Employee Representation, Multinational Companies and Institutional Context: Union Recognition in Canada, Ireland, and the United Kingdom

The relationships between employee representation, union presence, and employer strategies within different industrial relations systems offer a complex and changing landscape in the current context of globalization. Key questions concern the institutional latitude afforded employers vis-à-vis union representation and the extent to which multinational companies (MNCs) may act as drivers of change in different institutional contexts. Much of this institutional latitude is theorized as context-dependent; the liberal-market systems on which this paper focuses, for instance, offer institutional considerations distinct from those found in different European countries. Further, contextual variation plays a considerable role in driving representation relationships and strategies even within similar systems. The different models for union representation in North America and Europe exemplify this within-system variation. For instance, the Wagner model in the US and Canada erects considerable barriers to union representation by excluding any form of representation that has not secured majority employee support, whereas Ireland and the UK both tend to favour voluntary recognition arrangements.

Our focus in this paper is on union recognition and double-breasting in MNCs in three liberal-market economies: Canada, Ireland and the United Kingdom. Drawing on a unique data set on employment practices of MNCs in these three countries, we empirically analyze the factors contributing to unionization and double-breasting within each country’s MNC population and explore how institutional and organizational variations impact on the incidence with which these practices are implemented. These factors include the firm’s country of origin, sector, size, ownership status, employment patterns, and date of establishment, amongst other elements. A prominent variable for our purposes is the MNC’s country of origin. The literature suggests that firms operating in host countries seek to incorporate attitudes and behaviours developed within
their own national business system (Ferner 1997; Jacoby 1991; Smith and Meiskins 1995).¹

We hypothesize that the capacity of MNCs to fully implement their home-country IR ideologies are largely dependent on the broader institutional context within each host country. Ireland, with its lack of mandated union recognition provisions, would offer a permissive context to firms wishing to operate according to their home country systems, as opposed to assimilating with host-country IR cultures. Britain would be similar to Ireland, though also distinct in a number of ways. Firms operating in Canada, on the other hand, may be forced to conform to the structures of the Canadian system, which mandates binding union recognition.

Although country of origin might be the prominent variable in measuring unionization levels and double-breasting, it may not be the only significant factor. For instance, we would also expect to find some sectoral differences across the countries. Further, the overall model (measured, for instance, through looking at the strength of coefficients and R² values) would likely be best identified in the Irish case, followed by the UK and finally Canada, given that its fixed threshold model of union recognition reduces scope for employer choice.

To accomplish our aims for the paper, we first discuss the extent to which the three countries’ IR systems differ contextually and highlight the known literature on factors influencing unionization. We proceed to profile the determinants of unionization rates and double-breasting at MNCs in each country using frequencies and means comparisons. We then employ quantitative tools to measure the effects of our independent variables on unionization within foreign subsidiaries in each national system. We expect that we will find variation when looking at the country of origin effects on unionization and double-breasting in Canada, Ireland and the UK, and that this variation will be shaped by the nature of each employee representation regime.

¹ Full references are available on request.