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Track 2: Voice at Work: new challenges, new forms

Channels and coverage of employee voice in multinational companies operating in Britain

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1. Introduction

Multinational companies (MNCs) from different countries of origin are widely held to have differing preferences over the presence and form of arrangements for employee representation and voice: union representation or not; indirect or direct forms of consultative voice. Yet no single study has examined the preferences of MNCs based in a range of major countries, including different parts of Europe, within a single host environment. Drawing on original survey data, the paper aims to do this.

Separate studies have established the distinctiveness of representation and voice arrangements in their British operations of MNCs headquartered in, respectively, the US (e.g. Ferner et al, 2005), Japan (e.g. Wilkinson et al, 1993) and Germany (e.g. Tüselmann et al, 2005) as compared with domestic practice. Much less is known about the approaches of MNCs based in other parts of Europe. Indeed survey-based studies have tended to treat Europe as a homogenous block, in which MNCs from European countries are 'lumped together' (Ferner, 1997: 22). The relationship between indirect and direct forms of consultative voice has also been extensively addressed (Brewster et al, 2007; Bryson, 2004; Wood and Fenton-O'Creevy, 2005), but not through the prism of the practice of MNCs based in different countries. Less attention has been paid to the coverage of arrangements, especially the extent to which representation and voice arrangements exist at different levels of MNCs. Multinationals operating within the EU can now be required to establish European Works Councils (EWCs). Where these exist, there is no systematic information on whether consultative arrangements also exist within national operations. Yet studies of EWCs find that the existence of representative-based consultative voice within national operations is crucial to their effective functioning (e.g. Lecher et al, 2001).

As a large, internationally-open 'liberal market' economy whose institutional arrangements are relatively permissive of variation in industrial relations practice, including employee representation and voice arrangements, Britain offers an insightful environment to examine the influence of different 'home country' models. Moreover, given the political-economic context prevailing since the mid-1980s, (multinational) employers may have been less constrained than hitherto in exercising their preferences (Charlwood, 2006). This suggests scope for innovation by MNCs which might previously have adapted to local conventions, with the result that home-country influences have become more apparent.

The paper draws on the findings of a large-scale survey of employment practice based on interviews with senior HR executives in three hundred MNCs with operations in Britain. The data allow exploration of variation between MNCs headquartered in different parts of Europe, as well as those based in Japan and the US. Three main issues are explored in the paper: patterns of representation, distinguishing between union and non-union based structures, and recent changes therein; the presence of indirect and direct forms of consultative voice and, where both exist, the relative emphasis accorded to each; and the vertical coverage of indirect consultative voice arrangements across national and European levels.

The next section of the paper summarises recent evidence on employee representation and consultative voice in Britain, reviews existing studies of the impact of MNCs from different countries of origin on practice and sets up three main propositions to be investigated. The survey of MNCs' employment practice in the UK and the data items the paper draws on are introduced in section 3. Section 4 reports findings on each of the three propositions, including the results of logistic regression analysis. Section 5 discusses the findings and draws conclusions.

2. Representation and consultative voice: adding in the multinational factor

Although operationalisation of the concepts of employee representation and consultative voice differs in the extensive recent literature on practice in Britain (Brewster et al, 2007; Bryson, 2004; Millward et al, 2000; Willman et al, 2006) two key distinctions are apparent. The first is between union recognition and non-recognition, and within the latter between those organisations which have non-union structures of employee representation and those which have none. A second is between indirect (representative-based) and direct channels of consultation, with the latter more commonly being defined as covering two-way forms of employee involvement such as team briefing, quality circles and meetings between managers and the workforce as a whole (e.g. Bryson, 2004). Recent studies have mapped significant change in both of these dimensions. Reviewing findings from the 2004 Workplace Employment Relations Survey (WERS), Charlwood and Terry (2007: ??) underline that alongside a further decline in union representation comes a 'growing heterogeneity of representational forms within British workplaces' which include non-union structures and hybrid arrangements combining both union and non-union representation. WERS2004 also found a shift in the mix of channels through which consultative voice is exercised, with a decline in the proportion of workplaces with a joint consultative committee or covered by a committee at a higher level in multi-site organisations, and an increase in the already high proportion of workplaces utilising one or more forms of direct, two-way forms of employee involvement (Kersley et al, 2005). The decline in indirect forms of consultation is all the more striking given the prospective implementation of the UK's Information and Consultation of Employees (ICE) legislation, which came into effect in April 2005. This has been anticipated to prompt the further spread of indirect consultative arrangements (Hall and Terry, 2004).

Bringing MNCs into the picture, a core issue in debates over their impact on employment practice in host environments has been the extent to which they seek to innovate, through inwards diffusion of home country practices, or to adapt to prevailing practice locally. Because of their embededness in national institutions, including frameworks of labour law, employee representation and indirect channels of consultative voice might be regarded as matters more constrained to local adaptation than direct channels of employee involvement, which in turn are more open to innovation (Ferner, 1997). In the context of contemporary Britain, however, the growing heterogeneity of representative arrangements which Charlwood and Terry (2007) identify, and the minority coverage of both union representation and indirect consultative arrangements (Kersely et al, 2005), suggests that these features too might be open to innovation[1].

Existing research on the practice of MNCs in their foreign operations has tended to focus on union representation, with rather less attention being paid to consultative voice and, 'although there is increased recognition that multiple [voice] channels may be the norm, at least within Europe' (Wood and Fenton-O'Creevy, 2005: 29), the balance between indirect and direct channels. It has also largely focused on the operations of MNCs headquartered in a handful of

[1] Indeed, the UK's ICE legislation expressly permits compliance via direct as well as indirect channels of employee voice.

countries: the US above all, Japan, Germany and the UK. The literature review which follows is therefore necessarily uneven.

