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**Multinational corporations and industrial relations research: A road less travelled<sup>i</sup>.**

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## **Multinational corporations and industrial relations research: A road less travelled.**

### **ABSTRACT:**

While there is a large body of academic debate surrounding human resource management issues in MNCs, industrial relations issues often fail to receive the same degree of attention. This paper attempts to move the debate forward by critically reviewing some of the key debates surrounding industrial relations (IR) in an international context. Firstly, some key themes surrounding the comparison of industrial relations across borders and IR in multinational companies are delineated and defined. We then consider the reasons why an international IR (IIR) perspective has been under-represented in the literature to date. The paper then explores the contribution which an international IR perspective can bring to the study of management practices in MNCs. This is discussed in terms of IIR's potential contribution in terms of an alternative analytical approach and also differences in its substantive coverage. The impact of IR systems on MNC location and relocation decisions, key issues for employees, trade unions and managers of MNCs, is then discussed as an example of the former. We then consider the potential for, and evidence of, international collective bargaining as a potential counter-balance to the power the MNC in the global environment as an example of a differing area of substantive coverage of IIR. Finally some avenues for potential study are outlined.

**KEY WORDS:** International, Comparative, Industrial Relations, International Collective Bargaining, MNCs, location, relocation.

## **INTRODUCTION:**

The issue of how multinational corporations (MNCs) manage operations across national borders has been a long-standing area of academic debate and research. In this context and writing in the early 1990's Ferner and Hyman (1992) asked whether convergence or continuing differentiation was the key characteristic of industrial relations systems (see also Poole, 1986). This question is arguably even more pertinent a decade and a half later. Developments in international trade and the continued growth of foreign direct investment (FDI), illustrated by the fact that in 2005 there were an estimated 77,000 transnational firms with some 770,000 foreign affiliates engaged in international business (UNCTAD, 2006), mean that multinational corporations are increasingly operating in multiple countries and thus are increasingly concerned with the peculiarities of the industrial relations (IR) systems of the countries within which they operate, and further, their activities effect the employment experiences of an ever growing number of employees on a global scale. The understanding of these systems is even more significant given that these MNCs "are embedded in larger and wider societal collectivities" (Sorge, 2004:118). Thus, they do not operate in isolation from the environment around them but rather must organise their activities in the context of the multiple institutional environments in which they operate. Indeed they may also play a part in constructing these environments (cf. Boyer et al., 1998; Streeck and Thelen, 2005) which may have a resultant impact on the experiences of employees in host countries.

In this paper we consider a number of key debates in this regard. Firstly, we define some key themes surrounding the comparison of industrial relations across borders and IR in multinational companies. Further we delineate the field of international IR (IIR) by considering the contribution that IR research can make to the study of management practice in MNCs and also the reasons why an industrial relations perspective on MNCs has been underrepresented in the literature. The impact of IR systems on MNC location and relocation decisions, key issues for employees, trade unions and managers of MNCs, are then discussed. Next we consider the potential for and evidence of international collective bargaining as a potential counter balance to the power exercised by MNCs in the global environment.

While the issues associated with the management of international human resources have received significant attention in the literature (cf. Briscoe and Schuler, 2004; Dowling and Welch, 2004; Evans et al., 2002; Morley et al., 2006b; Schuler et al., 2002; Scullion and Linehan, 2005) industrial relations (IR) issues have not received the same degree of attention (see: Almond et al., 2005; Bomers and Peterson, 1977; Cooke, 2003; Ferner et al., 2005; Gennard and Steuer, 1971; Katz and Elsea, 1997, for some useful contributions). This is somewhat paradoxical as it has been argued that appropriate industrial relations practices are central in determining labour costs, firm productivity, profits and ultimately the level of sustainable competitive advantage within the firm (Katz and Elsea, 1997). Industrial relations practices are also more likely to vary significantly between different countries than other aspects of managing employees in an international context such as training and development. Further, ethical issues surrounding labour management practices may have significant impacts on the global reputation of MNCs. It has been argued that the emerging significance of international joint ventures (IJVs) where constituent owners may have vastly different experience of, and attitudes towards, industrial relations issues, due to disparate experiences in the home country, mean that industrial relations issues in these IJVs are a key concern (cf. Katz and Elsea, 1997). Apposite to this, given industrial relations research focus on the experiences of a range of actors and not just management, research in this field also has the potential to significantly advance our understanding of MNCs' impact on the global environment and in particular the work experiences of employees.

One plausible explanation for the lack of consideration of international IR issues in academic literature is the unitarist perspective adopted by much of the North American literature on management in MNCs, a literature base which has reached an almost hegemonic position in the field. In this regard, overly prescriptive theoretical approaches often neglect industrial relations issues completely. In further exploring the reasons why an IR perspective has been underrepresented in the literature, a number of key themes emerge. Firstly, the HRM paradigm has become dominant in the study of the management of employees in recent years and hence the research agenda in the field has been dominated by HRM research. In this context Towers (2003) notes that the recent decline in trade union influence combined with increasing employer power in much of the developed world corresponds with a decline in the

