

Employee Voice in MNCs in Britain

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Employment Practices of
Multinationals Survey



Multinationals, representation and voice

- differing preferences of MNCs from different countries-of-origin over representation and voice arrangements
 - union or non-union representation, or none at all
 - indirect or direct channels of consultative voice
- no large-scale study has examined MNCs from a range of countries within a single host environment
- particular lack of attention to variation between MNCs based in different European countries
- intra-model variation potentially important
 - demographic factors (e.g. sector, size, vintage)
 - corporate strategy and structure

UK employee representation and voice developments

WERS2004 → significant recent change

- further decline in union representation
- growth in non-union and hybrid arrangements
→ ‘growing heterogeneity of representational forms’
- decline in proportion of workplaces covered by joint consultative committees
- surprising given prospective implementation of UK’s ICE Regulations
- increase in already high proportion of workplaces using direct, 2-way forms of EI
- coverage of MNCs’ workplaces by EWCs

**Employment Practices of
Multinationals Survey**



Country-of-origin influences in the UK

- previous studies focused on MNCs from a handful of countries (US, Japan, Germany, UK)
- US-owned
 - hostility to union representation; no domestic scope for non-union representation; emphasis on direct voice
- Japanese-owned
 - representation (either union or non-union); emphasis on both direct and indirect voice
- German-owned
 - union-based representation; emphasis on indirect voice
- UK-owned
 - representation between US and German models; emphasis on direct voice

The UK MNCs' employment practices survey

- 2006 survey in UK operations of 302 MNCs
- covered MNCs with 500+ employees worldwide
 - overseas-owned: 100+ employees in the UK
 - UK-owned: 100+ employees in at least one other country
- 2-stage study
 - telephone screening: N=903, 54% response rate
 - main survey: N=302, 33% response rate
- face-to-face, structured interview with senior HR executive
- employee representation and voice one of four substantive areas in focus
- data on demographic variables, corporate strategy & structure

**Employment Practices of
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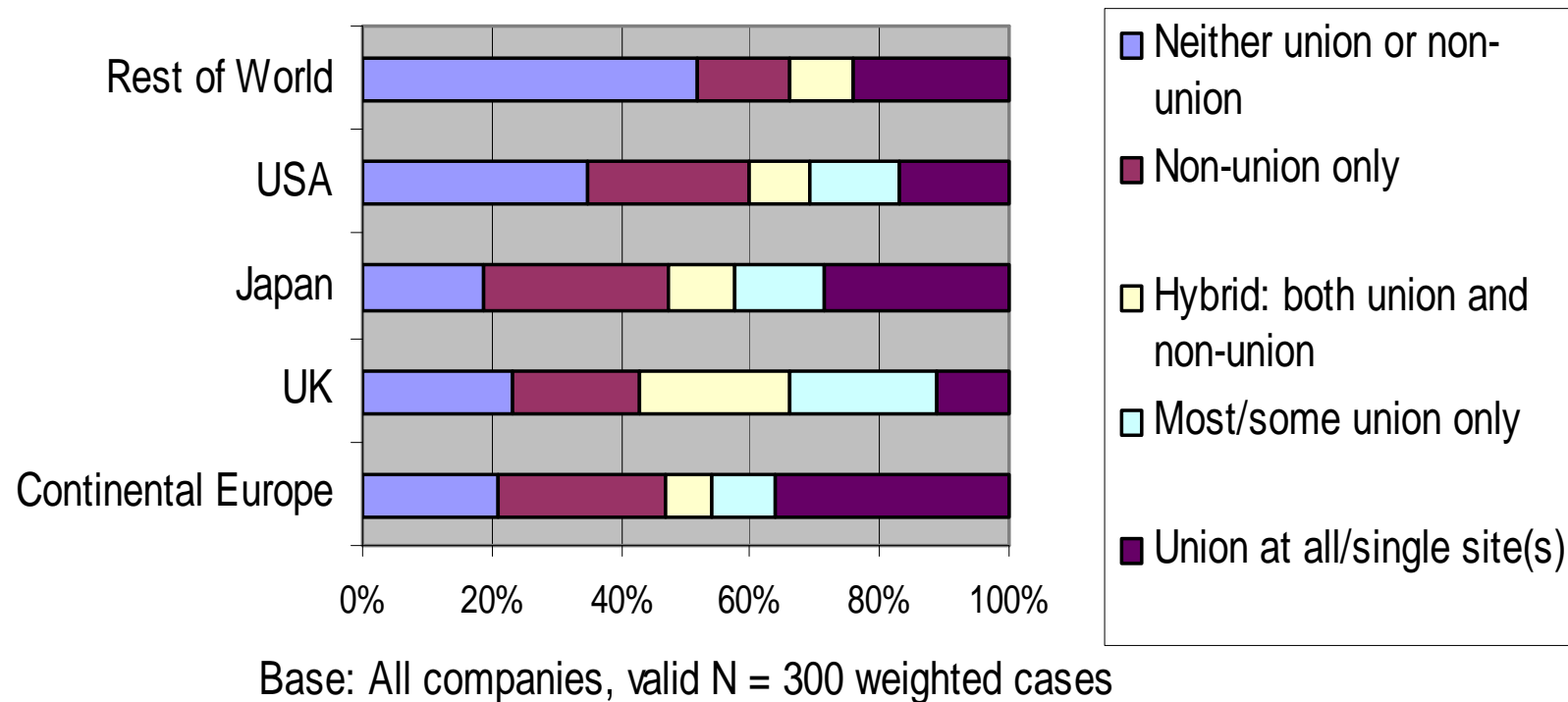
Patterns of employee representation

