Is Ireland the ‘51st State’ for U.S. Multinationals?
Determinants of Union Recognition and Avoidance at MNCs in Ireland

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Abstract
This paper uses empirical techniques to measure the determinants of union recognition and avoidance amongst multinational companies (MNCs) operating in Ireland. The literature suggests that MNCs from economically dominant countries are more easily able to implement their home-country managerial practices within host countries. Whether this notion is manifested in MNCs’ employment relations behaviors has been debated by those studying the Irish setting. U.S. firms operating facilities in Ireland garner particular interest, given their substantial influence on Irish ER policy and business practices. Employing the first representative survey of MNCs operating in Ireland, we use empirical methods to ascertain the determinants of both union recognition and ‘double-breasting,’ considered a means of union avoidance through simultaneously operating union and non-union sites. The results indicate a strong country of origin effect, with U.S. companies far less likely to recognize unions and more likely to engage in double-breasting. The findings suggest that U.S. MNCs carry their own ER cultures and attitudes into foreign sites, rather than complying with host country traditions.

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Introduction

This paper seeks to explain the determinants of union recognition and union avoidance amongst multinational companies (MNCs) in Ireland. Far from being an isolated entity, Ireland can be viewed as something of a microcosm for the global entrenchment of MNCs into small, late-developing economies. For instance, the level of foreign direct investment (FDI) in Ireland, relative to the size of the economy, remains one of the highest in the world.

The broad literature on MNCs notes that firms from economically successful countries are often able to transfer their management practices to the host country with relative ease. In Ireland, this influence of economically dominant countries, such as the U.S., is especially pronounced. When looking specifically at employment relations behaviors within these MNCs operating in Ireland, the literature is divided. Some argue that MNCs conform to the prevailing ER trends of the host country, mirroring indigenous firms. Others maintain that MNCs operating in Ireland carry their own cultures and ER attitudes developed from their home country. However, this Irish ER literature has been unable to empirically test these assertions with representative and robust data. This paper incorporates data which allow for the quantitative analysis of these competing ideas. Throughout the paper, special attention is given to the role of the U.S. when considering MNCs in Ireland. Of particular significance is the substantial number of U.S. firms who have recently opened sites in Ireland. The U.S. is by some distance the largest source of FDI, with the U.S. corporate investment position in Ireland in 2006 larger than its combined investment into Brazil, China, India and Russia (Hamilton and Quinlan 2008).

Given these contextual and theoretical considerations, this paper looks to measure the factors which influence a firm’s union recognition status, particularly the role of country of origin. Within this framework, the paper also analyzes the determinants of ‘double-breasting,’ where firms simultaneously operate union and non-union plants. Much of the literature,
particularly from the U.S., views double-breasting as a method of union avoidance. However, the definitional meanings of the term may very depending on context.

Prior to our empirical analysis of the determinants of union recognition and double-breasting, it is necessary to discuss the international literature on MNCs and union recognition, the Irish context, the concept of double-breasting, and our methodology.

**Literature on Economic Dominance Effects within MNCs**

The international literature highlights the importance of economic dominance effects in facilitating the transfer of management practices from the home to the host country within multinationals. The concept of economic dominance is based on the premise that organizations emanating from economically successful nations can most easily and credibly transfer and implement specific business policies and practices in their foreign subsidiaries (Smith and Meiskins 1995; Edwards and Ferner 2002). This occurs because such “..dominant or hegemonic states are able to exert organizational, political and technological influences that invite dissemination and adoption around the global capitalist system” (Almond et al. 2005: 280). In essence, economic success in the home country and internationally gives that country’s management practices a strong level of global legitimacy which in turn provides its foreign subsidiaries with extensive capacity to implement home country practices abroad.

Such capacity is clearly enhanced in smaller, late industrializing economies. Ireland provides a pertinent example. It has been categorized as one of the world’s most globalized and FDI-dependent economies (cf. Kearney 2002). This is the product of a consistent public policy strategy, dating from the late 1950s, of seeking to attract MNCs into Ireland via a package of preferential incentives, especially low corporation taxes (Gunnigle et al. 2006). U.S. MNCs have been the predominant target and beneficiaries of this policy. The U.S. is by far Ireland’s largest source of FDI. U.S. FDI in Ireland increased by a factor of five during
the period 1990-98, while *The Economist* (1997) found that FDI stock from U.S. firms amounted to $3000 per head in Ireland, compared to $2000 in Britain, $500 in Germany and $200 in Spain. It is worth reiterating that the scale of U.S. FDI in Ireland can be captured in the remarkable statistic that the stock of U.S. corporate investment in Ireland is larger than its combined investment in Brazil, Russia, India, and China (Hamilton and Quinlan 2008), as noted in the introduction. It is hardly surprising therefore that Ireland’s economic development is inextricably linked with U.S. FDI and with the fortunes of the U.S. economy. Equally, American management approaches and practices have left an indelible footprint on the Ireland’s business system and particularly on employment relations.

