveness of their problem solving/dispute resolution mechanisms?

A sample of the responses to this question is set out below. It is clear that HR managers do not perceive any need to introduce monitoring systems in this area. On the one hand, the volume of disputes and grievances was considered too low to warrant such activity. On the other hand, gathering formal reports on workplace problems was not considered smart practice as this information might result in the subsidiary being cast in poor light. Moreover, some HR managers considered monitoring workplace conflict as infringing the informality principle of conflict management: giving immediate feedback and letting problems dissolve were considered preferable approaches to follow.

Box 7

"There is nothing to monitor."

"Feedback should be direct and swift and the process should allow for check-in at different levels."

"We do but the message to externals is managed. We prefer to focus on other mechanisms to track broader engagement levels."

"It is simply not an issue. The incidence of staff using our grievance procedure is so low to monitor. We have a robust employee attitude survey with a number of hard questions and while we would ask about our performance management system we would not ask about our grievance procedure."

"There are so few of them and they are of such insignificance that it is really not an issue for us. We would informally monitor but with the number of people we employ it is manageable."

Question 8

How do you rate the overall importance of the problem solving/dispute resolution system within your HR Strategy?

	Very Important	Not Important	Important
Number	2	0	8

Interviewees were asked to rate the importance of the problem solving/dispute resolution system within their HR Strategy and were also asked to explain the reasons why this is the case. For those HR Managers that considered it very important the factors they identified included the contribution to the creation of trust levels and the potential "warning" signal that the processing of a grievance creates.

"It is vital to retain trust levels needed to retain the direct relationship model of employee relations."

"It will help signify a problem for us."

For those HR Managers that considered it "Not Important" the majority stated that the *grievance procedure* does not feature in their HR strategy. Another response suggested that employees who exercised their right to raise a grievance are unlikely to have a future with the organisation. A further comment was that the appropriate positioning of the grievance procedure was not as a stand-alone process, but as an element to other components of the HR strategy. In this organisation, an appeals process was built into a number of discrete aspects of the HR function (i.e. Pay, Performance Management, Promotion, Corrective Action). Comments made include the following;

"It does not appear in our HR strategy."

"It does not merit a line in our HR strategy. The grievance procedure is for people that do not have a future in our organisation."

"We would tend to look at other variables – we see the grievance procedure as an output from other components of the HR strategy rather than a stand alone component."

Question 9

How do you rate the relative importance of the problem solving/dispute resolution system when compared to other aspects of your HR Strategy? e.g. Recruitment, Performance Management, Communications, Engagement

	More Important	As Important	Less Important
Recruitment	0	2	8
Performance Management	0	2	8
Communications	0	2	8
Engagement	0	2	8
Succession Planning	0	2	8
Reward	0	2	8

This question was designed to test the perceived importance of the problem solving/dispute resolution system relative to other aspects of HR strategy. None of the HR managers interviewed viewed conflict management as more important than other aspect of their HR strategy. Only two companies viewed it as being of equal importance, both of which were manufacturing facilities with a perceived exposure to union organising efforts. Seven HR managers stated that they regarded conflict management to be less important than other areas of HRM, which is a clear indication that most non-union subsidiaries do not assign a pivotal role to problem solving/dispute resolution in their organisation. Interestingly, one HR manager said that he did not see the problem solving/dispute resolution system as a discrete component of HR strategy, but considered it a subset of each of the other elements: problem solving and conflict management were woven into all HR policies.

Box 9

"It is less important-- we are not complacent but it is not a factor."

"We regard it as being of equal importance as we must get our problem solving right or it will undermine other elements of our HR strategy.

"We view it as being of equal importance as it is complementary to and enables HR practices in other areas".

Question 10

What HR process (if any) would you consider to be less important in your organisation than the problem solving/dispute resolution system?

