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

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- Duality of Pressures – Strong Labour Institutions
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Main Objective:
Impact of the country of origin (CO) effect on union performance in Workplace:

✓ union coverage,
✓ union membership,
✓ union presences

Research Question:
Do Argentine Institutions and Labour Unions mediate CO effects in Subsidiaries?
Institutional Dualities:

- Pressures to conform to HQ practices and to local institutional (Temple, Edward, Ferner et al. 2008, Kostova,1999, etc.)
- As institutional distance increases, more challenges to local HR managers (Temple, Edward, Ferner et al. 2008, Kostova,1999, etc.)

Country of Origin Effects:

- Americanness: Attempt to impose their own centralized and standardized HR practices.
  (Ferner, 2000; Quintanilla et al, 2008, etc.)
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Labour Institutions in Argentine (I)

a) Labour Relations System – 3 pillar structure:

- Labor Union Representation Monopoly (“Personería Gremial”)
- Collective Bargaining Centralization
- Extensive Coverage to all Workers (“erga omnes”)

b) Centralized Unions by sector (Pyramidal structure almost no Firm Labour Unions)

- National Confederation (3rd)
- Federation for each sector (2nd)
- Grassroots syndicates & delegates (1st)

c) State Intervention

- very active in setting the legal framework
- minimum wage policies
- Collective agreements are legally binding
1. Subsidiary cannot choose freely with which union they are going to negotiate.

2. Unions are organized by activity and they have “union expertise” which transcends the subsidiaries themselves.

3. Industry level Collective Agreements must be applied.
**How Unions can Face and Adapt to Challenges Imposed by a Flexible Context?**

- **LU and Social Movements Thesis**

- **Source of Changes**
  - From below (workplace)
  - Top way down (National / peak levels)
  - Both

- **New Strategies**
  - Recruitment of new members
  - Organizational restructuring
  - Democratic procedures and legitimacy issues.

**Argentina’s Economic and Political Context:**

**During the 1990s:**
- Neoliberal reforms
- Labour contracts flexibility
- Unemployment rate increased
- Union’s presence fell drastically
- Decrease in union membership

**Since 2003:**
- Major syndicate presence
- Increase in collective labour agreements
- Increase in labour conflicts
- Increase in union density (37%)
- Unemployment rate declined
1. Revitalization takes place in a favorable context
   a) shift in the government’s political orientation: state intervention in labour market issues
   b) economic resurgence

2. Revitalization as resurgence of Labor Unions as decisive actors in the Political and Economic arena.
   a) re-emergence of collective bargaining as a mechanism to determine wages;
   b) conflicts and strikes are once again initiated by the union;
   c) the number of workers represented by labor unions has expanded

3. Union’s Revitalization but not “renewal”
   ✓ No original strategy

HOW DOES THIS REVITALIZATION AFFECT ARGENTINE SUBSIDIARIES?
Almost every company declares to have workers under collective agreement

- 86% US Firms; 97% European Firms

Coverage Rates within firms Differs

- Only 2% Of the European firms have less 30% of the occupation Covered

Employees not covered by CA:

- Most of Europeans are hierarchical and administrative staff while only 55% of US firms are administratives
The percentage of Unionized firms is significantly lower for the US Subsidiaries.

76% US; 89% European

The membership rate within those firms are lower for US Firms

US membership mean is approximately 10% of the occupation while European mean is near 55%.

Membership rates are affected by UP

Only in 54% of US subsidiaries have delegates in contrast to the 75% of the European...
The institutional duality and distance seem to be greater between Argentine and US practices and regulations.

Union’s Revitalization in Arg may impose a different kind of constraint to HRM practices to both US and European subsidiaries.

The relatively high coverage rate is due to the fact that Argentine institutions make extensive coverage compulsory.

There are significant differences between union membership rates between American and European companies.