US-based MNCs have ‘long been associated with hostility to unions in their foreign operations’ (Ferner et al, 2005: 703): a picture confirmed by the comparatively high incidence of non-unionism amongst their operations in Britain found in a number of previous surveys (cited in Ferner et al, 2005). Guest and Hoque (1996), for example, report that US-based MNCs are less likely to recognise unions at greenfield sites than locally based (UK-owned) firms. Under the American system there is little scope for non-union forms of representation (LeRoy, 2006), reflected in ‘a marked preference for non-collective employee representation’ (Colling et al, 2006) or direct forms of employee involvement. Amongst the operations of US-based MNCs in Britain, Colling and his colleagues also detect a measure of pragmatism: union recognition being widely accepted in the manufacturing operations studied. They draw attention to variations according to sectoral norms and age of subsidiary which give rise to ‘intra-model’ variation.

Japanese-owned MNCs are usually assumed to have a preference for some kind of enterprise union or company council (Guest and Hoque, 1996). Wilkinson et al’s (1993) survey of the manufacturing operations of 26 Japanese-owned MNCs in Wales found union recognition at almost all. Recognition, however, took the particular form of a single union agreement in the great majority of instances. Moreover, almost all had also established non-union based consultative forums which often assumed a role in wage determination (in place of collective bargaining). In contrast, and pointing to the presence of intra-model variation, the Japanese-owned plants in Elger and Smith’s (2005) in-depth study in an English new town were predominantly non-union. Other studies of Japanese MNCs in Britain suggest that they pursue a dual track approach to consultative voice, as they are more likely than either US-based MNCs or local firms to have representative-based forms of voice and to make use of team briefings and quality circles (Guest and Hoque, 1996; Wood, 1996).

The German model is associated with extensive indirect consultation and codetermination. In a major survey of the operations of German-based MNCs in Britain, compared against a reference group of their American counterparts, Tüselmann et al (2005) identify the emergence of a modified German model which integrates newer, direct consultation practices into the established tradition of indirect consultation. They also find clear evidence of its translation into the British context, where union recognition is combined with widespread take-up of direct consultation practices. Accordingly, German-based MNCs are more likely to recognise trade unions than their US-based counterparts and also display an equivalent incidence of direct consultative practices to that found in American firms. Ferner and Varul (1999) draw attention to the existence of intra-model variation, in the form of non-unionism amongst some UK operations of German-owned MNCs, locating it in the devolution of responsibility for IR policy to subsidiary managers.

Although there is little data on the practice of Swedish multinationals overseas, survey evidence of representation and consultative voice arrangements in Sweden confirm that in addition to high levels of union representation, which provides the basis for trade-union based consultative voice within firms, there has also been widespread take-up of direct forms of employee involvement (Brewster et al, 2007; Gill and Krieger, 2000). Yet in a study of employee involvement practices in three smaller-sized Swedish MNCs, Andersen (2006) found that direct forms of consultative voice tended to be transferred to the UK operations but not indirect forms.

There is also little information on representation and voice arrangements in the overseas operations of French MNCs. Union representation is a minority phenomenon amongst firms in France, although other forms of employee representation are widespread: 80 per cent of French workplaces in a European survey had some form of employee representation (Gill and Krieger, 2000). Consultative structures are mandatory in firms employing at least 50; in practice they are found in four out of every five such firms (Tchobanian, 1995). Direct forms of employee consultative voice seem to be less widespread than in many other European countries (Gill and Krieger, 2000).

UK-based MNCs have been found to be somewhat more likely to recognise trade unions in the UK operations than their overseas-owned counterparts, with the reverse being the case for direct forms of employee voice (Marginson et al, 1993). There was no difference between the two groups in the incidence of indirect consultative voice. Investigating representation and voice arrangements in the European operations (including Britain) of 25 UK-based MNCs, Wood and Fenton-O'Creevy (2005) found that only one in six had union-based representative arrangements, and that one-third had no representative arrangements, relying solely on direct forms of consultative voice. This suggests significant intra-model variation. Although the two surveys are not directly comparable, the findings of the second suggest that practice amongst UK-based MNCs might have shifted since the first was undertaken.

This review of extant findings provides the basis for the first and second propositions to be examined:

> *Proposition 1: Patterns of employee representation will differ between the operations of MNCs based in different countries, given their differing industrial relations systems. In particular:*
>
> > *i) US-owned MNCs will be comparatively less likely to have representative arrangements, either union or non-union;*
> >
> > *ii) Japanese-owned MNCs will, on balance, be comparatively more likely to have representative arrangements, either union or non- union;*
> >
> > *iii) German-owned MNCs will be comparatively more likely to have union-based representative arrangements;*
> >
> > *iv) UK-owned MNCs may be comparatively less likely to have representative arrangements, either union or non-union.*
>
> *Proposition 2: The relative emphasis placed on direct or indirect forms of consultative voice will differ between the operations of MNCs based in different countries, given their differing industrial relations systems. In particular:*
>
> > *i) US-owned MNCs will emphasise direct forms;*
> >
> > *ii) Japanese-owned MNCs will place equivalent emphasis on both forms;*
> >
> > *iii) German-owned MNCs may either emphasise indirect forms or place equivalent emphasis on both*
> >
> > *iv) UK-owned MNCs will emphasise direct forms.*

A counterfactual in the case of both propositions is that intra-model variation may dampen country-of-origin influences. Indeed other factors, such as sector, age of subsidiary and company strategy, may also influence patterns of employee representation and relative emphasis as between direct and indirect channels of consultation.

