



Globalisation and Employment Practice in Multinational Companies: Impact on Institutions and Organisations

Short summary of the impact

For over 20 years, University of Limerick (UL) scholars have conducted highly regarded empirical research on various dimensions of employment practice (EP) in multinational companies (MNCs) studying the impact of labour and human resource management (HRM) practices on the attraction and retention of foreign direct investment (FDI).

The impact of this research is evident in three areas. First, it has informed policy across a range of issues, including employee representation and the attraction and retention of FDI. Second, professional bodies such as the Chartered Institute of Personnel and Development (CIPD), the Services, Industrial and Professional Trade Union (SIPTU) and the Labour Relations Commission attest that our research has shaped their policy and that of the HR/IR profession. Third, at practice level the research has shed light on a range of issues, including the impact of the global financial crisis on employment practice, employee representation and voice, succession planning and talent management; it has allowed practitioners in MNCs to

benchmark their employment practices against comparable organisations, identify best practices, and effect change in employment practices in their organisations.

Underpinning research

Over the past decade a number of complementary studies have focused on various dimensions of employment practice in multinational companies (MNCs). This research has made major contributions to academic debates on employment practices in MNCs, evidenced by high quality publication output and citations. The key researchers include Professor Patrick Gunnigle and Dr Jonathan Lavelle, both of whom are members of the Work, Knowledge and Employment Research theme at the Kemmy Business School (KBS). This group also includes scholars in the broader area of Organisation Science and Public Policy at the KBS. The research of Prof Gunnigle and Dr Lavelle can be broken down into four main projects.

The first project focused on Industrial

Relations (IR) in Greenfield Sites , particularly trade union recognition and avoidance - in greenfield sites of multinational companies (MNCs). The project, funded by the Department of Enterprise and Employment (RA 1), adopted a case study approach and focused on the industrial relations strategies of MNCs when they first locate in Ireland. Contrary to previous evidence and theory, this project found that rather than adapting to the host context, MNCs establishing greenfield sites in Ireland implemented HRM practices that were largely similar to those deployed in their home countries (Ref 1). This work attracted considerable interest from international scholars and led to international collaboration on projects addressing various dimensions of EP in highly globalised companies operating in different national contexts.

The second project involved international research collaboration on HRM practice in American-owned MNCs: American multinationals and the management of HRM in their European subsidiaries: A four country study. This research project was funded by the Department of Enterprise, Trade and Employment and the Irish Research Council for the Humanities and



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Social Sciences, and involved comparative analysis across four countries (Germany, Spain, the UK and Ireland). The project focused on the ways in which human resource management innovations are transmitted to (and sometimes from) subsidiaries of American MNCs located in Europe, and how they are subsequently implemented. Key findings included the differential impact of country of origin and host country effects on MNCs' HRM practices, the distinctiveness of US MNCs and their influence on the differing host business systems in which their subsidiaries were located (Ref 2).

Building on the two previous projects, *Employment Relations in Multinational Companies: Cross National Comparative Analysis* focused on completing the first large-scale representative survey of employment practice in MNCs in Ireland, encompassing a greater diversity of companies than attempted previously. This project attracted funding from a variety of sources (RA 2 and 3) and sought to map the contours of MNCs as organisations in terms of the range of organisational forms, nationality, sector of operation, degree of international integration and size. Secondly, it examined the interrelationships between various organisational variables and employment practice in MNCs' Irish operations. This work provided a baseline profile of the population of MNCs in Ireland on dimensions such as sector, scale, ownership and product diversity, as well as providing detailed information on HRM and employment practice. The study again highlighted the distinctiveness of employment practices among US MNCs operating in Ireland. In addition, it gave evidence of the growth of Irish MNCs; underlined the significance of organisational variables such as sector and levels of organisational integration as explanatory factors underpinning differences in employment practice; and identified new forms of employee voice and trade union avoidance/engagement by MNCs (Refs 3 and 4). As in previous work, the UL study coordinated with parallel surveys of EP in MNCs in other countries with the aim of developing a representative depiction of the MNCs' activities in the areas of EP and industrial

relations. This international dimension covered 10 countries and some 15 universities and business schools in Australia, the Americas and Europe.