This question was designed to address the issue of the importance of conflict management in the HR regime from another angle: if conflict management was not the most important HR function was it the least important? Overwhelming, the HR managers stated that no other HR practice was less important than conflict management. Only one organisation was anxious to position their problem solving/dispute resolution system as having equivalent or no less importance to other HR processes. These findings strongly suggest that when it comes to allocating scarce HR resources or considering innovative HR action, problem solving and dispute resolution is down the pecking order in most subsidiaries.

Box 10

"None – I would not invest resources in it compared to recruitment, development or reward."

"None – we have mechanisms for people to raise discontent if it exists. Employees can and do write directly to our Chairman."

"None"

"None –It has to be at the heart of what we are doing along with other HR processes."

"None –I cannot think of one in Ireland. In other EU member states we operate in, our US leadership simply don't understand they way they run their Information and Consultation structures."

Question 11

On a scale of 1-10 how would you rank your organisations approach to HR Issues in general
1 = compliant   10= Leading Edge

To put the responses to questions 9 and 10 into some organisational context it was considered important to get an insight into how innovative HR managers considered their organisations to be on people management issues. If organisations do not consider themselves to be particularly innovative, then the finding that conflict management is not given any priority takes on a different meaning compared to organisations that do consider themselves to be HR innovators. Question 11 asks HR managers to measure on a scale from 1-10 how leading edge they consider their organisation to be on HR issues. Eight HR managers rated their organisations in the region of 8-9 in terms of pursuing leading edge HR policies and practices. Only one HR manager rated their organisation as a 7. Now it could be said that HR managers were not going to put down their own organisations, but in semi-structured interviews we explored just why they considered their organisations to be leading-edge and we concluded that the scores allocated were accurate. This suggests that organisations that considered themselves to be pursuing state-of-the-art HR policies did not feel the need or inclination to introduce innovative conflict management policies.

Question 12

On a scale of 1-10 how would you rank your organisations approach to problem solving/dispute resolution
1 = compliant   10= Leading Edge

This question was asked to gauge how HR managers perceived the character of the problem solving/dispute resolution practices. The responses were interesting. One group composed of seven HR managers ranked their organisation in the region of 8-10. These managers considered their problem/solving dispute resolution arrangements to be leading edge even though they had also stated previously that they did nothing to introduce innovative conflict management practices. What accounts for this anomaly is that the HR managers considered themselves to be leading edge because their organisation had experienced no conflict management issues. Equating the non-incidence of problems and disputes with possessing leading edge conflict management practices may seem a touch generous. However, another group of three HR managers positioned their organisation in the 1-5 region purely on the on the basis of the lack of innovation in their approach to conflict management rather than out of a concern about the volume of cases that were being processed through their grievance procedure.

Question 13

Do you maintain general HR Metrics?

All the HR managers stated that they their organisation kept and maintained HR metrics, which were reported on annually, and in some cases quarterly. Each was asked to elaborate further on the type of information collected. All organisations utilise at least four core HR metrics and report to corporate HR on these along with other sister sites for internal comparison purposes.

A list of all the metrics used by organisations is set out below. These responses suggest that the HR function is increasingly seeking to become evidence-based; that information and statistics are gathered and codified to allow the systematic and dispassionate assessment of different parts of the HR function.

HR Metrics
Absenteeism and associated costs
Certified and Uncertified sick leave

Staff Turnover--Overall
Staff Turnover –Particular level of key worker

Time to fill a vacancy
Headcount
Hires YTD
Open Positions
Average score in recruitment

Span of control (1:7)
Model Organisation structure

Gallup Q12 scores
Employee engagement
Satisfaction with compensation

Available capacity versus utilised capacity

Performance management – objectives set versus objectives met
Performance management – distribution of ratings
Satisfaction with performance management

Question 14
Do you maintain specific Dispute Resolution Metrics?

