

## **Transnational Employee Voice in Multinational Companies: variable dialogue in European Works Councils**

**Paul Marginson<sup>1</sup>, Jonathan Lavelle<sup>2</sup>, Javier Quintanilla<sup>3</sup>, Rocío Sanchez Mangas<sup>3</sup>**

1. IRRU, University of Warwick, UK

2. Kemmy Business School, University of Limerick, Ireland

3. IESE Business School, Spain

Contact e-mail: [Paul.Marginson@wbs.ac.uk](mailto:Paul.Marginson@wbs.ac.uk)

### **1. Introduction**

Fifteen years after the European Union's (EU's) adoption of the European Works Councils (EWCs) Directive, only four out of every ten of the multinational companies (MNCs) covered have established an EWC (ETUI, 2008). Previous studies find variability in the incidence of EWCs according to factors such as country-of-origin, sector and size (Waddington and Kerckhofs, 2003), although none has employed multi-variate analysis to establish the relative strength of these influences. Amongst those MNCs which have established EWCs, research also points to considerable variability in the extent and quality of social dialogue taking place within them. The qualitative studies concerned, based on multiple case study designs (Lecher et al, 2001; Marginson et al, 2004), identified marked differences in management practice towards EWCs. These studies aside, management's EWC practice continues to remain rather neglected: the situation has changed little since Mueller and Hoffmann (2001)'s review of existing research on EWCs at the beginning of the decade.

This paper draws on findings from a unique international database, compiled from parallel surveys of employment practice in the operations of MNCs in three European countries - Ireland, Spain and the UK - to address both dimensions of EWC variability. It uses multi-variate regression analysis to investigate the factors shaping the incidence of EWCs and those factors which account for variation in management's information and consultation practice. Earlier quantitative analysis of EWC incidence has been bi-variate in nature (Waddington and Kerckhofs, 2003), and whilst earlier surveys have analysed management attitudes towards EWCs, employing bi-variate techniques (e.g. Nakano, 1999; Wills, 1999), this is the first survey to address management's information and consultation practice.

### **2. Variability in the existence of and management practice towards EWCs**

#### **a) Existence of EWCs**

The provisions of the 1994 (revised 2008) European Works Councils Directive accord primacy to negotiated arrangements between company management and employee representatives in implementing the employee information and consultation requirements it specifies. The Directive further specifies that the process to establish an EWC has to be triggered by employees and their representatives, or by management, and lays down procedural rules to this effect. Implementation of the Directive's provisions in MNCs which fall within its scope is not, therefore, automatic. Of the 2,200+ estimated currently covered by the Directive, 860 are estimated to have EWCs, representing around 40% the total (ETUI, 2008). Underlying this overall figure, Waddington and Kerckhof's (2003) analysis identifies variation in the 'strike rate' of EWCs established relative to MNCs covered according to country-of-origin, sector, employment size and degree of internationalisation. Compared to an overall strike rate of 34 per cent at the time, they found German-owned MNCs to be

relatively low at 25%, French- and US-owned companies around the average (35% each), and UK-, Japanese, and Swedish-based MNCs comparatively high (40%, 43% and 43% respectively). Between sectors, the strike rate in manufacturing, at 45%, was almost double that in services. The rate increased with employment size, in terms of the total number of employees within MNCs' European operations, and with the degree of internationalisation, defined as the number of European countries in which a MNC had operations.

In considering why the incidence of EWCs might vary, the following discussion considers the potential influence of four main types of factor: ownership; demographic (sector, employment size etc); business strategy and management structure (including degree of internationalisation); and workforce organisation. A first dimension of ownership is country-of-origin, where MNCs' propensity to establish EWCs may be shaped by features of their domestic systems for employee representation and consultation. Mandatory structures for employee representation within the enterprise with rights to employee information and consultation are, under either labour law or basic agreements (as in the Nordic countries), familiar to MNCs headquartered in continental western and Nordic European countries, but not to MNCs based in the Anglophone countries or Asia. Accordingly, it might be expected that EWCs would be more widespread amongst the former than the latter. Yet, in MNCs based in continental western Europe, the establishment of an EWC might be seen as superfluous by both management and home-country employee representatives, insofar as there are existing, well-functioning national group-level arrangements in the home country which provide this crucial group of representatives with transnational business information and the opportunity to be consulted on the implications. Blokland and Berentsen (2003) and Costa and Arúja (2008) report this to be the case in a number of Dutch and Portuguese-owned MNCs, respectively. A second dimension is whether companies are publicly listed or privately owned. In an investigation of German-based MNCs potentially covered by the Directive, but which have not established EWCs, Whittall et al (2008) find a disproportionate number of privately-owned companies. They attribute this to the lack of transparency over the holdings and structure of these companies, and over employee numbers in the operations in different countries – information which is required by employee representatives to successfully initiate the trigger mechanism for negotiations to establish an EWC.

