**Labour Institutions, Consolidated Labour Unions and Multinational Companies: The Duality of Pressures in Argentine Subsidiaries.**

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**Introduction**

In the last two decades, several studies have tracked the expansion of multinational companies (MNCs) in Argentina. Most of them have been carried out by the Economic Commission for Latin America and the Caribbean (ECLAC) (Kulfas et al., 2002; Chudnosky and Lopez, 2007, 2001; Chudnosky & Porta, 1994). Those studies have focused on the effect of MNCs on the internationalization of Argentina’s economy and their impact on the structure of production. However, few have examined how MNCs affect labor relations within subsidiaries.

This study aims to contribute in this new area of research. It is part of a larger research project carried out by the Ministry of Labour in Argentina¹ within the INTREPID group. The main purpose of the article is to offer an exploratory analysis of the importance of the country of origin on several indicators of union performance in the workplace: the impact of Human Resources Management (HRM) practices on union coverage, union membership and union presences at the subsidiaries. In particular, we will draw attention to how labour institutions and labour unions mediate this influence. The description of HRM practices will be object of future study.

Literature on MNCs have argued from a wide variety of perspectives and have particularly looked at the impact of HRM policies on local actors, especially on trade unions. While there is some consensus that parent companies tend to implement their own practices in host subsidiary, other studies suggest that local responses are shaped by host countries’ institutions and actors (Ferner et al., 2005; Temple et al, 2006; Ferner & Quintanilla, 2006). Some of them also argue that the bigger the institutional distance between home and host country, the more the need for local managers to adapt to and interpret the local context (Quintanilla et al. 2008).

However, these approaches have not been yet applied in depth to Latin American cases. During past years, an international group of researchers - INTREPID - has been filling this lack of knowledge. More

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¹ This survey was conducted in Argentina by Marta Novick, Undersecretary of Labour Studies, in the Ministry of Labour, Employment and Social Security with supervision of Hector Palomino, Director of Labour Studies and Silvana Gurrera.
recently, some Mexicans and Argentines researchers have been collaborating with them\(^2\). In order to make an international comparison possible, categories need to be modified so as to analyze MNCs effects on countries where both formal and informal institutions do not fit entirely into American and European models. In this sense, this paper seeks to contribute to the range of dimensions that have been analyzed by, the theoretical framework used (new institutional approach studies) and the current state of those categories in Argentina. Nonetheless, the assumption that labour unions "matter" is also accepted, as well as the fact that even though their behavior is constrained by different institutions, unions themselves also impose constraints on HR departments’ free will.

The paper is organized as follows: In the first section, we offer a brief review of the international literature of MNCs and its relation with the impact of local institutions. We will highlight Argentine institutions and the constraints on MNCs’ attempts to impose their own practices. Not only are Argentine labour regulations quite encompassing but also labour unions are quite active in the political arena and at the workplace. This is the second constraint to MNCs activities that will be studied. Some revitalization literature and the role of Argentinean unions will be contrasted. Finally, we will compare unions’ performance indicators between companies of different origins. Even though we recognize that there are significant differences between European countries, we will take Europe as a whole for analytical purposes. The data was collected by the Labour Ministry of Argentina in collaboration with the INTREPID research work. Some preliminary results suggest that that US MNCs behave differently than European ones reflecting a more “anti-union” sentiment. Nevertheless, they cannot completely overstep union activities and local labour institutions.

### Strong Argentine labour institutions and institutional distance

Based on new institutional studies (DiMaggio &Powell, 1991) of human resource management in MNCs, Temple et al. (2006) analyze how subsidiaries are faced with institutional duality. They define this duality as the pressure to conform to the practices of the parent company and to the local institutional environment in which they are based. These studies focus on the pressure suffered by MNC subsidiary managers and how they respond to them. Quintanilla et al. (2008) also recognize the importance of subsidiary management knowledge of the local institutional environment, arguing that they may act as ‘interpreters’ of the local context for MNC headquarters (HQ). As institutional distance increases, the role of those managers becomes more valuable because the local context imposes more challenges to those managers (Kostova, 1999 quoted in Temple et al., 2006)