In the European Union (EU), the idea of economic dominance stimulated considerable debate during the 1990s, for two main reasons. First, the surge in U.S. FDI into the EU led to increased reflection on its potential impact transferring U.S. business and management practices to the EU (Sparrow and Hiltrop 1994; also Cooke and Noble 1998). Second, the apparent success of the U.S. economy during the 1990s, particularly in terms of employment creation, and the comparatively poor performance of many EU countries in this sphere, engendered considerable deliberation on the respective merits of differing systems of economic governance. In particular, the EU’s espoused ‘social market’ approach, characterized by comparatively high levels labor regulation, welfare provision and reliance on pluralist employment relations traditions, seemed to suffer in contemporary comparison with the U.S. ‘free market’ approach. The latter approach, underpinned by the principle of ‘employment at will’ and characterized by lower levels of labor and labor market regulation, was argued to provide a greater spur for employment creation (cf. Grubb and Wells 1993; Sadowski et al. 1995). U.S. MNCs have been at the forefront in promoting free market/low labor regulation approaches (cf. Dunning 1993). Indeed, Crouch and Streeck (1997) point to the success of U.S. MNC in achieving extraordinarily high levels of autarky from their
socio-political environment, and allows them to traverse national boundaries with considerable and increasing ease. The further argue that the globalization of markets and over-dependence on MNCs as providers of employment and engines of economic growth has led to a diminution in the governing capacity of the nation state and Government capitulance to the influence of MNCs. Again, this is more likely to occur in smaller, late developing economies, such as Ireland, where dominant MNC coalitions are able to exert proportionately greater economic and political influence.

**Literature on Union Recognition Influences**

In terms of employment relations approaches, the literature has generally argued that the country from which the MNC originates exerts a distinctive effect on the way labor is managed, implicitly supporting the broader theory of MNCs’ economic dominance (Ferner 1997). Girgin (2005) specifically notes that the national business system from which MNCs emanate plays a key role in determining its approach to employment relations. These approaches to ER are said to be derived from the existing national models of employee representation that prevail in the firm’s country of origin. U.S. MNCs, for example, have displayed a particular and pronounced tendency to avoid trade unions and collective bargaining (De Vos 1981; Kochan et al. 1986; Gunnigle et al. 2005; Lavelle 2008; Geary and Roche 2001).

Early Irish literature on MNCs argued that the ER practices of foreign-owned MNCs operating in Ireland conformed to the prevailing traditions of larger indigenous firms, notably in conceding trade union recognition and in relying on adversarial collective bargaining as the primary means of handling ER matters. For instance, Kelly and Brannick (1985: 109) found that “in general, MNCs are regarded as no different than Irish firms and the trend seems to be one of conformity with the host country’s institutions, values and practices.”
Enderwick (1986) identified a number of theoretical propositions as to why foreign-owned MNC subsidiaries might utilize different ER practices to those prevailing in indigenous organizations, but found no supporting evidence for divergence from host country attitudes (cf. Roche and Geary 1996). Consequently, this early body of research pointed towards a notion that firms conform to the prevailing behaviors of indigenous country firms, suggesting that country of origin was irrelevant to ER approaches in Ireland.

However, a countervailing perspective argues that a ‘new orthodoxy’ now characterizes Irish ER. This posits that foreign-owned MNCs no longer conform to prevailing local ER practices, pointing towards a country of origin effect (Roche and Geary 1996; Turner et al. 1997a, 1997b). Evidence of this notion most pronounced in the union avoidance strategies of U.S. MNCs in Ireland, particularly those that have established operations since the 1980s. Indeed, as postulated in the more general ER literature, U.S. companies operating in Ireland appear much more likely to adopt different ER practices to indigenous companies (Gunnigle 1995; Gunnigle et al. 1997; Geary and Roche 2001; Collings et al. 2008). Both Gunnigle (1995) and Gunnigle et al. (1997) point towards a significant increase in trade union avoidance among U.S.-owned firms establishing at greenfield sites. Geary and Roche (2001) similarly find a dramatic rise in non-union workplaces among U.S. employers entering Ireland since the mid-1980s, a trend corroborated and developed in later case evidence (see Gunnigle et al. 2005). Collings et al. (2008) point towards important changes in the broader ER system in Ireland, which they trace indirectly to the influence of FDI in Ireland, particularly in terms of U.S. FDI.

Beyond country of origin influences, other factors have been shown to possibly impact on a firm’s ER approach, particularly in terms of its openness to unions. For instance, the role of sector is heavily cited in the literature as contributory toward differences in ER practices of MNCs. In fact, some maintain that sector is more critical in understanding the variation in
MNC practices than country of origin (cf. Marginson and Sisson 1994). Manufacturing is generally seen as the sector in which unions are most entrenched (Roche 1997; Wallace 2003). Firm size also may play a role, with the extant literature suggesting that larger firms are more likely to be unionized (Blanden et al. 2006; Turner et al. 1994; Roche 2001). There have also been suggestions that change in employment levels may influence union avoidance approaches (Beaumont and Harris 1992).

**Double-Breasting at Multi-Site Unionized Firms**

We look at one specific approach to union avoidance, known as double-breasting. The term ‘double-breasting’ originated within the construction industry in the United States. Early references to the term are found in Lipsky and Farber’s (1976: 401) analysis of strike activity in the construction industry where the authors used the term to describe construction firms operating “in both unionized and non-unionized segments of the industry.” This early use of the term has continued within the literature throughout the years (see Doherty 1989; Ruben 1985; de Bernardo 1989; Finkel 1997; amongst others). The term was largely used in an attempt to capture the notion that unionized construction firms, in order to reduce wages and other labor costs, and to gain greater flexibility, would engage in a strategic choice to open and operate a non-union plant while concurrently maintaining their unionized operations.