Sector and employment size are both likely to shape the propensity of MNCs to establish an EWC. The diffusion of EWCs is anticipated to be higher in the manufacturing than service sectors for several reasons. Trade union organisation has traditionally been stronger, and remains so, in manufacturing than services (Dølvik, 2001); structures for indirect (representative-based) consultation are also more strongly embedded in manufacturing than services. Manufacturing sectors are more exposed to international competition and production operations across countries are more integrated, than in the service sectors, where competition remains more domestically-bound and operations less internationally integrated. Transnational business decisions which affect the workforce are therefore likely to be more common in manufacturing than services. In these respects, construction and the utilities resemble manufacturing more closely than services. Concerning employment size, larger MNCs are more likely to be internationalised in the scale and nature of their operations; hence the relevance of establishing an EWC is more apparent. Amongst the smaller MNCs without EWCs studied by Berentsen and Blokland (2003), numbers employed outside the Netherlands were small. In part, size proxies for the effects of internationalisation. Also, in larger MNCs employees tend to be better organised – by trade unions and through works councils – and are able to access superior resources, better enabling them to press for the establishment of an EWC.

The degree to which the operation, organisation of production and management structure of MNCs is internationalised embraces several dimensions. Along each, the greater the degree of internationalisation, the more cross-border, transnational business decisions are likely to arise, and the more relevant the establishment of an EWC becomes. One indication of internationalisation comes from the number of countries a MNC operates in (Waddington

and Kerckhofs, 2003) or the spread of employment across operations in different countries. The more even the spread, the less likely are employee representatives from the home, or any given, country to see national arrangements as adequate for securing group-level information and influence, and the stronger the rationale for establishing an EWC (Marginson et al., 2004). To the extent that production (or service provision) is integrated across borders, establishment of an EWC becomes more relevant as the frequency, and consequences, of cross-border, transnational business decisions will be higher, and greater, than where operations are not internationally integrated. The degree to which products are standardised internationally is also likely to exercise an influence on the EWC compliance rate: where products are standardised and there is greater similarity between operations across borders, management will have a greater interest in avoiding the establishment of local precedents which could have repercussions elsewhere, and local workforces are more likely to see commonalities of interest across borders (Marginson, 1992). Considerations of international management structure are also important: where a European-level management structure exists management are more likely to view an EWC as a useful interlocutor than where there is no such structure between national and worldwide level (Lamers, 1998).

The capacity, and interest, of the workforce to press for the establishment of an EWC will be greater in the presence of trade union organisation and/or works council arrangements. As compared to works councils, company-based trade union organisations are able to draw on the external resources of the union, both national and European, as well as their own internal (often management-provided) resources (Lecher et al., 2001), and hence is likely to act as the more critical catalysing factor. In particular, the existence of national, group-level trade union and/or works councils structures within MNCs' national operations can act as a platform for the establishment of an EWC (Hoffmann, 2006; Marginson et al., 2004).