Those studies are particularly related to the analysis of “country of origin effect” and the impact of American-owned companies in different national labor systems (Spain: Ferner & Quintanilla, 2002; Quintanilla et al 2008 – UK: Tregaski, 1997; Marginson et al. 2010; Irland: Gunnigle et al. 2005) or different sectors (Geppert and Matten, 2006; Coller, 1996). Broadly speaking, the “Americanness” has

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\(^2\) A multinational team has been collaborating during the last 5 years. In a first stage, Researcher from England, Ireland, Canada and Spain, developed and applied the survey. In the second stage, Latin-American countries were included: first, Mexico, then, Argentina. Nowadays Australia, Singapur, Denmark and Norway are collaborating as well.
been described as a practice followed by US HR departments on subsidiaries where the distinctive features are its ethnocentricity, its centralization and that it is quite standardized (Edwards & Ferner, 2002). They try to implement in the host country practice of their own “bestpractice” manual regardless the specificities of the local context. Thus, they leave little or no room to local managers to adapt to the labor union demands or even to local legislation. Quoting Quintanilla et al (2008), “their tendency is to transfer practices and policies to their subsidiaries in a highly standardized and formalized manner”. The problem arises when local formal and informal institutions differ significantly, as they do, for instance, in the Argentine case. The current American labour system is characterized by weak trade unions (Kochan et al., 1994) and scholars have convincingly argued that US employers do not hide their anti-union feelings (Quintanilla et al, 2008). They have a tradition of managerial authority over labour (Jacoby, 1997 quoted in Temple et al. 2006) which enters in stark contradiction with Argentine workplace tradition at the industrial sector, for example.

In this sense, the scenario in the US is quite different from the Argentine one. The Argentinean system of industrial relations is characterized by extensive labor regulation at the national level. Even though local governments are in general in charge of monitoring and have the power to sanction, most regulations are designed by the national government. The foundation of the labor system was set during the 1940s, most notably with Juan Domingo Peron’s role as Secretary of labour in the early 40s and during his presidency starting in 1945. Union life has been institutionalized since then and minor changes have been introduced afterwards.

The Argentine system could be characterized as a corporatist one which encompasses strong organizations on both sides of the labour market - coalitions of employers and employees - to regulate their working conditions and wages. Even though the state has been very active in setting the legal framework, it does not intervene unless one part demands so. Both sides of the labour market are autonomous. Argentine regulation is precise in regarding the importance of equal representation by both sides of the labour market: unions and business associations. Where unions are weak, minimum wage policies tend to diminish the unequal power bargaining of workers. Even though there are significant differences with the German, French or Spanish systems, Argentine legislation has much more in common with these three legislative cases. Probably, labor unions represent the more salient difference with those countries. The distinctive feature of Argentinean union model is that labor unions are organized – and normally bargain - at the sectorial level. There are almost no company level unions. That is to say, the employees of several companies are represented by a single union such as truckers, public servants, or auto workers.

The system of labor relations in Argentina is based on a three-pillar structure: a) labor union representation monopoly; b) collective bargaining centralization; and c) extension mechanisms to all

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3 The system of collective bargaining in Argentina has been historically based on a centralized negotiation within each branch of activity, i.e. there is one labor union per each branch of activity with national-level significance. The structure of collective bargaining is comprised of, on the one hand, a small number of labor unions and collective labor agreements that involve a significant proportion of wage-earners and, on the other hand, a considerable amount of collective agreements with limited coverage (Trajtemberg, 2009)

4 For more information on the characteristics Argentine Labour Relation System see: Novick & Catalano 1995; Bisio, 1999.
workers (Trajtemberg, 2009). Those features allow us to call this system as a strong institutional framework.

The first pillar, one of the most contested ones, refers to the situation in which only one labor union is recognized with the legal power to represent workers – the most representative union - in the specific sector of the industry. This “representational monopoly” relates deeply the state and unions. Moreover, even though several labor unions can coexist within the same sphere, only the labor union with legal status can actually exercise the defense of those collective interests in the collective bargaining.