- representation arrangements for LOG (%)
 - union only 37
 - non-union only 24
 - hybrid (union & non-union) 11
 - no representation 29
- discernible trend away from union recognition
 - new sites: lower incidence of union recognition
 - little change in recognition status following acquisition
 - non-union structures: 51% established in previous 3 years
 - linked to impact of UK's ICE Regulations?

Patterns of representation - variations

- country of origin
 - US reference: > no representation
 - France: > union-only, > non-union only
 - Germany: > union-only
 - Japan, Nordic: no distinct pattern
 - UK: > union only, > hybrid
- sector
 - service reference: > no representation
 - manufacturing: > union only, > non-union only, > hybrid
- corporate strategy
 - few significant differences
 - acquisition: > hybrid

Chart 7.2 - Patterns of employee representation by country-of-origin



Indirect consultative voice

- Indirect voice: 82% of MNCs with indirect consultative structures
 - few country differences, except RoW
 - more widespread in manufacturing than services
- UK's ICE Regulations prompted substantial recent change
 - 38% of MNCs with indirect structures introduced new arrangements in previous 3 years (3/4 covering all sites)
 - 29% of MNCs with indirect structures modified existing arrangements

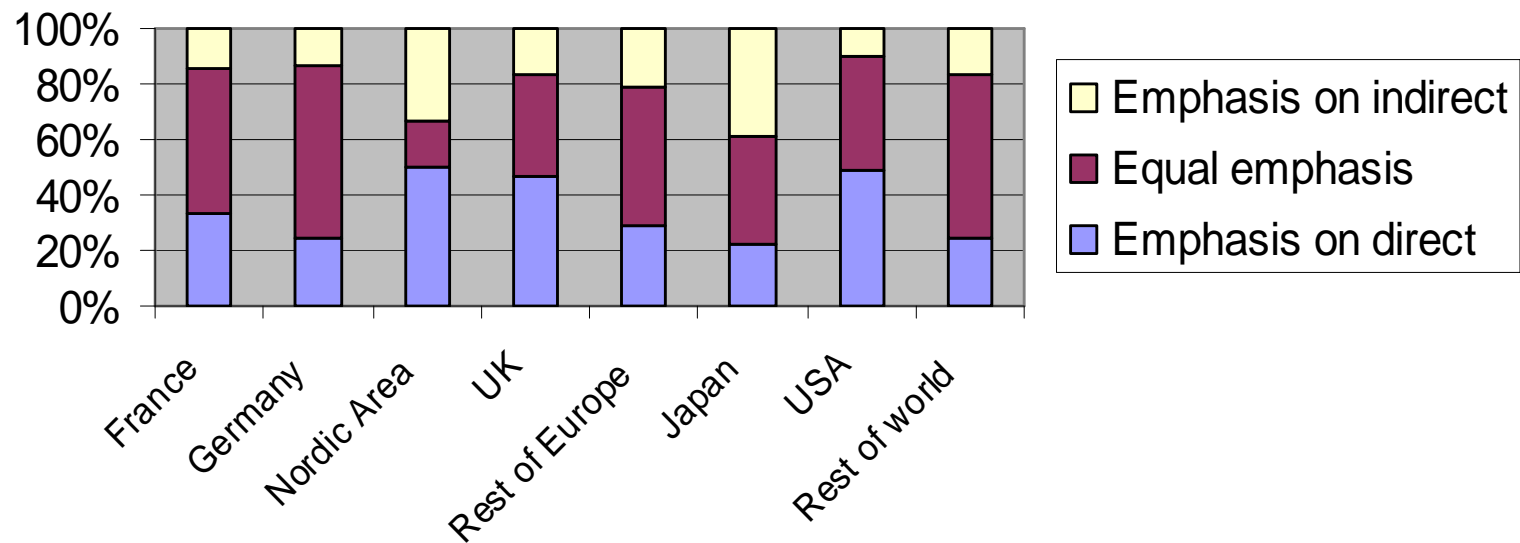
Direct consultative voice

- Direct voice: 99% of MNCs with 2-way forms of employee involvement
- relative emphasis on direct / indirect voice channels (%)
 - emphasis on direct 41
 - equivalent emphasis on both 42
 - emphasis on indirect 16