#### **b) Management practice in EWCs**

The agreements which establish EWCs, and the Directive and national legislative measures which implement it, leave considerable scope for variation in management practice towards EWCs. The extent of such variation has been empirically demonstrated in multiple case study investigations (Lecher et al., 2001; Marginson et al., 2004), which draw a broad distinction between minimalist and pro-active approaches by management towards EWCs. Under a minimalist approach, driven primarily by considerations of regulatory compliance, management aims to contain or restrict the role of the EWC to a 'symbolic' one, in which it retains strict control of the agenda, information provision is limited to rather general presentations of business performance and prospects – and may even be deficient, there is no consultation and there is little or no contact with employee representatives between annual meetings. Under a pro-active approach, management sees potential for the EWC to play a role in enhancing understanding of, and providing greater legitimacy for, business decisions and their consequences amongst employee representatives and the wider workforce. In these 'active' EWCs, the employee side plays a role in shaping the agenda, information provision is more wide-ranging, comprehensive and timely, there is consultation on some issues (at least), and ongoing liaison between management and employee representatives. Lecher et al (2001) and Marginson et al (2004) additionally find differing degrees of pro-activity on the part of management, with the most extensive practice involving systematic alerting of employee representatives to upcoming decisions, and extensive consultation – and even negotiation – over the consequences of, for example, major restructurings. Survey studies to date have mainly focused on management attitudes towards EWCs (e.g. Nakano, 1999; Vitols, 2003; Wills, 1999), rather than management practice. Nonetheless, findings are consistent with the distinction between minimalist and pro-active approaches. Vitols (2003), for example, surveying managers in 63 European-based MNCs, reports that 30% of respondents regarded their EWC as 'a necessary legal obligation' – likely to translate into a minimalist approach. At the other end of the spectrum, and consistent with different degrees of proactivity, 19% described their EWCs 'as a

responsible partner for co-managing the company', whilst most of the remaining 44% regarded the EWC as 'an important mechanism for information, exchange of viewpoints and dialogue within the company'.

What factors might shape variation in management practice towards EWCs? To date, attention has focused more on accounting for variation in the functioning and effectiveness of EWCs than of management practice towards them. Lecher et al (2001) take an 'actor-centred' approach which underlines the importance of factors such as organizing capacity and effective networking between employee representatives, links between EWCs and trade unions and high trust relations with management, but do not focus on the management side per se. Marginson et al (2004) pay attention to the influence of a range of structural conditions, as well as 'actor-centered' factors including management approach and policy. Reviewing the evidence on the impact of structural conditions on EWC effectiveness, Marginson and Sisson (2004: 238) conclude: 'this substantial variation [in effectiveness] is shaped more by the international nature of the company concerned, and the sector in which it operates, than by features of the particular country in which a given company is headquartered'. With this in mind, the potential influence of these structural variables, and also the presence of an international HR structure and the degree of union organization, on management practice towards EWCs are considered.

As noted above, the degree to which the operations and management organization of a MNC are internationalized is multi-dimensional. In general the frequency, scale and cross-border consequences of transnational business decisions – and with it management interest in securing workforce understanding of and legitimacy for them – will be greater in more internationalized MNCs than those that are less so. In particular, management is more likely to adopt a proactive approach where production is integrated across borders and where products are more standardized internationally. The extent to which operations and management organization are internationalized also varies between sectors, with manufacturing MNCs tending to be more internationalized than those in services.

Turning to international management organization, a proactive approach is more likely where there is a European regional management structure to which the EWC can act as a counterpart, than where the EWC cuts against the grain of the MNCs' international management structure. A further aspect of the internationalization of MNCs' management organization is the extent to which this is reflected in the presence of international HR structures and/or networks, including such things as a worldwide committee with responsibility for determining HR policy; regular meetings of, and networking between, HR managers in the different country operations; an international HR information system; and systematic mechanisms to monitor and process data on labour costs and performance (Edwards et al., 2007). To the extent that HR policies are standardized and/or coordinated across borders, management is more likely to see the EWC as relevant to facilitating their successful implementation and hence pursue a proactive approach.

Marginson and Sisson's (2004) conclusion notwithstanding, there are reasons to expect some variation according to MNCs' country-of-origin, or more precisely the kind of industrial relations institutions which characterize 'liberal market' and 'coordinated' country-of-origin economies, respectively (Hall and Soskice, 2001). As noted above, MNCs-based in the Anglophone countries, particularly those outside of Europe, have little domestic experience of the practice of informing and consulting with employee representatives. Management, whilst wishing to be comply with regulation, may be inclined to contain the role of the EWC and pursue a minimalist approach. In contrast, MNCs based in western continental and Nordic Europe have long been familiar with domestic practice of informing and consulting with employee representatives, and the potential benefits that can be derived, and be more inclined to adopt a pro-active approach. Consistent with this, EWC employee representatives report management's information and consultation practice to be more extensive in MNCs headquartered in continental Europe than in Anglophone countries (Waddington, 2003). The contrast in management practice might be sharpest between continental western European-

and non-European-owned MNCs, since the Anglophone European countries have had to accommodate to the principle of universal employee representation for the purposes of information and consultation under a series of EU directives. A second dimension of ownership is whether companies are publicly quoted on stock markets or not. Under private ownership, general obligations to provide information on the situation and prospects of the business are altogether less than for publicly-trade companies. The corollary is that under private ownership a minimalist management approach towards EWCs might be more likely.

