

Human Resource Practices in Multinational Companies in Ireland: A Large Scale Survey

Paddy Gunnigle, Jonathan Lavelle & Anthony McDonnell

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MNCs Matter

- Scale

- Drivers of globalisation

....Particularly in Ireland

- ‘Industrialisation by Invitation’
- Key role in economic growth (esp. US FDI)
- 2006: stock of American FDI of €52.5 billion - more than BRIC combined (€46.5 billion)
- Recent years ⇒ shift to services (esp. financial services)
- & Outward FDI growth (exceeds inflows)

Why survey MNCs in Ireland?

- ***Iralco & Tesco: a microcosm of the changing face of MNC activity in Ireland?***
- **Previous research unrepresentative**
 - 'large and famous'
 - Incomplete or inaccurate listings
 - Exclusion of home-owned MNCs
- **1st large-scale representative survey of HR in MNCs**
 - Definition of an MNC**
 - Foreign-owned: 500+ w/w and at least 100 in Ireland
 - Irish: 500+ employees w/w and at least 100 outside Ireland
- **Response rate - 63%**
- **Catches hitherto excluded categories**
 - Irish MNCs
 - Non-aided MNCs (esp in retail & hospitality)

Profile of MNCs in Ireland

- **Origin:** US 40%, Cont.Eur 24%, Ire 18%, UK 13%, RoW 5%
- **Size ww:** 42% Foreign > 30,000 ww; Irish 32% > 5,000ww
- **Size Irl:**
 - Foreign: just 2% > 5,000+, 23% > 1,000
 - whereas Irish: 57% > 1,000
- **Sector:** Services = 51%; Manuf. = 39%; Multi-sector = 10%

Foreign MNCs

- Most of recent vintage & via greenfield site
- Most multi-site
- High 'Job Churn'

