Introduction
The extent and nature of collective employee representation in multinational companies (MNCs) in Ireland has been the subject of intense debate over recent decades. Yet despite numerous commentaries on this and other aspects of industrial relations (IR) in MNCs in Ireland, we have no overall, authoritative picture of the ways in which MNCs manage IR (cf. McDonnell et al., 2007). This chapter reports findings from the first large-scale representative survey of employment practice in MNCs in Ireland. Using data from some 260 MNCs, we present findings on key aspects of IR practice, particularly in regard to trade union recognition and avoidance, collective bargaining and European Works Councils (EWCs).

This chapter is organised into four sections. In the first, we summarily profile MNCs in Ireland and IR therein. The second focuses on our research methodology. The next section outlines the main findings of the survey, addressing issues such as trade union recognition, union density, non-union structures of employee representation, collective bargaining and EWCs. The fourth and final section concludes the chapter with a brief summary of the findings.

Multinational companies in Ireland and industrial relations (IR)
One of the most significant contributory factors to the growth of the Irish economy has been its success in attracting high levels of inward foreign direct investment (FDI) by MNCs. Ireland has been described as one of the most MNC-dependent economies in the world, the result of a consistent public policy focus on enticing inward FDI via a package of incentives which include a comparatively low level of corporation tax (cf. Gunnigle and McGuire, 2001; Barry, 2002; Gunnigle et al., 2005). The cumulative stock of inward FDI in Ireland was US$211 billion in 2005, which is triple the European Union (EU) average in terms of its proportion of gross domestic product (GDP), with over half of this investment coming from the US and a quarter from the UK (Forfas, 2007). The impact of inward FDI is particularly evident in regard to job creation; the numbers employed in foreign-owned companies, as a percentage of total international traded related employment in Ireland, is the highest in the world (UNCTAD, 2007). Whilst the significance of inward FDI is widely publicised, the scale of outward FDI by Irish-owned MNCs has been comparatively unheralded despite quite phenomenal growth over more recent years. Ireland is now both a significant recipient of inward FDI by foreign-owned MNCs and a significant source of outward FDI by Irish owned MNCs. Indeed outflows have grown more sharply than inflows in recent times, reflecting the increasing numbers and scale of Irish-owned MNCs (Barry et al., 2003; Everett, 2006). In 2005, FDI outflows stood at $12,931 million, a significant increase from the 1997 level of $1,014 million (UNCTAD, 2006).

Given the importance of both foreign and Irish-owned MNCs, it is to be expected that their IR policies and practices have received considerable attention in the literature.
Here we find two contrasting perspectives. Based on early research on IR in MNCs in Ireland, we can firstly identify what has been termed the ‘conformance thesis’. This work found that IR practice in foreign-owned MNCs largely conformed to the prevailing traditions of larger indigenous firms, notably in conceding trade union recognition and in relying on adversarial collective bargaining as the primary means of handling IR. Two pieces of research are significant here. Kelly and Brannick examined the IR practices of 27 MNCs operating in Ireland and concluded that “in general, MNCs are regarded as no different than Irish firms and the trend seems to be one of conformity with the host country’s institutions, values and practices” (1985: 109). Following this, Enderwick (1986) also looked at the IR practices of foreign-owned companies and identified a number of theoretical propositions why foreign-owned MNC subsidiaries might - hypothetically - implement different IR practices to those pertaining in indigenous companies. However, his empirical review found no evidence to suggest that foreign-owned companies were doing anything substantially different to indigenous companies and - similar to Kelly and Brannick - concluded that foreign-owned companies adapted to the traditions of the Irish IR system (cf. Roche and Geary, 1996).

The second, more recent, perspective is that a ‘new orthodoxy’ now characterises Irish IR. This is premised on the notion that foreign-owned MNCs no longer conform to prevailing local IR norms (Roche and Geary, 1996; Turner et al., 1997a; Turner et al., 1997b; Geary and Roche, 2001; Lavelle, 2008). This literature broadly posits that foreign-owned MNC operations have increasingly adopted IR approaches more reflective of their own (home country) traditions. Roche and Geary (1996) in their review of foreign-owned MNCs in Ireland argued that foreign-owned MNCs were acting as the catalyst for change in IR in Ireland. A specific manifestation of this change was a growth in union avoidance by US MNCs in Ireland, particularly among those MNCs which have established operations since the 1980s (Gunnigle, 1995; Gunnigle et al., 1997; Geary and Roche, 2001). Whilst union avoidance in newer operations is well documented, a more recent trend of union avoidance in older, unionised sites has also been identified (Industrial Relations News, 2004; Gunnigle et al., 2005). Gunnigle et al, (2005) noted that US-owned MNCs were engaged in ‘double-breasting’, a situation where previously unionised companies establish newer sites on a non-union basis. More compelling support for the new orthodoxy thesis is provided by Lavelle (2008) who points to a significant difference between foreign and Irish-owned MNCs in terms of union recognition. Irish-owned MNCs were by far more likely to recognise trade unions, whereas foreign-owned MNCs, particularly US-owned MNCs were least likely to recognise unions.