The degree of workforce or trade union organization within companies is a further likely influence on management practice towards EWCs, with pressure on management to be proactive being greatest where trade unions are well organized across national borders and able to ensure a strong presence amongst, and support for, employee representatives on EWCs. Conversely, a minimalist approach is more likely in the absence of workforce organization. As noted above, trade union organization also tends to vary across sectors, with marked differences between manufacturing and services.

### **3. Research design, methods and data**

The findings are drawn from three, parallel large-scale surveys of employment practice in the national operations of MNCs undertaken in Ireland, Spain and the UK involving a personal, structured interview with a senior HR executive in each of 260, 330 and 302 MNCs in the three respective countries<sup>1</sup>. The design and implementation of the surveys was undertaken on an internationally coordinated basis, involving close cooperation which is ongoing between the research teams in each country. Each employed common criteria for defining the eligible population of MNCs, similar approaches to compiling a population listing for each country, face-to-face structured interviews and a common core of questions around four main areas of employment practice. The subsequent coding of the data has been undertaken in such a way as to enable the integration of national datasets for the purposes of cross-national analysis. A detailed account of the design and methods of the three surveys is provided in McDonnell et al, 2007 (Ireland), Quintanilla et al, 2008 (Spain) and Edwards et al, 2007 (UK).

The surveys covered the operations of both foreign- and home-owned MNCs with 500 or more employees worldwide in the three countries. Foreign-owned MNCs also had to have at least 100 employees in the national operation in the country being surveyed, whilst home-owned MNCs had to have an operation employing at least 100 in at least one other country. As there are no publically available listings of MNCs in the countries concerned, each survey was based on a listing of the population compiled by the respective research teams, using multiple listings of MNC subsidiaries published in business registers and other sources, and intensively checking and cross-checking these.

The fieldwork for the Irish survey was undertaken in part by a professional survey agency, contracted by the research team, and in part by the researchers themselves; that for the Spanish survey was undertaken entirely by the researchers themselves; whilst that for the UK survey was wholly undertaken by a professional survey agency, contracted by the research team. There are some differences in the timing of fieldwork, with the UK survey being in the field from late 2005 until summer 2006, the Irish survey from spring 2006 until early 2007 and the Spanish survey from summer 2006 until the start of 2009. Interviews were successfully completed with a senior HR executive in the Irish operations of 260 MNCs (average duration of 50 minutes); in the Spanish operations of 330 MNCs (average duration of 75 minutes); and in the UK operations of 302 MNCs (average duration of around 70 minutes). Response rates varied. The response rate in Ireland is 50% of the identified population of MNCs meeting the size criteria<sup>2</sup>. In Spain it is 30%. For the UK, the achieved

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<sup>1</sup> A fourth survey was undertaken in Canada, and a fifth is in the field in Mexico.

<sup>2</sup> The Irish sample was stratified, and the response rate is 63% when taking this into account.

sample of 302 is estimated to represent 18% of the eligible population (Edwards et al., 2007). In each country, robust checks for non-response bias were undertaken against known parameters in the population listing. For Ireland, the surveyed sample was broadly representative of the population. In Spain, home-owned and larger MNCs are overrepresented in the achieved sample, and weights to adjust for this are being constructed. For the UK, service-sector MNCs were found to be slightly under-represented in the achieved sample as compared to manufacturing MNCs, and the findings have been weighted to adjust for this.

The dataset used for the paper's analysis integrates a subset of comparable variables exported from the three national data sets. Two types of comparable variables are involved: identical measures, where the same or very similar questions were asked in each national survey; and functionally equivalent measures, where because of differences in institutions and legal framework, phenomena – and therefore measures – are not identical. An example of the second type of variable is union presence, where the Irish and UK practice of union recognition does not exist in Spain. In Spain, workforces have the right to trigger a legal form of employee representation at work, which may or may not be union-based. The measure of union presence employed below combines the practice of union recognition in Ireland and the UK and the existence of a legally-based structure of employee representation in Spain.