A follow-up question asked if organisations maintained metrics on dispute resolution to assess if they included problems and disputes as well as their resolution as part of their evidence-based HR data architecture. Metrics were defined as data or information on the number and types of cases or issues that are raised each year and the level at which they are resolved. Managers were asked to confirm whether they maintained metrics to capture activity under the heading of dispute resolution and to elaborate on the reasons why they either did or did not have measurements in this area.

Only 2 organisations confirmed that they maintained metrics and these were identical in both cases as follows:

- The number of cases opened
- The level at which a case is resolved within their procedure
- The number of "escapes" or referrals to external third parties such as the Labour Relations Commission, Labour Court or Employment Appeals Tribunal .

One company stated that "We track the incidence but we don't report on them." But overall the majority of companies – seven in all - stated that they did not maintain metrics. As is shown in Box 11 below, most considered there to be no need for such metrics as they incidence of problems and disputes were so low. This finding corroborates the responses to Question 7, where the HR managers suggested that they did not monitor the effectiveness of conflict management practices given the lack of activity in this area.

> **Box 11**
>
> *"We are a smaller organisation –less formality works here."*
>
> *"Our staff have high education levels and can voice for themselves."*
>
> *"We invest significantly in recruitment to get the right people into the organisation."*
>
> *"There is simply no need."*
>
> *"There is nothing to measure."*

Interestingly, in all cases there is no tracking of the experience of the parties who have filed a grievance either immediately after or within a set period after filing a grievance. This is an important admission in light of the work of Lewin (1987, 1992, 1997, 2004) from the USA who questions "the continued viability of non-union employment relationships for those employees who choose to avail themselves of their employers' dispute resolution systems by filing grievances."(2004, P13)

Question 15

Do you see any emerging pressures that may influence your approach to problem solving/dispute resolution in the future?

This question was asked to get an insight into whether the HR managers considered there to be unfolding events or emerging pressures that might influence their approach to problem solving or dispute resolution in the future. A number of issues were raised by the interviewees, including

> **Box 12 - Emerging Pressures**
>
> *"Ours is an expensive, indulgent model that may not survive as companies come under increasing cost pressures in the future. We invest heavily in the quality of our Managers. Manager requirements with our staff are mandatory and the 1:7 ratio facilitates this -- they know what is going on. We resource HR (1:50 ratio at present) HR has a lot of influence at the highest level and HR also knows what is going on."*
>
> *"Legislation changes would be a concern, not at our individual Company level but at a macro level -- all we need is one single high profile union recognition case in a MNC and the consequences for future investment would be considerable."*
>
> *"Our business strategy is very successful at the moment and if this came under pressure in the future it could lead to a withdrawal of facilities and this could be problematic. Our manager to staff ratios are quite low ranging from a minimum of 1-7 to a maximum 1-14. These ratios may come under pressure in the future. We may have to review how we handle appeals if legislation changed externally."*
>
> *"Up to 3 years ago we knew everybody on site. We have grown in scale and the personal connection cannot be there to the same extent. The personal and family connection is being diluted. The distance between levels concerns me too. Once you go over 200 that intensity of connection is diluted. As we grow further the culture could be under increasing pressure. We face considerable cost pressure and this could have an effect on the structures we can support and the resources we can allocate."*
>
> *"We have not created an employee forum or representative structure as again this was counter cultural to us. This could be a problem if challenged."*

> *"The threat of Trade Union recognition within our operator population remains high. The general trading, economic and macro climate is creating more issues with a lot of negativity and uncertainty around. Having to deal with simplistic and ill-informed advice from such organisations as the 'CAB' can be a problem."*
>
> *"I have a concern about Management competence to skillfully manage organisation change pressures and downsizing while prioritizing strong people engagement strategies."*

All in all, the structured interviews led to information and comments that were consistent with the main findings of the larger questionnaire – innovative conflict management practices, particularly those inspired by ADR thinking, are not being diffused in the subsidiaries of non-union multinationals in Ireland. The structured interviews also provided insight into why this was the case. Perhaps the main reason is that HR managers did not consider problems and disputes as an area needing innovative action in terms of introducing new formal processes.

