



# **Discretion & Autonomy in MNCs in Ireland**

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# Background

- **Standardisation versus Localisation Debate**
- **Substantive HR Areas and Configurational Areas explored in the survey**
- **Discretion Afforded to Local Management from Higher Levels among Foreign-owned Subsidiaries Operating in Ireland**
- **Discretion Granted to Local Management in the Overseas Subsidiaries of Irish-owned MNCs**
- **Conclusions on Discretion and Autonomy in MNCs**

# Standardisation V Localisation

- **MNC HRM policy and practice and that which is practiced in respective subsidiaries may be a balance between “localisation” (conforming to the norms of the host environment) or more “standardisation” (implementing distinctive HQ practices at local level**
- **Balancing the choice here may be important for the success of the subsidiary and the overall competitiveness of the MNC**
- **Argument made that MNCs may make different choices, depending on the country of origin and the nature of the host environment regulatory regime**

# Standardisation V Localisation

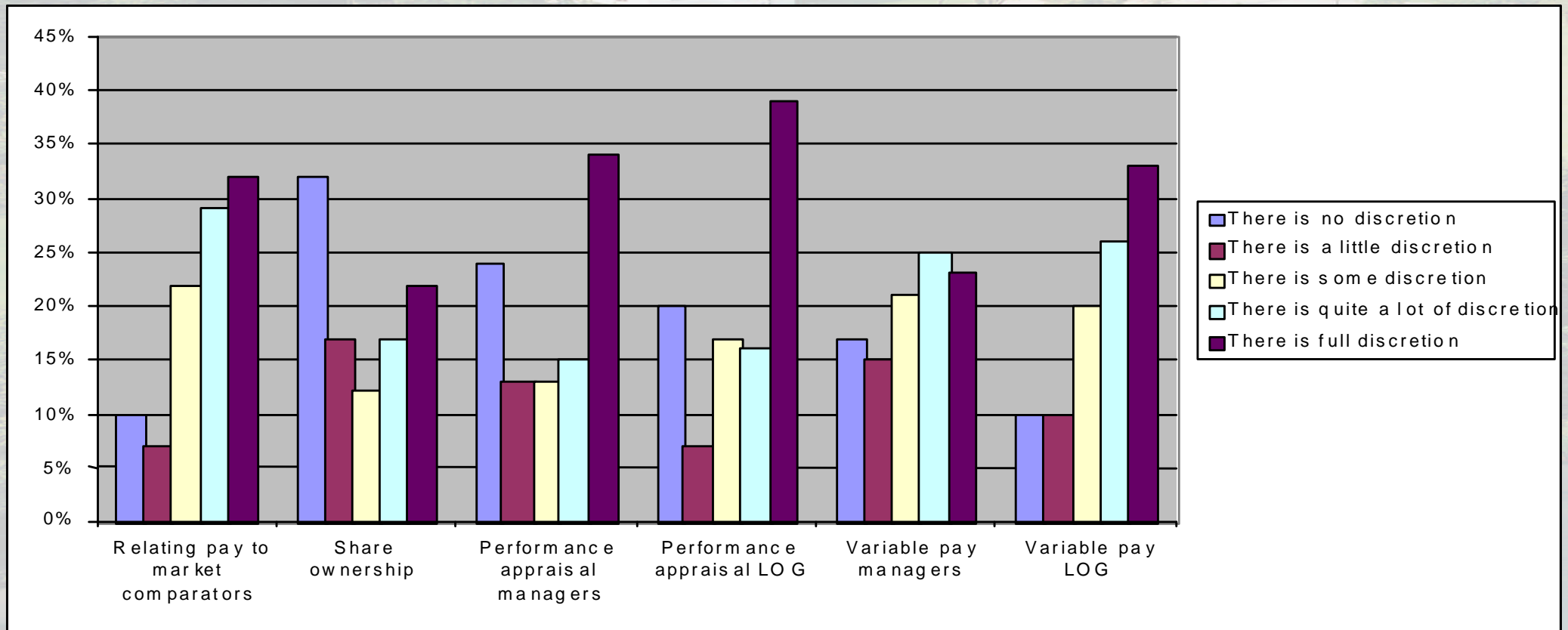
- **Important role played by the societal context in explaining differences in the extent to which MNCs can pursue standardised HRM practices**
- **Within HRM, generally accepted that there are a range of societal based institutional factors that significantly influence the policies/postures that organisations adopt**
- **Important here are the national industrial relations system, the historical pattern of industrialisation, the political system/the role of the state and the training and qualifications infrastructure**