Employee representation and consultation arrangements were one of four areas of employment practice addressed in each survey, and these included common questions on the existence of an EWC and, where such existed, management's information and consultation practice. Concerning the existence of an EWC, respondents were asked:

'Is there a European Works Council or similar European-level employee information and consultation structure which covers the [Irish/Spanish/UK] operations?'

If there was an EWC, respondents were then asked about management's information and consultation practice. The question aims to capture the distinction between 'symbolic' and 'active' EWCs, and different degrees of 'active' (Lecher et al., 2001; Marginson et al., 2004):

'Using this [1 to 5] rating scale, which of the following statements best describes the overall nature of the EWC ...

1. Management provides minimal information required for compliance, there is little or no dialogue with employee representatives over issues; and no impact on decision outcomes
2. Management provides information slightly beyond that required for compliance ...
3. Management provides information somewhat beyond that required for compliance; there is a substantive dialogue with employee representatives on a limited range of issues; and a limited impact on decision outcomes
4. Management provides information beyond that required for compliance ...
5. Management provides information considerably beyond that required for compliance; there is substantive dialogue with employee representatives over a wide range of issues; and an extensive impact on decisions outcomes

Section 2 identified a range of influences likely to shape the existence of an EWC, and management practice towards it, and the surveys include data items on most of these. These influences concerned ownership; demographic factors; business strategy and management structure; the presence of international HR structures; and union organisation.

Ownership: The *country of origin* of each MNC was identified, defined as the country in which the operational headquarters of the worldwide company was located. The cell sizes required to undertake viable analysis necessitate the grouping of many individual countries of origin into larger geographical clusters. Section's 2 discussion suggests the relevance of six to the present analysis: continental western Europe, Nordic Europe, Anglo-Irish, north America, east Asia (including Japan), and a residual 'rest of the world'. In addition, *home*

country-owned MNCs can be differentiated from *foreign*-owned companies. Respondents were also asked whether the MNC was a *publicly traded* company or *privately owned*.

Demographic factors: The broad industrial *sector* of operation of MNCs was identified, distinguishing between primary, secondary (manufacturing), tertiary (services) and utilities and construction. To enable viable analysis, the first and last categories had to be combined. The *worldwide employment size* of the MNC was established.

Business strategy and management structure: A measure of *employment dispersion* across different global regions – to indicate degree of internationalisation - resulted in relatively large numbers of missing values (Spanish and UK surveys) or was not asked of home-owned companies (Irish survey). Measures of the extent of *international integration* – whether MNC operations supply and/or are supplied by company operations in other countries – and *product standardisation* are, however, available. So too is a rough proxy of transnational business decisions which impinge strongly on workforce interests, in the form of the occurrence of any *site closures* in the country of operation. Respondents were asked whether there was a *regional ie European management structure* between the national operations and global headquarters.

International HR structures: Respondents were asked whether there was a committee of senior executives at headquarters level which formulated HR policies to be implemented in the different national operations (*international HR committee*). They were also asked whether HR managers from the different countries were brought together regularly, through meetings or in other ways (*international HR network*).

Union organisation: No common measure of the extent to which unions coordinate, or are networked, across borders within MNCs was obtained in the surveys. The presence of a recognised union (Ireland and the UK) or legally-based employee representation (Spain) within the respective national operations is therefore the best approximate measure available of union organisation<sup>3</sup>.

The two questions about EWC existence and management practice towards them constitute the dependent variables for the multivariate regression analysis reported in the next section. In undertaking the regression analysis, two possible approaches were considered. The first, utilised in the small number of cross-national analyses of data from workplace surveys of employment relations (including, variously, Australia's AWIRS, Britain's WERS, France's REPONSE, and Germany's IAB panel survey e.g. Whitfield et al., 1994; Coutrot, 1998; Schnabel et al., 2006), is to run parallel regressions for each national data and test for differences in the overall significance of regressions, the intercept and the coefficients. The second, is to run a single regression for the integrated data set, and include a dummy variable for survey country, which would pick up any differences in local institutional and legal environment which might affect management reports of EWC practice in particular. The second approach is adopted here given the nature of EWCs as transnational employment relations structures; also this maximizes the size of the available sample (a particular consideration for management's EWC practice, since only a minority of MNCs report EWCs).