But the HR managers also expressed more pro-active, strategic reasons for not diffusing innovative conflict management policies: they wanted to build organisational cultures which squeezed conflict to the margins. The emphasis was very much on building organisational cultures that cultivated mutual support and reciprocity; HR managers wanted disputes to be resolved informally and quickly. Stand alone conflict management policies were also seen as part of the HR toolbox from a by-gone era, ill-suited to modern organisations and the challenges they face.

Another stark insight from the findings was how HR managers appeared to adopt a business partner perspective when discussing their approach to conflict management. It was evident that HR Managers in non-union MNC's were asking a series of "hard" questions about the need for conflict management innovations:

- How does it help us achieve our people goals such as improved engagement, further unlocking of discretionary effort, retention of key staff, etc

- Is there a cultural fit or are we in danger of contaminating our direct engagement model?

- How does it enable us to further leverage our core HR competencies?

- Does it provide us with a strategic HR Advantage?

- How do we measure the value of this innovation compared to other HR innovations we may consider?

- Is there a demand for it amongst our employees? What hard evidence can we draw from internally (surveys/exit interviews/precedent)?

- Are case studies from similar organisations available to us to review?

What is clear is that when it comes to the allocation of scarce resources HR Managers will ask themselves the question, Where do we focus our efforts for maximum advantage? and the answer from this research is that conflict management or dispute resolution does not figure high on the list.

What formal procedures are available to non-union employees?
An additional part of our research involved reviewing a copy of the core grievance procedure that interviewed companies used to address problems and disputes.

This review showed that while areas of common practice exist amongst the organisations, there are also areas where practice is diverse. One common practice was to exclude from grievance procedures any referral to the LRC and Labour Court. Only one organisation provided for such a referral in its procedures. Another common practice is that there were between 3 and 4 levels within their procedures which involved

Level 1 Informal
Level 2 Immediate Manager Formal
Level 3 Next Senior Manager/HR
Level 4 Lead Site Manager

Typically, most people in the organisations could access the procedures and more or less any issue could be raised. None of the organisations provided a template for employees to formalise a grievance. Only one organisation gave a specific assurance that employees who processed a grievance would not suffer any victimisation. Two organisations provided a formal Ombudsman option (both internal senior specialists in an off line/site reporting relationship) as the final step in their procedure. No organisation specified an appeal option to a nominated person in their parent organisation. Representation options tended to be confined to a work colleague and in no case was there a role for an external person formally specified. Thus, the procedures used to address problems and disputes lacked formality, which contrasts sharply with unionised organisations where procedures tend to be more formal.

Conclusions

A number of important conclusions arise from this study. Perhaps the most revealing conclusion is that, for the most part, subsidiaries of non-union multinationals based in Ireland do not use innovative workplace conflict management practices, influenced by ADR thinking and practice. Certainly there has been no widespread diffusion of ADR-type practices to resolve problems and disputes at work. This finding is surprising for two reasons. First of all, the virtual absence of ADR-inspired workplace conflict management practices in Ireland stands apart from a number of influential studies in the USA which argue that firms have been diffusing such practices on a large scale during the past decade or so. A reasonable assumption would have been that leading-edge multinationals, particularly those of American origin, would have acted as the transmission mechanism for the introduction of these practices into Ireland. However, this study offers no support for this view: workplace ADR has not crossed the Atlantic. Secondly, a prevailing assumption about Irish industrial relations is that subsidiaries of non-union multinationals have followed innovative human resource management practices, including state-of-the-art conflict management policies, to the point of destabilising established 'Irish' approaches to the management of the employment relationship. The findings of this study suggests that this view needs refinement in that conflict management should not be considered part of the repertoire of innovative HR policies pursued by non-union multinationals.