# HR Domain and Configurational Areas Explored

- **Investigating the Extent of Management Discretion in HR Domian Areas**
  - **Pay & Performance Management**
  - **Employee Representation & Consultation**
  - **Employee Involvement**
  - **Training and Development**
- **Investigating Configurational Issues & TMT Staffing**
  - **Monitoring by Higher Level International Management**
  - **The Use of Shared Service Centres**
  - **International HR Networking**
  - **Staffing the Top Management Team**

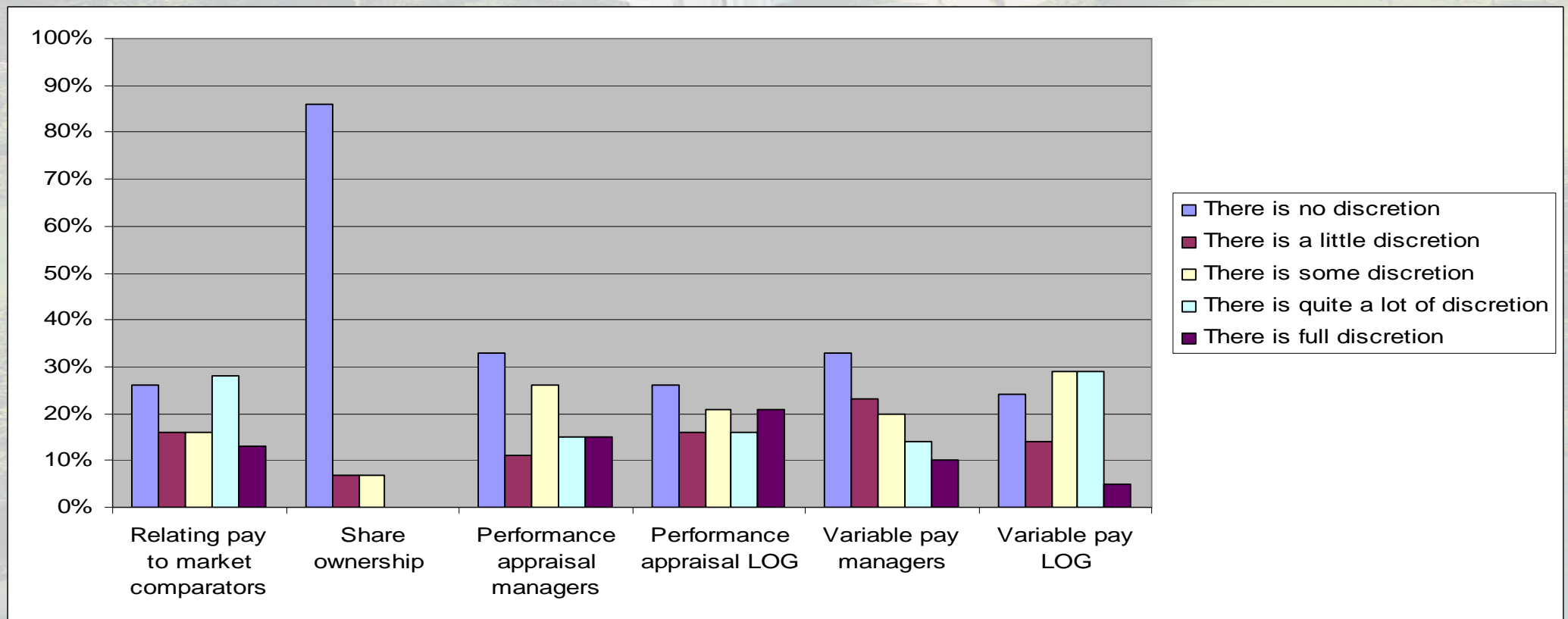
# Pay & Performance Management

## Discretion to Decide Financial Rewards (Foreign MNCs)



# Pay & Performance Management

## Discretion to Decide Financial Rewards (Irish MNCs)



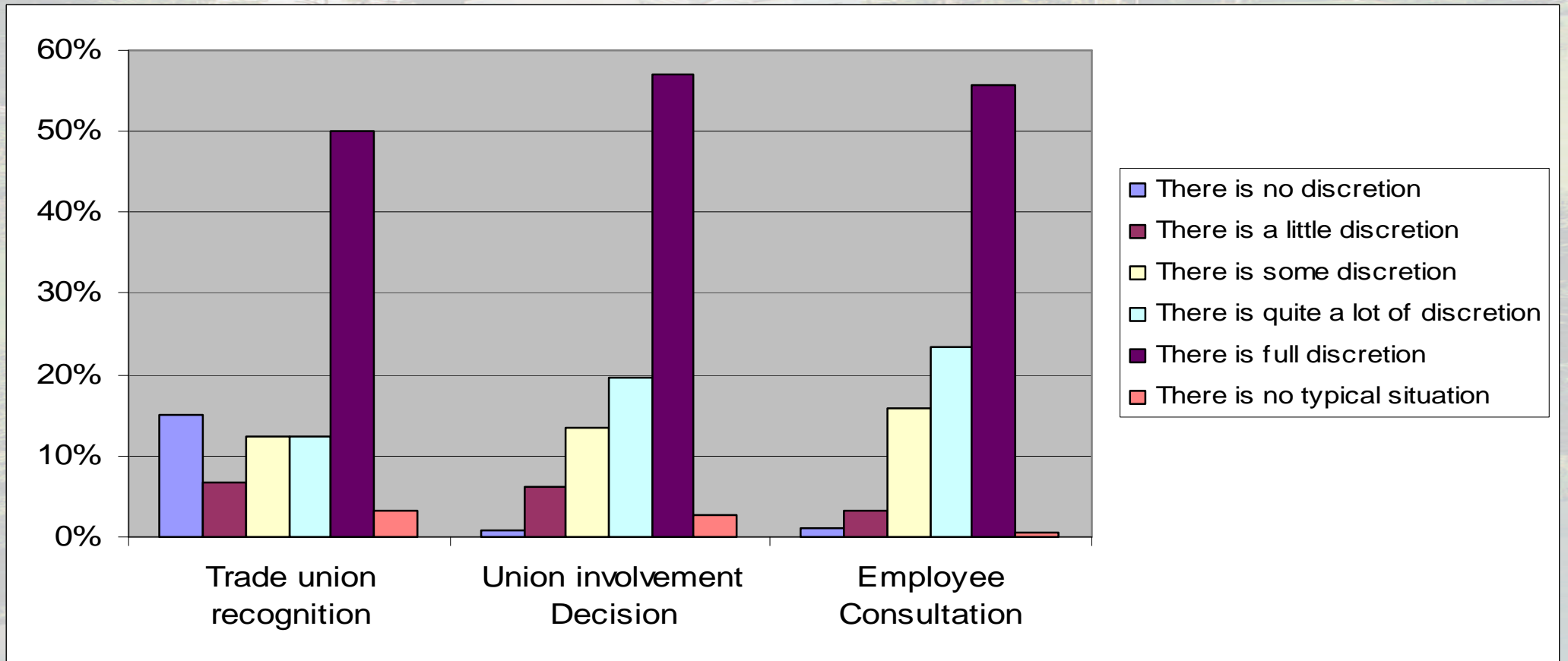
# Pay & Performance Management

- **Foreign MNCs tend to have considerable discretion in the area of pay**
- **61 per cent have either full or a lot of discretion**
- **In relation to variable pay, 59 per cent report full/a lot of discretion**
- **In performance appraisal some 56 per cent report full/a lot of discretion for the largest group of employees**
- **Irish MNCs afford relatively low levels of discretion to their foreign operations**
- **This is particularly pronounced with regard to share ownership where 86 per cent of Irish MNCs afford no discretion to its foreign operations over this issue**