The practice spread, both beyond the construction industry (Edwards and Swaim 1986) and into neighboring countries, such as Canada (Rose 1986). Authors generally maintained an association between double-breasting and cost-cutting managerial strategies, conforming to a shift in employment relations systems first identified in the mid-1980s (see Kochan et al. 1986). Under the current employment relations system in the U.S., companies often operate non-union plants in an effort to secure less rigidity in employees’ job classifications, to hire low-skilled and low-pay workers, and to garner a more robust sense of managerial control.
over the entire work process. Consequent of their opening these new sites, companies often shift production from traditionally union-friendly geographic locations (with strong legal protections for workers) to “right-to-work” states with more lenient labor laws; employers often face a choice to either shut down the unionized plant entirely, or to leave it open and, as such, engage in double-breasting. If the unionized site is left open, workers face direct and indirect pressures in the form of these new plants, given that the leniency of labor laws at the non-union site allows the company to reduce wages and benefits at that plant, subsequently pushing the workers at the unionized site to follow suit.⁵

Consequent of these circumstances, the North American literature appears to overwhelmingly view double-breasting as a form of strategic choice by employers. This literature essentially contends that double-breasting has developed through what one might call deliberate sequentiality. This refers to the notion that the unionized company was established first, and that cost and control interests led to the opening of secondary non-union sites (often in areas with less stringent employment regulation).

However, researchers from Europe’s Anglophone countries consider that double-breasting may not follow this pattern of deliberate sequentiality (Beaumont 1985, 1987; Beaumont & Townley 1985; Beaumont and Harris 1992). Beaumont and Harris (1992: 268) view double-breasting as occurring where “a multi-establishment organization may simultaneously operate establishments on both a union and a non-union basis”. Key in this definition is the concept of simultaneity, rather than sequentiality. The Beaumont and Harris definition lacks a normative element; that is, the authors make no prescriptive judgment regarding the logic behind companies’ engaging in double-breasting. Under this broader definition, double-breasting might occur as part of a firm’s strategic choice to directly compete with the established unionized plant (mirroring the U.S. definition) or, crucially, for a number of other

⁵ There is an enormous amount of literature in the U.S. discussing the benefits managers gain from employing a non-union workforce. A good starting point in this literature is Kochan, Katz and McKersie’s (1986) work, The Transformation of American Industrial Relations.
reasons unrelated to strategic choice. For instance, double-breasting may occur in certain
instances due to distinctions in the type of work undertaken in different plants/locations.
That is, if a company operates one establishment requiring the input of particular skills such
as those in a specific craft (which is likely to be unionized) and another service operation
employing largely ‘white collar’ workers (more likely to be non-union), the Beaumont and
Harris definition captures this as double-breasting, without implicitly arguing that the firm
has chosen to engage in double-breasting as a strategic cost-driven or work-related technique.

This distinction in connotations of the term becomes all the more relevant when one
considers the role of national context. In particular, the ER system in an individual country
may crucially impact on the extent to which a company is likely to engage in deliberately
sequential or simultaneous double-breasting. In a highly legalistic ER system like the U.S.,
wherein union structures and representative jurisdiction are rooted in law and precedent,
companies that engage in double-breasting can be viewed as exploiting openings in the law to
undercut worker rights, as highlighted in the aforementioned North American literature.
Conversely, in less legalistic and more voluntarist ER systems, such as that in Ireland, the
recognition of trade unions relies substantially on the voluntary commitment of employers to
engage with trade unions. Theoretically, companies under such systems might not engage in
double-breasting simply to strategically cut costs and undermine an embedded union
presence. Companies engaging in double-breasting in these contexts might be seen as
moving away from the traditions and standards of the ER system, rather than circumventing
any employment law. Previous Irish studies on the subject (Gunnigle, et al. 2005; Lavelle
2008) chose to define double-breasting in terms of sequentiality. This paper differs, in that it
defines double-breasting using the Beaumont et al. concept of simultaneity (i.e., simply
operating both unionized and non-union plants).
The Irish Employment Relations Context

The Irish employment relations system is rooted in the British voluntarist system, which is unsurprising given that Ireland achieved independence from Britain and 1922 and only became a Republic in 1949. The fledgling Irish State thus inherited the British legislative framework and voluntarist ER traditions. While the vestiges of British influence held sway for some considerable time, these have now been substantially shed, as the Irish ER system has established a quite separate identity. However, this identity is quite complex. First, it does not fit any of the prevailing European ER typologies such as Nordic Corporatism, classic European Social Partnership or Anglo-Saxon Pluralism. Second, there is considerable variation within the Irish ER system itself.