With the exception of Lavelle (2008), a common theme in the above literature is the lack of a fully representative picture of IR in foreign and Irish-owned MNCs (see McDonnell et al., 2007 for full discussion). For example, MNCs that are not assisted or grant-aided by the main industrial promotions agencies (e.g. certain service sector MNCs such as hotels and retail firms) and Irish-owned MNCs tend to be either under-represented or omitted from most studies. The unrepresentative nature of MNC survey research is not just an Irish phenomenon but more widely acknowledged in the international literature (cf. Collinson and Rugman, 2005; Alfaro and Charlton, 2006; Edwards et al., 2007b). The main contribution of this chapter is to present a more representative picture of IR in MNCs in Ireland than has been available to date.
Methodology
The research process involved two stages. The first stage was to firstly define an MNC and subsequently develop a comprehensive database of MNCs operating in Ireland (due to the lack of a fully comprehensive listing of MNCs in Ireland). In terms of definition, we distinguish between foreign and domestic-owned MNCs:

- **Foreign-owned MNCs:** All wholly or majority foreign-owned organisations operating in Ireland, with 500 or more employees worldwide and 100 or more employed in their Irish operations.
- **Irish-owned MNCs:** All wholly or majority Irish-owned organisations with 500 or more employees worldwide and at least 100 employed abroad.

Having defined the MNC, every available source, including the industrial promotions agencies (e.g. IDA Ireland and Enterprise Ireland), a private consultancy firm specialising in company information, the publication ‘Major Companies of 2005’, and the Irish Times list of Top Companies were used. Each of the sources taken on their own did not provide an adequate picture of MNCs in Ireland. Having combined the lists and adjusted for double counting, we recorded 563 foreign and Irish-owned MNCs. In order to provide a representative picture of MNCs in Ireland the total population was stratified by country of ownership, sector and size, giving a total valid sample of 414 MNCs.

The second phase of the research consisted of structured interviews at an organisational level of MNCs operating in Ireland. Therefore, where a MNC had numerous sites, we targeted the most senior executive responsible for IR/human resource management (HRM) who could answer for all of the Irish operations. In cases where this was not possible, respondents were asked to answer for the largest site/division in Ireland. To assist with the fieldwork, the Economic and Social Research Institute (ESRI) was contracted. A University of Limerick-ESRI team conducted the fieldwork which began in June 2006 and ended in February 2007. Respondents were asked to report on various aspects of organisational structure and also on four aspects of HRM – pay and performance management, employee representation and consultation, employee involvement and communication, and training and development. A total of 260 interviews were carried out giving a response rate of 63 per cent. The survey responses are broadly representative of the total population and for the purposes of this chapter have not been re-weighted. Due to small cell sizes five different categories of country of origin have been identified. As outlined in table 1, the majority of responses were from US MNCs, followed by MNCs from rest of Europe, and Irish MNCs.

### Table 1: profile of respondents

<table>
<thead>
<tr>
<th>Country</th>
<th>% (n)</th>
</tr>
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<tbody>
<tr>
<td>Ireland</td>
<td>18% (47)</td>
</tr>
<tr>
<td>USA</td>
<td>39% (101)</td>
</tr>
<tr>
<td>UK</td>
<td>14% (35)</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>24% (63)</td>
</tr>
<tr>
<td>Rest of Worldii</td>
<td>5% (14)</td>
</tr>
<tr>
<td>Total</td>
<td>100% (260)</td>
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</table>
Findings

*Trade union recognition and avoidance in MNCs in Ireland*

The first issue we deal with is that of trade union recognition in MNCs operating in Ireland. Respondents were asked if they recognised trade unions for the purposes of collective employee representation. Our findings indicate that trade unions are thus recognised at one or more sites in 61 per cent of all MNCs operating in Ireland. This figure is higher than findings in a parallel study of MNCs in the UK (cf. Edwards et al., 2007a), which found 47 per cent of MNCs recognised a trade union. This high figure may partly be explained by two factors. The first is that the size threshold used in defining a MNC means that only organisations with a large number of employees were examined, and the literature suggests that larger organisations are more likely to recognise unions (Beaumont and Harris, 1989; Roche, 2001). Secondly as the research was conducted at an organisational level, this meant that if a multi-establishment MNC recognised trade unions at just one site, then this case was categorised as a unionised MNC.