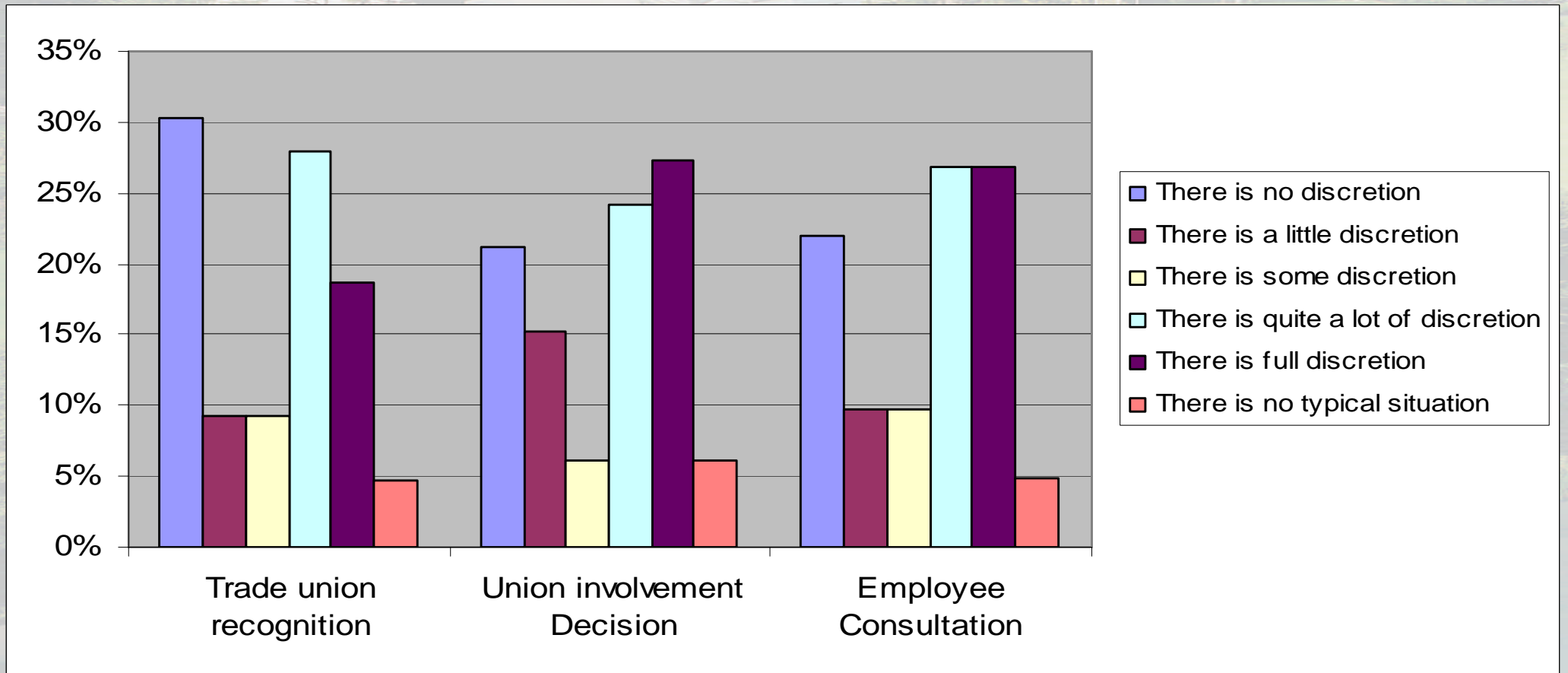
# Employee Representation and Consultation

## Discretion of Foreign-owned Subsidiaries



# Employee Representation and Consultation

## Discretion Afforded to Foreign Subsidiaries of Irish-owned MNCs



# Employee Representation and Consultation

- **Looking at management discretion in employment relations, we find an interesting contrast between subsidiary and headquarter perspectives.**
- **Among subsidiaries of foreign-owned MNCs in Ireland, respondents reported high levels of discretion/autonomy over employee representation and consultation.**
- **In contrast, the headquarter perspective provided by respondent in Irish-owned MNCs suggests that their foreign operations are afforded lower levels of discretion/autonomy.**

# Employee Involvement

## Discretion to Local Management in Ireland over Employee Involvement Issues - Foreign MNCs

	Full Discretion	Quite a lot of discretion	Some discretion	Little/no discretion
Employee involvement in work processes	61%	26%	9%	4%
Provision of information to employees	50%	31%	15%	4%
Suggestion schemes <sup>[1]</sup>	57%	32%	7%	5%
Attitude /opinion surveys <sup>[2]</sup>	27%	19%	14%	40%

<sup>[1]</sup> Only asked of those with such schemes.

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<sup>[2]</sup> *Ibid*

# Employee Involvement

## Discretion Irish MNCs Afford Foreign Subsidiaries in Employee Involvement Issues

	Full Discretion	Quite a lot of discretion	Some discretion	Little/no discretion
Employee involvement in work processes	39%	27%	12%	22%
Provision of information to employees	32.5%	27.5%	17.5%	22.5%
Suggestion schemes <sup>[1]</sup>	41%	18%	12%	29%
Attitude/opinion surveys <sup>[2]</sup>	21%	36%	7%	36%