Once a collective agreement is reached and the Ministry of Labour recognizes it (homologar), the agreement is legally binding. Collective agreements are concluded either as single-employer, multi-employer or collective agreements at the industry level. Traditionally, industry level agreements have predominated in Argentina. However, due to neoliberal reforms and the subsequent changes in labour market structure, the number of single-employer agreements has grown to outnumber the industry level ones. Nowadays, even though there are still more single employer agreements than industry level ones, the coverage of the latter affects a significant larger number of workers.

This brings us to the third pillar: the wide coverage of collective agreements. The results of the negotiations apply to both members and non-members of the union in the entire sector.

In sum, Argentine institutions are indeed able to constrain MNCs HR practices in three ways: the subsidiary cannot choose freely with which union they are going to negotiate. Even though MNCs managers do have a certain degree of flexibility in the selection of the union, there is generally already one recognized union for the industry/service activity. In the best of cases, MNCs will try to negotiate with the weakest union (commerce sector, cleaning sector) but they must justify that selection. They must argue why that union is the most suitable one to represent their workers. Secondly, unions are organized by activity and they have “union expertise” which transcends the subsidiaries themselves. Even if they negotiate at the firm level, unions are sectorial union, so it may be a decentralization of the bargaining level, but there has not been a decentralization of the labor union actor. Most unions were created during the 40s and the spaces they represent are already set. Being quite experienced and surviving the repressive regimes of several dictatorships as well as the harsh neo-liberalism of the 1990s, these unions cannot be easily fooled or avoided. Moreover, as it will be discussed in next section, union presence in workplace have been traditionally supported by legislation. Finally, even if an MNC succeeds in avoiding union presence at workplace, they must apply what has been negotiated at sectorial level regardless of whether their workers are unionized or not. This is due to the wide coverage of collective bargaining. Bargaining individually has been a widespread practice in subsidiaries, however those negotiations must be better than those the existing in the collective agreement. Otherwise,

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5 This right is called “personeria gremial” (legal status). It allows labor unions to bargain collectively in representation of workers and to defend collective and individual interests, including nonunionized workers. It also allows them to collect union fees for different reasons.

6 Article 25 of the law 23.551, Argentinian Act of Union Association. Argentinian law stipulate that there must be 1 delegate in establishment with 10 to 50 workers, 2 in establishments between 51 and 100 workers and at least 1 delegate for every 100 workers in establishments larger that 101 workers.
Consolidated Actors: Unions’ revitalization “à l’Argentine”

Labour unions are strong and consolidated actors in the Argentine political arena. Both before and after Peron’s process of institutionalization, unions were major players in the achievement of workers’ rights. However, in the 1990s they suffered from neoliberal reforms and they have been abruptly faced with many challenges of a globalized world and new production techniques. Neo-liberal reforms in Argentina had a major impact on the capacity of unions to mobilize their members. Labour flexibilization and trends toward precarious hiring practices have reduced the level of union membership, particularly among workers involved in the industrial sector. According to Senén González and Palomino (2006), the highly-centralized labour relations system lost relevance and gave rise to ever-changing subsystems that promote localized and direct practices of relations between managers and employees, or between managers and local unions avoiding industry level bargaining (Palomino et al. 2009). Therefore, despite the benefits of the strong labour institutions, union’s power resources\(^7\) suffered the consequences of a structural change in the political and economic framework: the effect of a right-wing government and its neoliberal policies on the one hand, and the impact of the openness of a global economy on the other. As a consequence, union’s presence withdrew from the political arena. Nonetheless, the current scenario has again changed quite radically.

Union revitalization has become a hotly debated issue in the international literature on IR. Since 2003, most authors (Frege & Kelly, 2003; Foley, 2003; Hyman, 2004, Levesque & Murray, 2010; Heery et al. 2002\(^8\)) have examined how unions can face and adapt to the challenges imposed by a flexible context. In a previous CRIMT meeting, Kumar and Schenk (2004) highlighted that there are several ways to address this phenomenon: renewal, revitalization, rebuilding, rebirth, resurgence... But as we will discuss below, not all of this applies to the Argentine case.