Profile, *contd*

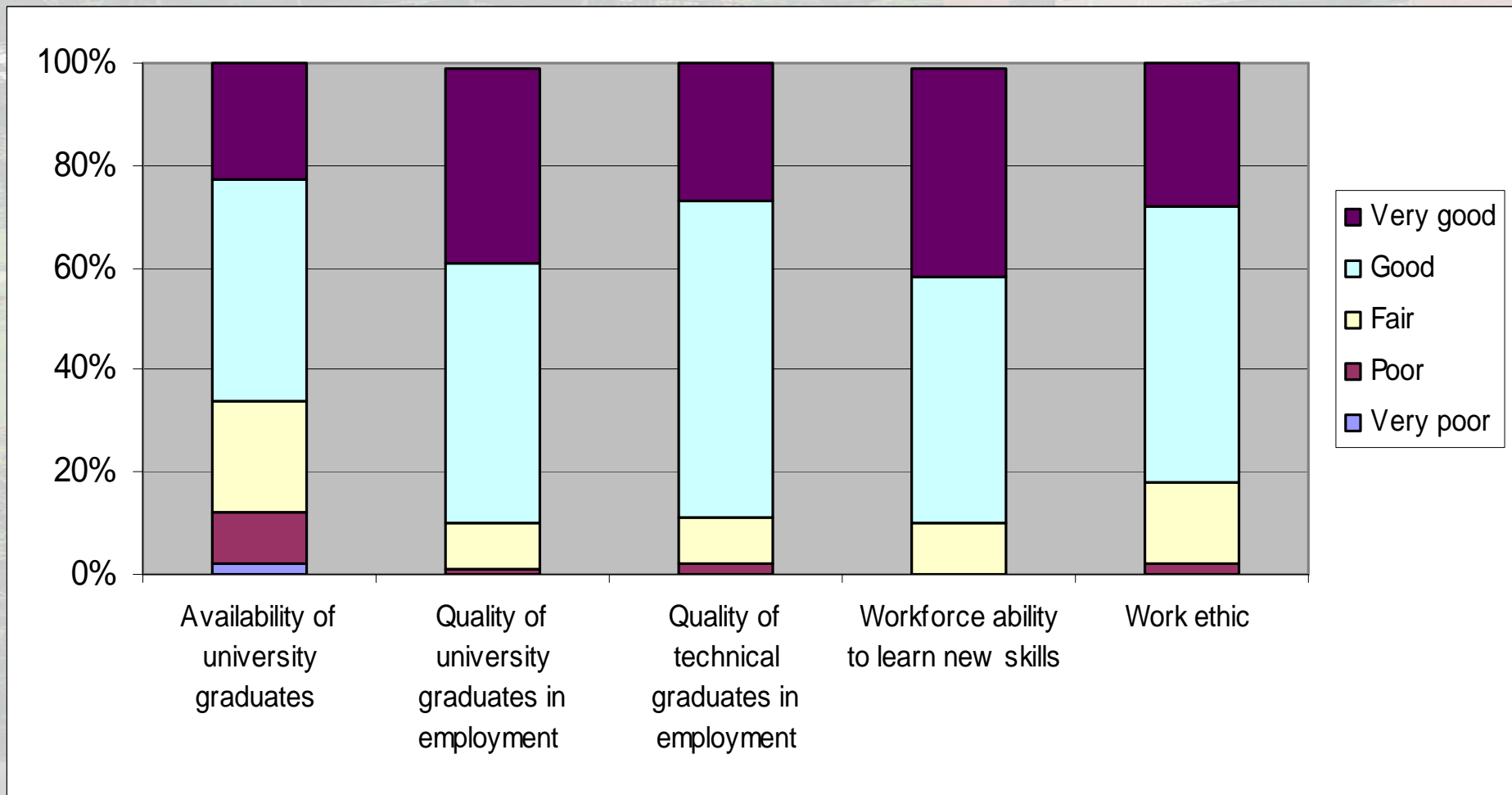
Irish MNCs

- new to international stage, greenfield significant
- But reasonable geographical spread
- & High job churn