Many MNCs with operations in the UK fall within the scope of the European Works Councils (EWCs) directive because of the scale of their operations in the EU. The Directive, which provides for the establishment of transnational consultative structures, covers all MNCs with at least 1,000 employees in the European Economic Area[2] and operations employing at least 150 in each of two member states. Approaching 800, or approximately one-third of MNCs covered by the directive, have established EWCs (EWCB, 2006). Lecher et al's (2001) influential study of the functioning of EWCs identifies the interface between employee representatives in nationally-based consultative arrangements and their counterparts at the European-level as a crucial influence shaping the effectiveness of EWCs. However, this presumes the existence of nationally-based indirect forms of consultative voice; something which cannot be taken for granted in the British context. The vertical coverage of indirect consultative arrangements across national and European levels will be a product of the incidence of such arrangements in the UK operations of MNCs and the 'compliance rate' of EWCs established to the total number of companies covered by the Directive. The first of these is likely to vary according to MNCs' country-of-origin in the ways outlined above. The compliance rate also varies according country-of-origin, but in ways that might not immediately be expected.

Compared to an overall EWC compliance rate of 34%, that amongst German-owned MNCs, at 25%, is relatively low, whereas for French- and US-based companies it is around the average (35% for each), and for UK-, Japanese- and Swedish-owned MNCs it is comparatively high (40%, 43% and 43% respectively) (Waddington and Kerckhofs, 2003). Concerning the low incidence amongst German-owned MNCs, findings from a study of Dutch-owned MNCs which had not established a EWC are relevant (Blokland and Berentsen, 2003), given similarity in the dual channel systems for representation and the comparatively strong consultation rights enjoyed by works councils in the two countries. Central works councils (at national level) tended to view EWCs as a potential threat to their well-established relations with corporate management, a tendency that was most marked in less internationalised companies. Combining differences in EWC compliance rate with the likely influence of country-of-origin, as outlined above, yields a third proposition to be investigated:

> *Proposition 3A: The vertical coverage of indirect forms of consultative voice will differ between the operations of MNCs based in different countries. In particular, US-based companies are comparatively less likely and those based in Sweden and Japan are comparatively more likely to have consultative arrangements at both European and national levels.*

Yet Waddington and Kerckhofs (2003) also point to variations in EWC compliance rate according to sector (noticeably higher in manufacturing and service); employment size (strong positive correlation); and internationalisation, defined as the number of EEA countries in which a company has operations (strong positive correlation). Any systematic difference between MNCs headquartered in different countries against these factors would itself contribute to the variations in compliance rate by country-of-origin. More generally, intra-model variation arising from the influence of these factors suggests a supplementary proposition:

[2] The EEA comprises the EU27 + 3 further countries (Iceland, Liechenstein, Norway).

Proposition 3B: Differences in the vertical coverage of indirect forms of consultative voice according to the country of origin of MNCs will be attenuated by other factors, such as sector, size and internationalisation.

3. Data and method

The data are drawn from a large-scale, 2006 survey of employment practice in the operations of 302 MNCs in the UK involving a personal interview with a senior HR executive in each. The achieved sample is larger than that in most other surveys of aspects of employment practice amongst multinationals (Edwards et al, 2007), and allows comparison of the practice of MNCs from different countries of origin, including intra-European variation, within the same host environment. The survey covered MNCs with at least 500 employees worldwide: in the case of overseas-owned companies, inclusion in the survey required that they also had at least 100 employees in their UK operation; for UK-owned multinationals the second criterion was that they should have an operation employing at least 100 in at least one other country.

The survey was based on the most comprehensive listing of the population that has been compiled, and involved two stages. Edwards et al (2007) provide a detailed account. At a first stage a short screening questionnaire was administered to companies provisionally identified as multinationals in the population listing. Of the 1419 companies where calls were successfully completed one in three turned out not to meet the size criteria above. Non-response complicates the calculation of the response rate, but for the first stage it was a minimum of 43 per cent (Edwards et al, 2007)[3]. The second stage involved a wide-ranging, face-to-face structured interview with a senior HR manager in the UK operations. These were sought from the 903 MNCs which were confirmed as conforming with the survey's size criteria at the first stage. Interviews of approximately 70 minutes duration were successfully completed in 302 multinationals, representing just over one-third of the MNCs positively confirmed at the first stage. Representativeness checks between two stages of the survey revealed similar profiles according to country-of-origin and employment size, but indicated slight under-representation of service sector MNCs in the main survey as compared to the screener. To correct for this, the main survey findings have been weighted to reflect the sector profile of the screener sample[4].

Employee representation and consultation was one of four substantive areas of employment relations practice on which the survey focused. Concerning the first proposition, respondents were asked about forms of employee representation for the largest occupational group (LOG) amongst the non-managerial employees in the UK operation. Specifically they were asked about recognition of trade unions for the purposes of collective representation and/or any non-union based structures of collective representation, such as a company council. On the second, respondents reporting both the use of direct forms of employee communication and consultation and a regularly functioning representative-based (indirect) structure or structures for employee information and consultation within the UK operation were asked about the relative emphasis management placed on the two channels. On the third, as well as being asked about indirect

[3] If it is assumed that non-respondents would have screened out of the population on the basis of the size criteria at the same rate as respondents, the estimated response rate is 52 per cent.

[4] Representativeness checks of the screener sample against the original database listing of eligible companies have also been undertaken (Edwards et al, 2007).

consultative structures within the UK operation, respondents were also asked whether the UK operation was covered by a European Works Council.

Although each MNC's country of origin was identified, undertaking viable statistical analysis required grouping some countries of origin into larger geographical clusters. Specifically, companies were categorised into eight groups: the US, the UK, France, Germany, the Nordic countries (of which the largest number are Swedish-based companies), the rest of Europe, Japan and the rest of the world.

Section 2's consideration of the potential influence of country of origin on employee representation and consultative voice arrangements drew attention to the intra-model variation uncovered by some studies. The survey contains data on a range of other factors also likely to influence representation and voice arrangements and thereby constitute sources of intra-model variation. These include demographic variables, such as sector and employment size, and measures of company structure and strategy. Each of these factors, and their anticipated influence, if any, on the three dimensions of representation and voice identified above, are briefly considered in turn below.

Sector. Sectoral differences can be expected across the three broad industrial sectors identified: manufacturing, other production and services. In particular, manufacturing MNCs are more likely to recognise trade unions, place greater emphasis on indirect forms of consultative voice and to be covered by a European Works Council, than their service sector counterparts.