At the macro level, the ER landscape has been dominated by a series national level accords (‘partnership agreements’) negotiated by the central trade union confederation, the Irish Congress of Trade Unions (ICTU), the main employer’s confederation, the Irish Business Employers Confederation (IBEC), and Government. These accords afford organized labor considerable influence over economic and social policy as they address both pay and broader economic and social policy considerations (e.g. taxation, social welfare). Unlike some of their European counterparts though, Ireland has no legislatively underpinned system of employee involvement at workplace level, meaning that initiatives in this domain tend to be voluntary in nature (i.e. left to employers, workers and trade unions). The recent transposition of the European Directive on Information and Consultation into Irish law could partially redress this situation though its impact may well be limited given the transposition was ‘minimalist’ in nature and we have no evidence yet of any substantial impact on ER practice at workplace level (Dundon et al. 2006). While some work (Lavelle et al. 2009) suggests that the Directive may have positively influenced voice structures at MNCs operating in Ireland, it has been
documented that attempts to diffuse partnership arrangements to workplace level have largely faltered (Gunnigle 1998; Dobbins and Gunnigle 2009; O’Dowd and Roche 2009).

Turning specifically to role of trade unions, we find that union density has declined significantly over past three decades. Having reached a high of 62 per cent in 1980, density has progressively fallen since then and now stands at 33 per cent (Roche 2008). While the reasons are varied, one particular source of decline pertinent to this paper is changing employer postures towards trade unions. There is little doubt that employer resistance to union recognition has increased since the turn of eighties. Though certainly not confined to FDI sector, there is extensive evidence that union avoidance is especially prevalent among MNCs, particularly those that established operations since the early 1980s (Gunnigle 1995; Geary and Roche 2001; Roche 2001). Furthermore, Ireland’s extensive reliance on FDI has meant that the MNC sector exerts considerable influence on public policy, including labor policy. A case in point is the shift in the stance of Ireland industrial development agencies from pro-union to union neutral in the early 1980s. This reflected a concern that if Ireland was to attract new ‘high tech’ FDI from the U.S. (particularly) and elsewhere, it was important to demonstrate that such MNCs could establish on a non-union basis. More recently, decisions to transpose European directives on labor matters in a minimalist fashion also indicates the extensive influence of the FDI sector, particularly from U.S. MNCs whose interests are normally articulated via the American Chamber of Commerce (Gunnigle et al. 2005, 2006). One also finds evidence of a clear MNC footprint on the process through which trade unions can secure recognition from employers, which we discuss below.

Ireland has no mandatory legal process through which trade unions can secure recognition from employers. This is partially traced to provisions in the Irish Constitution but also both reflects a public policy stance which seeks to avoid mandatory union recognition provision
because if its perceived negative impact on the attraction of FDI, and epitomizes a general characteristic of any voluntarist system.

The Irish Constitution (1937) guarantees the “right of citizens to form associations or unions.”

Case law has interpreted this article to mean that workers are free to join or not join a trade union as they see fit. More significantly though, it has been interpreted to mean that employers are also free to avoid unions and to prohibit legislation which might compel employers to recognize trade unions. This interpretation was re-iterated recently in the Supreme Court decision in Ryanair v Labour Court where Geoghegan J., in his judgment, stated that: “it is not in dispute that, as a matter of law, Ryanair is perfectly entitled not to deal with trade unions, nor can a law be passed compelling it to do so.” Consequently, union recognition remains something to be worked out voluntarily between employers and trade unions and ultimately depends on whether or not employers agree to recognize and bargain with a trade union representing all or a proportion of its workforce.

Traditionally, the absence of statutory provision with regard to union recognition was not a major concern as most medium and large employers recognized and concluded collective agreements with trade unions (Roche and Larragy 1989). However, declining union density from the turn of the 1980s, greater employer opposition to the concession of union recognition (particularly among inward investing MNCs), amongst other reasons, led to an upsurge in union pressure for legislative provision (cf. Gunnigle et al. 2002). The union movement effectively concluded that industrial action was no longer a viable method of gaining recognition in the face of hardened employer postures. The situation came to a head in a series of high profile union recognition disputes, most notably between Ryanair and largest Irish trade union, SIPTU (Services Industrial, Professional and Technical Union) in 1998, when Ryanair’s refusal concede to recognition was ultimately successful.

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6 Article 40.6.1.iii, Constitution of Ireland (Bunreacht na hÉireann)
[2007] 18 ELR 57.
However, persistent union pressure to obtain legislation to address union recognition via the social partnership process led to creation of a ‘high-level’ group comprising representative of government departments, ICTU, IBEC and Ireland’s main body from promoting inward FDI, IDA Ireland. This work culminated in the passing of so-called ‘right to bargain’ legislation in the early 21st century. This legislation does not provide for mandatory union recognition, but rather it allows unions pursue cases against companies where no collective bargaining exists. Initially, this involves voluntarist methods. However, should the dispute remain unresolved, a statutory mechanism is provided whereby the Labour Court may issue a binding determination. Critically, this determination may only address terms and conditions of employment or dispute resolution and disciplinary procedures, but not trade union recognition. The reasons this ‘right to bargain’ legislation does not provide for an ‘end game’ (i.e. mandatory union recognition) can be traced in a large measure to the influence of MNCs. The expert group that advised on the legislation included representatives of IDA Ireland and IBEC. Both these organizations would have strongly signaled the potentially negative consequences of mandatory union recognition for Ireland’s prospects in both attracting new and retaining existing FDI. Consequently, the pragmatic union view was that legislation providing for mandatory union recognition was probably a step too far in the Irish context.