Why have subsidiaries of non-union abstained from adopting innovative conflict management practices? The study suggests two basic reasons. One is that there is no need for such innovative practices as the near universal view of interviewed HR managers was that the incidence of problems and disputes of any seriousness at the workplace was very low: in the words of one HR manager there was no 'business case' for innovative workplace conflict management practices. The other reason is that the HRM managers did not view conflict management as part of the package of policies needed to allow the HR function to make a strategic contribution to organisational performance. Conflict management has become the poor cousin of strategic HRM; there is a family association, but it is not talked about much, if at all. There is an important point behind this observation. Much of the discussion about strategic HRM has focused on the type of policies that are required to make an organisation high-performing. But the HRM function has other important goals, which do not appear to receive the same attention. In particular, as Bowen and Ostroff (2004) highlight, HRM is also about creating a system within the organisation that not only promulgates distinctive values for the firm, but also motivates employees to adopt a particular set of desired attitudes and behaviours that collectively advances the strategic goals of the business. The HRM function is about creating a normative structure that works to align the interests of employees with those of the organisation. Conflict management practices were considered antithetical to these endeavours, inhibiting efforts to build employee loyalty and commitment.

Other important findings emerge from the study. Interesting insights are gained about the organisation and conduct of the HRM function in multinationals. As was highlighted in the first section to this report, traditionally it has been standard practice to regard multinationals as either pursuing ethnocentric or polycentric HRM policies: when establishing a subsidiary overseas, multinationals either transferred the HRM policies that were dominant in their country of origin or conformed to the HRM policies dominant in the host country. But this study suggests that this approach may now be too dichotomous. The HRM function in MNC's appears now to be altogether more flexible and sophisticated. In relation to many HRM policies, multinationals seem to operate a system of organised decentralisation. Subsidiaries have a fair amount of discretion to devise particular HRM policies and practices provided these are consistent with the overall ethos and value system promulgated by the headquarters of the multinationals. In addition, subsidiaries may elect to pursue innovative policies with regard to certain aspects of the employment relationship, but choose to follow standard approaches on other issues. In other words, there is considerable differentiation even with the IHRM regime of one subsidiary.

The study suggests that the issue of subsidiary mandates has an important influence on the conduct of HRM activities, particularly in the area of conflict management, within multinational subsidiaries.

A 'mandate' can be broadly defined as a business or element of a business in which the subsidiary participates and for which it has responsibility beyond its national market (Birkenshaw, 1999). Birkenshaw and Hood (1998), contend that mandates must be considered as highly mobile and subsidiaries must therefore compete for mandates in an 'internal market system'. Thus, mandates are very important to the viability of a subsidiary. To evolve and develop, subsidiaries must engage in a form of internal competition in order to either consolidate existing mandates or to win new ones: subsidiaries are not simply awarded a mandate in perpetuity. The study found that holding on to existing mandates or winning a new mandate constantly hung as a Sword of Damocles over the interviewed HR managers. Their concern was not whether a particular conflict management strategy was ethnocentric or polycentric in character, but whether it would damage the subsidiary's mandate. Most of the interviewed HRM managers said that they were most reluctant to pursue innovative conflict management policies as it might negatively impact on the subsidiary's ability to compete internally with other subsidiaries. HR managers are primarily interested in developing 'entrepreneurial' activities that puts the subsidiary in the position to consolidate or renew its mandate.

The study also gives an insight into the approach of modern HRM managers. In the past, personnel managers were more or less charged with maintaining a low-conflict organizational environment. To this end, they worked closely with trade unions either to smooth out niggling small-scale problems or to avert looming large-scale industrial unrest (Legge 1995). Co-mingling with trade unions to maintain organizational order and stability resulted in personnel managers having a phlegmatic attitude towards workplace conflict: conflict and disagreement were considered almost inevitable as the interests of employees were seen as only occasionally coinciding with those of management. Being directly involved in the hurly-burly of workplace conflict virtually on a daily basis resulted in personnel managers becoming semi-detached from other parts of management.