Revitalization literature focuses on unions’ perceived need to change and their consequent strategies in order to do so. Even thought institutions do matter, unions as political actors have free determination to choose freely between the alternatives that the context offers. Their behavior can also affect their own context. After decades of union decline (Slaugther, 2007; Waddoups, 2005) unions are faced with the dilemma of how to survive when conditions are not optimal for their reproduction nor for their continuity. Heery (2005) inquires into the source of change in trade unions. He identifies internal change as a necessary condition for innovation in trade unions. Literature is divided between those who study

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\(^7\) Levesque and Murray (2010) recognize four kinds of union power resources: internal solidarity; network embeddedness, narrative resources that frame understandings and union actions; and infrastructural resources. The analysis of the impact of neoliberal reforms on these resources is beyond the scope of this paper. However several studies have tried to shed light on this matter. Nonetheless there is wide consensus that neoliberalism has a negative impact on unions’ sources of power.

this need as arising from inside the union organization (Fairbrother, 2008; Baccaro et al. 2003) or as a consequence of external determination (Foley, 2003; Turner, 2005).

Regarding the first group, the renewal thesis of Fairbrother (1996) suggests that change in unions will be driven primarily by mobilization from below; that the main pressure on officers to innovate will stem from members and activists at workplace level. These studies are mainly influenced by social movement theorists and how unions are adopting the logic of social moments as a whole. On the other hand, there are those who argue that pressure to organize and accommodate to new groups in the labour market is likely to come from the national leadership of unions (Willman, 2001 quoted in Heery 2005). This literature is more connected to the study of traditional “business unions” structures which are generally organized in top down ways, with low membership participation and more concerned with policies and economic issues at a national level (Fairbrother, 2008). Nevertheless, Hyman (2004) recognizes that despite the importance of initiative from below, spontaneous and decentralized action is not enough; he adds that a ‘fusion' between unions and social movements is neither possible nor desirable. He argues that both elements must be examined.

With regards to the second group of theorist - the need for change that originates outside the union structure - most neo-institutionalist approaches and those who analyze the impact of a globalized world on unions would fit into this tradition. Once again, these are not irreconcilable approaches to the same phenomenon, rather they complement each other.

In any case, both types of literature assume that union revitalization requires proactive union strategies (Frege & Kelly, 2003; Turner, 2005): the recruitment of new members - special less represented minorities - , coalition buildings – and union mergers, for instance -; organizational restructuring – rebuilding union democratic procedures (Levesque & Murray, 2010, Foley & Polanyi 2006) and increasing their legitimacy (Dufour & Hege, 2010); among other strategies.

After this brief overview of the literature, there are still some issues to address: what happened to unions in Argentina and how did those unions affect HRM practices on subsidiaries. In previous studies (Senen & Medwid, 2010; Senen & Haidar, 2009) the authors have stated that a revitalization of labour unions is taking place in Argentina. However is not possible to talk about an actual “renewal”. Just like Azeni & Gigliani (2008), we argue that there are three main features that distinguish the current context from the neoliberal period: a) there is a re-emergence of collective bargaining as a mechanism to determine wages; b) conflicts and strikes are once again initiated by the union and; c) the number of workers represented by labor unions has expanded9 (Senen & Medwid, 2007; Palomino and Trajtemberg, 2006). Nevertheless those changes do not seem to be a result of an active union strategy to reverse the severe impact of the neoliberal reforms10, rather that they have adjusted to the changes in the political and economic conditions quite rapidly.

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9 However, the membership levels remain the same.

10 During the 90s, union’s power was divided. A new central organization was created with a structure more similar to social movement unionism. This confederation aggregated most unions from the public administration, and education became more directed at the
Although no significant modification has been made in the institutional framework\textsuperscript{11}, unions have benefited from the shift in the government’s political orientation: there has been state intervention which sought to raise the minimum wage, collective negotiations have been strengthened, there have been active policies to promote formal employment and reform the legal system in order to guarantee greater protection for workers. Also, the country’s economic resurgence, the reduction in uncertainty regarding the external sector, and growth in employment and the domestic market has also helped labour union resurgence (Senen & Medwid, 2009). Even though some internal divisions arise within unions’ structures\textsuperscript{12}, most changes have been promoted from national industry levels. Little reform was carried out by union actors: national leaders remain the same, union democracy is almost non-existent and the hierarchical structure has not been contested. Simply put, the political context was of fundamental importance in explaining the reappearance of the labour conflict and the revitalization of the union movement during this period. Hence, unions sought to obtain a better distribution of profits which took the economic context into account.