Concerns with Previous Studies

It is within this general employment relations context, quite strongly influenced by MNCs (and particularly U.S. MNCs), that we look to study the determinants of union recognition as a whole and the sub-category of double-breasting. Having discussed the literature on MNCs at length, it is important to note the inadequacies involving much of the previous research on MNCs, both from Irish studies and international pieces. Two key issues emerge on the extant literature on MNCs, especially those operating in Ireland. First, much of this research relies
on small sample numbers and a failure to focus specifically on MNCs. Second, this empirical research has generally excluded two key categories of MNCs, namely (a) foreign-owned MNCs which are not assisted or aided by the main industrial promotions agencies, and (b) indigenous-owned MNCs. These omissions are likely to bias findings on key aspects of practice and behaviors of MNCs. Our methodology rectifies the inadequacies of previous data sources, and provides the first representative picture of MNCs in Ireland.

Methodology

Given the methodological issues with previous studies on the subject, our aim was to carry out the first representative survey of MNCs operating in Ireland. A critical first step was to distinguish between foreign and domestic owned MNCs and establish a size threshold as follows:

- **Foreign-owned MNCs:** All wholly or majority foreign-owned organizations operating in the host country, with 500 or more employees worldwide and 100 or more employed in their host county operations.
- **Domestic-owned MNCs:** All wholly or majority home country-owned organizations with 500 or more employees worldwide and at least 100 employed abroad.

The next step involved the compilation of accurate and comprehensive listing of the MNC population in Ireland. This proved to be a particularly painstaking task involving a detailed review of various listings of MNCs provided by national agencies (e.g. government sources and development agencies) and organizations specializing in company databases. A number of recurring themes arose when examining the various databases, including their lack of comprehensiveness, duplication of companies and the inaccuracy of company details (numbers employed, etc.). It became clear that, taken in isolation, none of the sources could be relied upon to provide a comprehensive and accurate list of MNCs. It was therefore

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8 This research is part of a large-scale international study of employment practices in MNCs undertaken in ten countries (Argentina, Australia, Canada, Denmark, Ireland, Mexico, Norway, Spain, Singapore, and the UK). A summary of the findings of the Irish study can be found in Gunnigle et al. (2007).
necessary to use all available sources and to collate a full list from a number of different sources.\footnote{Details on the precise steps taken in each country to compile their respective MNC databases is available as follows: Canada (Bélanger et al, 2006); Ireland (McDonnell et al. 2007); UK (Edwards, P. et al. 2007).}

The second phase of the research consisted of structured interviews at an organizational level of MNCs operating in Ireland, unlike much of the previous work, which focused at the enterprise level. As a result where an MNC had a number of sites, an effort was made to speak with the most senior person responsible for ER, who could answer for all of their Irish operations. In cases where this was not possible, respondents were asked to answer for the largest site/division in Ireland.\footnote{Just 12 percent of respondents could only answer for the largest site or division in Ireland.} However, the questions specific to this paper were generic enough that all respondents could answer for all of their Irish operations. To assist with the fieldwork, the Economic and Social Research Institute (ESRI) was contracted. University of Limerick researchers along with the contracted ESRI team conducted the fieldwork, which began in June 2006 and finished in February 2007. Respondents were asked to report on various aspects of organizational structure and also on four aspects of HRM: pay and performance management, employee representation and consultation, employee involvement and communication, and training and development. A total of 260 interviews were carried out, giving a response rate of 63 percent. The survey responses are broadly representative of the total population and for the purposes of this paper have not been re-weighted.

**Models and Variables**

Given the literature and our aims for this paper, we have chosen two models to study. The first incorporates the larger notion of union recognition within a particular context (Ireland) and group of respondents (multinational companies). The second model lies within this same topic, but focuses on a specific type of union avoidance strategy (double-breasting). The dependent variables are (1) whether a surveyed firm engages with a trade union, and (2)
whether firms with multiple sites are operating union-only facilities or a mixture of union and non-union plants. We maintain that the determinants for union recognition of any type should be directly inverted from those explaining double-breasting, and include the firm’s country of origin, sector, size, change in employment numbers, ownership status, and date of establishment.

**Country of origin:** Previous studies have clearly noted the importance of a firm’s country of origin, as discussed above. We use four categories for country of origin – these are the United States, the United Kingdom, Ireland, and all other countries. Given the literature, we would expect that U.S.-based companies would be less likely to be unionized, and would be more likely to engage in double-breasting relative to their counterparts.

**Sector:** Also discussed previously, sector has been shown to play a role in terms of union recognition. We consider the manufacturing and service sectors in our analysis. We would expect that MNCs operating in manufacturing would be more likely to have a union presence; yet we would also expect manufacturing firms to more readily engage in double-breasting, given the already high union presence in the industry.

**Employment size:** The literature has noted that size appears to influence union status. In our case, size refers to the number of workers in the MNC’s home-country operations alone, rather than the worldwide operations. Given the localized nature of our study, it is more accurate to include this national-level figure rather than transnational numbers. We distinguish between firms with 100 to 499 employees, firms with 500 to 999 employees, and companies with over 1000 workers. In addition to having a higher union presence, we would expect that larger firms would be more likely to engage in double-breasting for two reasons: one, that there may be greater incentive for a company to open a non-union site given the
already high unionization levels; and two, that larger firms are more likely to operate multiple plants, thus increasing the chances that we would find instances of double-breasting.

