

Theme 1: Europeanisation and internationalisation of employment relations

Employment practice in multinational companies

Comparative analysis of the parallel surveys of employment practice in multinational companies (MNCs) in Canada, Ireland, Spain and the UK, undertaken by research teams from each of the four countries, has continued. The contribution of the UK research team, comprising Paul Marginson, Paul Edwards (University of Birmingham), Tony Edwards (King's College London), Anthony Ferner (De Montfort University) and Olga Tregaskis (University of East Anglia), has been underpinned by a 24-month ESRC award which runs until the end of January 2012. The focus of the comparative work is the simultaneous role of MNCs in integrating across, and differentiating between, national business and employment systems.

Over the year, Marginson worked with Associate Fellow Tony Edwards coordinating the revision of a set of papers which were then submitted as a symposium to the Industrial and Labor Relations Review. As reported last year, the five papers had originally been presented to an invited conference on 'Employment relations in multinationals' hosted by Cornell University's School of Industrial and Labor Relations in September 2010. Edwards and Marginson, together with Anthony Ferner, also reworked the overview paper for the symposium which maps out the analytical framework and synthesises key findings from across the other five papers. The framework specifies the ways in which MNCs differentiate between, and integrate across, national economies, and hence shape interaction between different national employment systems. Six key findings are identified:

- levels of international integration amongst MNCs are high viewed in terms of the overall configuration of firms; operating structures and procedures; and organisation of the HR function;
- internationalisation of the HR function has a more direct bearing on employment practice than more upstream considerations of overall configuration and operating structures. Put differently, internationalisation of the HR function follows a logic of its own and is only partially attributable to upstream considerations;
- differentiation across countries in the ways in which subsidiaries are integrated into the worldwide company, and the roles of those subsidiaries, flows through into variations in employment practice;
- country of origin effects on employment practice in subsidiaries are either accentuated or reversed by whether or not the parent company is headquartered in a dominant business system;
- amongst MNCs headquartered in a given business system, such as the US, there is 'intra-model' variation around differing approaches to the control of employment practice in subsidiaries; and
- host country institutional environments can enable as well as constrain, to differing degrees, MNCs' preferred employment practices.

These findings were presented at an event for HR practitioners organised at King's College, London in January 2012.

Internationalisation and industrial relations in the EU's six largest economies

Guglielmo Meardi has proceeded with his research on industrial relations change in the six largest EU countries, funded by an ESRC mid-career research fellowship, based on empirically-based assessments of the effects of migration, multinational companies and EU policies. Following his study of the German case in 2010, during 2011 he completed data collection in Spain, Poland and France, and started work in the UK and Italy. In 2012 he will complete data collection and conduct the comparative analysis, which will lead to the compilation of a book manuscript. During 2011, he paid attention to a major development that was not anticipated at the time the project was designed and launched. This is the structural reforms of labour markets, including employment laws and collective bargaining arrangements, required by European and international financial

institutions from countries affected by the sovereign debt crisis (notably, Spain and Italy, and to a lesser extent France). This development marks an important shift in labour market governance at the European level. It is opening up new processes of divergence amongst western European countries (e.g. between the northern and southern countries of the Eurozone), and at the same time leading to a measure of convergence between the EU's southern and central eastern member states through the levelling down of employment protections and the hollowing out of the institutions of multi-employer bargaining. An initial interpretation of this process, which challenges mainstream theories, was presented at two conferences in the summer. Another instance of national differentiation is on migration (see also Theme 2 below), where while trade unions have scaled up their commitment and cross-border communication on migrants' rights, the forms of commitment differ markedly country by country. Overall, the findings are suggestive of the combination of political and economic variables which might explain national differences in the trajectory of change in industrial relations.

Market integration and social rights in Europe

Aristea Koukiadaki's project explores the socio-legal impact of the recent case-law on industrial action, collective bargaining and standard-setting via public procurement by the European Court of Justice, in the context of tensions between freedom of movement within Europe's integrated market and fundamental social rights. Funded by a Leverhulme Trust Early Career Fellowship, field research was undertaken in two further countries – Sweden and Poland – in addition to that in the UK reported last year. A range of different implications arising out of the tensions between EU freedoms and social rights were identified in the two 'old' member states, Sweden and the UK. In forcing the Swedish system to alter existing legislation with respect to industrial action against foreign providers, the case law not only led to changes in trade union strategies with respect to foreign providers but also influenced developments in the system of collective bargaining at domestic level. While the Court decisions did not lead to any changes in British labour law, the implications they presented for the scope of industrial action, the regulatory framework for the posting of workers and the compatibility of the Living Wage with EU law constitute significant findings and illustrate that the case-law had indirect and far-reaching impact on Member States that were not direct parties to the disputes. Finally, in the case of the new member state, i.e. Poland, there was mixed evidence in terms of whether the decisions have led to a 'race to the bottom' or 'race to the top' in terms of labour standards. Whereas there is not much evidence of changes in the legal and industrial relations system at domestic level, a number of service providers used the case law in order to challenge the imposition of labour standards when posting workers abroad.