## 4. Findings

### a) Existence of EWCs

Table 1 shows that EWCs were present in 46% of MNCs with operations in Spain, 39% of those with operations in Ireland and 28% of those with operations in the UK. Amongst the MNCs with no EWC, a minority anticipated one being established in the two years following the survey fieldwork: 7% in Spain and 13% in both Ireland and the UK.

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<sup>3</sup> The question was asked in respect of all employees in the Irish and Spanish surveys, and of the largest occupational group in the UK survey.

Table 1: Incidence of EWCs

Is there an EWC covering the national operations?	ES %	IE %	UK %
Yes	42	39	28
No	58	59	71
Don't Know	1	3	-
Total	100	100	100
No. of cases	330	260	302

Note: UK findings are weighted (see previous section)

For the regression analysis, the existence of an EWC generates a binary dependent variable, hence logistic regression was utilised. The independent variables were introduced into the regression analysis in the four clusters discussed in section 2: ownership, demographic factors, business strategy and structure; and union organisation. A control variable for host country was also included in each regression. Table 2 summarises findings of the four resulting regressions. Only variables with a significant coefficient in at least one regression are indicated.

Table 2: Determinants of the incidence of EWCs – summary of regression results

Variable [reference category]	(A)	(B)	(C)	(D)
<i>Ownership</i>				
Nordic [rest of the world]	***	***	***	***
Publicly listed [privately owned]	***	n.s.	n.s.	n.s.
<i>Demographic</i>				
Manufacturing [services]		***	***	***
5000-29999 employees [500-999]		***	***	***
30000+ employees [500-999]		***	***	***
<i>Business strategy and structure</i>				
Integration: supplies to & supplied from other countries [neither]			**	**
European management structure [none]			***	***
<i>Union organisation</i>				
Union presence in host country [none]				***
<i>Host country</i>				
UK [Spain]	***	*	*	n.s.
Model chi-squared	48.1***	235.8***	249.2***	272.4***
Step chi-squared	---	187.7***	13.4**	23.3***
Nagelkerke R <sup>2</sup>	.082	.357	.374	.403
N	778	778	778	778

Note: + indicates higher, and – indicates lower, incidence than reference category  
\*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels respectively



The model and step chi-squared statistics indicate that each regression attains significance at the 1% level, and that the introduction of each successive group of variables significantly adds to the overall explanatory power (at the 1% level for (B) and (D) and at the 5% level for (C)). The Nagelkerke  $R^2$  also increases as successive groups of variables are introduced.

Two main changes are noticeable as successive groups of variables are introduced. The first is that the impact of being publicly-listed becomes insignificant with the introduction of demographic factors. Further investigation specified the effect to the introduction of worldwide employment size. The implication is that privately-owned MNCs tend to be smaller than publicly listed ones, and that once this is controlled for then there is no significant difference between this dimension of ownership. The second is that a seeming lower incidence of EWCs amongst MNCs with operations in the UK disappears once the final variable, union recognition, is introduced.

Otherwise the significance of the effects of several variables is consistent across regressions. MNCs headquartered in the Nordic countries are significantly more likely to have an EWC than those based in the rest of the world. Taking regression (D), the odds are 20 times greater (coefficients represent the log of the odds ratio). There are no other significant differences according to country of origin: and the magnitude of coefficients for north American- and east Asian-based MNC does not differ greatly from those for MNCs based in continental and Anglo-Saxon Europe. Manufacturing MNCs are significantly more likely to have EWC than those in services, with the odds being two times greater. Larger MNCs by worldwide employment size are also significantly more likely to have EWCs than smaller ones. Of the strategy and structure variables, international integration involving the MNCs operations both supplying to, and being supplied by, operations in other countries, and the presence of a European management structure both have significant effects. In both cases, the magnitude of the odds is nearly two times greater. Finally, where unions are recognised in the operations in the host country, there is significantly more likely to be an EWC – the odds being almost three times greater.

Overall, the regressions, and (D) in particular, provide strong support for the expectations developed in section 2 about the factors influencing the incidence of EWCs.