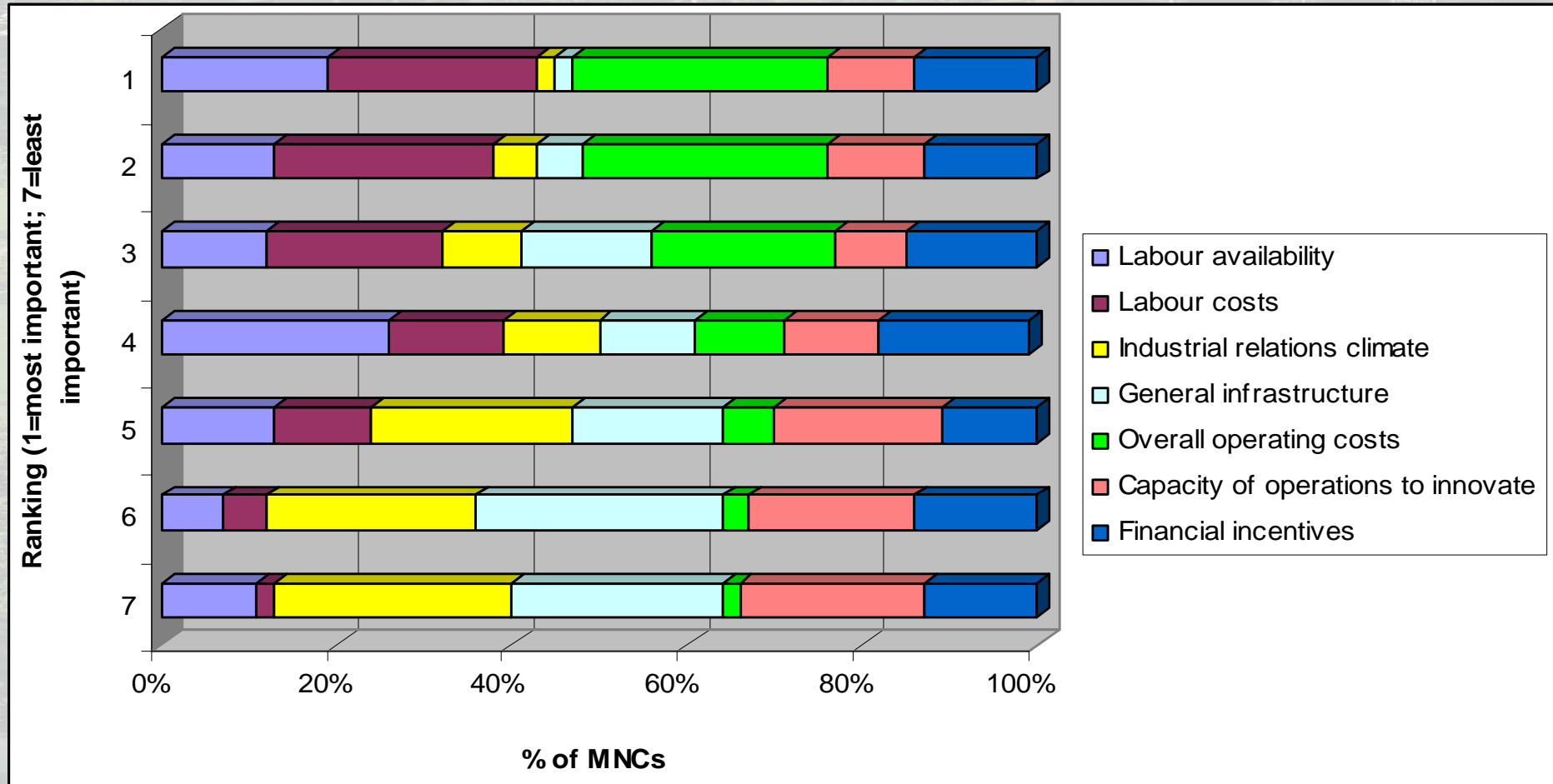
Overall

- Low temporary & part time working
- Position in **value chain**: most view as important
- *Satisfaction with Irish labour force...*
- *Factors impacting on new investment decisions...*