With regards to the relation between those unions and MNCs, some studies carried out during the 1990s focused on the interaction of unions and some privatized companies. Tomada and Senén (1998) have described the impact of different bargaining cultures between unions used to bargaining with the State and the new privatized company with an “efficiency logic” in contrast to a “public service” one. Even though they recognized some differences between French and British company, unions attitude towards MNCs were similar: it was one of submission and defending jobs rather than defending working conditions. It is interesting to point out that those unions are still the same, nonetheless, their attitude has become more combative. More recently Senen & Medwid (2009) have studied MNCs in the vegetable oil sector, and a “country of origin effect” could not be found. On the other hand, a “double breasting”\textsuperscript{13} strategy towards unions was identified in MNCs as well as in national companies.

**MNCs in Argentina. The country-of-origin effect.**

**Methodology**

This research is part of a larger research project carried out by the Ministry of Labour in Argentina within the INTREPID group. This paper draws upon data gathered through the Intrepid International project which surveys employment HRM practices in several countries: UK, Ireland, Canada and Spain and more recently, Argentina, Mexico Australia and Denmark. This survey was conducted in 2009 upon a sample of 155 subsidiaries located in the country, stratified by sector, size and origin of capital. The sample was built on a universe of 577 MNCs operating in the manufacturing, commerce and services sectors. The firms have a minimum of 100 employees in the Argentine subsidiary and at least 400 employees outside

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\textsuperscript{11} There were some important drawbacks regarding decentralization of the collective bargain, unions were allowed once again to negotiate wages and some limits were re instated to business self determination regarding labour.

\textsuperscript{12} Food sector, subway workers, among others.

\textsuperscript{13} Lamare et al. (2009) refers to the term “doble breasting” as the situation in which on unionized firm, in order to reduce labour costs and gain greater flexibility, would choose to open a non union plant while concurrently maintaining their unionized operations.
the country. The survey was focused on the group of internationalized firms, comprised of both subsidiaries of foreign companies and Argentine firms with at least two subsidiaries abroad\(^\text{14}\).

This paper is based on a total of 122 responses of subsidiary firms from US and Europe, operating in Argentina. 58 firms out of the 122 cases are from the US and the remaining 64 are European. With regard to jobs, 58% of the workers are hired by European subsidiaries. As it was noted before, we do realize that there may be different HRM traditions within the European countries. However, for the sake of research, we have taken them as a unity. When we compare the performances of the European subsidiaries, no significant differences were found\(^\text{15}\).

Both kinds of subsidiaries have a similar composition, though not exactly the same: 43% of the American firms belonged to the manufacturing sector, 12% to commerce and 45% to the service sector. On the other hand, 53% of the European firms belonged to the manufacturing sector while only 8% belonged to the commerce sector and the remaining 39% to the service sector. As regards firm size, both origins have more than half of their firms in the 100-500 employees segment (medium size), 55% in the American case and 59% in the European case. While 9% of the European subsidiaries are subsidiaries with more than 5000 employees in Argentina, only 2% (1 firm) of the American subsidiaries have that size. The rest of the firms correspond to subsidiaries in the 501-4999 employees segment (31% in the European case and 43% in the American case).

**Coverage**

Trajtemberg et al. (2010) indicate that since 2003 the number of collective agreements has risen from 406 in 2003, to 568 in 2005, 930 in 2006, and 2040 in 2010. The authors also point out that besides the increase in number, the coverage of collective bargaining has widened, reaching five million wage earners in 2007. Union revitalization is related to the growth of formal employment in the private sector and the consequent increase in the number of union members derived from it (Senén González et al., 2011, Palomino et al. 2009)

As regards employees from MNC subsidiaries in Argentine, almost every company declares to have workers under collective agreement – 86% in the American case and 97% in the European case. However, when analyzing the coverage rate between firms with at least one employee covered by collective agreement (CA), some important differences arise:

**Table 1: Coverage rate in firms by country of origin (% of firms)**

<table>
<thead>
<tr>
<th>Subsidiaries Occupation Covered by CA,</th>
<th>US</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 30% of the occupation</td>
<td>15</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Between 31% and 70%</td>
<td>45</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>More than 70%</td>
<td>40</td>
<td>64</td>
<td>54</td>
</tr>
</tbody>
</table>

\(^\text{14}\) For more information see: Rojo, S., Tumini L. and Yoguel G. (2011) “Mitos y evidencias acerca de la participación de las multinacionales en la estructura productiva y el empleo de Argentina” Presentación del estudio sobre firmas multinacionales en la Argentina, su incidencia sobre el empleo y el diseño de políticas (MTEySS – PNUD) in press.

\(^\text{15}\) For additional information on the composition of European firms see table 1 from Apendix.
Most European subsidiaries have their occupation under CA coverage mostly (70%) – 64% of the subsidiaries. On the other hand, a significant number of American subsidiaries (15%) have less than 30% of their occupation under CA. Most US subsidiaries are in the interval between 31 and 69% of the occupation under coverage. While the European coverage rate mean is 70%, the US mean doesn’t surpass 52% of workers under CA.

If we analyze the percentage of employees that are not covered by CA, as declared by the firms, we find that most of the employees in the European subsidiaries are hierarchical and administrative staff (66%). By contrast, only 55% of the employees that aren’t covered by CA are hierarchical and administrative staff. Therefore, if coverage is not voluntary but compulsory, why are those employees not covered? Most of these employees work in a service sector where the coverage rate is traditionally low (85% in the MNCs companies) as compared to the manufacturing sector (100% in the MNCs companies).

Hence, even though the differences between American and European subsidiaries are minor, they are still differences. The relatively high coverage rate is due to the fact that Argentine institutions make extensive coverage compulsory. Firms may have a relative degree of freedom when it comes to choosing which collective bargain is to be applied - they may even try to avoid unions by paying higher wages - but they cannot refrain from recognizing union agreements. However, American firms have lower rates than European firms, so they must be quite effective in trying to keep union presence at a minimum level.

**Union Membership and Presence**

As it has been mentioned, most HRM practices in Argentina may be more effective in avoiding union presence by giving incentives to employees to keep them from becoming union members rather than not applying what has been collectively agreed. In this sense, Machin and Wood (2005) recognize that the HRM practices that most directly affect labour unions may be those related to individualized forms of pay determination and methods of communication that purport to give workers a direct voice. Even though these strategies do not have a decisive impact, they may affect the unionization rate.

With respect to different payment settings, this is a practice commonly adopted by MNCs. In a previous study\(^\text{16}\), labour unions reported that several big companies paid higher wages to workers in the same category if they didn’t belonged to union. Thus, distinctive payments can be implemented but only if they are higher than the minimum of the CA. Some industry level unions usually negotiate firm-level agreements with bigger firms that are able to pay higher salaries than the industry average. However, the analysis of different payment settings will be the object of a future study.

\(^{16}\) Senen and Medwid (2009) in the vegetable oil sector.
On the other hand, union membership is not only threatened by HRM practices. Trajtemberg et al. (2011) have analyzed the impact of micro determinants on union memberships in the Argentine case: larger establishment size, seniority, less qualified workers and industry activity positively affected unionization. By contrast, age, higher qualifications and presence of female workers negatively affected unionization. Nevertheless, one major finding of that research was that union presence was particularly important for enhancing union membership in those segments where union membership is particularly weak: between women, highly qualified workers and youngsters. It also boosted membership in those sectors with less union tradition: social services and finance and even in the construction sector where recruiting is particularly difficult.

Therefore, a successful strategy to avoid unions not only implies having less union members but also avoiding union presence at the establishment. In this sense, there is no rivalry between worker representatives in Argentina since work councils do not exist. Unions do not compete with other collective forms of worker representation. Even though union presence is regulated by law, it only establishes the number of “delegates” according to the size of the firm occupation. However, union presence cannot be mandatory because workers cannot be forced to become union members. If the firm does not have any union members, no delegate elections can be organized. Therefore, there is no union presence in the workplace.