academic standing and study of IR research (see also Bacon, 2003; Kaufman, 2004a; Kelly, 2003). This creates difficulties for academics in getting published in top tier journals, particularly in the US context. This has been exacerbated in the UK by the Research Assessment Exercise whereby academics target higher-ranking (often US based) journals (Edwards, 2005). There also appears to be a sharper distinction between IR and HR studies in US universities than in their international counterparts. This means that key US contributions to the field, such as Bill Cooke's work on international IR and Harry Katz's comparative work, tend to originate outside HR departments. Further, a number of methodological challenges emerge. Given its bottom-up focus, IR research often involves gaining employee perspectives on the topics under study. In this context, gaining access to these employees is generally more difficult than their managerial counterparts given that management act as gatekeepers to informants in organisations. Further, IR research often involves exploring informal aspects of the management of the employment relationship, particularly in countries characterised by voluntarist traditions (for example Canada, the UK, Ireland and Italy) where historically much of the employment relationship is regulated by custom and practice. This makes academic research more complex in this context. Finally, as P. Edwards (2003b: 16) succinctly notes: "a major theme to emerge in Britain concerned the lack of deliberate linkages [in IR theory and research] and the absence of a coherent approach implied by the term 'strategy'" in industrial relations research. Thus industrial relations research is more complex and does not fit with the clean managerial theories often advanced in the context of HRM and strategy research more generally (see also Hyman, 1987). Indeed, much of this theory is premised on a micro-level understanding of management action at a firm level with a failure to account for supra-organisational influences or constraints on management behaviour.

This paper, attempts to synthesise the enfolding literature base on IR issues and MNCs and propose some potential avenues for future study. We begin by defining some of the key terminology surrounding the field.

## **DEFINING KEY CONCEPTS:**

An important point of departure in our discussion is the definition of industrial relations. While IR<sup>ii</sup> has traditionally been defined as “the institutions of job regulation” (Flanders, 1965: 4), Salamon (2000: 3) offers a more comprehensive definition as: ‘a set of phenomena, both inside and outside the workplace, concerned with determining and regulating the employment relationship’.

We begin by introducing two key concepts within which our discussions will be framed, namely comparative industrial relations and international industrial relations. In this regard, there is a large literature base which considers variations between industrial relations systems in different countries or regions (cf. Ackers and Wilkinson, 2003a, section 2; Bamber, Lansbury and Wailes, 2004; Ferner and Hyman, 1998; Morley, Gunnigle and Collings, 2006, section 1). The focus of these studies is on delineating the IR systems of various countries or regions with a particular focus on variations between countries or regions in terms of levels of trade union density, industrial conflict, industrial relations institutions and the like. The focus of comparative studies is on the phenomena outside the workplace which determine and regulate the nature of employment relations in specific nation states or even within regions (for example within the European Union). For example the emphasis on industry level bargaining and employee participation in the workplace via works councils which characterise the German IR system vis-à-vis the concept of employment-at-will and antipathy toward trade unions which underscore the US system.

In contrast, a primary focus of this paper is on the IR issues and problems, for both capital and labour, arising from the internationalisation of business, and the IR strategies, policies and practices which firms, employees and their representatives pursue in response to the internationalisation of business, which we term international industrial relations. This concerns the factors which impact on the determination of IR policies and practices within MNCs and which influence the configuration of IR in subsidiary operations on a global scale. For example, whether an organisation is ideologically opposed to trade unions and endeavours whenever possible to deal with workers individually and to determine annual pay increases through individual performance related pay (for example McDonald’s or IBM) vis-à-vis a firm which may recognise the right of employees to organise collectively, recognise trade unions

and determine pay increases through collective bargaining (for example UPS). Key activities which would fall under this rubric include trade union recognition or avoidance, collective bargaining, employee involvement and participation, pay and performance management and the like.

Clearly some of these topics, particularly the latter two, could equally be addressed from an international HR perspective. Analyses from these alternative perspectives would however result in significant differences and an IIR perspective would most likely emphasise the clash of actors' interests in the respective areas, a perspective rare in IHRM studies. The approaches of employees and their representatives in engaging with the global power of MNCs are also significant in this regard. A further topic which could fall within the rubric of IIR is the role of international IR institutions, which operate across national borders, in conditioning the actions of MNCs. Key relevant institutions include the International Labour Organisation (ILO), the North Atlantic Free Trade Alliance (NAFTA), the European Union (EU), the International Confederation of Free Trade Unions (ICFTU), the OECD and the European Trade Union Confederation (ETUC) (see Blanpain, 2006; Ewing, 2006; Florkowski, 2006; Rojot, 2006 for a discussion). While many of these institutions were established, *inter alia* with a view to regulating trade and the activities of MNCs on a global scale, the extent to which they can meaningfully do so remains open to question (Blanpain, 2006). Although a thorough discussion around the role of the international IR institutions is beyond the scope of the current paper, we will touch on some of the issues in the context of debates below. Having considered the reasons why industrial relations perspectives on management in MNCs has been under-represented in the literature, it is now important to consider the contribution IR research can make to the study of management in MNCs.