The final research project, *Multinational corporations, sub-national governance and human resources*, was supported by the Irish Research Council and an EU Framework Programme 7 Marie Curie IRSES Award (RA 2 and 4) and again was linked with international studies conducted by research teams in Canada, Germany, Spain and the UK. This project sought to (i) identify the main regional governance actors involved in attracting and retaining FDI; (ii) investigate the nature of relationships between these actors; and (iii) evaluate the impact of the process of attracting FDI on human resource/labour market issues. The research provided key insights into how actors form coalitions at a subnational level to attract and embed FDI regionally, and how these actors' roles and impact vary within these coalitions. It also revealed the serendipity of clustering of MNCs in Ireland, the importance of Irish managers' understanding and managing the micro-politics of MNCs and the impact of the recession on HRM practices (Refs 5 and 6).

References to the research

Research Publications

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2. Gunnigle, P., Collings, D. and Morley, M. (2005), 'Exploring the Dynamics of Industrial Relations in US Multinationals, Evidence from the Republic of Ireland', *Industrial Relations Journal*, 36(3): 241-256
3. Lavelle, J., McDonnell, A. and Gunnigle, P. (2009), *Human Resource Practices in Multinational Companies in Ireland: A Contemporary Analysis*, Dublin: The Stationery Office
4. Gunnigle, P., Lavelle, J. and McDonnell, A. (2009), 'Subtle but deadly? Union avoidance through 'double breasting' among multinational companies',

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5. Monaghan, S., Gunnigle, P. and Lavelle, J. (2014), 'Courting the Multinational: Subnational institutional capacity and foreign market insidership', *Journal of International Business Studies*, 45(2): 131-150
6. Gunnigle, P., Lavelle, J. and Monaghan, S. (2013), 'Weathering the storm? Multinational companies and human resource management through the global financial crisis', *International Journal of Manpower*, 34(3): 214-231

Research Awards (lead institution)

1. Gunnigle, P. *Evaluating Change in Workplace Industrial/Employee Relations in Ireland*. Funded by Department of Enterprise and Employment. 1994-1996: €72,000
2. Grant coordinated by the University of Limerick (Gunnigle, P. and Lavelle, J.) with Gunnigle, P. as the principal investigator. *Employment Relations in Multinational Companies: Cross National Comparative Analysis*. Funded by EU Framework Programme 7 Marie Curie IRSES Award. 2009-2012: €129,600
3. Gunnigle, P. (Associate Investigator Lavelle, J.) *Employment Relations in Multinationals: Large-scale Survey Project*. Funded by Labour Relations Commission. 2008-2011: €86,000
4. Gunnigle, P. (Associate Investigator Lavelle, J.) *Multinational corporations, sub-national governance and human resources*. Funded by the Irish Research Council for the Humanities and Social Sciences Government of Ireland Research Stimulator Grant. 2008-2010: €100,000

Details of the impact

Our research has advanced knowledge on employment practices in MNCs: we have published 41 peer-reviewed journal articles, 2 books, 20 book chapters and over 100 conference papers, and our research has appeared in the leading international journals in our field, including the *Journal of International Business*,



Human Resource Management, Human Relations and the British Journal of Industrial Relations. Since 2009, Google Scholar records 1,003 citations for Prof Gunnigle with an h-index of 16; Dr. Lavelle has received 208 citations with an h-index of 8 (Sources 1 and 2).

In addition, we have influenced a wide audience by disseminating our research at a number of events attended not only by academics but also by policy makers, practitioners and government officials. Such events have been organised by the Labour Relations Commission, The Chartered Institute of Personnel and Development Ireland, Irish Business and Employers' Confederation, Regional Chambers of Commerce, and various multinational companies operating in Ireland (Sources 3 to 8). Our research has also been disseminated at international events in Argentina, Canada, Denmark, Mexico, Spain and the UK (Sources 9 to 14).

The impact of our research on the HR/IR profession in Ireland is attested by the following quote from the main HR professional body in the country, the Chartered Institute of Personnel and Development: "The HR/IR research group in UL led by Paddy Gunnigle, Jonathan Lavelle and colleagues has played a pioneering role in advancing understanding on workforce management and employment practice in Ireland and are now our most influential thought leaders in this area. This fact is recognised by the Chartered Institute of Personnel and Development which awarded 'Centre of Excellence' status the University of Limerick HR group, the only third level institution in Ireland to gain such recognition and just one of a very small number of centres to be so honoured internationally. This award was based on their research prowess and its influence on the HR practitioner community, most recently demonstrated in their ground-breaking study of employment practice in multinational companies. A particular case in point is their research on talent management and succession planning which has had particular resonance among the practitioner community and helped shape and inform CIPD policy in this key

strategic area" (Source 15).