Over the past two decades big efforts have been made by the HRM profession to cast off its 'outsider' image. The drive has been to make HRM more strategic in orientation – getting closer to the main decision-making arenas inside the organization and as a result nearer to other areas of management (Wood 1999). The model of HRM put forward by Ulrich (1997) has strongly influenced efforts at making HRM more strategic inside organisations. According to Ulrich (1997), HRM needs to move away from its traditional, almost exclusive concern with employee welfare and get closer to business strategy-making. In particular, he suggests, that HRM should combine four key roles of business partner, administrative expert, change manager and employee champion. This model appears to have been enormously influential amongst the interviewed HR managers, particularly in terms of them developing a role as business partner and change manager. Most of the managers talked about introducing policies that would add value to the company or would contribute to the competitive success of the subsidiary. They also talked about creating an evidence base to decide whether or not a particular policy change or proposal was appropriate. This language and approach to managing people is a far cry from the old style welfare function of personnel managers and it helps explains why little innovation has occurred on formal conflict management systems in the subsidiaries of non-union multinationals in Ireland.

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Appendix: Semi-structured Interview Questionnaire
Final Version - January 2010

An exploration of attitudes and experiences of problem solving and dispute resolution in a sample of non-union MNC workplaces.

Interviews with a sample of Senior HR professionals (Director/Manager Level) on key issues emerging from Survey

The overall purpose of this interview is to inquire into a number of issues that emerged from the survey that we could not develop a convincing explanation for.

Section 2 - Key Strategic Issues Emerging From Survey

Much of the literature on HRM would suggest that non-union MNC's are innovators in many aspects of HR. In your experience what factors constrain local Irish based management from being more innovative in the area of problem solving/dispute resolution when compared to other HR processes

If you had total autonomy would you introduce any more innovative practices in this area?

In the literature on ADR great emphasis is placed on the importance of introducing a range of complimentary practices such as Mediation, Fact Finding, Ombudsman , Peer Review –why in your opinion is there such a low incidence of these practices in non-union MNC's?

In your experience do HR Managers in non-union organisations adopt a different set of assumptions about their requirements in relation to problem solving/dispute resolution than their counterparts in Unionised organisations?

Has trade union organising or the prospect of a union recruitment campaign played any role in the shape of your problem solving/dispute resolution system at any stage?

Section 3 - Current Practices

What constraints exist in permitting any (or a greater) external role within your problem solving system?

Why do non-union MNC's generally not have monitoring systems in place to review the effectiveness of their problem solving/dispute resolution mechanisms?

How do you rate the overall importance of the problem solving/dispute resolution system within your HR Strategy?

	Very Important	Important	Not Important
	☐	☐	☐

Can you explain your reasons why this is the case

_____

_____

_____

How do you rate the relative importance of the problem solving/dispute resolution system when compared to other aspects of your HR Strategy? E.g. Recruitment, Performance Management, Communications, Engagement

	Very Important	Important	Not Important
Recruitment	☐	☐	☐
Performance Management	☐	☐	☐
Communications	☐	☐	☐
Engagement	☐	☐	☐
Succession planning	☐	☐	☐
Reward	☐	☐	☐

What HR process (if any) would you consider to be less important in your organisation than the problem solving/dispute resolution system?

On a scale of 1-10 how would you rank your organisations approach to HR Issues in general
1 = compliant 10= Leading Edge

On a scale of 1-10 how would you rank your organisations approach to problem solving/dispute resolution
1 = compliant10= Leading Edge

Do you maintain general HR Metrics	Yes ☐	No ☐
Do you maintain specific Dispute Resolution Metrics*	Yes ☐	No ☐

* Data/information on the number and types of cases/issues that are raised each year and the level at which they are resolved

Finally, do you see any emerging pressures that may influence your approach to problem solving/dispute resolution in the future?