### **b) Management practice in EWCs**

Table 3 reports the respondents assessments of management's information and consultation practice towards the EWC. The proportion responding that management's approach is minimalist, or close to this – as represented by the first two rows – varies across the three countries, accounting for 19% of MNCs with operations in Spain, and 31% and 30% of those with operations in Ireland and the UK, respectively. Conversely, the proportion which describe management's approach as pro-active – as represented by the fourth and fifth rows – totals 34% and 33% amongst MNCs with operations in Spain and Ireland, respectively, but only 15% amongst MNCs with UK operations. Since this measure approximates to a continuous variable, OLS was used in the initial regression analysis reported below.

The Spanish and UK surveys also asked whether a manager from the national operations (Spain) or the respondent (UK) attends meetings of the EWC, and if not whether managers in national operations were systematically informed about EWC meetings and activity. Amongst the Spanish operations covered by an EWC, almost half (48%) reported that a manager regularly attended EWC meetings, and a further 4% attended on occasion. Thirty-five per cent of respondents in the UK operations covered by an EWC regularly attended EWC meetings, and a further 11% attended on occasion. Where managers did not attend the EWC, national managers were systematically informed about EWC business at the time of meetings in two-thirds of cases in both Spain and the UK. Of the remaining third, most were informed on an 'as necessary basis' although 10% in both surveys received no information, revealing a degree of detachment between the EWC and MNCs' national operations in a minority of cases.

Table 3: Management's EWC practice

	ES %	IE %	UK %
Management provides minimal information ...	13	11	16
Management provides information slightly beyond ...	6	20	14
Management provides information somewhat beyond ...	39	34	56
Management provides information beyond ...	11	26	7
Management provides information considerably beyond ...	23	7	8
D/K	8	2	-
Total	100	100	100
No. of cases	137	100	84

Note: UK findings are weighted (see previous section)

In the regression analysis, the independent variables were introduced in groups following the sequence of section 2's discussion: sector; business strategy and structure; international HR structures and union organisation; and ownership. Control variables for host country, and for home-country ownership – on the grounds that EWCs are serviced by headquarters management, meaning that respondents in these MNCs are 'closer' to the EWC than those in foreign-owned MNCs – were also included in each regression. Table 4 summarises the findings of the four resulting regressions. Where more than one variable is entered in a group, only those with a significant coefficient in at least one regression are indicated. Regressions including worldwide employment size were also run, but since its inclusion reduced the overall N and did not add to overall explanatory power these are not reported.

The F statistics indicate that the regressions become significant at the 1% level with the introduction of the business strategy and structure variables (B) and remain so thereafter. The introduction of the successive groups of variables significantly adds to the overall explanatory power at each step<sup>4</sup>. The R<sup>2</sup> also increases to reach 13% in (D). The main change noticeable as further groups of variables are introduced is that the effect of product standardisation becomes insignificant.

Focusing on regression (D), there are no significant sector effects, implying that insofar as MNCs have established EWCs, and controlling for other factors, management practice in service sector MNCs does not significantly differ from that in their manufacturing counterparts. Contrary to expectations from section 2, the degree of international integration does not significantly effect management practice, whereas – as expected - the presence of a European management structure as an interlocutor for the EWC does. The negative impact of site closures might be interpreted in two ways: either management is less inclined towards extensive information and consultation practice under circumstances of retrenchment, or that closures in the host country are not a good indicator of transnational business restructuring. Where there is an international HR committee, management's information and consultation practice is likely to be more extensive, which accords with expectations. Union presence in the host country has no effect on management practice. Whilst unionisation in MNCs operations has an important impact on the establishment of EWCs, it is probably the presence of effective cross-border union organisation which is likely to shape management practice, and no such measure was available. Turning to ownership, Nordic-based MNCs are significantly more likely to report extensive information and consultation practice than north American-based MNCs, but this does not also extend to

<sup>4</sup> In regressions not reported, when union organisation was added in a separated step after the introduction of international HR structures, overall explanatory power did not improve.

MNCs based in continental western Europe. There is no significant difference in management practice between publicly traded and privately owned MNCs.