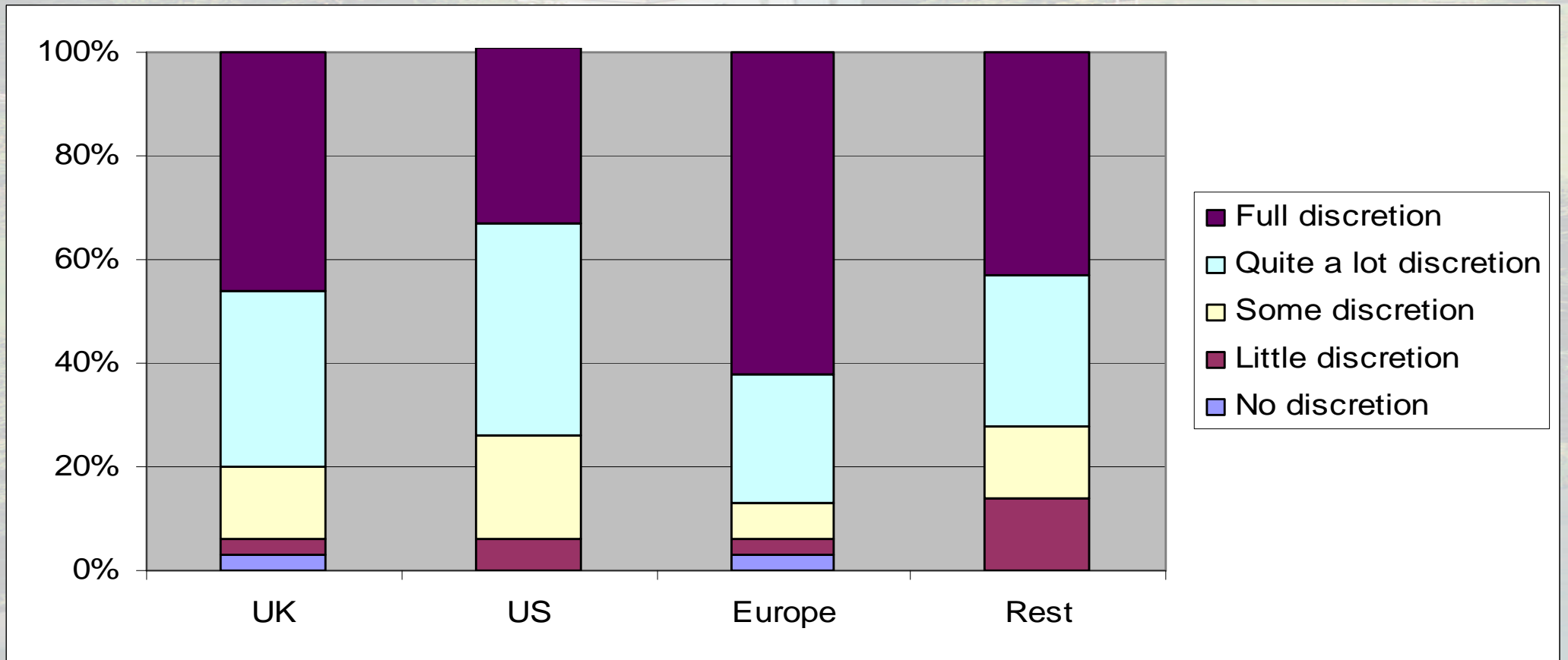
<sup>[1]</sup> Only asked of those with such schemes.  
<sup>[2]</sup> *Ibid*

# Employee Involvement

- **MNCs generally appear to have a high degree of discretion over most forms of direct communication mechanisms, with the exception of attitude and opinion surveys**
- **This high degree of discretion may reflect the fact that such direct forms of communication and involvement are within management control and are largely non-controversial**
- **Irish MNCs were reported as affording somewhat lower (although still quite high) levels of discretion to their foreign affiliates**