Hence, MNCs surveys show that when something is not compulsory, unions' indicators decline quite sharply. There are significant differences between union membership rates between American and European companies.

Most subsidiaries declare to have at least one union member. Therefore, almost 90% of the European firms claim to be “unionized firms”. By contrast, only 76% of the US firms declare to be “unionized”. Furthermore, if we analyze the membership rate between those unionized firms, we find that half of the US firms have less than 30% of their employees belonging to a labour union. Only a few US companies, less than 20%, have a membership rate higher than the 70% of the occupation. When comparing the means, we find that the US membership mean is approximately 10% of the occupation, while the European mean is approximately 55% of the membership rate.

**Table N°2: Firms with Union Members and Membership Rate by Country of Origin**

<table>
<thead>
<tr>
<th>Has any union member?</th>
<th>EEUU</th>
<th>Europe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>24</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Yes</td>
<td>76</td>
<td>89</td>
<td>82</td>
</tr>
<tr>
<td>- ≤ 30%</td>
<td>55</td>
<td>22</td>
<td>36</td>
</tr>
<tr>
<td>- Between 31% and 69%</td>
<td>28</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>- ≥ 70%</td>
<td>18</td>
<td>28</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: MNCs’ survey SSPTYEL conducted by the Ministry of Labour in Argentina within the INTREPID project.

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17 Law 23.551, Argentinean Act of Union Association
When it comes to union presence in the workplace, the contrast is more startling: little more than half of the US companies have delegates (54%) while 75% of the European firms have them (see Table 2 in Appendix). If we analyze the differences between establishments with and without union presence we can clearly see that in the absence of delegates, both the US and the European firms have similar union performances. More than 80% of the firms without delegates have less than 30% of membership rate or no union members at all, which seems logical. However, these numbers change with union presence: while more than 80% of the European firms with union presence (UP) have membership rates higher than 30%, it doesn’t seem to be enough to boost membership rates within the workplace. Nonetheless, some qualitative research must be carried out to draw more conclusions regarding union presence in American firms. In any case, we could suggest that there is a “country-of-origin effect”, although we should look deeper into the matter to identify its characteristics.

**Table N° 3: Union Membership (UP) and Union presence.**

<table>
<thead>
<tr>
<th>Union Presence (UP) in the Workplace</th>
<th>EEUU With UP</th>
<th>EEUU Without UP</th>
<th>EUROPA With UP</th>
<th>EUROPA Without UP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without Union Members</td>
<td>-</td>
<td>54</td>
<td>-</td>
<td>47</td>
</tr>
<tr>
<td>≤ 30% membership rate</td>
<td>41</td>
<td>38</td>
<td>13</td>
<td>40</td>
</tr>
<tr>
<td>Between 31% and 69%</td>
<td>37</td>
<td>4</td>
<td>59</td>
<td>-</td>
</tr>
<tr>
<td>≥ 70%</td>
<td>22</td>
<td>4</td>
<td>28</td>
<td>13</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: MNCs’ survey conducted by the Ministry of Labour in Argentina within the INTREPID project.*

It is interesting to point out that in general terms, and despite the country-of-origin effect, union indicators have better performance than the statistics available for firms in Argentina. Even though these statistics are not comparable to the ones that we have worked with in the MNCs Surveys, the membership rate is approximately 39%. And union presence in firms larger than 200 workers is near 60% (ETE\textsuperscript{18} - MTEySS).

As a final thought, let us mention that we cannot address the revitalization phenomenon from this particular survey alone. Although we have some significant information provided by unions that are quite active in the workplace, mostly in big companies, this information has yet to be verified and validated. In recent years union activities (union meetings in the workplace, strikes, public mobilizations) have became more frequent. Some conflicts in MNCs went public status in recent years.