Table 4: Determinants of management's EWC practice – summary of regression results

Variable [reference category]	(A)	(B)	(C)	(D)
<i>Demographic</i>				
Manufacturing [services]	n.s.	n.s.	n.s.	n.s.
<i>Business strategy and structure</i>				
Product standardisation [locally different]		_*	_*	n.s.
European management structure [none]		+**	+*	+*
Site closures in host country [none]		-**	-***	-***
<i>International HR structures</i>				
International HR committee [none]			+**	+**
<i>Union organisation</i>				
Union presence in host country [none]			n.s.	n.s.
<i>Ownership</i>				
Nordic [north America]				+**
Publicly listed [privately owned]				n.s.
<i>Controls</i>				
Host – Ireland [Spain]	_*	-**	-**	-**
Host – UK [Spain]	-***	-***	-**	-***
Home-owned	n.s.	n.s.	n.s.	n.s.
Model F	2.42**	2.58***	2.66***	2.31***
Step F	---	2.55***	2.79***	1.66**
R <sup>2</sup>	.040	.092	.110	.131
N	293	293	293	293

Note: + indicates higher, and – indicates lower, incidence than reference category  
 \*\*\*, \*\*, \* indicate significance at the 1%, 5% and 10% levels respectively

Finally, whilst the effects of home-country ownership are consistently insignificant, host country acts as a significant influence on management practice: respondents in MNCs' Irish and UK operations are significantly less likely to report extensive information and consultation practice than those in companies' Spanish operations. Such a difference might reflect the relative lack of familiarity of managers in Ireland and the UK with mandatory structures for employee information and consultation in their domestic industrial relations systems, as compared to their Spanish counterparts who have become familiar with such arrangements domestically over the past quarter century.

Overall, the regressions provide only mixed support for the expectations developed in section 2 about the factors shaping management's practice towards EWCs.

## **Conclusions**

Drawing on a unique international dataset, our multivariate analysis of the incidence of and management practice towards EWCs confirms the variable nature of the transnational employee voice which has resulted from implementation of the EU's Directive. Yet in both respects the main sources of variability identified are not entirely consistent with those emerging from previous studies involving bi-variate analysis or in-depth, qualitative enquiry.

Concerning the factors influencing the incidence of EWCs, the paper confirms to differing degrees the relevance of four main types of factor. Ownership is found to be rather less prominent than has been previously supposed. Earlier bi-variate analysis suggested considerable differences according to MNCs country-of-origin. Here, just one important difference emerged: Nordic-based MNCs are markedly more likely to have an EWC than those headquartered in other countries. Contrary also to previous findings, there is no difference between privately-owned and publicly-traded MNCs. The importance of demographic factors is, however, confirmed: manufacturing MNCs are markedly more likely than their service sector counterparts to have an EWC, and the diffusion of EWCs increases with worldwide employment size. The significance of sector alongside measures of business strategy and structure and workforce organisation, suggests that its influence amounts to more than the second order effects of these two variables. Business strategy and structure is also confirmed as an important influence: specifically, internationally integrated MNCs are more likely to have an EWC than those which are not, and EWCs are more likely to be found where the MNC has a European management structure, which can act as an effective interlocutor. The influence of workforce organisation is also confirmed: union presence in host country operations is positively associated with the existence of an EWC. Once other factors are controlled for, whether the MNC operation surveyed was located in Ireland, Spain or the UK had no effect.

A differing set of factors shape management's EWC information and consultation practice. Most notably, neither sector nor worldwide employment size emerge as significant influences. On ownership, it is Nordic-based MNCs which are again distinctive, being more likely to engage in extensive provision of information and consultation than those based in other countries. Future investigation might investigate a 'variety of capitalism' as distinct from the country of origin effect explored in this paper. Contrary to other studies, MNCs which are internationally integrated are not more likely to report extensive information and consultation practice than those which were not. However, the existence of a European, regional management structure is associated with more extensive practice. So too is the presence of international HR structures. Workforce organisation, as measured by union presence in the host country, does not exercise a significant influence: a preferable, but unavailable, measure would have been functioning cross-border workforce organisation. The significant difference according to whether the MNC operations surveyed were located in Spain or in Ireland or the UK may stem from the greater familiarity of managers in Spain than their Anglo-Irish counterparts with mandatory, representative-based workforce structures for employee information and consultation. Alternatively, interpretations of the practice of a common transnational structure may themselves be variable because of nationally-framed conceptions of the spectrum of information and consultation practice open to management.

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