It could be argued that industrial relations research can add to the study of management in MNCs in two regards. Firstly, it concerns a range of issues which are often neglected in the international HRM literature, including trade union recognition and avoidance, collective bargaining, employee participation and involvement and the like. This can be considered a distinction on the basis of the substantive coverage, or divergent content of topics covered. Secondly, it offers a different perspective on the areas under study. This relates to the analytical approach toward the topics explored. In considering the former there has been a degree of debate as to the respective



definitions and intellectual boundaries of IR and HRM in recent years (cf. Guest, 1987; Kaufman, 2001) and these debates are equally relevant to debates concerning the distinction between international IR and international HRM. In this regard Kaufman (2001) postulates that there are those who maintain that IR subsumes HR, while others maintain the opposite and others still posit that the two are significantly different entities with little in terms of overlap. In a similar context Bacon (2003) posits that given the contribution of IR researchers to the field of HR, some may consider HRM a modern day widening of the field of IR. On balance however we argue that, while acknowledging areas of overlap between the two fields, they remain sufficiently different in terms of definition, focus, theoretical and practical orientation so as to retain different identities and to merit consideration in their own rights.

Kaufman (2001:339) provides an accurate summary of the debate: “HR has largely severed its links with IR and now is widely regarded as a separate, sometimes competing and sometimes complementary field of study”. Thus, international IR research has the potential to provide insights into aspects of the management of employees in MNCs which are often neglected in the mainstream IHRM literature, including trade union recognition and avoidance, collective bargaining and the like. International IR is also distinguished from IHRM through its consideration of the responses of other IR actors (the State, trade unions, employers organisations, European works councils etc.) towards managerial strategies in MNCs. Further, IIR approaches generally recognise the significance of collective groups of employees, often represented by a trade union, as a pluralist interest group within the firm. Linked to this, issues of collective determination of employment conditions, represents an area which is illuminated by IIR studies.

Secondly, international IR research offers a different perspective, in terms of its analytical approach, to the study of management in MNCs. While acknowledging that debates surrounding the extent to which industrial relations represents an academic field in its own right (cf. Ackers and Wilkinson, 2003b; Edwards, P., 2003a; 2005; Kaufman, 2004a; 2004b; Müller-Jentsch, 2004) the field has undoubtedly something to contribute to the study of management practice in MNCs. In this context P. Edwards (2003a; 2003b) convincingly argues that IR is best considered a field of study as opposed to an academic discipline. Nonetheless he further argues that the key

strength of an IR approach is the willingness among IR researchers to draw on different disciplines and on this basis the field has developed an analytical approach which is greater than the sum of the parts. Thus drawing on these disciplines IR scholars have developed an “analytical purchase on the study of work and employment which is not available elsewhere” (Edwards, P., 2003a: 339). Particularly significant in the context of the hyper-competitive global business environment within which MNCs operate is the fact that IR research is sensitive to conflict, uncertainty and tension (ibid.) a perspective lacking in most IHRM studies. Indeed, Voss (2001) points to three significant underlying premises which differ between an IR and an HRM perspective and again these arguments are equally applicable in the context of international IR. Specifically she points to: 1). The level of analysis. While HR research focuses almost exclusively on endogenous factors within the firm, an IR perspective expands the analysis to exogenous influences, such as the economy and society (factors which are often neglected in IHRM analyses); 2). The understanding of conflict upon which the approach is premised. While HRM is premised on a unitarist understanding of conflict, IR perspectives provide an alternative perspective, pluralism; 3). The fundamental reason for unions. In this regard an industrial relations perspective challenges the managerial assumption that trade unions are a response to bad management or a failure of HR policies. Rather they are a means of redressing the power imbalance between labour and management (see Lewin, 2001 for a detailed discussion in the regard).

The consideration of power is one of the key means through which international IR research can contribute to our understanding of management in MNCs. Writing in the context of HRM in a domestic setting Bacon (2003: 80) notes: “in short, HRM lacks not only a theory of bargaining power but a theory of power and as such it cannot address the question of who gets what [in the distribution of gains in the firm]”. Indeed, IHRM research has been criticised for its lack of consideration of the significance of power in management at a multinational level. As Edwards and Kuruvilla (2005) note, since institutional factors do not have determining effects, there is scope for organisational politics and power to shape the ways in which MNC manage their international workforces (see also Geppert and Williams, 2006). They further note that the impact of power has also been neglected to a large degree in studies of the global-local debate in IHRM research. Arguably an international IR

perspective, with its pluralist underpinning, would help researchers in addressing these and other related deficiencies and in advancing theory in the field. As P. Edwards (2003b: 16) notes: “management, in short, is not only a continuous, active and uncertain process but also necessarily involves the balancing of forces which are pushing in opposite directions” (see also Hyman, 1987). While this point is often acknowledged in IHRM field, given the unitarist underpinning of much of the research, it is often assumed that these tensions can be overcome through ‘good management’ and other structural factors without adequate conceptualisation of exogenous influences and solutions. An international IR perspective may contribute towards the constructive resolution of these conflicts in management at an international level.

In illuminating the value of an IIR approach, we now consider a key example of where an IIR approach can contribute to the literature in terms of, 1). its analytical approach and 2). its divergent coverage. We specifically focus on issues around MNC location and relocation decisions in terms of the former and on international collective bargaining in illuminating the latter.