The significance of our research for both policy makers and practitioners is also noted by the Labour Relations Commission (LRC), a significant institution in the HR/IR space in Ireland whose key whose key remit is to promote good employment relations practice... "The Commission feels that the HR/IR group at the University of Limerick have made a significant research contribution which has identified and focused on key human resource issues and have impacted upon both management practice (e.g. by allowing multinational companies benchmark best practice for example) and on the policy and positions of key actors, notably trade unions in articulating their approach to employee representation, collective bargaining and employee voice. These in turn have influenced approaches to similar concerns and activities in both the indigenous private sector and semi-state commercial enterprises" (Source 16).

HR consultants regularly draw upon our research to inform their work: "[UL's research on the global financial crisis] provides real insight to the key initiatives being undertaken by HR professionals to weather the economic crisis. It allows me to benchmark key programmes being undertaken, understand where organisations have been most successful and where organisations HR teams have sought to add most value to the commercial questions in their organisations" (Source 17).

In terms of impact on employment practices within MNCs, our research has enabled practitioners to benchmark their employment practices with similar organisations, identify best practices, and support organisational changes to HRM policies and practices. The research on succession planning and global staffing (Ref 3) has been of particular interest to practitioners: "[UL's research] encouraged us to modify our succession planning process, moving towards a greater categorization of "talent pools" and reevaluating the role of international assignments as the primary method to develop talent. We now have a more

refined succession planning process" (Source 18). Our research on talent management has also led to new innovations in the workplace: "Directly as a result of the dilemma identified in the article, I have developed a key talent management construct of Dynamic Organisation Responsibility to help create organisation structures that consciously create opportunity to "fit" such talent whilst linking into the key area of reward" (Source 17).

Our research on the impact of the global financial crisis (Ref 6) has been particularly influential among practitioners. This point is illustrated by feedback from a dissemination event (Source 3), attended by more than 50 policy makers and practitioners: "There was clear evidence that their research on the impact of the global financial crisis on employment practices informed debate and exposed practitioners to new approaches and management instruments...in terms of managing in the context of the challenges of the time. Practitioners were able to benchmark their HR responses to the global financial crisis, and identify common problems and solutions to the crisis" (Source 19).

Trade union policy and practice have been informed by our research. For example, our work on employee voice (Ref 3) "has been used to assist trade union officials in negotiations in multinational companies, notably by benchmarking alternative approaches and highlighting areas for improvement in the sector" (Source 20). The research on trade union avoidance and double breasting (Ref 4) has particular relevance in this sector: "This research has significantly increased awareness among the trade union movement of the differing means through which MNCs avoid union engagement. It has also influenced trade union policy which now calls for clearer regulation and the introduction of legislation in support of trade union recognition" (Source 20).

Indeed, our research has led to closer collaboration between UL and trade unions: "the research undertaken by University Limerick particularly their work



on policy and practices of MNC in Ireland is in my view unmatched by any other university in Ireland in terms of excellent quality and relevance to industrial relations practitioners. This specialisation in the IR field was the main reason for the sector committee deciding on a new policy of collaboration support and engagement with the Kemmy Business School (KBS) in University Limerick. This has led to a formal collaboration agreement between UL and SIPTU which has had an immensely positive impact for our union" (Source 20).

Our more recent research on the attraction and retention of FDI in Ireland (Ref 5) has generated interest among IDA Ireland, the primary agency responsible for attracting overseas investment into Ireland, which ranks as one of the top industrial promotional agencies in the world. As a result of this research, Prof. Gunnigle has been invited to contribute to visits coordinated by IDA Ireland for potential foreign investors.

Our research has also received widespread media coverage from outlets including the Irish Times (readership 390,000), Irish Independent (readership 649,000), Irish Examiner (readership 224,000), Sunday Business Post (readership 147,000), national radio (RTÉ), and industry/trade publications such as European Industrial Relations Observatory, Worldlink, People Management, and the Kemmy Business School Research Bulletin (Sources 22 to 29). For example our research is regularly featured in the Industrial Relations News (IRN), Ireland's only specialist weekly publication in the IR/HR field (Source 21). IRN enjoys an estimated readership of over 10,000 people: readers include members of the Department of Finance and Public Expenditure & Reform, and the Department of Jobs, Enterprise and Innovation; HR directors and senior practitioners in the public and private sectors, including union and non-union companies and organisations; senior trade union leaders and trade union officials; employment lawyers; and IR/HR consultants. The editor of IRN notes: "UL has provided the hard evidence of a trend toward union avoidance that developed from that point in the 1980s onward. Moreover, UL has



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maintained a sharp focus on this feature of the Irish scene, thereby providing researchers, policy makers and HR/IR professionals with the hard 'facts on the ground' on which to make decisions in this critical area for FDI firms" (Source 30). Our research on the attraction and retention of FDI in Ireland (Ref 5), featured in the Kemmy Business School Research Bulletin, was the most downloaded item on the KBS website. Our research has also featured on the blogs of industry commentators – including Michael Taft, research officer with Unite the Union (notesonthefront.typepad.com).

