Models of employee representation within multinational companies in Ireland

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This paper will address one of the key questions identified in the call for papers for the 47th Annual CIRA Conference/International CRIMT Conference – namely “what are the emerging models and actors for employee rights, voice and representation?” This question will be investigated by focusing on multinational companies (MNCs) operating in Ireland. The rationale for focusing on Ireland is the recent developments in relation to models of employee representation, namely decline of trade unions and growth in non-union structures of collective employee representation whilst using MNCs as the unit of analysis is merited due to their significant scale and influence, within the Irish context, particularly in relation to industrial relations (IR) issues.

One of the most notably characteristics of the Irish IR system has been the prominent role of trade unions, both at organisational and national level. This has meant that traditionally trade unions have been the most common structure for collective employee representation. However, as noted by Ferner (1997), IR systems evolve and the Irish system is no different in that regard. A number of recent developments, pertinent to the issue of collective employee representation have occurred. First is the declining level of trade union density in Ireland. Trade union density has fallen by almost half since its peak of 62 per cent in 1980 to levels currently around 32 per cent\(^1\) (Central Statistics Office, 2008; Roche, 2008). The posited reasons for this decline in union density in Ireland reflect those proffered in the international IR literature - particularly the hardening of employer attitudes towards trade unions and collective bargaining; the shift in policy away from encouraging inward investing companies to recognise unions by promotional agencies; and the negative impact of MNCs on union density (Roche, 2008). A second development has been the growing prominence of non-union structures of employee representation. Traditionally in the Irish IR system, non-union structures featured very little, if at all (Geary, 2007). However two significant developments in recent times have served to bring attention towards non-union structures of collective employee representation. First has been the high profile case of Ryanair regarding a dispute around trade union recognition. A staunchly anti-trade union company Ryanair successfully argued that the establishment of their non-union structure of employee representation represented an acceptable forum for the representation of their employees. Significantly this dispute illustrated that trade unions were no longer the only model for employee representation within organisations in Ireland. The second development has been the implementation of the European Union Directive on Information and Consultation (I&C). Introduced into Irish law by the Employees (Provision of Information and Consultation) Act, 2006 it provides a legislative framework for the provision of information and consultation structures within organisations. Anecdotal evidence suggests that many organisations, particularly non-union organisations, have sought to introduce non-union structures of collective employee representation to ensure compliance with the new legislation.

Falling trade union density coupled with recent developments regarding non-union structures of collective employee representation suggest that new models of employee representation may be emerging within the Irish context. This paper will address this gap by profiling models of employee representation within MNCs operating in Ireland. Furthermore we will seek to identify factors which help to explain the presence of such models. For example

\(^1\) These data are drawn from two sources, the UCD Dues Series data and the Central Statistics Office (CSO) Quarterly National Household Surveys.
factors such as country of origin, sector, size, date of establishment and workforce composition will be investigated.

Methodology
This paper will draw from the first representative study of employment practices of MNCs in Ireland (see Lavelle et al., 2009). A total of 260 face-to-face interviews were successfully completed with senior human resource management (HRM)/industrial relations (IR) practitioners, giving a response rate of 63 per cent. This research is part of an international research project, INTREPID (Investigation of Transnationals' Employment Practices: an International Database) on the study of employment practices in MNCs involving research teams in ten countries (Argentina, Australia, Canada, Denmark, Ireland, Mexico, Norway, Spain, Singapore, and UK). Questions regarding employee representation were gathered within the section titled “Employee representation and consultation”.

Preliminary findings
In relation to trade unions we find that 61 per cent of all MNCs operating in Ireland recognised trade unions at one or more sites. Irish MNCs were the most likely to recognise trade unions (81 per cent), followed by MNCs from the UK (80 per cent) and the rest of Europe (70 per cent) whereas US MNCs (42 per cent) and MNCs from the rest of the world (43 per cent) were least likely to engage with trade unions. We also investigated the incidence of 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.

Models of employee representation
In order to profile models of employee representation within MNCs in Ireland we combine both union and non-union structures of representation, identifying four different types – no structures of employee representation; union only structures; non-union only structures and; a hybrid model (union and non-union structures of employee representation). We find that almost a quarter (23 per cent) of all MNCs has neither union nor non-union structures in their organisation. This means that 77 per cent of MNCs operating in Ireland have some form of collective employee representative structure in place within their organisation. The most common model of employee representation is union only structures with 45 per cent of all MNCs reporting such a model. 16 per cent of MNCs have non-union only structures, 16 per cent have a hybrid model which includes both union and non-union structures. Distinct country of origin effects are noticeable with US MNCs the least likely to have any form of representative structures. Irish and UK owned MNCs were much more likely to have union only forms of collective employee representation.

Sources
Available on request.