### **THE IMPACT OF IR SYSTEMS ON MNC LOCATION DECISIONS:**

As noted above, one of the key reasons why managers of multinational corporations should be cognisant of the industrial relations issues is due to their significance in the determination of labour costs, firm productivity, profits and even sustainable competitive advantage. It is also of significance to employees, trade unions and Governments due to the significance of MNC location decisions, threats of relocation and regime competition for employees. In this regard, an emerging body of research has attempted to address the issue of the impact of host industrial relations factors on MNC FDI location decisions (cf. Borgnanno et al., 2005; Cooke, 2001; Cooke and Noble, 1998; Kleiner and Ham, 2003). Indeed, the comparison of IR systems in the context of FDI location decisions is likely to become an increasingly important role for international HRM and IR professionals in the future due to the ever increasing levels of FDI and IJV activity and the decisions made will have significant impacts on employees’ work experiences. The power which employees and their representatives are capable of exercising in influencing these decisions is also a key consideration.

While studies in the area largely classified as comparative studies, insights from other studies in the IIR tradition also illuminate the debate.

In summarily reviewing this literature base we point to a number of significant trends. Firstly the key findings of Cooke's empirical work (Cooke, 1998; 2001; Cooke and Noble, 1998) can be summarised thus- While controlling for a range of market and socio-political factors, MNCs choose to invest more in host countries which are characterised by: (1) greater flexibility to either create or replicate preferred HRM or labour relations policies and practices; and (2) offer greater net comparative unit labour cost advantages. Thus host countries with lower compensation costs for desired skills, less-restrictive workplace regulation, lower levels of union representation and de-centralised collective bargaining receive higher levels of inward FDI (see Cooke, 2003 for a synthesis of these studies). Based on their empirical study Kleiner and Ham (2003: 95) have gone so far as to suggest that:

Given the stronger emphasis on achieving social equity vis-à-vis achieving economic efficiency in most European IR systems relative to the American IR system, EU countries have sacrificed greater FDI inflows and encouraged greater FDI outflows than the United States.

In interpreting the results of these studies one must be cognisant of one significant caveat. If the principle aim of a multinational's FDI is market seeking as opposed to efficiency seeking then the firm's principle concern in terms of comparing various location advantages will be on the potential access to a desirable market. This is demonstrated by Bognanno et al's (2005) empirical study. Based on their analysis of a very large sample of US MNCs over more than a decade, they conclude that although wages and IR environments are statistically significant determinants of MNCs' decisions to locate in particular countries, "by far the main determinant of MNC location decisions" (Bognanno et al., 2005: 171) was the host country market size. This finding lends weight to the argument that in situations where FDI is driven by market seeking behaviour, access to the host market is more significant than the restraint within the IR system in determining investment levels. We consider much of this analysis to be in the comparative IR tradition although it does offer some useful insights for managers, employees and their representatives.

International IR and HRM professionals have a key role to play in assisting MNCs in making decisions with regard to their FDI location decisions. Their role in this regard may not be as straightforward as the previously cited studies would suggest however. This is because these comparative and largely quantitative analyses fail to pick on many of the subtleties of the IR environments in host countries and arguably much of this detail is illuminated by an international IR approach. For instance based on the aforementioned trends, one could reasonably expect lower levels of US FDI into Ireland, a country characterised by high levels of national co-ordination in terms of collective bargaining, high, if falling, rates of union density (union density is currently just over 37 per cent (CSO, 2005)), and a small host market. Paradoxically however Ireland received a staggering 25 per cent of all US FDI into Europe and 14 per cent of all FDI into Europe in the period 1980-1997, figures which are significantly disproportionate to the size of the economy there (Economist, 1997). In explaining this paradox it is important to note that the comparative studies outlined above fail to illuminate the fact that unionisation is largely concentrated in the public sector and older established industrial sectors and that MNCs establishing there have ample scope to do so on a non-union basis (cf. Gunnigle, Collings and Morley, 2006). Further, consistent with the voluntarist principles which underscore the IR system there, firms have the option to operate outside of national level pay accords and indeed often do (cf. Gunnigle, Collings and Morley, 2005). Ireland also offers a gateway to Europe and thus many firms establish there in search of access to the vast EU market as opposed to the Irish one. Most significantly however in the context of our discussions is the recent recognition of the power which American MNCs wield in the Irish context vis-à-vis their trade union counterparts (Collings, Gunnigle and Morley, forthcoming; Donaghy, 2004; Gunnigle, Collings and Morley, 2006). Donaghy's (2004) recent work on social partnership specifically points to the influence of US MNCs on Irish public policy, indicating that their influence extended to the social partners who were involved in the negotiation of the national partnership agreements which have dominated Irish IR in recent decades. Donaghy found that the MNC sector significantly influenced the social partners' approach to institutional change, leading them, for example, to reject any type of works council arrangements along German lines. Collings et al. (forthcoming) also point to the power which US MNCs exercise in terms of influencing public policy in Ireland. This is achieved

through lobbying of Government both directly and through key employers organisations and the American Chamber of Commerce.

Indeed, Collings et al. (forthcoming) concluded:

while the trade union movement does appear to have a large degree of cross party political support [in Ireland], when this is stacked up against the influence of the FDI sector, it often loses out in policy terms.

In considering the shift in the balance of power away from trade unions in the Irish context, the trend has been buttressed by the relative economic significance of US MNCs there and the desire among key stakeholders to ensure this investment is not threatened by increased levels of employment regulation (Collings et al., forthcoming; Donaghy, 2004; Gunnigle et al., 2006). Interestingly, it has been argued that policy makers and trade unionist representatives alike have a preference for having sensitive matters with regard to employment regulation addressed at a European level so as it would not single out Ireland in the European context and threaten US investment (Collings et al., forthcoming; Wallace, 2003). Further, it provides insights on the significance of power relationships between Governments, trade unions and MNCs in explaining location decisions of MNCs. It also illustrates the key role that international institutions, in this instance the EU, can play in ensuring the balance between achieving social equity for employees and achieving economic efficiency and attracting foreign investment to nation states. Finally, it points to the key challenge for trade unions in engaging with MNCs on a global scale due to the significant bargaining power which MNCs display in their interactions with the governments of nation states.