Employment Size. The survey contains two measures of size: UK and worldwide employment. Representative structures, either union or non-union based, might be expected to be more common in larger than smaller sized UK operations; larger UK operations might also be more likely to emphasise indirect forms of consultative voice. In turn, worldwide employment size can be expected to influence the existence of a European Works Council (Waddington and Kerckhofs, 2003).

Vintage. Following Charlwood's (2006) contention that the political and economic context now prevailing in the UK is less constraining than hitherto, MNCs which have established operations in the UK more recently might be expected to be more innovatory in their arrangements. In particular, they might be more likely to have non-union based representative arrangements or none at all.

Method of growth. MNCs growing by acquisition might be expected to have mixed patterns of employee representation, involving union and non-union based structures at different sites, than those which have grown organically (either by opening new sites or expanding existing ones).

Diversification. A mixed pattern of employee representation might also be expected to be more common in MNCs whose UK operations comprise unrelated businesses, as compared to those operating in a single business.

Cross-border integration. Integration of production or service provision across borders can be expected to positively associated with the existence of a European Works Council (Marginson et al., 2004). The survey identified whether UK operations are supplied by and/or supply a multinational's operations in other countries.

International HR structures. The presence of a European Works Council can also be expected to be more common where MNCs have international management structures in the HR domain. Two such structures are the existence of an international committee responsible for the formation of HR policies on a worldwide basis, and the bringing together of HR managers from operations in different countries on a systematic basis.

In order to test the propositions developed in section 2, three sets of logistic regression analysis were undertaken. These enable examination of the influence of country-of-origin, and the role of demographic and corporate structure and strategy variables as possible sources of intra-model variation, on the respective dimensions of employee representation and voice. Mean values of the country of origin and other variables used in the regression analysis are reported in Appendix Table A1.

4. Findings

The survey's findings in respect of the three propositions specified in section 2 are considered in turn, commencing with descriptive information before presenting results from the logistic regression analysis.

a) patterns of employee representation

Unions representing the largest occupational group (LOG) are recognised at one or more sites in 47% of MNCs with operations in the UK, including 16% across all sites, 23% at some or most sites and 8% at a MNC's single UK site. Non-union representative arrangements for the LOG exist in approaching one-half of those MNCs not recognising unions at any site, accounting for 24% of cases. In the great majority (4 out of every 5), these arrangements cover all sites or a company's single UK site. In addition, a proportion of companies with union recognition at some or most sites have non-union representative arrangements at other sites where there is no recognition, accounting for 11% of all cases. Table 1 summarises the pattern, distinguishing between four types of arrangement which form the dependent variable in the subsequent regression analysis.

Table 1: Patterns of employee representation

Representation arrangement	*%*
Union only (all, most/some, single site(s))	37
Non-union only (all, most/some, single site(s))	24
Hybrid (union at some sites, non-union at others)	11
Neither union nor non-union	29

Base: All companies (N=302)

Further findings reveal a discernible recent trend away from union recognition and towards non-union representative arrangements, providing supportive evidence that MNCs may be acting as innovators in arrangements for employee representation in the UK. The trend away from union recognition is apparent where companies which recognise unions at existing sites have opened new sites. Of 60 such MNCs opening one or more new sites in the previous 3 years, 42% had not recognised unions at any whilst just 18% had recognised unions at all; the remaining 40% had recognised unions at some. Turning to non-union representative arrangements, half (51%) of the MNCs with these reported that they had been established within the previous 3 years.

There is no clear ordering amongst the four alternatives in Table 1, hence the appropriate estimation technique is multinomial regression, taking ‘neither union nor non-union’ representation as the reference category. Results of estimates, first, including the country-of-origin variable only and, second, the other factors are reported in Table 2.

INSERT TABLE 2 ABOUT HERE

The first set of estimates only achieves significance at the 10% level overall. The Beta coefficients indicate that some of countries/regions of origin are significantly associated with particular patterns of employee representation, as compared with the reference category of US-owned MNCs. The odds ratios indicate the relative magnitude of these effects. For example, considering the first column, the odds of French and German-owned MNCs having union only representative structures as compared to none at all are, respectively, more than three times and almost ten times greater than US-owned companies. French-owned companies are also significantly more likely than US-based multinationals to have non-union only representative structures. The only other significant country-of-origin influence concerns UK-owned MNCs, which are significantly more likely than US-based companies to have hybrid representative arrangements. Representative structures in MNCs based in the Nordic countries, the rest of Europe, Japan and the rest of the world are not significantly different from those found in US-based MNCs.

Turning to the second panel of Table 2, which includes the other factors, the estimates are significant at the 1% level overall. The step chi-squared statistic indicates that the inclusion of the other factors significantly improves overall explanatory power. The Nagelkerke R^2 increases from 0.11 to 0.35. The same country-of-origin effects remain significant influences; in addition, UK-based MNCs are now also significantly more likely to have union-only representative structures than US-owned companies. Of the other factors, two significantly influence representation arrangements. Striking sectoral differences are apparent. Service-sector multinationals are significantly less likely than manufacturing ones to have any of the three patterns of representative arrangement as compared to no form of representation at all. MNCs in other production are also less likely to have union and non-union representation arrangements than those in manufacturing. Recent acquisition also exercises a significant influence: multinationals which have engaged in acquisition are significantly more likely to have hybrid representative arrangements. UK employment size, vintage and diversification do not significantly influence arrangements for employee representation.