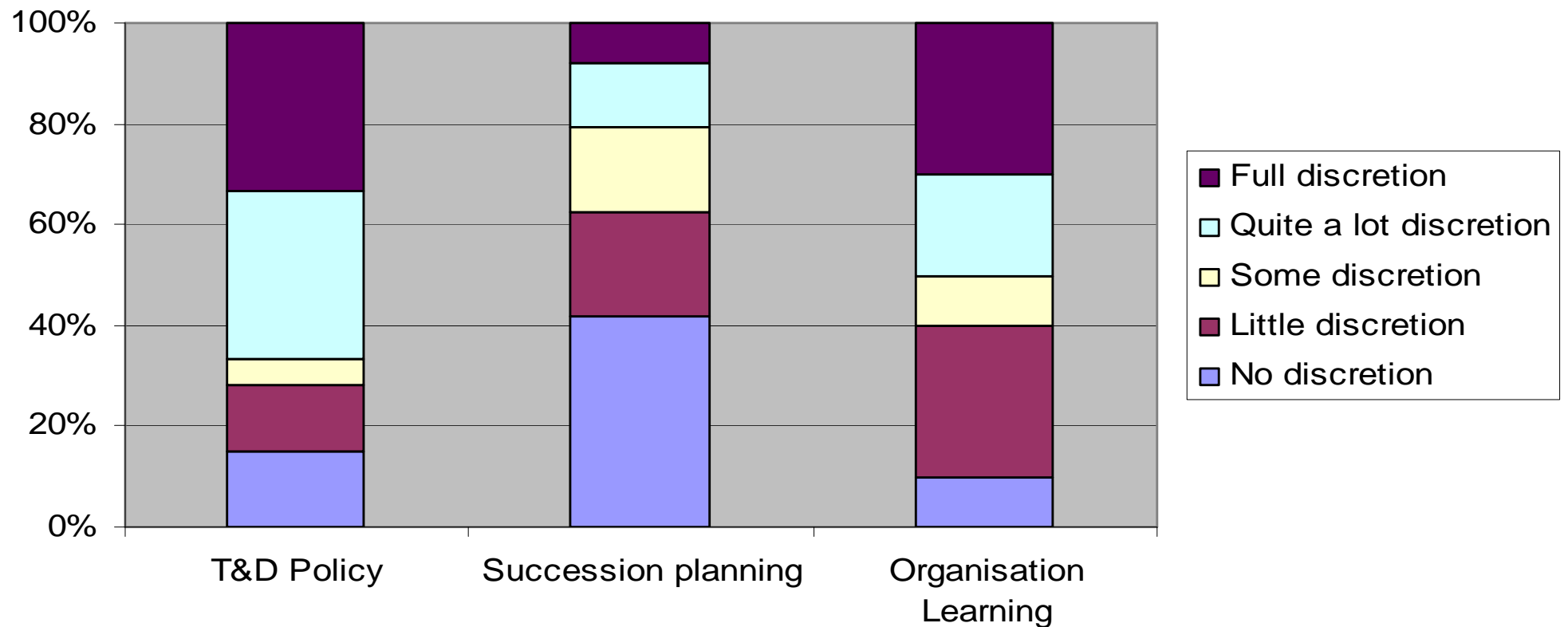
# Training & Development

## Discretion of Foreign Subsidiaries over T&D Policy



# Training & Development

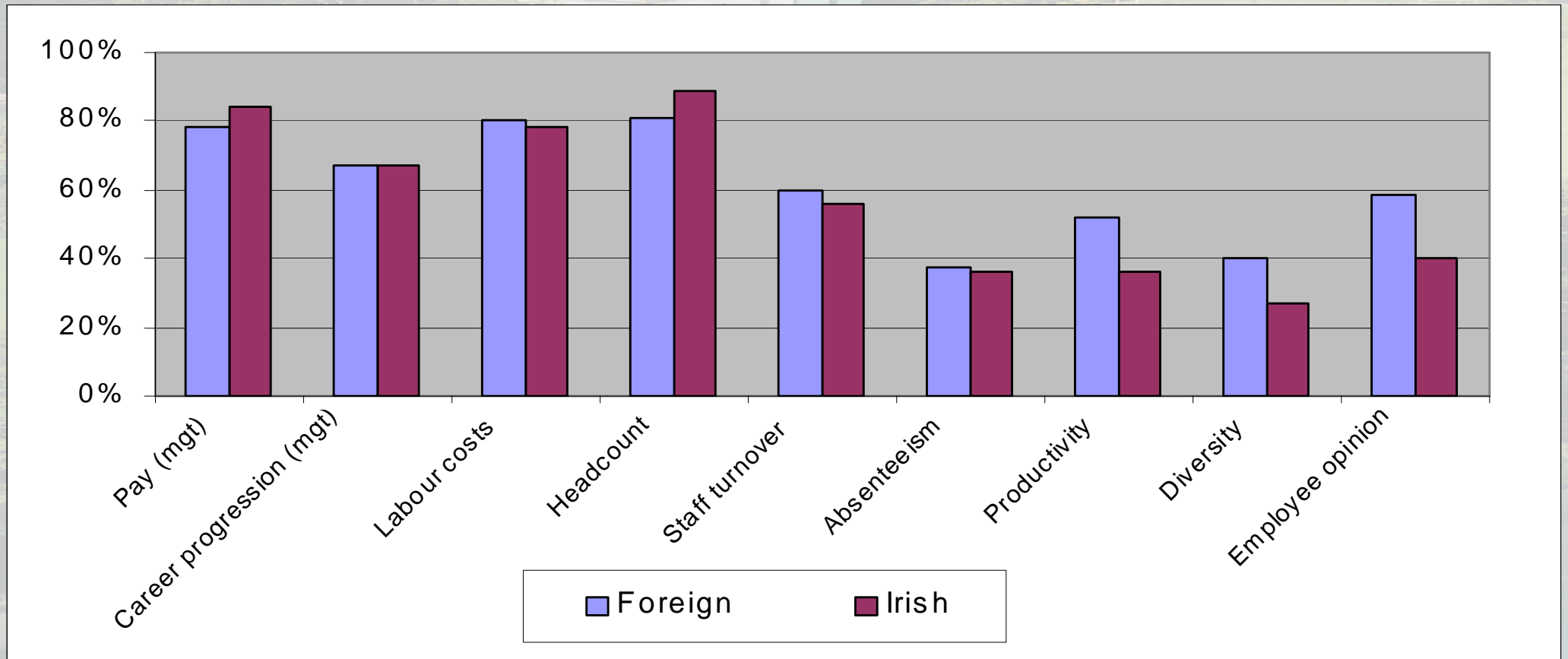
## Discretion Afforded to Foreign Subsidiaries of Irish-owned MNCs