Indeed, while the value of an international IR approach is evident in discussions on the location decisions of MNCs, it is even more evident and appropriate in discussions on multinational relocation decisions where management have to deal with the resistance and actions of existing employees and unions very directly, as opposed to the workforce as only a potential actor in initial locations decisions. Thus, this area is particularly fitting to an IIR perspective, as it is particularly illustrative of the power relations between pluralist actors<sup>iii</sup>. Thus the topic merits a summary review.

The topic of multinational relocation is also an example of an area where industrial relations researchers draw on other disciplinary areas, namely labour geography, although this cross-fertilisation has developed only recently (see Herod, Peck and Wills, 2003; Zeller, 2000). As Herod et al (2003: 176) note, “for their part geographers have been in pursuit of a more active and finely grained analysis of the roles of labour in the process of economic restructuring and, more generally in remaking the geographies of capitalism”. The analysis of MNCs’ power in shaping the space within which they operate on a global scale, is central to the analysis of MNCs relocation decisions in this analysis (Herod, 1995; Zeller, 2000). Indeed, the issue of power relations between MNCs and labour, the significance of social dumping and the key role of international labour standards in somehow balancing the interests of capital and labour on a global scale are key themes in debates around global relocation of multinational operations.

Intuitively it is apparent that the majority of MNC relocation involves the shifting of production from high-wage or developed countries to low-wage or developing countries, a process which Dicken (2007) considers part of the ‘global shift’. Indeed, it is perhaps unsurprising that the developing Eastern Europe was the only region globally where FDI inflows did not decrease in the two years following 9/11 (Marginson and Meardi, 2004; UNCTAD, 2004). This is of course not the only rationale for MNC relocation and other reasons include market access, as products develop through their life cycles (Vernon, 1995), location specific advantages where the MNC location is determined by the availability of specific advantages, such as fertile land, high quality labour, sound infrastructure etc. in particular countries (Porter, 1990) and the like. However, Young, Hood and Firm (2001: 5) argue that we have only “a limited understanding of the context within which, and the process by which divestment and relocation occurs”. The field of international industrial relations is however one which has contributed to the literature in this area. Key in these analyses is the exploration of the power relations between global MNCs and generally local labour representatives. As R. Edwards (2003) notes, in circumstances where MNCs relocate operations from one country to another, negotiating power rests primarily with management. In many instances, the trade union’s role is generally limited to the negotiation of redundancy payments and assisting employees in their search for a new role. Further through simply raising the possibility of plant

relocation, management can pressure trade unions to agree to lower wages or changes in working arrangements (Edwards, R., 2003). On balance this literature reinforces the conclusion that labour markets are locally constructed and labours' influence largely limited beyond the local context, whereas capital is much more often globally constructed (Herod et al., 2003).

Addressing this power imbalance is a key challenge for trade unions moving forward and we now turn to international collective bargaining, which could be considered a key strategy for labour in challenging the power of MNCs at a global level, and further an example of the divergent coverage of an international IR approach.

## **INTERNATIONAL COLLECTIVE BARGAINING:**

### **The pressures for international dimension to collective bargaining**

Martin and Ross (1998: 247) argue “historically unions had to expand the geographical scope of their action to keep pace with growing markets [at a national level] to prevent employers undermining wage and labour standards by pitting workers against each other”. More recently, as capital has becoming increasingly global and indeed mobile, largely through MNCs, it appeared natural that organised labour would adjust and extend its influence to the international arena and attempt to re-align its negotiating position vis-à-vis the powerful MNCs which it bargains against (Rojot, 2006). The aim of such developments are to facilitate a forum whereby trade unions can bargain effectively with MNCs despite geographic dispersion (O’Brien, 2000). However despite the expectation that the evolution from national level bargaining to international level bargaining may represent a natural progression, in a similar vein to the aforementioned evolution from local to national level bargaining, the extension to international level has yet to materialize to a significant level (Rojot, 2006: 254). This evolution towards international collective bargaining has been slow however and it has been argued that only since the 1970s have we witnessed the emergence of any significant interest in building a system of international collective bargaining (O’Brien, 2000: 546). Rojot (2006: 261) goes as far as to suggest that there has been “no real ‘collective agreement’ properly speaking...signed at an international level, involving reciprocal duties and



commitments by the parties with an efficient means of enforcement". He does point to the possible exception of the 1967 case of the United Auto Workers-Chrysler collective agreement, which covered employees in the USA and Canada, under very specific conditions.