Satisfaction with Irish Labour Force



Factors influencing decisions on new investments



Focus of Study

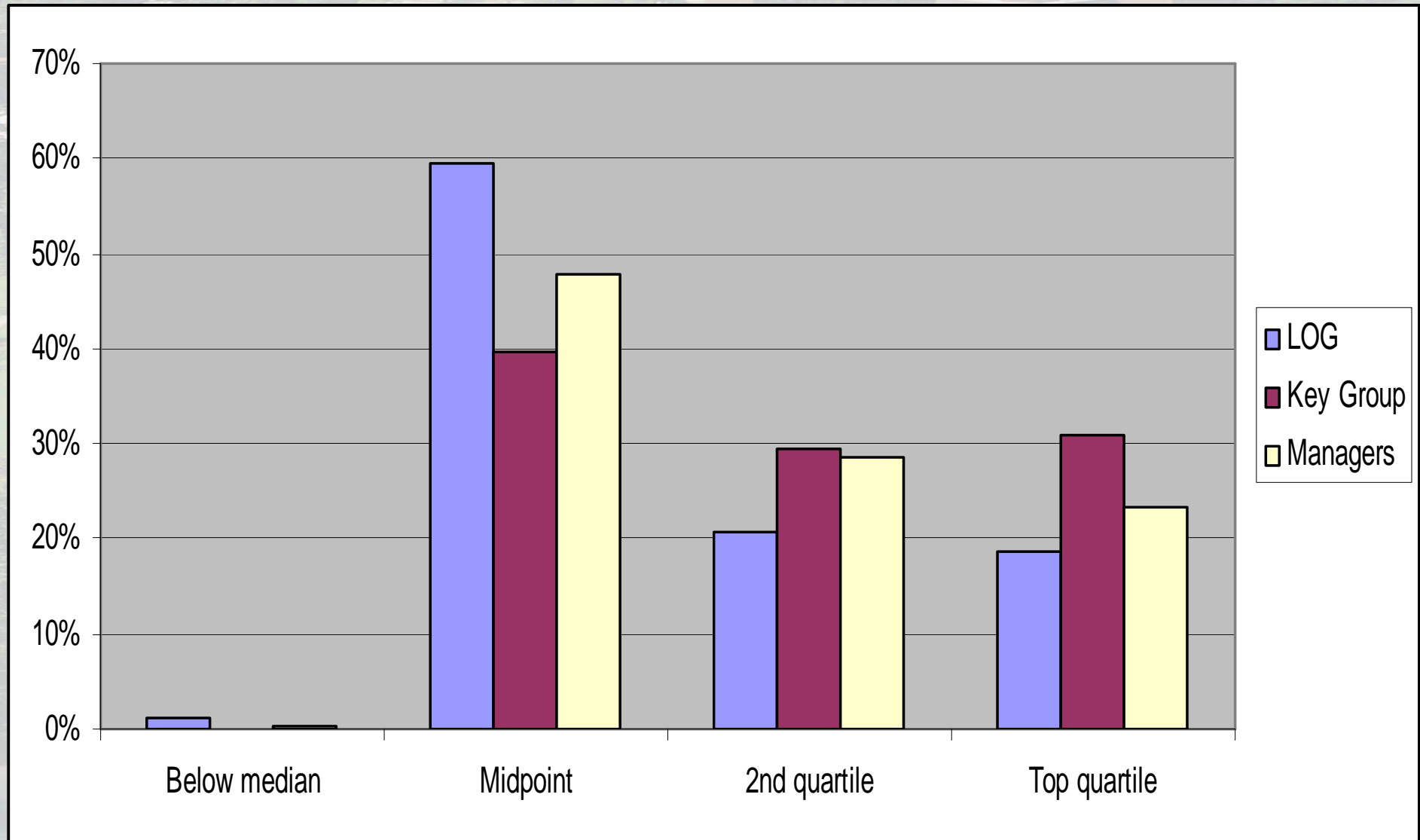
Four areas of employment practice:

- pay & performance management
- training, development, & org. learning
- employee involvement and communication
- employee collective representation and consultation;

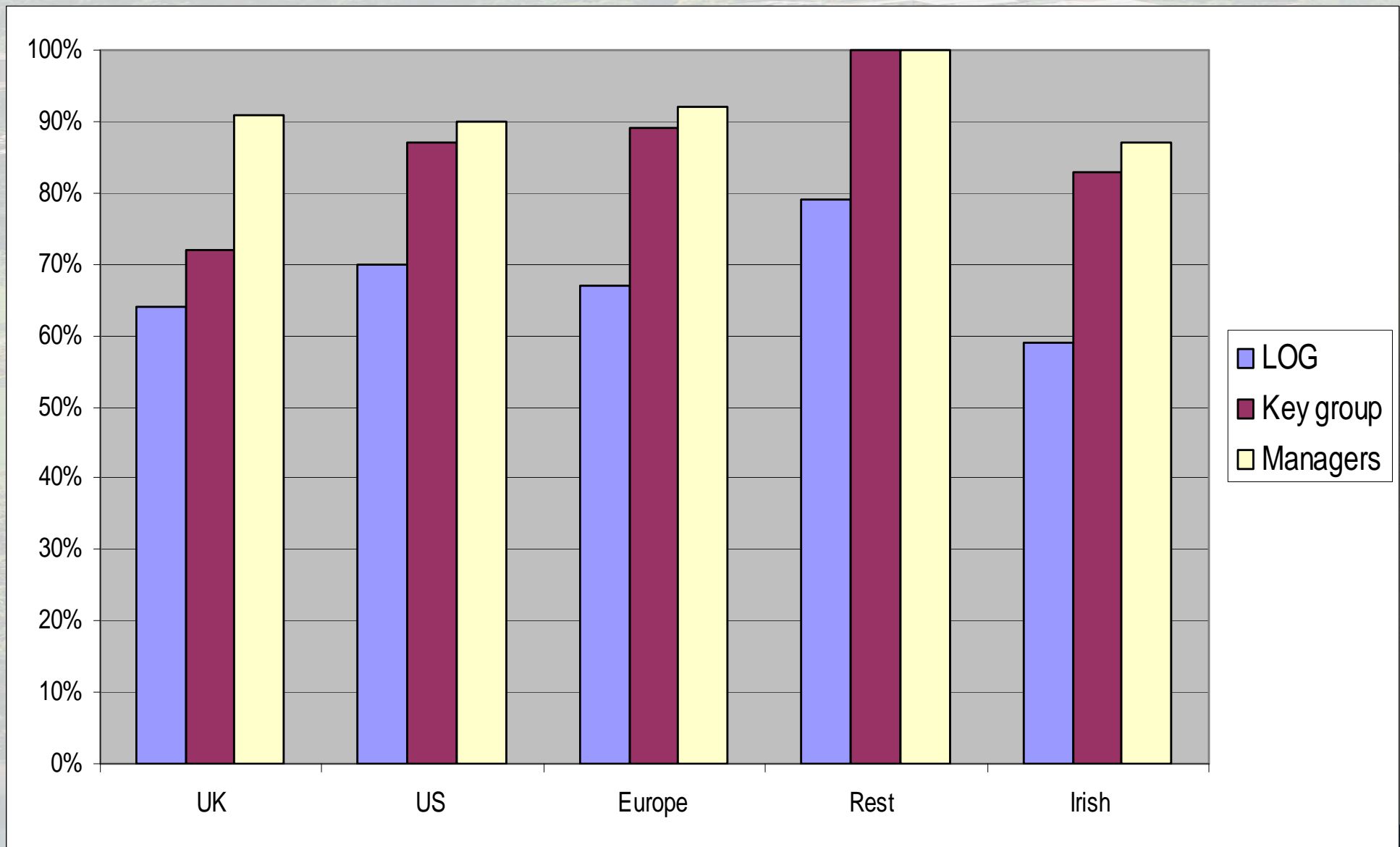
& Three distinct staff groupings

- managers
- the 'largest occupational group' (LOG)
- the 'key group' i.e. a group that the MNC defines as key to competitive advantage [excluding managers]