# Monitoring by Higher Level International Management

Monitoring by Higher-level Management (%)



# Monitoring by Higher Level International Management

**The findings indicate a high level of monitoring by senior international level management among both foreign-owned and Irish-owned firms**

**The most monitored areas were employment numbers, labour costs, and issues relating to managerial grades (pay and career progression)**

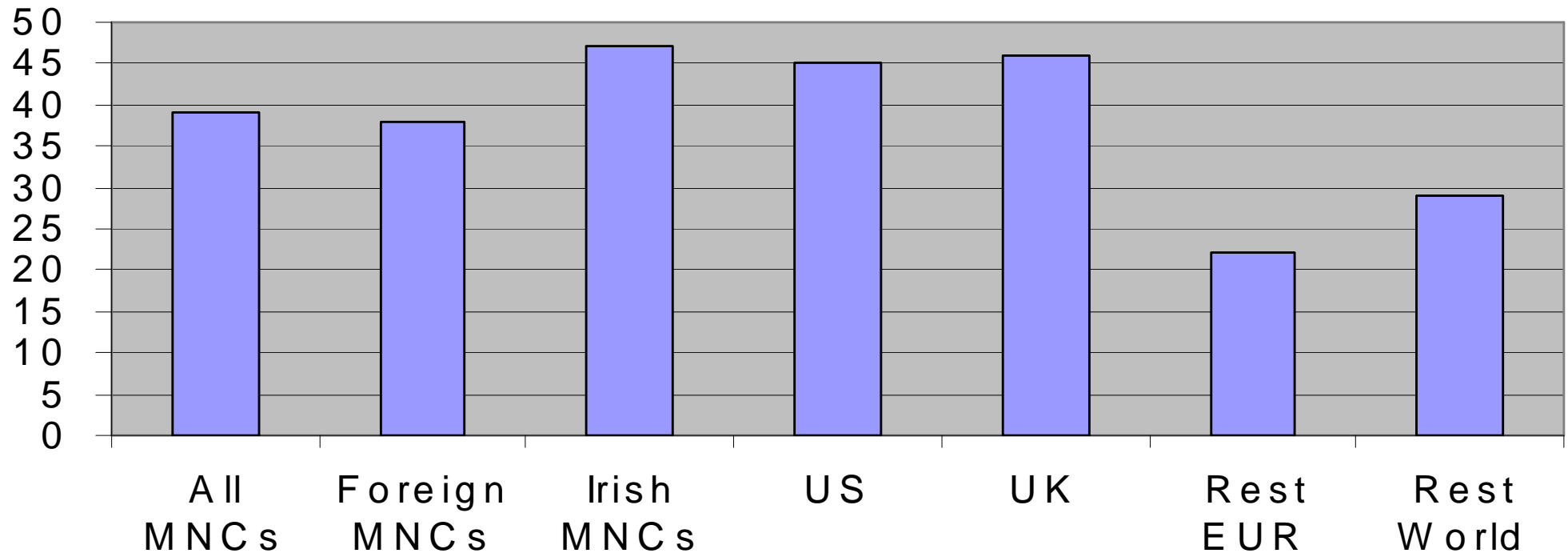
**The level on monitoring was lowest in relation to absenteeism and workforce diversity**