In explaining the requirement for global coordination among labour representatives we point to a number of significant drivers. A key underlying theme is that higher level of international coordination is key to challenging the global dominance of large MNCs. Specifically, as discussed above, there is a growing body of evidence which points to the use of capital mobility to undermine labour organisation (Babson, 2003; Bronfenbrenner, 2000; Huxley, 2003), and indeed the structuring of labour standards and working conditions in nation states may be viewed as a key form of regime competition (Streeck, 1992), as nations compete aggressively for inward foreign direct investment (Ewing, 2006; Le Queux and Fajertag, 2001; Schulten, 2003). Thus, labour's opponent is increasingly using the global business environment as leverage in the bargaining process and as nation states compete aggressively for inward foreign direct investment often through the erosion of labour standards. If labour is to effectively bargain in this field, it needs to cooperate effectively on a global basis. It is generally agreed that international institutions and labour organisations have a key role to play in the establishment and maintenance of international labour standards as a means of counterbalancing the power of MNCs in lightly regulated host countries, although their success in doing so is open to question (see Blanpain, 2006; Bognanno and Lu, 2003; Brown, 2001; Ewing, 2006; Martin and Maskus, 2001).

A further threat to labour's position in the global landscape is the shifting of MNC organisation from nationally organised structures towards the international business division which facilitates the aforementioned comparisons. As Marginson and Sisson (1996: 9) note:

The primary axis of international organisation is shifting away from the national subsidiary, which groups all business operations within a particular country, and towards the international business division, within the same stream of business across different countries.

Further, the impact of large MNCs' increasing use of comparisons of performance indicators in foreign subsidiaries as a means of leverage in negotiating increases in productivity, rationalisations and cost savings in sister plants in different countries is a key challenge to trade unions at a national level. These *coercive comparisons* are particularly prevalent in sectors which utilise high levels of vertical integration in the production process (Edwards, Rees and Coller, 1999). There is a real fear that such comparisons can result in downward pressures on employment terms and conditions in MNCs (Schulten, 2003).

In exploring the historical evolution of international collaboration between trade unions we point to a number of key trends. Firstly, it has been argued that trade unions emerged onto the international level at a broadly similar time as their counterparts in private enterprise at the early stage of industrial capitalism (O'Hagan, Gunnigle and Morley, 2005). These vanguard international trade unions were embodied in International Trade Secretariats (ITSs) which prospered with the launch of the International Labour Organisation in the aftermath of the First World War. They continue to operate to the current day, with prominent examples including the International Metalworkers Union and the Chemical, Energy, Mine and General Workers' Union (O'Brien, 2000). Their role was, and remains, limited however, with a focus on sharing information and the promotion of cross-national labour solidarity in the context of the growing importance of international firms, and significantly did not extend to any attempt at international collective bargaining (Ewing, 2006; O'Hagan et al., 2005).

More recent evolutions in international collaboration between trade unions continue to be more limited in scope than international collective bargaining. In this regard, the literature identifies plenty of examples of information sharing amongst trade unions from different countries and initiatives aimed at the development of officials and even some attempts at globally coordinated campaigns against employers (Juravich and Bronfenbrenner, 2003; Gennard and Ramsay, 2003; Rojot, 2006) although the level of coordination does appear to differ between sectors (Arrowsmith and Marginson, 2006; Gollbach and Schulten, 2000; Hollingsworth, Schmitter and Streeck, 1994; Le Queux and Fajertag, 2001). A prominent example of transnational coordination among trade unions is the case of the US Steelworkers' successful campaign against

Bridgestone-Firestone's attempt to de-recognise unions in American plants. Juravich and Bronfenbrenner (2003) argue that, in addition to standard resistance to the plans and the leverage of power at the national level, the Steelworkers' union embarked on an aggressive and effective transnational strategy of escalating confrontation. This was manifest in terms of the enlisting of support from trade unions in Japan (the corporation's home country), Europe and Latin America, the picketing of the Japanese Embassy in the US and the corporation's regional headquarters in Brussels, a coordinated 'International Days of Outrage' campaign and a 'cyber picket' where the company was flooded with email protests. It is clear that this degree of coordination is the exception rather than the rule and Juravich and Bronfenbrenner (2003) posit that the global effect of the Steelworkers' campaign could provide a model for transnational union resistance to large and powerful MNCs. Clearly however it still falls short of international collective bargaining. Indeed, on balance the literature on international collective bargaining suggests that at present evidence of widespread success in initiating international collective bargaining arrangements are limited.

One area where prospects for international collective bargaining have been more sanguine is the European Union which we now explore.

### **The European Cross-border Dimension to Collective Bargaining**

While the preceding review has suggested that the prospects for international collective bargaining are limited, the European Union<sup>iv</sup> (EU) represents a region where the outlook for international collaboration, at least at the surface level, is more optimistic. This optimism derives from a number of political and structural features of the European Union. Specifically, through European Monetary Union (EMU), we have witnessed the opening of markets within the member states of the EU. The introduction of a common currency has facilitated trade within the region and indeed the comparison of performance between multinational subsidiaries. Further, the facilitation of a common framework of labour legislation through EU Directives has resulted in a degree of convergence in labour standards among member states although significant differences remain. However, owing to the fact that these Directives only set objectives and allow the member states to decide how to achieve

the objectives in practice, it is recognised that while they do facilitate the harmonisation of national labour laws, the impact of the directives in promoting convergence is comparatively limited (Rojot, 2006: 264). Recent decades have however resulted in an increasing focus on the social dialogue agenda of the EU which is resulting in the development of a social and labour relations framework at the Community level (Rojot, 2006). Key examples in this regard include: the Val Duchesse meetings between the EU (then EEC), the UNICE, CEEP and ETUC designed to promote Europe-wide dialogue between labour and management; The Single European Act; the European Charter of Fundamental Rights and; the Social Protocol attached to the Maastricht Treaty (Rojot, 2006). Finally, the emergence of European Works Councils (EWC) means that MNCs with 1000 European employees and more than 150 employees in two member states must establish a EWC to secure information and consultation rights for employees on transnational company matters has the potential to facilitate collaboration among employee representatives at a regional level. (EWCs represent a further example of the divergent coverage of an IIR approach, although a detailed discussion of their operation is beyond the scope of the current paper.)