Overall, support for proposition 1 is not strong: the regression including the country-of-origin variables only achieves overall significance only at the lowest (10%) confidence threshold; and whilst some individual country-of-origin influences are apparent, some others are not. On the specific sub-propositions: i) relating to US-owned MNCs is supported only in comparison with companies based in Germany, France and the UK (in the second set of estimates); ii) concerning Japanese-owned MNCs, is not supported; iii) relating to German-owned companies is supported; and iv) is indirectly supported, given that UK-owned MNCs are comparatively more likely to have hybrid arrangements. The superiority of the regression including the other factors, in terms of overall significance and the influence exercised by sector and method of growth, indicates stronger support for the counterfactual which takes account of intra-model variation.

b) indirect and direct consultative voice

Almost three-quarters of MNCs (73%) reported that there are regular meetings between management and employee representatives at the level of the UK operation for the purposes of information and consultation. In addition, there are representative-based consultative structures below the level of the UK operation, covering individual or groups of sites, in three-quarters (77%) of multi-site companies. Taken together, 82% of MNCs have arrangements for indirect consultative voice within their UK operations. Implementation of the UK's ICE legislation would seem to have prompted substantial recent change in arrangements for employee consultation, again indicating that MNCs might be acting as innovators (particularly given the picture presented by the WERS2004 findings – see section 2). Forty-two per cent of companies with consultative arrangements reported that they had made changes over the previous 3 years: in nine out of every ten cases, such change involved the establishment of new arrangements at all (three-quarters of the relevant total) or some (one-quarter) sites; in seven out of ten it (also) involved modification of existing arrangements.

Following Bryson (2004) and Willman et al (2006), direct forms of employee consultative voice were taken to include two-way forms of employee communication and involvement, including team briefings or similar, and problem-solving or continuous improvement groups[5]. One or both of these direct forms were found in all but four companies (1%).

Respondents in the 243 MNCs which report both indirect and direct forms of consultative voice were asked about the respective emphasis placed on the indirect and direct channels[6]. Their responses, which form the dependent variable for the regression analysis, are reported in Table 3.

Table 3: Relative emphasis on indirect and direct channels of consultative voice

Relative emphasis	*%*
Emphasis on indirect channels	16
Equivalent emphasis on direct and indirect	42
Emphasis on direct channels	41
[Don't know]	[1]

Base: Companies with both channels of consultative voice (N=243)

The three alternatives in the table are clearly ordered, hence the estimation technique adopted is ordinal logistic regression taking 'emphasis on indirect channels' as the reference category[7]. Results of estimates including country-of-origin only and then also the other factors are reported in Table 4. A positive sign on a coefficient indicates that an emphasis on indirect consultation is more likely than equivalent emphasis on both, which in turn is more likely than an emphasis on direct consultation. A negative sign indicates the opposite.

INSERT TABLE 4 ABOUT HERE

[5] There is no measure of meetings of senior managers with the whole workforce *which allow for employee input* in the survey, which Bryson (2004) and Willman et al (2006) also include in their operational definition. The survey did ask about meetings of senior managers with the whole workforce. All cases which reported these, also reported team briefings.

[6] One company reported having neither indirect nor indirect consultative voice arrangements; three had indirect but not direct arrangements; and 55 had direct but not indirect arrangements.

[7] The ordering was confirmed by the parallel lines test.

The estimates including country-of-origin only (first and second columns) again only achieve significance at the 10% level overall. Japanese-based MNCs are significantly more likely than their US counterparts to emphasise indirect forms of consultation, as are those based in the rest of Europe. The odds, for example, of Japanese-owned companies emphasising the indirect consultation channel over an equivalent emphasis on both, or placing equivalent emphasis on both over emphasising the direct channel, are some four times greater than for US-owned multinationals. None of the other country-of-origin variables exercises a significant influence.

The inclusion of the other factors (columns 3 and 4) results in a more robust set of estimates: the chi-squared is significant at the 1% level overall and also for the inclusion of the other factors. The Nagelkerke R^2 is 0.19, as compared to 0.06 previously. The same country-of-origin influences remain significant. In addition, there are significant sector differences, with multinationals in services and other production showing a marked tendency to emphasise direct over indirect channels as compared with those in manufacturing. Contrary to expectations, MNCs which have established operations in the UK over the past 5 years are significantly less likely to emphasise the direct channel than longer established companies. MNCs which have grown by acquisition also show a marked, and significant, tendency to emphasise direct over indirect channels. On diversification, companies diversified into related businesses are significantly less likely to emphasise direct channels than those focused on a single business, although those diversified into unrelated businesses do not differ significantly. UK employment size does not have a significant influence.

Overall, there is only modest support for proposition 2: the regression including the country-of-origin variables only achieves overall significance only at the lowest (10%) confidence threshold; and most of the individual country-of-origin influences are not significant. On the specific sub-propositions: i) relating to US-owned MNCs is confirmed only in comparison with MNCs based in two of the other seven countries/regions; ii) concerning Japanese-owned MNCs is supported; iii) concerning German-owned MNCs is not supported; whilst iv) receives support as UK-owned are no less likely to emphasise direct channels than US-owned companies. The superiority of the regression including the other factors, in terms of overall significance and the influence exercised by four of the five demographic and company strategy variables, again provides support for the counterfactual which takes account of intra-model variation.

c) indirect consultative voice at national and transnational levels

The UK operations are covered by a European Works Council (EWC) in 28% of cases, including 3% where there are no consultative structures in the UK operations. As Table 5 shows, there are consultative arrangements within the UK operation in the great majority of cases. In a minority of companies (16%) there are no consultative structures at either European level or within the UK operation.

Table 5: Indirect consultative voice at European and UK levels

Level(s) of indirect consultative voice	*%*
EWC and UK arrangements	25
EWC, but not UK arrangements	3
UK arrangements only	57
No indirect consultative arrangements	16

Base: All companies (N=302)

Because of the small numbers involved, cases reporting a EWC but no indirect consultative arrangements within the UK operation were excluded from the regression analysis[8]. Thus the dependent variable comprised the categories in the first, third and fourth rows of Table 5. There is a clear ordering to these three alternatives, hence the estimation technique utilised is ordinal logistic regression[9]. Results of estimates including first country-of-origin only, second demographic and company structure and strategy variables, and third the international HR structure variables are reported in Table 6. A positive sign on a coefficient indicates that there is more likely to be a EWC and UK consultative arrangements than, in turn, UK arrangements only and no arrangements. A negative sign indicates the opposite.