Breaking the findings down further, 29 per cent of MNCs recognised trade unions at all of their sites, 15 per cent at their sole Irish site, and 17 per cent at some or most of their sites. As depicted by figure 1, there is a discernible pattern of union recognition according to the country of origin of the MNC. MNCs from Ireland (81 per cent), the UK (80 per cent) and the rest of Europe (70 per cent) are much more likely to recognise trade unions. US MNCs (42 per cent) and MNCs from the rest of the world (43 per cent) are least likely to engage with trade unions. This is similar to the parallel study of MNCs in the UK, which found that US MNCs were the least likely to recognise trade unions (Edwards et al., 2007a). Sector also appears to be an explanatory variable with union recognition highest among MNCs in the manufacturing sector (74 per cent) and also MNCs operating in multiple sectors (79 per cent), compared with 48 per cent of service sector MNCs. It is also consistent with findings in the UK study, where union recognition is more than twice as common amongst manufacturing MNCs compared with those in services.

![Figure 1 Trade union recognition by country of origin](image-url)
Where trade unions are recognised, there appears to be a preference for recognising a single union with 44 per cent of all unionised MNCs recognising one union, compared with 28 per cent recognising two unions and 28 per cent recognising three or more unions. There also appears to be a country of origin effect whereby 48 per cent of all foreign-owned MNCs recognise only one union compared with just 28 per cent of Irish MNCs. This is consistent with the literature suggesting foreign-owned companies’ preference for single union deals (Gunnigle, 1995). Fifty six per cent of MNCs operating in multiple sectors recognise one union compared with 44 per cent of service sector MNCs and 40 per cent of manufacturing MNCs.

We also find quite a high level of trade union density in MNCs with a majority (53 per cent) of MNCs reporting that over half of their employees’ are members of a trade union, whilst more than a quarter of MNCs reported that 75 per cent or more of their employees’ are union members: see figure 2. Lower union density figures are reported amongst US MNCs where only 10 per cent of US MNCs have union density above 75 per cent. As anticipated, union density was much higher amongst MNCs in the manufacturing sector, with almost a third having 75 per cent or more of their employees in trade union membership compared with 23 per cent in service sector MNCs and 21 per cent in multi-sector MNCs.

![Figure 2 Trade union density](image)

MNCs that engage with a trade union were questioned on the nature of their relationship with trade unions. Here respondents were asked about the approach trade union representatives adopted in the MNC. Almost half (49 per cent) of the respondents replied that their approach depended on the issue whilst 46 per cent reported a cooperative approach. Only 5 per cent reported that trade unions adopted an adversarial approach. UK MNCs were more likely to report a cooperative approach (67 per cent) as compared to 32 per cent of Irish MNCs. Service sector MNCs were marginally more likely to report a cooperative approach (52 per cent), than manufacturing MNCs (43 per cent) and multi-sector MNCs (39 per cent).
Non-union structures of collective employee representation

All MNCs were asked if they had any non-union based structure(s) of collective employee representation, such as works committees or company councils. Just under a third (32 per cent) of MNCs indicated that they had some structure in place, with almost six in ten (59 per cent) MNCs indicating these structures had been established in the previous three years. This contrasts with existing Irish research, which had indicated that employee consultative committees and their like were quite rare in Ireland (Geary, 2007). MNCs from the US and also the rest of the world were marginally more likely to have these structures in place, which is in contrast to the UK findings where both of these groups were the least likely to have such structures. Service sector MNCs was also marginally more likely to have such structures in place. As expected non-union structures were most common in MNCs that did not recognise trade unions. However, it was interesting that over a quarter of unionised MNCs (26 per cent) had such structures in place.