**Conclusions**

Even thought the analysis of institutional distances between US and European institutions regarding the Argentine ones require a more exhaustive analysis, at first glance, the institutional duality and distance

\textsuperscript{18} This is a survey carried out by the Ministry of Labour applied to workers at workplace: Encuesta de Trabajadores en Empresa (ETE)
seem to be greater between Argentine and US practices and regulations. Argentina has traditionally been more pro-union in contrast to the well known antiunion sentiment that characterized US firm practices. While American labour regulations are based on voluntarism and market policies, Argentine ones tend to diminishing power bargaining asymmetries between labor union and business with active state intervention. Finally, even after two decades of the neoliberal reforms collective bargaining at industry-level is still important, especially if we take into account the number of worker covered by it. In contrast, US collective bargaining structure is characterized by its decentralization.

However, not only institutional distances matter. Differences in labour unions are significant as well. Argentine labour unions are going through a phase of regaining power in the political and economic arena. This happens not only at peak level unions but also in the workplaces. This imposes a different kind of constraint to HRM practices to both US and European subsidiaries. Apart from the constraint they find at the regulation level, some managers may not be used to dealing with powerful unions, or unions at all. As most literature argues, US firms seems to be more sensible to dealing with union presence, particularly, if those unions are not weak. Furthermore, HQs may find it difficult to understand why dealing with unions is not contestable issue. During the 90s, most unions bargained from a weak position. Nowadays, the situation is quite opposite. Even though we cannot speak of a union renewal, there has been a “revitalization” of unionism in general. Nonetheless, more qualitative research is to be done in order to state how this revitalization has impacted in MNCs attempt to impose their own practices.

When we analyzed unions’ performance indicators in the workplace in the MNCs survey two conclusions arise. There seems to be a country of origin effect, that’s to say, Americans firms show less favorable union indicators. Nonetheless, that country of origin effect is mediated by Argentine institutions: where institutions are strong (i.e. coverage) differences between US and European indicators diminish, where institutions are more permissive (i.e. union presence) the differences grow bigger.

With regards to the first assessment, the relatively high coverage rate in both kinds of firms is due to the fact that Argentine institutions make extensive coverage compulsory. Firms may have a relative degree of freedom when it comes to choosing which collective bargain is to be applied - they may even try to avoid unions by paying higher wages - but they cannot refrain from recognizing union agreements.

With regards to the second one, US firms not only have a relative less percentage of their occupation unionized – US membership mean is approximately 10% while European one is 55% - but also they are more successful in avoiding unions presence: little more than half of the US companies have delegates (54%) while 75% of the European firms have them. As it was noted before, when something is not compulsory, unions’ indicators decline quite sharply in the US subsidiaries.

Given the fact that this is an exploratory study on the subject, several threads for future research arises: in the first place, how actual HRM practices collides with local institutions and unions. The HRM practice
themselves have not been a research objective in this paper. Secondly, more case studies should be carried out in order to shed light to the specificities of HRM practice by country of origin and Argentine unions’ responses to them in the workplace. Finally, we should compare the survey’s result to the available data of the Argentine business sector in order to define if union performance in MNCs differs significantly to similar (by size and activity) Argentine-own companies within the country.

References
Atzeni, Maurizio & Ghigliani, Pablo (2008) “Nature and limits of trade unions’ mobilisations in contemporary Argentina” Labour Again. February


Kumar, Pradeep & Schenk, Chris (2004) “Institutional and Conceptual perspectives on Union Renewal” Notes for presentation at the CRIMT International Colloquium on Union Renewal Mntreal, November 17 – 20


Appendix

**Table 1: Headquaters localization**

<table>
<thead>
<tr>
<th></th>
<th>Firms</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>15</td>
<td>23</td>
</tr>
<tr>
<td>Spain</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>France</td>
<td>14</td>
<td>22</td>
</tr>
<tr>
<td>UK</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Other</td>
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</tr>
<tr>
<td>Total</td>
<td>64</td>
<td>100</td>
</tr>
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</table>

**Table 2: Union presence in the workplace by country of origin.**

<table>
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<tr>
<th></th>
<th>EEUU</th>
<th>Europe</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>With union presence</td>
<td>54</td>
<td>75</td>
<td>65</td>
</tr>
<tr>
<td>Without union presence</td>
<td>46</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>Unionized workplace</td>
<td>46</td>
<td>53</td>
<td>49</td>
</tr>
<tr>
<td>Non unionized workplace</td>
<td>54</td>
<td>47</td>
<td>51</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>