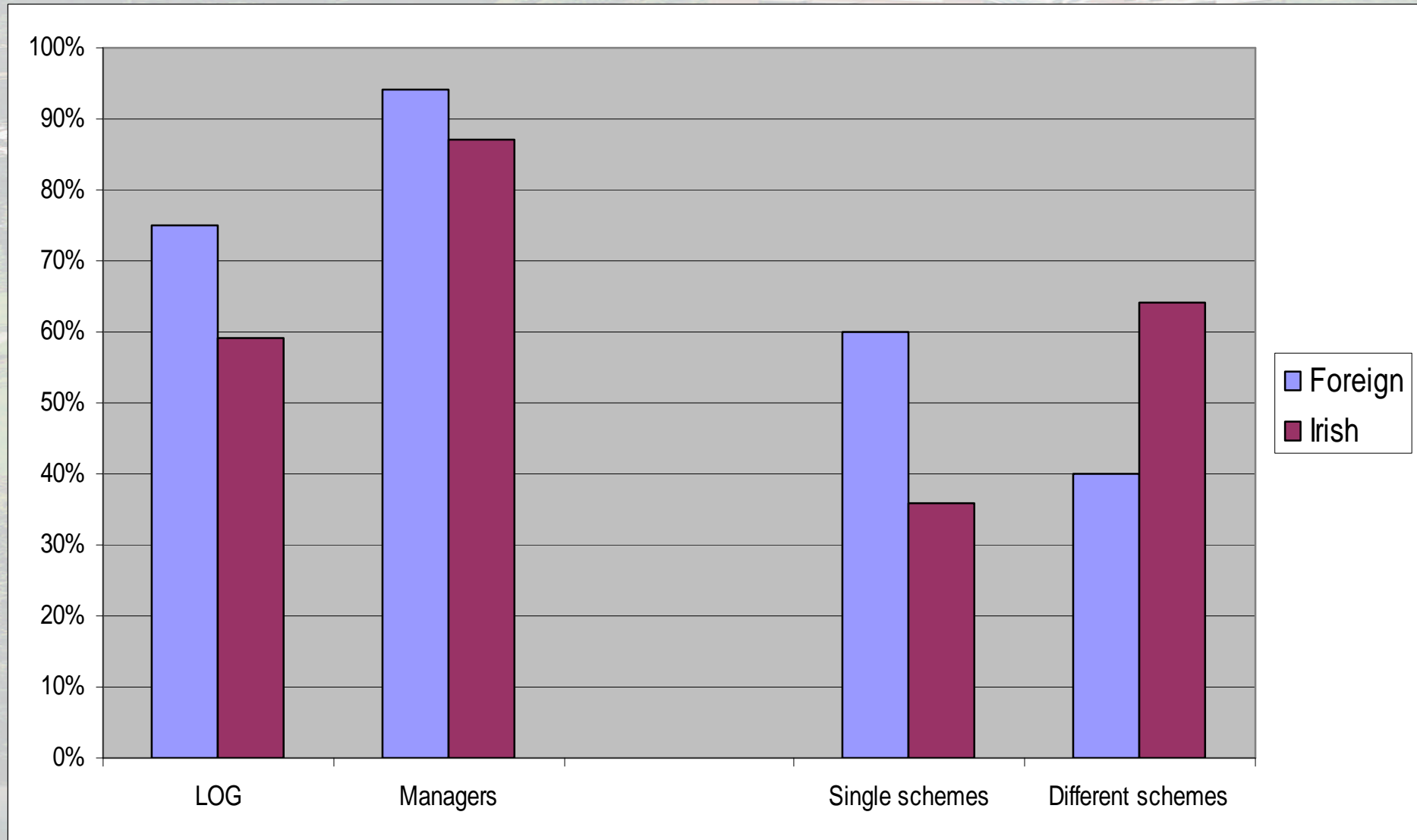
Pay Policy in MNCs



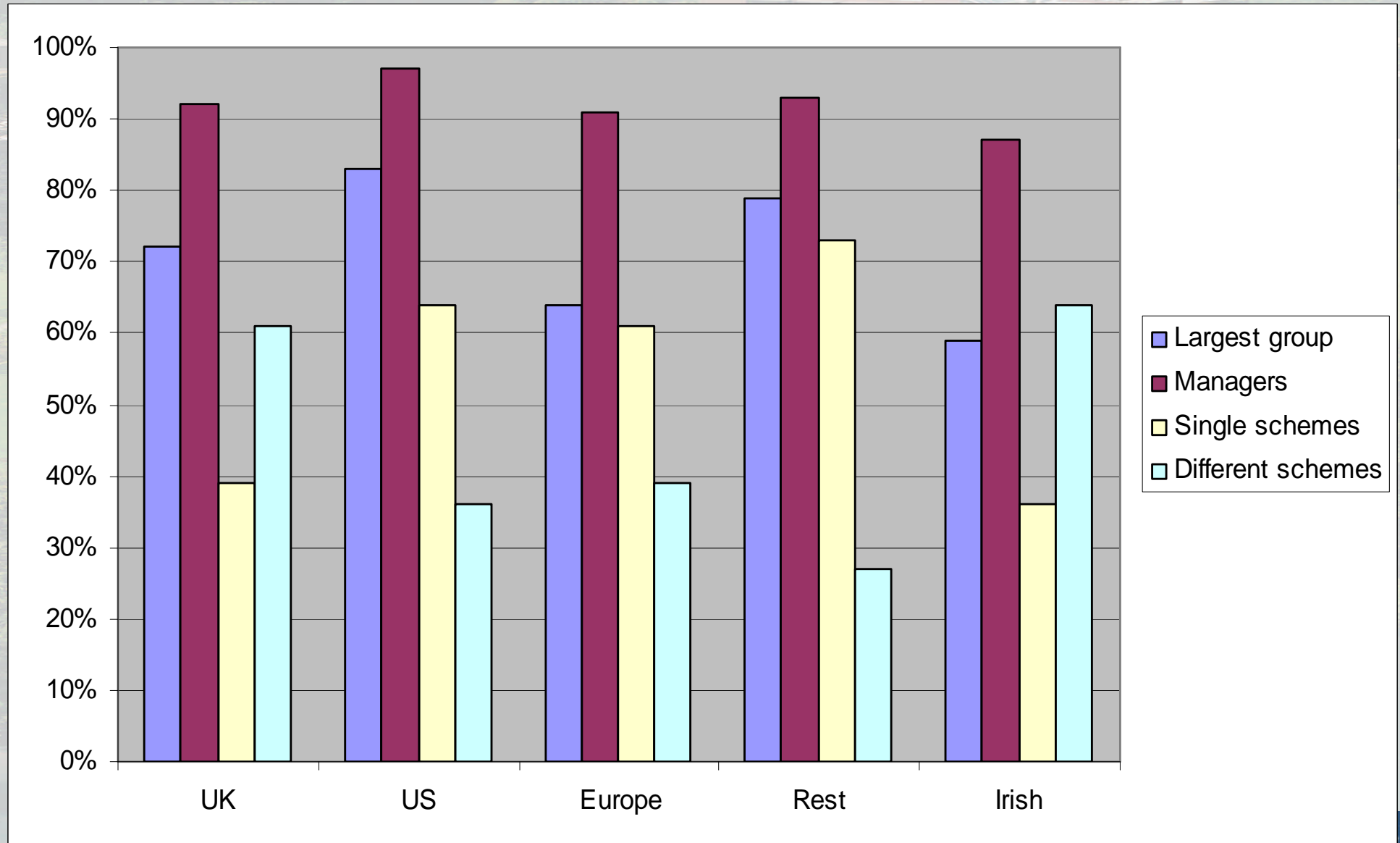
Variable/PRP in MNCs



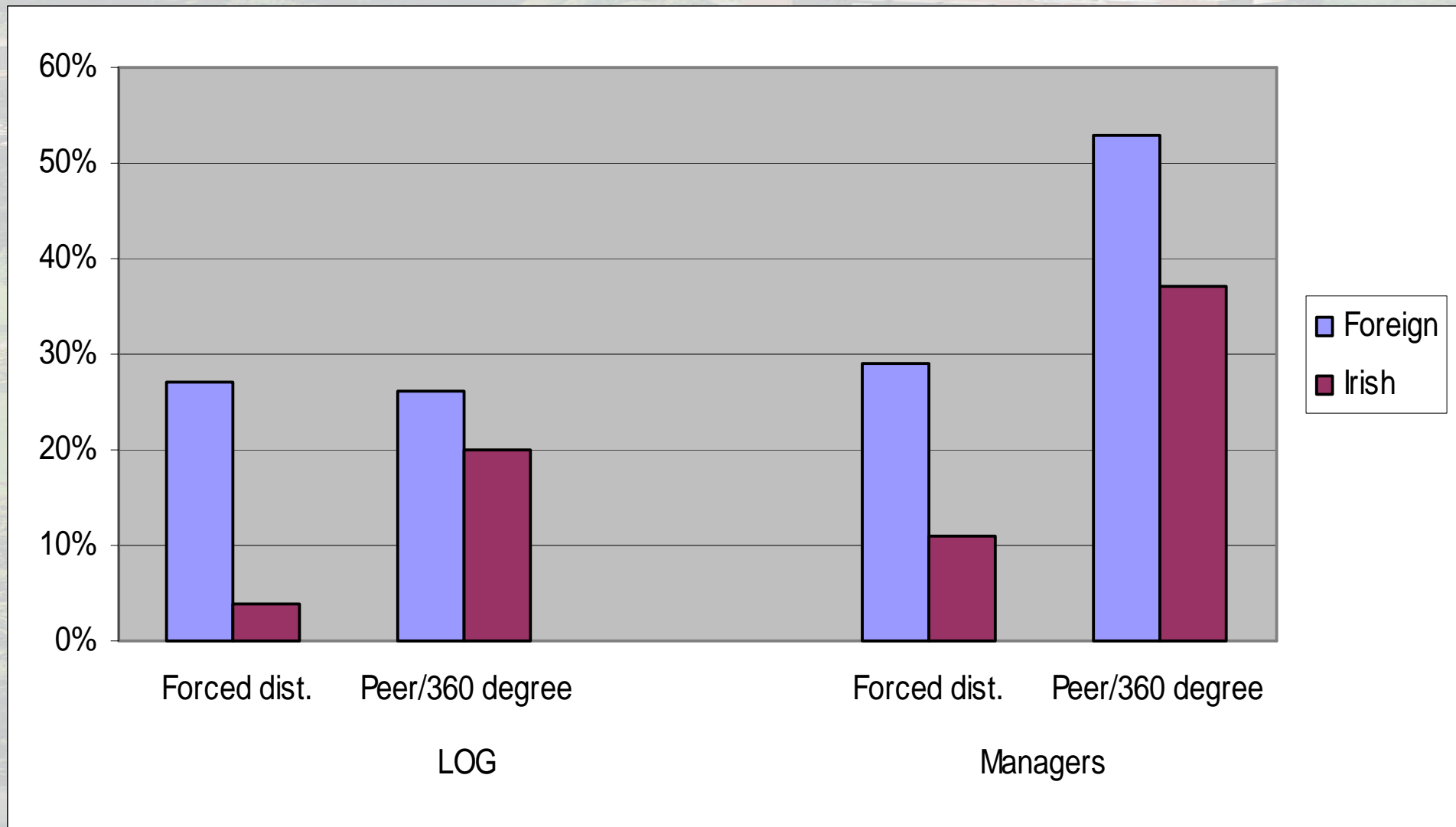
Performance Appraisal in MNCs



Performance Appraisal by country of origin



Performance Appraisal Methods



Training & Development:

MNCs = big spenders?

- Majority spend 1%-4% of annual pay bill on T& D
- US MNCs highest spenders, then UK & European... but differences not substantial
- 66% have succession planning...mostly global in orientation
- 50%+ have formal management development programme...often global in reach.
- US firms most likely to use all T&D interventions
- 57% of firms with 'key group' have specific development programme for this group