**Change in employment size:** This variable is somewhat related to the preceding discussion of employment size in general. We argue that firms which are growing are more likely to engage in double-breasting and are less likely to be unionized. There may be a sectoral association, given that unionized manufacturing firms have been generally decreasing in size recently. In terms of double-breasting, as firms grow, they are likely to open new sites to accommodate this growth and it is plausible to expect that some of these sites will be non-union where previous or simultaneous plants are unionized (Beaumont and Harris 1992). We have divided this variable into two categories: those firms with no change in employment size or a decrease in recent years; those firms who have enjoyed employment gains in recent years.

**Publicly versus privately traded companies:** Though the literature has not discussed this notion in any depth, we might expect that publicly listed companies are less likely to be unionized than privately held firms, and are also more likely to engage in double-breasting. The pressure on publicly listed companies to maximize shareholder value has led to extensive scrutiny of their ability to take costs out of the business. In turn, this might translate into greater pressure to be tough on trade unions than in privately-owned companies. Against this, the recent rise to prominence of private equity funds as one form of private ownership as aroused particular union antagonism precisely because private equity owners are even less constrained to accommodate other stakeholder interests than are publicly-listed companies. The data do not, however, allow private-equity ownership to be distinguished from other forms of private ownership (such as family).

**Date of Establishment:** The literature would suggest that more recently established companies are much less likely to recognize trade unions than older, established companies (Kochan et
al. 1986; Blanchflower and Freeman 1992; Cully et al. 1999; Turner et al. 2002; Machin 2003). While the date of establishment of a MNC has been used in the literature as an explanatory factor for management practice, its application in measuring an effect on trade union recognition and avoidance is more complex. This complexity specifically refers to the choice of the date of establishment for MNCs that establish on a merger or acquisition basis (see Lavelle et al. 2009 for discussion). For the purposes of this paper, we adopt the following approach to date of establishment: where a MNC has established on a greenfield basis we use the date the MNC entered Ireland. Where the MNC entered on a merger or acquisition basis we use the date the merged or acquired operations originally established in Ireland. We identify three date of establishment categories – pre-1960, 1961-1980, and 1981-2007.

*Methodological Suitability of the Variables*

It is important to establish that each of the variables included in the models is independent of all the other included variables. For instance, it is critical to know whether any associations between sector and employment size change would lead to clouding of the included data. To test the methodological suitability of our variables, we used a number of techniques, including condition indexes, tolerance/VIF tests and also a standard correlation matrix. None of the variables violated any collinearity diagnostics; therefore, all have been included in our analysis.

*Results*

*Descriptive Analysis*

Table 1 provides frequency information for the dependent and independent variables in each model. The first model, addressing union recognition, incorporates all 260 survey
responses. 60.7 percent of all those surveyed (N = 158) were found to recognize unions. Of the U.S. firms surveyed, 41.6 percent recognized unions. 80.0 and 80.9 percent of UK and Irish firms, respectively, recognized unions, as did 64.9 percent of firms from other countries. Manufacturing firms were far more likely to have unions, at 73.8 percent versus 44.4 percent for service companies. Larger sites (75.3 percent) recognized unions more often than either medium or small plants. Companies experiencing size decreases were more often unionized than those enjoying employment increases, while private companies recognized unions more often than public firms. Finally, older firms were unionized in larger percents than the newer companies, with the most recently established firms recognizing unions in only one-third of the cases.

The results for double-breasting incorporate only those firms operating multiple sites (N = 118). Of these multi-site firms, just over half engaged in double-breasting. U.S. firms often used this technique, with 78.6 percent of multi-site U.S. companies operating both union and non-union plants. U.K. and Irish firms had the lowest rate of double-breasting. The results were split evenly for sector, with just under half the firms in each category engaging in double-breasting. Larger firms, which were more often unionized, were also the most often found to operate union and non-union sites. Firms experiencing growth often engaged in double-breasting. About half the multi-site public firms engaged in the practice, compared with 40.5 percent of private firms. Finally, both the oldest and the newest companies engaged in double-breasting at a rate lower than those established between 1961 and 1980.

Although the frequency results are interesting, it is not clear whether any of these factors independently influence a firm’s decision to recognize unions and/or double breast. To answer this, we turn to an empirical analysis using logistic regressions.

[Insert Table 1 About Here]
Quantitative Analysis

Given that the dependent variable in each model is dichotomous, we have chosen logistic regressions as the appropriate empirical technique to assess the determinants of union recognition and double-breasting in MNCs operating in Ireland. For categorical variables, the omitted reference points were U.S. country of origin, small (100-499) company size, and pre-1960 date of establishment.

Union Recognition

Our model for union recognition specified that recognition depended on country of origin, sector, size, change in employment levels, ownership status, and date of establishment. Table 2 provides the results for these regressions. The overall model fit reasonably well, with a Nagelkerke $R^2$ of .495 (a Hosmer and Lemeshow test also revealed good model fit). We found a strong country of origin effect, with firms from the U.K., Ireland, and foreign countries all far more likely to recognize unions than the U.S. reference point ($p < .01$ for all). Within the three included options, U.K. firms were the most likely to recognize unions, followed by Ireland, and lastly other countries.