# Monitoring by Higher Level International Management

- A theme arising from the questions on discretion and autonomy was that of higher levels withdrawing some of the autonomy afforded to its subsidiaries, one catalyst for this phenomenon being *9/11* and its aftermath
- *Our level of autonomy has definitely shifted over the past few years. Really since 9/11 the corporate HQ has more influence over what we do (HR Manager, US manufacturing MNC)*
- *Since September 11<sup>th</sup> the financial situation has been much tougher and subsequently the parent headquarters has taken more control back in areas particularly where money is most at stake (HR Manager, US services MNC)*

# The Use of Shared Service Centres

Use of Shared Services Centres by Nationality (%)



# International HR Networking

International Networking of HR Managers by Nationality (%)



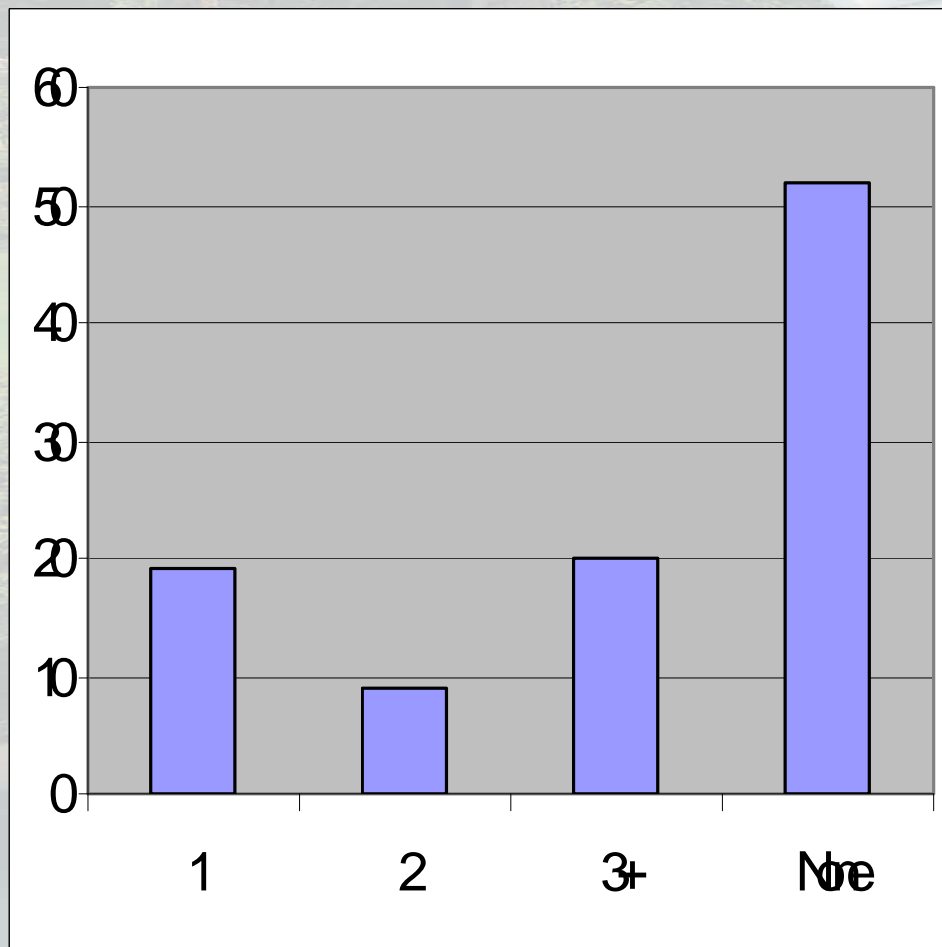
# International HR Networking

**In terms of networking between HR managers in different countries, MNCs are using a number of different mechanisms. The most popular mechanism is regular face-to-face meetings (78 per cent), followed by virtual networks (74 per cent).**

**The figures differ slightly amongst foreign and Irish-owned companies, with foreign MNCs more likely to engage with these methods**

# Top Management Team Staffing

Senior Management Staffing (%)



We came across a number of cases where necessity for experience of the home country environment as a requisite to securing a senior management appointment was changing:

Senior management here used to all be staffed by corporate people but over the last few years this has changed.

(HR Director, German services MNC)

We currently have no expatriates working here although this is a recent change as from start-up until relatively recently there were five expatriates here in management positions.

(HR Director, US services MNC)