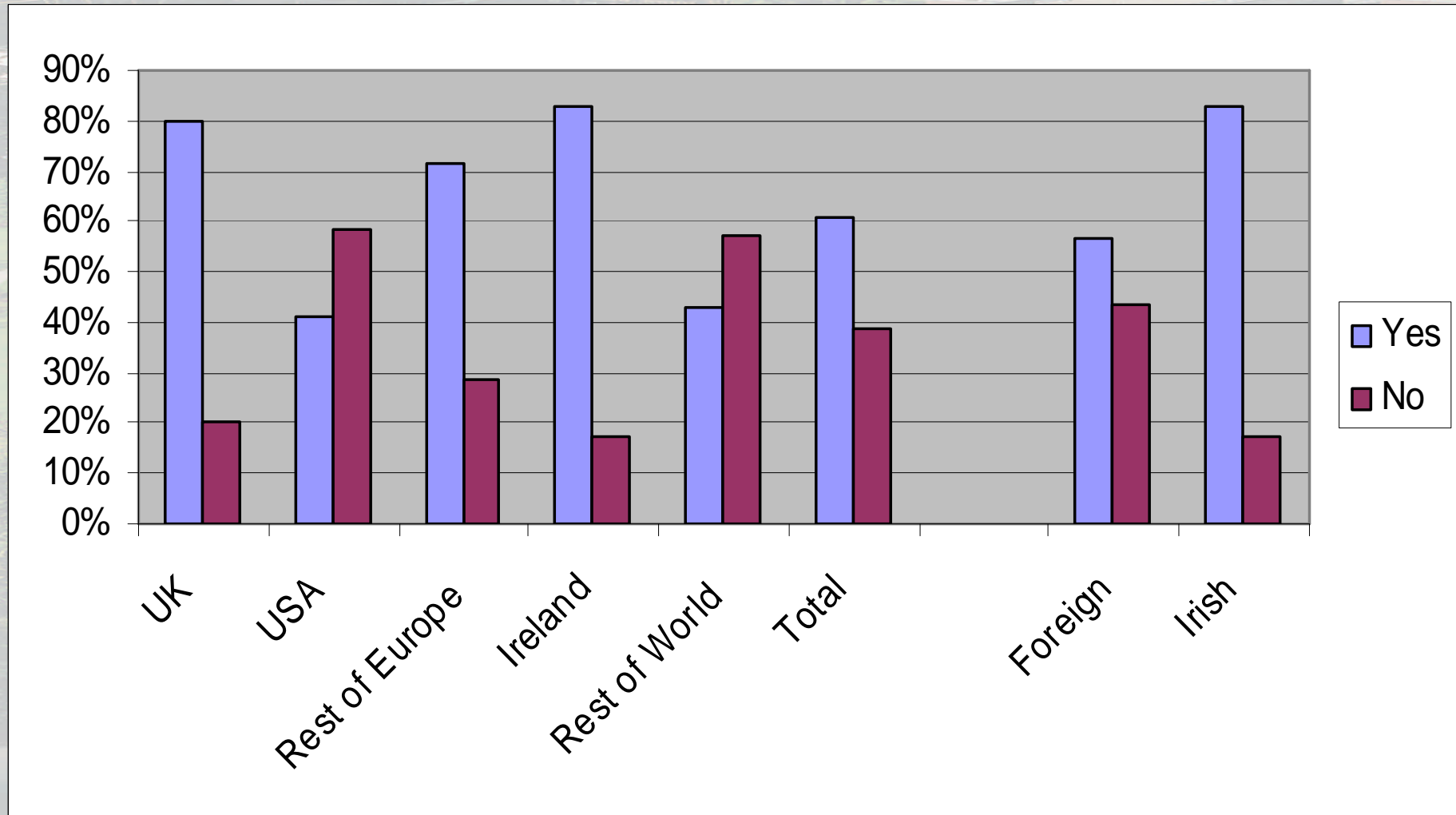
The HR Function

- 54% have HRIS
- 39% have HR shared service centres – highest utilisation in Irish MNCs.
- 59% have HR policy formation body – higher in foreign owned, particularly US.
- High levels of international networking between HR managers involving a wide range of mechanisms
- High level of monitoring by senior international management – (headcount, labour costs, pay)..*Michael to cover*

Union recognition in MNCs

- 61% of all MNCs engage with a trade union
 - 17% recognise union(s) at some sites
 - 29% at all sites
 - 15% at single sites
- High in comparison with previous studies
- Possible explanations?
 - Size of the MNCs
 - Wider coverage...indigenous MNCs, more UK, More non-aided (Retail & Leisure)
 - Organisational level study (no double counting)
- Clear country of origin effect
 - 8 in 10 UK & Irish, 7 in 10 Eur MNCs recognise TUs
 - 4 in 10 US MNCs

Trade union recognition by ownership



Union recognition in new sites

- Four in ten (42%) unionised firms recognise TU s in **all** new sites.
- A third (33%) in **some** sites.
- A quarter **did not** recognise TUs at any new site(s).
- \Rightarrow 6 in 10 unionised MNCs establishing some new sites on a non-union basis – ‘*double-breasting*’
- Strong country of origin effect – American US MNCs to the fore

Non-union structures

- A third of all MNCs have non-union representative structures.
- US MNCs the most likely
- 60% established within the last 3 years.
- Possible stimuli
 - Information and Consultation Directive?
 - Staving off union recognition using ‘Right to Bargain’ legislation (*RyanAir* Case)

Union recognition in new sites by ownership