Sources to corroborate the impact

1. Gunnigle and Lavelle Research Profiles. See <http://www.ul.ie/business/kbs-staff/prof-patrick-gunnigle> and <http://www.ul.ie/business/kbs-staff/dr-jonathan-lavelle>
2. Google Scholar - <http://scholar.google.com/citations?user=tooOemoAAAAJ&hl=en> and <http://scholar.google.com/citations?user=rBwGEW8AAAAJ&hl=en>
3. Seminar: 'Multinational Corporations, Subnational Governance and Human Resources. Exploring International and Comparative Dimensions of the MNC experience', organised by the Western Branch of Chartered Institute of Personnel

- Development Ireland, October 2010.
4. Seminar 'Employment practices in multinational companies operating in Ireland', organised by the Western Branch of the Chartered Institute of Personnel Development Ireland, November 2007
5. International Symposium 'Human Resource Management in Multinational Companies (MNCs)', at an event organised by the Labour Relations Commission, Croke Park Conference Centre, June 2008
6. Invited Presentation: Irish Business and Employer's Confederation (IBEC) Business Leaders Forum, Dunraven Arms Hotel, Adare, Co Limerick, 10 May 2011
7. Invited Presentation: Shannon Chamber of Commerce HR Forum, Westlink Park, Shannon, 20 February 2013
8. Invited Presentation: Stryker Ireland Off-Site HR Strategy Forum, Limerick, 12 November 2013
9. Presentation: 'MNCs and Industrial Relations: Evidence from Ireland', at an event organised by the Ministry of Labour, Employment and Social Security of Argentina, the Economic Commission for Latin America and the Caribbean and the United Nations Development Programme, Buenos Aires, Argentina, November 2012
10. International Workshop: 'Human Resource Management in Multinational Companies: Global Value Chains, Employment Practices and Public Policy', organised by Centre de recherche interuniversitaire sur la mondialisation et le travail (CRIMT) Montreal, Canada,



September 2006

11. International Workshop: 'Multinational Companies & Human Resource Management: Perspectives from a Small, Highly Globalised Economy', to Conference on Employment Practices of Multinationals: Findings from the Danish and International Surveys organised by Copenhagen Business School and the Employment Relations Research Centre, University of Copenhagen, December 2010.
12. International Workshop: 'Multinational companies and human resource management in Ireland: a contemporary analysis', to a workshop on Employment practice in multinational companies, organised by the Center for U.S.-Mexican Studies, University of California-San Diego/El Colegio de la Frontera Norte/ Friedrich Ebert Foundation
13. International Workshop: 'Políticas y Prácticas de Recursos Humanos en el Contexto Organizativo de la Empresa Multinacional: Un análisis Comparativo Internacional', organised by IESE Business School, April 2010
14. Invited Presentation: 'Multinational corporations, sub-national governance and human resources: a cross national comparison', Leicester Business School, De Montfort University. December 2011.
15. Written testimonial from Director, Chartered Institute of Personnel and Development (CIPD) in Ireland
16. Written testimonial from Chief Executive of the Labour Relations Commission
17. Written testimonial from the Managing Director of an independent HR Consulting practice
18. Written testimonial from a HR Director EMEA Region, of a large US-owned MNC
19. Written testimonial from Senior HR Manager and former Branch Chairperson of the Chartered Institute of Personnel and Development (CIPD) in Ireland
20. Written testimonial from Sector Organiser, SIPTU
21. 'Major study sheds new light on multinational HR practices', Industrial Relations News, November 2007
22. 'Unionised multinationals reject unions in new plants', European Industrial Relations Observatory, September 2007
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24. McDonnell, A., Gunnigle, P. and Lavelle, J. (2008), 'Multinational corporations use several means in order to facilitate organisational learning internationally', People Management, 30 October
25. 'Courting the Multinational': Subnational institutional capacity and foreign market insidership', KBS Research Bulletin. December 2013
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29. 'Unions fight to hold membership', Sunday Business Post, 30 November 2008
30. Written Testimonial from editor of Industrial Relations News

Find out more: Watch the video at www.ul.ie/researchimpact



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