Keller (1995: 124), writing in the mid 1990s, argued that “the development of a related structure [at a European level] for collective bargaining will become necessary and unavoidable”, in the context of European Monetary Union. We now review the extent to which this prediction has materialised and the extent to which European collective bargaining (ECB) has become a reality. In this regard, there is a large body of literature which explores the experience of European collective bargaining. On balance this literature points to limited evidence of advanced forms of collective bargaining at a European level (Arrowsmith and Marginson, 2006; Gollbach and Schulten, 2000; Le Queux and Fajertag, 2001) although there does appear to be some evidence of limited success in specific sectors (Arrowsmith and Marginson, 2006; Marginson and Sisson, 2002). More recent contributions seem to be less upbeat than Keller, and as O’Brien (2000: 546) notes: “despite high levels of economic integration, geographic proximity and an overarching institutional structure in the European Union, the obstacles [to European level collective bargaining] are immense”. A view shared by Le Queux and Fajertag (2001) who conclude based on their study of the chemical industry that, while there is no lack of impetus for

European collective bargaining, there is but modest progress in practice. While Marginson and Schulten (1999: 28) conclude that the prospect of the development of pan-European collective bargaining structure is at best “distant”.

As noted above however we can witness some attempts at European collective bargaining in specific sectors. Indeed, Le Queux and Fajertag (2001) postulate that the sectoral level is the most appropriate target for European trade unions in attempting to develop ECB. In this context what evidence can we unearth of this pan-European collaboration and does it represent ECB?

One sector where we have witnessed some attempts at ECB is in the automotive sector. This sector is dominated by a small number of large MNC producers and is characterised by a strong tradition of production integration across national borders and developed links with component suppliers (Marginson and Sisson, 2002). Further, recent years have heralded significant rationalisation of operations, through mergers and acquisition and international joint ventures, in the sector and in the European context many firms have shifted production to plants in Eastern and Central European countries, many of which have recently, or are in the process of, joining the EU (Marginson and Meardi, 2004; Meardi, 2006). The implications of managerial decision making in the automotive sector in the European context, are increasingly concerned with a pan-European level and thus trade unions are increasingly required to engage with issues on this level.

Marginson and Sisson's (2002) research points to a European dimension to collective bargaining in the automotive sector. Interestingly however, particularly in the context of the ETUC's decision to delegate primary responsibility for coordinating collective bargaining at the European level to European Industry Federations (EIFs)<sup>v</sup>, management appeared to be the primary drivers of this trend. Further, this European dimension was relatively limited and was primarily restricted to pacts for employment and competitiveness (PECs) whereby management, in an attempt to restructure costs and capacities to meet changing market conditions, agree with trade union tradeoffs between flexible working practices for training and increased employment security, and coercive comparisons (Marginson and Sisson, 2002; Sisson and Artiles, 2000). These initiatives were largely targeted at gaining changes in working practices and

working time arrangements in return for future managerial commitments on production and investment for the plant concerned, with the implication that those sites which aimed to maintain investment and employment would have to position themselves as the best in their group on the basis of company determined performance indicators (Marginson and Sisson, 2002). In contrast, Marginson and Sisson found that the trade unions' use of cross-country comparisons was much less developed than on the management side, with coordination limited to some information sharing on company level agreements through the EWC. Thus while there is some evidence of a European dimension to collective bargaining in the automotive sector, it is management driven and limited in scope and clearly does not equate to international collective bargaining.

A further sector where there is some evidence of a European dimension to collective bargaining is the metal working sector. Indeed, Gollbach and Schulten (2000: 162) argue that the European Metal Workers' Federation (EMF) has the "most-developed proposals for European coordination of national collective bargaining". Le Queux and Fajertag (2001: 118) posit the EMF is at the leading edge in terms of internationalisation and is the exception rather than the rule, in terms of its level of international coordination. In acknowledging the significant European slant on the EMF's operations, it still has had a limited impact in terms of ECB. However moves towards coordination of activities at the European level started at an early stage, and following the adoption of the Maastricht Treaty in 1993, the EMF issued a *Statement of Principles on Collective Bargaining Policy* which represented its first attempt to formalise a comprehensive ECB policy (Gollbach and Schulten, 2000). Since then the Federation has consistently pursued a policy of emphasising the "substantive criteria for solidarity-based collective bargaining in Europe" and the formation of "a European framework for national collective bargaining by developing common demands and positions" (Gollbach and Schulten, 2000: 162). The EMF has a number of developed mechanisms for sharing information among national affiliates and has established some programmes aimed at helping union officials to gain experience of bargaining in different national contexts.