We also found a strong sectoral influence, with manufacturing firms more likely ($p < .01$) than service companies to recognize unions. Size was slightly influential, with the largest firms more likely to have unions ($p < .10$) than the smallest. Change in employment proved meaningful to union recognition; those with employment increases were less likely ($p < .05$) to be unionized than those experiencing job losses or no employment increases. Ownership status did not appear to influence union recognition in Ireland; however, date of establishment was influential. Firms established between 1961 and 1980 were less likely ($p < .05$) to be unionized than pre-1960 firms. The same outcome was found when looking at the most recently-established (post-1980) firms ($p < .01$).
Double-breasting

The model for determinants of double-breasting also fit well overall, with a Nagelkerke $R^2$ of .417 and a successful Hosmer and Lemeshow test. The results from the regression indicate that country of origin dominates the model heavily. U.K., Irish, and other countries of origin were all found to be significant and negative in their likelihoods of double-breasting when compared to the U.S. base ($p < .01$ for U.K. and Ireland; $p < .05$ for other countries). Sector was slightly significant ($p < .10$), with manufacturing firms less likely to engage in double-breasting than service firms. Change in employment also proved meaningful, with companies recently decreasing employment (or having no increase) less likely to engage in double-breasting ($p < .05$) than those with employment increases. Company size, ownership status, and date of establishment all appeared insignificant in their influences on our measurement of double-breasting.

[Insert Table 2 About Here]

Discussion and Implications

The results from the logistic regressions provide interesting implications in terms of both union recognition and double-breasting amongst MNCs operating in Ireland. The most obvious implication of the regressions is the dominance of country of origin across both models. The strong effects within two well-fitting models, and the especially meaningful results in the double-breasting regression, indicate that a firm’s country of origin clearly influences its decision to accept and support a union presence. This first finding provides substantial support to the notion that home country attitudes, rather than host country contexts, thoroughly define the way in which the MNC operates in Ireland.

In many ways, Ireland might be deemed the ‘51st state’ given the sheer presence of U.S. multinationals within the country. The paper has attempted to measure this ‘51st state’ notion
by empirically testing the role that country of origin (and particularly U.S. country of origin) plays in a firm’s acceptance of unions and decision to operate non-union sites through the use of representative survey data. We find substantial support in both our models for the argument that U.S. firms carry their relatively high levels of union animosity abroad. The regressions demonstrate that all the other countries of origin had both a far higher union presence, and a far lower likelihood of double-breasting, than those firms based in the United States. Although these results are not particularly surprising given the literature, the dominance of country of origin independent of other known and theoretical influences on employment relations behaviors is striking. The results imply that, if a multinational company is based in the U.S., it is far more likely to either be non-union or at least incorporate a non-union facility abroad, regardless of sector, size, ownership status, or the newness of the company.

Beyond country of origin and U.S.-specific implications, there are other results worth consideration. In terms of union recognition as a whole, many of the outcomes confirmed our hypotheses. For instance, manufacturing firms were heavily unionized, as were older and larger companies. Firms without employment gains or with recent job losses were also more heavily unionized. We did not find support for the notion that public firms were under more pressure to cut costs and therefore would be less likely to have a union presence. Considering double-breasting, the lack of significance across many of the variables is somewhat surprising. This suggests that there is not a purely inverted relationship between the factors influencing union recognition and those affecting multi-site double-breasting. For instance, where date of establishment might play a meaningful role in determining union status overall, there is no evidence that newer firms operating multiple sites are behaving any differently from older companies in terms of their tolerance of a union presence at these additional sites. However, one outcome of note concerns the change in employment levels.
The results for this variable appear to confirm our theory that firms experiencing employment increases are more likely to engage in double-breasting if they operate multiple sites. This finding may be explained by the consideration that unionized firms may have an incentive to operate non-union sites if they are seeking to move up the corporation’s global value chain.

The results may have substantial meaning beyond the Irish context alone. If one considers that Ireland is more of a microcosm for global entrenchment of MNCs into smaller, late industrializing economies, rather than simply an isolated case, the outcomes prove quite significant beyond the country-specific context. This particular notion, best understood through a discussion of economic dominance effects, suggests that home country practices are most easily implemented into foreign operations by organizations from economically successful countries. Our results support this argument, particularly given that U.S. companies appear to have met with great success in their efforts to maintain largely non-union work environments within an employment relations climate that has been historically almost entirely distinct from their home country’s circumstances. We would expect similar results to manifest themselves in any other small, late industrializing countries, so long as their policies of economic openness and concession to U.S.-oriented business practices match those found in Ireland. If this is the case, the determinants of union representation and avoidance through double-breasting can be carried far beyond the local Irish setting and may find general uniformity within similar contextual settings.
References
de Bernardo, M.A. (1989) “Anti-Double breasting Tops Labor’s Agenda”, *Construction Products*, May 1, 75