Combining both union and non-union structures almost a quarter (23 per cent) of all MNCs have neither union nor non-union structures in their organisation, see figure 3. 16 per cent have non-union only structures, 16 per cent have a hybrid model that includes both union and non-union structures, whilst 45 per cent of MNCs have union structures only. Similar to the results of the UK study, US MNCs are least likely to have any form of representative structures in place. Irish and UK-owned MNCs are much more likely to have union forms of collective employee representation. Manufacturing MNCs are much more likely to have ‘union only’ representative structures in place, whilst MNCs operating in the service sector are the most likely to have ‘non-union’ structures.

Figure 3 Union and non-union structures of representation by country of origin

![Figure 3 Union and non-union structures of representation by country of origin](image)

Trade union recognition in new sites

The issue of trade union recognition or avoidance in new sites established by existing companies has been an area of considerable interest (Industrial Relations News, 1996,
2004; Gunnigle et al., 2005). Gunnigle et al. (2005) point towards a recent phenomenon whereby hitherto unionised companies are establishing new sites on a non-union basis, or engaging in so called ‘double-breasting’ (cf. Beaumont and Harris, 1992). We investigated the existence of this phenomenon by asking respondents in MNCs that recognised trade unions whether they had established any new sites in the past five years, and if so, did they recognise trade unions at these new sites. A total of 60 unionised MNCs had established a new site, with 42 per cent recognising trade unions in all of their new sites. This is higher than reported in a parallel survey in the UK where 30 per cent had recognised unions at each new site. A third (33 per cent) recognised unions at some of their new sites whilst a quarter (25 per cent) did not recognise unions at any of their new sites. Thus, while 33 per cent recognise unions at some of their new sites, by default this means they also do not recognise unions at some of their other new sites. Therefore almost six in ten MNCs (58 per cent) are engaging in some form of double-breasting. As illustrated in figure 4, there is a strong country of origin effect. Irish (67 per cent) and UK MNCs (71 per cent) establishing operations on new sites are much more likely to recognise unions at each of their new sites. In contrast, US MNCs are least likely to recognise unions in their new sites with 57 per cent not recognising unions at any of their new sites. Furthermore MNCs operating in multiple sectors are the least likely to recognise unions in their new sites with 63 per cent reporting no recognition at new sites compared with 27 per cent and 16 per cent of manufacturing and service sector MNCs respectively.

**Figure 4 Union recognition at new sites by country of origin**

Collective bargaining

MNCs that recognise unions were asked what percentages of their largest occupational group (LOG) were covered by collective bargaining arrangements. Almost seven in ten MNCs (68 per cent) reported that over three quarters of their LOG were covered by such arrangements. As illustrated by figure 5 the coverage of collective bargaining is higher amongst Irish, UK and European MNCs. Almost eight in ten manufacturing MNCs (79 per cent) have collective bargaining coverage greater than 75 per cent compared with 57 per cent amongst service sector MNCs and 63 per cent of MNCs operating in multiple sectors.
The determination of pay increases

Respondents in unionised MNCs were shown a number of agreements or procedures that are used for the determination of pay increases. They were then asked which of these agreements/procedures were used in their operation(s) for both the management and the LOG. As depicted in figure 6, the most popular method of pay determination for managers was that of “individual” whilst for the LOG it was “national level collective bargaining”. However, the use of national level collective bargaining was also quite high for managers. With regard to sector, 92 per cent of manufacturing MNCs reported that they used national level collective bargaining for their LOG, against 68 per cent of service sector MNCs and 65 per cent of multi-sector MNCs.

Where “national level collective bargaining” is used, MNCs were asked about their policy towards the national agreements (see figure 7). A high proportion of MNCs reported that they follow closely the terms of the agreement for both managers (76 per cent) and their LOG (81 per cent). Almost a quarter (24 per cent) of MNCs that use
“national level collective bargaining” to determine pay increases for managers pay somewhat above the terms of the agreement, compared with 17 per cent for the LOG. Just 2 per cent of MNCs using “national level collective bargaining” for the LOG reported that they paid somewhat below the terms of the agreement. Overall, this suggests that the great majority of unionised MNCs in Ireland adhere to the pay terms of national agreements for their LOG, a theme consistent with Gunnigle et al. (2005) case based findings that point to a general decrease in the extent to which MNCs significantly exceed the terms of national agreements.

Figure 7 The use of national level collective bargaining agreements (Union only)

UK MNCs are more likely to pay somewhat above the terms of national agreements for their managerial staff only. MNCs operating in the services and multi-sectors are also more likely to pay above the norm for its managerial staff only.