INSERT TABLE 6 ABOUT HERE

In this instance all three sets of estimates are robust: each is significant in overall terms at the 1% level, and the chi-squared statistic indicates that the inclusion of the additional variables significantly increases the explanatory power at each step. The Nagelkerke R^2 rises from 0.13, to 0.28 to 0.31 as the two sets of further variables are included.

Considering the first two columns, some significant country-of-origin influences are evident. Nordic-owned MNCs are significantly more likely, and those based in the rest of the world significantly less likely, than US-owned companies to have one or both of consultative arrangements in the UK and a EWC, than no consultative arrangement at all. The odds of vertical coverage amongst multinationals headquartered in one of the Nordic countries are roughly seven times greater than US-owned MNCs, whilst those amongst companies based in the rest of the world are approximately five times less.

The third and fourth columns include the demographic and company structure and strategy variables. The coefficients on the Nordic- and rest of the world country of origin variables continue to be significant; French-owned companies are now also significantly more likely than US-based companies to have consultative arrangements at European and UK levels. Marked sector differences are again apparent: manufacturing MNCs are significantly more likely to have one or both of consultative arrangements in the UK and a EWC than companies in the other two broad sectors. Neither international integration of production nor method of growth exercise a significant influence. Multinationals which are larger in terms of their worldwide employment are significantly more likely to have one or both of consultative arrangements in the UK and a EWC than smaller ones. The addition of the international HR structures variables in the fifth and sixth columns makes no changes to the significance or otherwise of other variables. Both have the expected sign on the Beta coefficient, and the occurrence of regular international meetings of HR managers is significantly associated with the presence or one of both of consultative arrangements in the UK and a EWC.

Overall, propositions 3A and 3B both receive support. The regressions relating to the two propositions both achieve overall significance at the 1 per cent level. Coefficients on relevant variables also attain significance. Considering 3A, expectations concerning US- and Nordic- (including Swedish-) based multinationals are confirmed, but not that relating to Japanese-owned companies. Turning to 3B, sector and, less conclusively, employment size are significant

[8] Examination of the eight cases involved revealed no systematic pattern according to the variables in Table A1.
[9] The ordering was confirmed by the parallel lines test.

influences on vertical coverage. Of the two indicators of internationalisation, only one (relating to HR management structure) exercises significant influence.

5. Discussion and Conclusion

The paper's investigation of home country influences on the employee representation and voice practices of MNCs in a single host environment reveals a more complex picture than is often assumed. Whilst some country-of-origin influences are apparent, they are not as sharp as might be anticipated. Moreover, demographic variables, such as sector and employment size, and corporate structure and strategy have also been shown to influence employee representation and voice arrangements. This indicates the presence of important intra-model variation amongst multinationals headquartered in any given country or region. In this concluding section, wider implications of the findings are reviewed.

First, the findings of several previous studies on the influence of country-of-origin on the practice of multinationals headquartered in particular countries are confirmed. These include the well-established preference of US-based MNCs for non-unionism, and for direct forms of employee communication and consultation (Colling et al, 2006; Ferner et al, 2005). Tüselmann et al's (2005) conclusion that German-based MNCs will tend to recognise trade unions in the UK context is also confirmed, although there is not clear-cut support for their proposition that German companies are embracing a new model in which direct forms of employee consultation play as important a role as indirect ones. Contrary to some previous studies (Guest and Hoque, 1996; Wilkinson et al, 1993), Japanese-owned multinationals do not seem more likely than their US counterparts to have employee representative structures, although they are more likely to emphasise the indirect consultative voice channel.

An innovative aspect of the paper is that MNCs headquartered in different parts of Europe have been differentiated. The validity of doing so is underlined by the varying magnitude and significance of the influence of companies based in, respectively, France, Germany, the Nordic countries, the UK and the rest of Europe in each of the three sets of regression analysis. On patterns of employee representation, for example, French-based MNCs are distinctive in terms of a comparatively high incidence of non-union as well as union representative arrangements, whereas – perhaps surprisingly – those based in the Nordic countries do not evidence the preference for union-based structures that their German counterparts do. Indeed, like companies based in the rest of Europe, employee representation arrangements in Nordic-based multinationals in the UK do not differ significantly from those found in US-owned companies. UK-owned companies, for their part, are distinctive in the incidence of hybrid representation arrangements.

Second, the attention drawn to the presence and, by implication, importance of intra-model variation in some previous studies (e.g Colling et al, 2006; Ferner and Varul, 1999) is underscored by the present findings. Of the demographic variables, it is broad industrial sector rather than employment size that exercises the most clear-cut and consistent influence on patterns of representation and channels and coverage of voice. The contrasts between manufacturing and services in terms of union representation, the incidence of indirect forms of consultation and the existence of EWCs are well established. In addition, the findings also show that non-union representative arrangements and, where both consultative channels exist, relatively less emphasis on direct channels are also features of manufacturing as compared to service MNCs. Methodologically, the findings also caution against drawing conclusions about country-of-origin influences from survey studies which are confined to one sector. Of the corporate strategy and structure variables, method of growth exercises the most clear-cut influence. MNCs which have engaged in recent acquisition stand out in their representation and voice practices from those which have not. Considerations of acquisition might also help to explain the unexpected finding on the vintage variable, namely that MNCs more recently establishing operations in the UK are more, not less, likely to emphasise the indirect consultative channel. The operations in question are not necessarily greenfield; they could have been recently acquired, and with them existing modes of voice practice.