Table 1: Frequency and Coding Information for All Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coding Scheme</th>
<th>Percent (Union Rec.)</th>
<th>Percent (Dbl. Brst)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEPENDENT VARIABLES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Union Recognition</td>
<td>1 = Company does not recognize unions</td>
<td>39.3%</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>2 = Company recognizes unions</td>
<td>60.7%</td>
<td>--</td>
</tr>
<tr>
<td>Double-breasting</td>
<td>1 = Company does not engage in double-breasting</td>
<td>--</td>
<td>46.6%</td>
</tr>
<tr>
<td></td>
<td>2 = Company engages in double-breasting</td>
<td>--</td>
<td>53.4%</td>
</tr>
<tr>
<td><strong>INDEPENDENT VARIABLES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Country of Origin</td>
<td>1 = U.S. country of origin</td>
<td>41.6%</td>
<td>78.6%</td>
</tr>
<tr>
<td></td>
<td>2 = U.K. country of origin</td>
<td>80.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td></td>
<td>3 = Irish country of origin</td>
<td>80.9%</td>
<td>38.9%</td>
</tr>
<tr>
<td></td>
<td>4 = Other country of origin</td>
<td>64.9%</td>
<td>43.3%</td>
</tr>
<tr>
<td>Sector</td>
<td>1 = Services</td>
<td>44.4%</td>
<td>45.3%</td>
</tr>
<tr>
<td></td>
<td>2 = Manufacturing</td>
<td>73.8%</td>
<td>46.3%</td>
</tr>
<tr>
<td>Company Size</td>
<td>1 = 100-499</td>
<td>54.6%</td>
<td>39.5%</td>
</tr>
<tr>
<td></td>
<td>2 = 500-999</td>
<td>54.8%</td>
<td>40.0%</td>
</tr>
<tr>
<td></td>
<td>3 = 1000+</td>
<td>75.3%</td>
<td>54.5%</td>
</tr>
<tr>
<td>Change in Employ.</td>
<td>1 = No change or decrease</td>
<td>73.7%</td>
<td>30.6%</td>
</tr>
<tr>
<td></td>
<td>2 = Increase</td>
<td>52.8%</td>
<td>58.8%</td>
</tr>
<tr>
<td>Ownership Status</td>
<td>1 = Private</td>
<td>69.4%</td>
<td>40.5%</td>
</tr>
<tr>
<td></td>
<td>2 = Public</td>
<td>57.8%</td>
<td>49.4%</td>
</tr>
<tr>
<td>Date of Establish.</td>
<td>1 = Pre-1960</td>
<td>90.0%</td>
<td>31.3%</td>
</tr>
<tr>
<td></td>
<td>2 = 1961 – 1980</td>
<td>71.3%</td>
<td>61.4%</td>
</tr>
<tr>
<td></td>
<td>3 = 1981 – 2007</td>
<td>34.0%</td>
<td>47.6%</td>
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</table>
## Table 2: Logistic Regressions for Union Recognition and Double-breasting Models

<table>
<thead>
<tr>
<th>Variable</th>
<th>Union Recognition Model</th>
<th></th>
<th>Double-Breasting Model</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N = 233</td>
<td>R² = .495</td>
<td>N = 99</td>
<td>R² = .417</td>
</tr>
<tr>
<td><strong>COUNTRY OF ORIGIN</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>U.S. (ref.)</td>
<td></td>
<td></td>
<td></td>
<td>-3.742***</td>
</tr>
<tr>
<td>U.K.</td>
<td>2.879***</td>
<td>.670</td>
<td>17.797</td>
<td>-1.117*</td>
</tr>
<tr>
<td>Ireland</td>
<td>1.966***</td>
<td>.612</td>
<td>7.139</td>
<td>-2.746***</td>
</tr>
<tr>
<td>Other</td>
<td>1.321***</td>
<td>.428</td>
<td>3.748</td>
<td>-1.916***</td>
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</tr>
<tr>
<td>Services (ref.)</td>
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<td></td>
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<tr>
<td>Manufacturing</td>
<td>2.141***</td>
<td>.407</td>
<td>8.512</td>
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<tr>
<td><strong>COMPANY SIZE</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>100-499 (ref.)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>500-999</td>
<td>.203</td>
<td>.473</td>
<td>1.225</td>
<td>-.123</td>
</tr>
<tr>
<td>1000+</td>
<td>.797*</td>
<td>.431</td>
<td>2.219</td>
<td>.511</td>
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<tr>
<td><strong>CHANGE IN EMPLOY.</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>No change/decrease (ref.)</td>
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<tr>
<td>Increase</td>
<td>-.781**</td>
<td>.392</td>
<td>.458</td>
<td>1.275**</td>
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<tr>
<td><strong>OWNERSHIP STATUS</strong></td>
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</tr>
<tr>
<td>Private (ref.)</td>
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<tr>
<td>Public</td>
<td>.007</td>
<td>.404</td>
<td>1.008</td>
<td>.493</td>
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<tr>
<td><strong>DATE OF ESTABLISH.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-1960 (ref.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1961 - 1980</td>
<td>-1.137**</td>
<td>.577</td>
<td>.321</td>
<td>.728</td>
</tr>
<tr>
<td>Constant</td>
<td>-2.140**</td>
<td>.935</td>
<td>.118</td>
<td>1.761</td>
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