We also investigated the impact of national level pay (partnership) agreements on non-union MNCs. Six in ten non-union MNCs reported that the national agreements had some influence on pay decisions regarding the LOG and almost half (49 per cent) on pay decisions with regard to managers.

As depicted by figure 8, those MNCs that reported national agreements as having an influence are much more likely to pay somewhat above the terms of the agreement, with 61 per cent of all managers being paid above the norm and 56 per cent of LOG likewise. Non-union MNCs are therefore much more likely to pay above the terms of national agreements than unionised MNCs. This trend is consistent with existing case study research which suggested that non-union MNCs use the national agreements as external benchmarks for pay increases and often pay above the average level of increase contained in the agreements (Collings et al., 2008).
UK MNCs are less likely to pay above the norm for their managerial staff (33 per cent) compared with US (69 per cent), European (55 per cent), rest of world (75 per cent) and Irish (71 per cent) and also for their LOG, UK (20 per cent), US (58 per cent), European (55 per cent), rest of world (80 per cent) and Irish (63 per cent).

*European Works Councils*

Almost four in ten MNCs (39 per cent) have a European Works Council (EWC) in place. This indicates a higher incidence of MNCs than found in the parallel survey of MNCs in the UK where EWCs were present in 28 per cent of cases. As depicted by figure 9, European MNCs are more likely to have an EWC (53 per cent) with Irish MNCs the least likely to have a EWC (17 per cent).

*Figure 9 European Works Councils by country of origin*
MNCs operating in the service sector were the least likely to have an EWC (28 per cent). Those MNCs that did not have an EWC in place were asked if they anticipated one being established in the future. Some 21 per cent answered in the affirmative.

**Conclusion**

The main aim of this chapter is to present a representative picture of IR in MNCs operating in Ireland. Accordingly we have reviewed the findings on employee representation and collective bargaining in both foreign and Irish-owned MNCs operating in Ireland and noted variations therein. From a cursory view, the findings are a source of some encouragement for trade unions in Ireland. MNCs report relatively high levels of union engagement, quite high union membership and extensive collective bargaining coverage. The widely cited influences on union engagement apply with evidence of strong country of origin and sectoral effects. For example, we find high levels of trade union recognition amongst Irish, UK and European MNCs but low levels of recognition among US MNCs. Furthermore, manufacturing MNCs have a much higher propensity to recognise unions than MNCs operating in the service sector. These findings resonate with the more general literature on union recognition and thus are somewhat unsurprising. However, if we take a more in-depth look we note quite a number of interesting trends, which may justifiably cause concern among trade unions. We noted that the relatively high figure for union engagement was inflated by the fact that if a multi-establishment MNC recognised trade unions at just one site, then this case was categorised as a unionised MNC. Indeed of the 61 per cent of MNCs that recognise trade unions, less than one fifth do so in ‘some or most’ sites. Therefore quite a number of MNCs characterised as unionised MNCs also have non-union operations. The trend of ‘double-breasting’ (unionised companies establishing new sites on a non-union basis) noted by Gunnigle et al., (2005) and Industrial Relations News (2004) is corroborated with almost six in ten MNCs that recently established a new site engaging in this practice. The jettisoning of trade unions in newer sites is a worrying trend for unions given that the well-publicised strategy of the industrial promotions agencies to develop and expand the Irish operations of existing foreign-owned MNCs. Our findings question the received wisdom that while trade unions have struggled to gain a foothold in newer MNCs they can at least point to a strong base in older MNCs. This base appears to be eroding as a result of closure and downsizing but also through the practice of ‘double-breasting’. We also note the incidence of alternative representative structures in MNCs. Approximately one in three MNCs report having a non-union structure of collective employee representation, 60 per cent of which had been established in the previous three years. The incidence of EWCs is also quite high with almost four in ten MNCs covered by such a structure.
References


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ii It should be noted that the number of MNCs in the ‘rest of the world’ category is quite small at fourteen. Furthermore, this is quite a disparate group in terms of country of ownership, encompassing firms from southern and central Asia, the Americas (excluding the US) and the Antipodes. We therefore advise caution in interpreting subsequent results for this ownership category.

iii This figure only relates to representation regarding the largest occupational group (LOG). That said, where unions are recognised the vast majority of members tend to be employees from the LOG.

iv The number of MNCs characterised as ‘multi-sector’ is quite small (24 MNCs in total) and therefore we would advise particular caution when interpreting subsequent results for this category.

v Not all MNCs are reporting for all Irish operations, a minority of MNCs only reported for a part or division only.