Third, the paper's consideration of vertical coverage of indirect consultative arrangements across national and European levels is not only novel, but also has implications for the functioning of EWCs. Research has pointed to the interface between national- and European-level consultative structures as a key factor conditioning EWC effectiveness (Lecher et al, 2001). The context in the UK, where indirect consultative arrangements cannot be presumed to exist even in those larger MNCs which are the most likely to have European Works Councils, is one that also prevails in Ireland and the majority of the EU's new members states in central- and south-eastern Europe. Present findings indicate that incidence of vertical coverage is not only associated with country-of-origin, to some extent, broad industrial sector and worldwide employment size, but also with the presence of international HR management structures.

Fourth, even though they might have been more muted than expected, the existence of country-of-origin influences confirms the UK as an environment which is permissive of variation in industrial relations practice. Moreover, the presumption in the literature that employee representation in particular is a practice on which MNCs are likely to adapt to local conventions (see Ferner, 1997), because of considerations such as labour law and union organisational strength, is confounded by the present findings. Consistent with the contention that the UK's current political-economic context might provide scope for innovation in representation and voice arrangements (Charlwood, 2006), the surveys' findings identify considerable recent change amongst MNCs on both dimensions. Representative arrangements which are non-union based have spread and, prompted by the 2005 implementation of the UK's ICE regulations, there has been significant activity in establishing new indirect consultative structures where these did not previously exist. The two developments are, at least in part, related. On both counts the picture differs from that emerging from the comprehensive, workplace-based, economy-wide 2004 WERS. Although the timing of the two surveys might account for some difference, in that WERS2004 was undertaken before implementation of the ICE regulations and the multinationals' survey after, the scale of the recent changes revealed by the present study suggests that MNCs may well be innovators in representation and voice practice in Britain. Investigation of whether such a 'multinational effect' is in operation, as well as whether companies headquartered in some countries are more likely to act as innovators than those based in others, are questions which call for further analysis.

Table 2: Pattern of representation regression results [country of origin only]

Independent Variables	***Union Only***		***Non-union only***		***Hybrid***	
	Odds Ratios	Beta Coeffs (SEs)	Odds Ratios	Beta Coeffs	Odds Ratios	Beta Coeffs (SEs)
Constant		0.025		-0.262		-1.361***
Origin – US						
Origin – France	3.250*	1.179*	4.333**	1.466**	1.300	0.262
Origin – Germany	9.750**	2.277**	3.900	1.361	3.900	1.361
Origin - Nordic	2.194	0.786	1.625	0.486	2.925	1.073
Origin – UK	1.517	0.417	1.156	.145	4.333**	1.466**
Origin - Rest of Europe	1.463	0.380	0.650	-0.431	0.780	-0.248
Origin - Japan	2.194	0.786	1.950	0.668	1.950	0.668
Origin - Rest of World	0.542	-0.613	0.289	-1.242	0.867	-0.143

N	291
Model Chi-square	30.70*
Nagelkerke R^2	0.11
-2LLR	105.60

N is reduced because of missing values on some variables.

The reference categories are in italics.

Levels of significance are denoted by starts: * = 10% level, ** = 5% level, *** = 1% level.

Table 2: Pattern of representation regression results [country of origin plus other factors]

Independent Variables	***Union Only***		***Non-union only***		***Hybrid***	
	Odds Ratios	Beta Coeffs (SEs)	Odds Ratios	Beta Coeffs (SEs)	Odds Ratios	Beta Coeffs (SEs)
Constant	-	0.815	-	0.774	-	-1.608
Origin – US						
Origin – France	3.766*	1.326*	6.277**	1.837**	1.280	.247
Origin – Germany	13.207**	2.581**	4.428	1.488	7.064	1.955
Origin - Nordic	1.788	0.581	1.457	0.376	2.211	0.793
Origin – UK	2.681*	0.986*	2.101	0.742	5.905**	1.776**
Origin – Rest of Europe	1.761	0.566	0.718	-0.332	1.324	0.280
Origin - Japan	2.062	0.724	1.633	0.490	3.366	1.214
Origin – Rest of World	0.560	-0.580	0.276	-1.287	0.863	-0.148
Sector - Manufacturing						
Sector - Other Prodn	0.290*	-1.240*	0.201*	-1.605*	0.363	-1.015
Sector – Services	0.123***	-2.095***	0.202***	-1.598***	0.061***	-2.804***
Vintage -10+ years						
Vintage - 0-4 years	2.343	0.851	1.349	0.300	1.489	0.398
Vintage - 5-9 years	1.389	0.328	1.257	0.229	0.562	-0.576
Growth - neither						
Growth – acquisition	1.090	0.086	0.900	-0.106	3.651*	1.295*
Growth – new sites	0.679	-0.386	1.279	0.246	0.562	-0.576
Growth – both	0.721	-0.328	1.039	0.038	5.715**	1.743**
Diversific'n – single						
Diversific'n - unrelated	0.544	-0.609	0.355	-1.037	1.410	0.343
Diversific'n – related	1.348	0.298	0.893	-0.113	2.022	0.704
UK emp size / 1,000	1.008	0.008	0.900	-0.105	1.023	0.023

N	291
Model Chi-square	112.60***
Step Chi-square	536.67***
Nagelkerke R^2	0.35
-2LLR	641.97

N is reduced because of missing values on some variables.

The reference categories are in italics.

Levels of significance are denoted by starts: * = 10% level, ** = 5% level, *** = 1% level.