Emphasis on channels - variations

- country of origin
 - US reference: > direct
 - Continental Europe, Japan: > indirect
- sector
 - service reference: > direct
 - manufacturing: > indirect
- vintage
 - less than 5 years: > indirect
- corporate strategy
 - acquisition: > direct
 - diversified: > indirect

Chart 7.8 - Relative emphasis on direct and indirect channels by country-of-origin

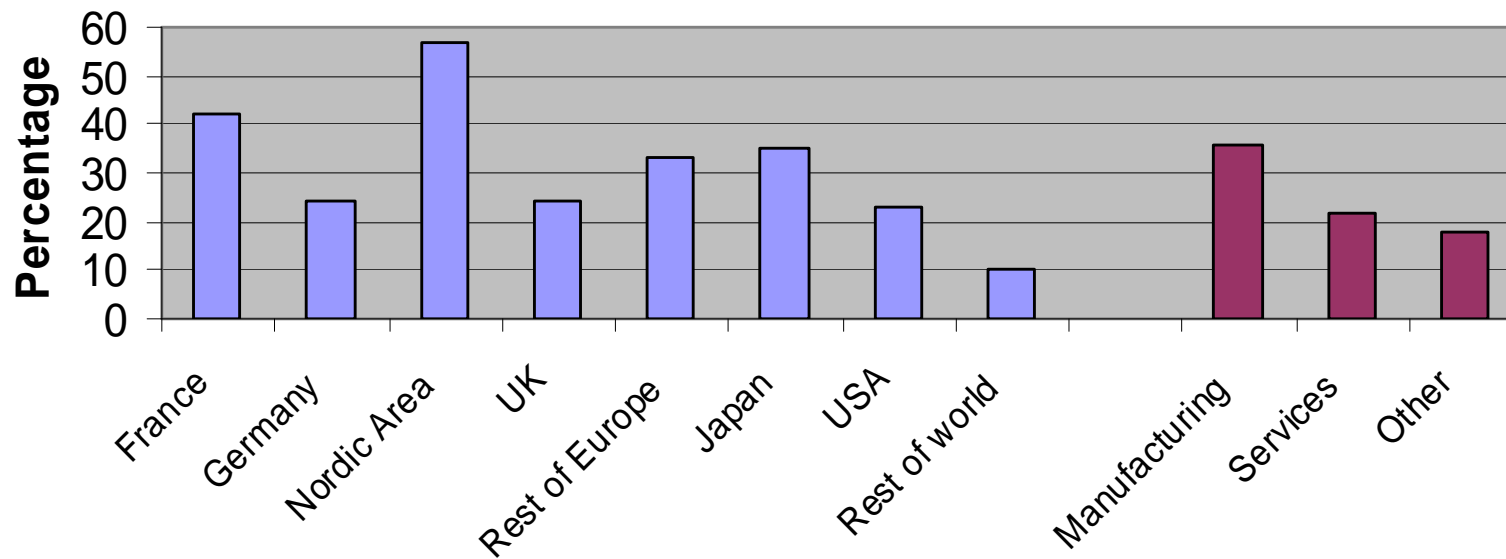


Base: Companies with consultative arrangements, valid N = 246 weighted cases

European Works Councils

- 28% of MNC UK operations covered by an EWC
- 'vertical coverage' of European and national consultative structures in 25%
- but no UK consultative arrangements in 1 in 10 cases covered by EWC
- country of origin [US reference]
 - > France, Nordic; < RoW
- sector [service reference]
 - > manufacturing
- worldwide employment size effect
- international HR structures strongly associated

Chart 7.7 - Presence of an EWC by country-of-origin and sector



Base: All companies, Valid N = 302 weighted cases; 4 'Don't know' responses to EWC question treated as 'No'

Key points

- country of origin influences on representation and consultation are evident, but less sharp than anticipated
- importance of 'intra-model' variation, and sector in particular
- 'dual track', equivalent emphasis on direct and indirect channels is as widespread as emphasis on direct only
- significant recent change in both representation and indirect consultation arrangements, partly legislatively induced