Sectoral industrial relations in Europe

Guglielmo Meardi has participated in a project led by the University of Vienna for the European Foundation on sectoral industrial relations in Europe. The project, which has led to the publication of a report for the Foundation and two articles in *Industrielle Beziehungen* (2011) and *European Journal of Industrial Relations* (forthcoming 2012), has used a quantitative approach to analyse patterns of industrial relations in nine sectors and twenty-seven EU countries. The main finding is that on many dimensions industrial relations vary more by sector than by country, challenging the idea of coherent 'national models' of industrial relations and allowing the analysis to be framed in terms of emerging 'sectoral models'. However, there are variations in pattern, which are contingent on the nature of the sector (the most internationalised being the most homogeneous) and on the nature of different countries (with France and the Nordic countries standing out for their high degree of internal homogeneity).

The evolution of corporate governance in France and Germany

Michel Goyer completed work on the manuscript of a monograph, *Short-term investors and the evolution of corporate governance in France and Germany*, which was published by Oxford University Press in late 2011. The book investigates the impact of increased capital mobility in the form of portfolio investment in France and Germany with a focus on the investment allocation of two types of short-term oriented investor, namely hedge funds and actively mutual funds from the United Kingdom and the United States. The empirical evidence on the investment allocation of short-term, impatient investors highlights the greater attractiveness of French blue chip companies over their German counterparts in a ratio of two to one. The book goes on to address the consequences of this disparity in investment allocation of short-term oriented investors for the French and German varieties of capitalist economy. The argument presented highlights the importance of institutional hierarchy within complex causation. Important political, economic, and social outcomes are rarely generated by the presence of one cause alone; they occur as the result of specific intersections of conditions. Nonetheless, the notion of causal complexity should not obscure the fact that some variables are more influential than others. Specifically, variation in work organisation and the scope for unilateral restructuring is found to be a more significant discriminator between the two countries than differences in corporate governance arrangements, including ownership diffusion and protection of the rights of minority shareholders.

Collective bargaining as a changing mode of labour market governance in Europe

Commencing during 2009, this European Commission- funded project explores the implications of the reorientation of collective bargaining to address questions of competitiveness, flexibility, employment security and sustainability for its character as a mode of governing labour markets. It is one of four main projects making up a programme of research on 'The governance of uncertainty and sustainability: challenges for labour market, industrial relations and social welfare policies in European countries' (GUSTO). The 3-year GUSTO programme is coordinated by Colin Crouch of WBS' Governance and Public Management group and financed under the Commission's 7th Framework Programme. The collective bargaining research involves collaboration between Paul Marginson, Colin Crouch, Dorothee Bohle (Central European University, Budapest), Luigi Burroni (University of Teramo), Maarten Keune (University of Amsterdam) and Vera Glassner (ETUI). Manuela Galetto is working with Crouch and Marginson at Warwick. Guglielmo Meardi's work on a project on migration under the same research programme is outlined under Theme 2.

Research on the changing nature, role and agenda of collective bargaining, in two sectors – metalworking, including automotive, and hospitals – has been undertaken in seven European countries. Galetto and Marginson are responsible for the studies in Italy and the UK, which included a programme of field interviews with employer organisation and union representatives in the two sectors completed in the first quarter of the year. The researchers from the countries involved met twice during the year, in Budapest and Barcelona, to coordinate the progress of the research, present and discuss findings, and plan papers and publications. The second meeting coincided with the 2011 Annual Assembly of the GUSTO programme.

Last year's report summarised findings on the ways in which collective bargaining had addressed the challenges brought by the economic crisis, which in its initial phase has had sharp impact on levels of activity in the metalworking sector. On hospitals, in a paper presented at the IREC conference in September, Galetto, Marginson and Catherine Spieser (CEE, Paris) explore the relationship between reforms to the organisation and governance of publicly-provided hospital care and changes in collective bargaining and/or statutory and administrative mechanisms for collective regulation in three countries: France, Italy and the UK. The extent of organisational and governance reform inspired by the doctrine of 'new public management' varies across the three countries, being least in France and most extensive in the UK. Although there are similar differences in the degree of change in collective bargaining and other mechanisms across the three countries, the actual changes themselves are not closely linked to reforms. In particular, evidence that employment relations in public hospitals have become more similar to the arrangements which characterise the private

sector, as recommended by proponents of 'new public management', is somewhat limited. In the UK, for example, a period up until the late 1990s when this appeared to be the case was followed by one, through until 2010, where the national framework of collective bargaining and employment regulation underwent substantial renewal. Policy briefs highlighting the main findings of the 2011 research on hospitals, and the earlier research on metalworking, have been produced. The main findings will be presented at a concluding GUSTO dissemination event in Brussels in February 2012.