Table 4: Emphasis on direct or indirect consultation regression results

Independent Variables	Odds Ratios	Beta Coeffs (SEs)	Odds Ratios	Beta Coeffs (SEs)
Intercept – emphasis on direct	-	-0.089	-	-0.271
Intercept – equivalent emphasis on both	-	1.936***	-	1.973***
Origin – US				
Origin – France	1.586	0.461	2.064	0.725
Origin – Germany	2.219	0.797	2.082	0.733
Origin - Nordic	1.531	0.426	1.519	0.418
Origin – UK	1.168	0.155	1.948	0.667
Origin – Rest of Europe	2.120*	0.751*	2.176*	0.778*
Origin - Japan	4.103***	1.412***	3.463**	1.242**
Origin – Rest of World	2.615	0.961	1.990	0.688
Sector - Manufacturing				
Sector - Other Prodn	-	-	0.381*	-0.964*
Sector – Services	-	-	0.483**	-0.729**
Vintage -10+ years				
Vintage - 0-4 years	-	-	2.148*	0.765*
Vintage - 5-9 years	-	-	1.143	0.134
Growth - neither				
Growth – acquisition	-	-	0.384**	-0.956**
Growth – new sites	-	-	0.864	-0.147
Growth – both	-	-	0.350**	-1.051**
Diversific'n – single				
Diversific'n - unrelated	-	-	0.684	-0.379
Diversific'n – related	-	-	1.827*	0.602*
UK emp size / 1000	-	-	0.987	-0.013
N		235		235
Model Chi-square		12.20*		41.64***
Step Chi-square		-		29.44***
Nagelkerke R^2		0.06		0.19
-2LLR		62.04		441.91

N is reduced because of missing values on some variables.

The reference categories are in italics.

Levels of significance are denoted by starts: * = 10% level, ** = 5% level, *** = 1% level.

Table 6: Vertical coverage of indirect consultation regression results

Independent Variables	Odds Ratio	Beta Coeffs (SEs)	Odds Ratio	Beta Coeffs (SEs)	Odds Ratio	Beta Coeffs (SEs)
Intercept – neither	-	-1.948***	-	-2.408***	-	-2.026***
Intercept – UK only	-	1.107***	-	1.072**	-	1.543***
Origin – US						
Origin – France	2.091	0.738	2.352*	0.855*	2.268	0.819
Origin – Germany	1.136	0.128	0.753	-0.283	0.820	-0.199
Origin - Nordic	6.857***	1.925***	7.088***	1.958***	6.796***	1.916***
Origin – UK	0.856	-0.155	1.116	0.109	1.313	0.273
Origin – Rest of Europe	1.293	0.257	1.395	0.333	1.517	0.416
Origin - Japan	1.590	0.464	1.185	0.169	1.847	0.614
Origin – Rest of World	0.193***	-1.648***	0.200***	-1.608***	0.217***	-1.526***
Sector - Manufacturing						
Sector - Other Prodn	-	-	0.249***	-1.391***	0.239***	-1.430***
Sector – Services	-	-	0.230***	-1.469***	0.210***	-1.559***
Growth – neither						
Growth – acquisition	-	-	1.826	0.602	1.801	0.588
Growth – new sites	-	-	1.095	0.091	1.150	0.140
Growth – both	-	-	0.775	-0.255	0.796	-0.229
Integration – neither						
Integr'n – forward	-	-	1.185	0.170	0.902	-0.103
Integr'n – backward	-	-	0.743	-0.297	0.667	-0.405
Integr'n – both	-	-	2.148	0.765	1.913	0.649
UK emps / 1000		-	1.032	0.032	1.017	0.017
Wwide emps / 1000	-	-	1.003*	0.003*	1.004*	0.004*
Worldwide policy committee – Yes	-	-	-	-	1.515	0.415

International HR meetings – Yes	-	-	-	-	1.832*	0.605*
N		247		247		247
Model Chi-square		29.76***		67.77***		75.42***
Step Chi-square		-		345.37***		7.64***
Nagelkerke R^2		0.13		0.28		0.31
-2LLR		51.63		397.00		389.35

N is reduced because of missing values on some variables, notably worldwide employment size (28 missing).

The reference categories are in italics

Levels of significance are denoted by starts: * = 10% level, ** = 5% level, *** = 1% level.

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Table A1: Mean values of independent variables included in the regression analysis

Variable name	Description	Mean value (A)	Mean value (B)	Mean value (C)
Origin	Country or region of origin			
US [reference]		0.41	0.41	0.42
France		0.08	0.09	0.09
Germany		0.05	0.06	0.05
Nordic		0.07	0.08	0.07
UK		0.14	0.15	0.16
Rest of Europe		0.11	0.10	0.09
Japan		0.07	0.08	0.08
Rest of World		0.06	0.04	0.08
Sector	Broad industrial sector			
Manufacturing [reference]		0.51	0.57	0.52
Other Production		0.07	0.07	0.08
Services		0.41	0.36	0.40
Vintage	Years established in UK			
0-4 years		0.13	0.12	-
5-9 years		0.21	0.22	-
10+ years [reference]		0.66	0.66	-
Growth	Method of recent growth			
Acquisition		0.20	0.21	0.21
New sites		0.23	0.25	0.23
Both		0.24	0.21	0.23
Neither [reference]		0.33	0.34	0.34
Diversification	Diversification into related or unrelated businesses			
Unrelated		0.06	0.05	-
Related		0.78	0.78	-
Single [reference]	No – single business	0.17	0.17	-
Integration	Forwards and backwards integration with operations in other countries			
Forward	UK supplies	-	-	0.08
Backward	UK supplied	-	-	0.20
Both		-	-	0.56
Neither [reference]		-	-	0.16
UK emps / 1000	UK employment / 1000	2.04	2.38	2.17
Wwide emps / 1000	Worldwide employment / 1000	-	-	28.74

WWPPC	Worldwide personnel policy committee			
Yes		-	-	0.55
No [reference]		-	-	0.45
IHRM	Regular international meetings of HR mgrs			
Yes		-	-	0.65
No [reference]		-	-	0.35
N =		291	235	247

The three sets of regressions relate to differing bases, to which the columns refer:

- column A: pattern of employee representation (base: all companies)
- column B: relative emphasis on direct or indirect channels of consultative voice (base: companies reporting both channels)
- column C: coverage of consultative voice at different levels (base: excludes 8 companies with a EWC but no consultative arrangements within the UK operation)

N in each column is reduced because of missing values of some variables, notably worldwide employment size in column C (28 missing)