Arrowsmith and Marginson's (2006) analysis of ECB in the metalworking industry concluded that the international dimension to collective bargaining was evident

through managements' use of coercive comparisons in national bargaining. Thus, they argue that management and employee representatives were acutely aware of the European and even the international corporate context within which local negotiations evolved. Similar to the automotive unions discussed above, Arrowsmith and Marginson found that the trade unions' attempts at benchmarking and international networking were less developed than their managerial counterparts. These limitations were traced to resource constraints, multi-unionism resulting in divisions, a lack of compulsion and structural factors. Further, they identified the role of European works councils in strengthening pre-existing international networks and forging new ones among employee representatives. The EWC also impacted on ECB through the completion of European framework agreements/understandings which define parameters and principles for local and national company negotiations and through the collation and dissemination of information and employment practices and working conditions in different countries which proved useful in local negotiations.

Thus, although we can see some innovations in international collaboration within the metal working sector, it again appears that management coordination appears more developed than their trade union counterparts. We now explore the factors which are advanced to explain the failure of the evolution of international collective bargaining to the global arena.

### **Explaining the Failure of International Collective Bargaining**

The reasons for the trade unions' failure to develop effective international collective bargaining mechanisms are manifold and we categorise them under a number of key themes (see also table 1). Firstly, we point to structural difficulties.

TAKE IN TABLE 1 APPROXIMATELY HERE

#### *Structure:*

While international trade union organisations and other labour representative bodies have the capability to formulate co-ordinated collective bargaining policies and

positions for international affiliates, they are powerless in ensuring affiliates' compliance with these positions. They have no power of sanction over affiliates who withdraw from these positions, in the pursuance of the individual affiliate's self-interest (Gollbach and Schulten, 2000; O'Brien, 2000). Linked to this, national trade unions are generally reluctant to delegate power upwards to international trade unions for decision making (De Nijs, 1995). Further, there is a general recognition that there has been a failure and indeed a lack of desire among international employers organisations to engage with trade unions on an international level. Indeed, these international employers organisations generally focus on three goals: lobbying on behalf of business and capital at an international level; the representation of members (employers) in international tripartite bodies such as the International Labour Organisation and; monitoring and developing international guidelines, such as those drafted by the OECD and international collective bargaining does not feature highly in their priorities (see, O'Hagan et al., 2005; Rojot, 2006).

Next we point to the significant structural and institutional differences in national IR arrangements which make co-ordination more difficult. Key in this context is the fact that collective bargaining can be co-ordinated at a plant, national, sectoral or even a national level. This makes international collaboration difficult. Further, fragmentation between unions means that unions from countries where the union movement is strong may fear exploitation by weaker counterparts, while unions emerging from weaker environments may fear being dominated by those from stronger ones (van Roozendall, 2002). Finally, Rojot (2006) points to the lack of an available framework or forum for international collective bargaining, which results in legal and practical difficulties, combined with a lack of available enforcement mechanisms for international collective bargaining agreements.

Next we turn to political factors which retard the development of international collective bargaining.

#### *Political:*

There is little doubt that national industrial relations systems remain significantly different (Ackers and Wilkinson, 2003a; Bamber et al, 2004a; Morley et al., 2006a).



Indeed, O'Brien (2000) points to the three faces of industrial relations which the international union movement faces in the global environment, namely social democracy, neo-liberal and authoritarian. While a detailed discussion of each type is beyond the scope of this paper, it should be clear that each of these alternatives has a significant impact on the role and scope of trade unions in each national context. Further, labour's favoured form of regulation, social democracy, is being replaced by neo-liberal and authoritarian regimes in many developed economies (O'Brien, 2000). These differences in national industrial relations systems are also reflected in the structure, power and status of individual actors within the system. For instance trade unions hold a relatively powerful position within the Scandinavian IR model while their role is much more limited in the US context. This leads to divisions with regard to international collaboration within the labour movement and also a limiting of possibilities of the exercise of power by the international labour movement in neo-liberal and authoritarian contexts.

Further, international trade unions have generally been limited to a representative role within key international institutions, such as the EU, and have failed to develop power broker relations in these institutions (O'Hagan et al, 2005). This has limited their influence at an international level. Linked to this point, the international labour movement is generally not allowed direct access to powerful intergovernmental institutions such as the WTO. Hence they must rely on national government to represent their interests to these institutions (van Roozendall, 2002: 22). Significantly, the interests of government may not always be closely aligned with the union movement.

Next we turn to the challenges presented by social and identity issues.

### *Social/Identity*

A further key challenge to the development of the international labour movement and in particular international collective bargaining is the lack of identity that individual employees have with their international representatives. It has been argued that union activists and labour observers view peak international organisations such as the ICFTU as bureaucracies "three times removed from their own concerns (locals,

nationals, internationals)” (O’Brien, 2000: 542). They also perceive these peak associations to be more conservative than activists at the local level. Linked to this point, there is a general lack of solidarity among actors at a national level. Rojot (2006) doubts the existence of any significant degree of effective solidarity at an international level and suggests that building solidarity among international workers is much more difficult than doing so among workers at a national level. He points to the “lack of reactions, beyond weak protests and symbolic demonstrations, to production transfers and/or plant closures by multinational companies across borders” (263). Further, Lévesque and Murray (2002: 54-5) point to new sources of divisions within the labour movement which exacerbate the challenges of building solidarity. These divisions include competition between plants in competitor and even at times the same companies, as well as between workers with typical and atypical jobs for employment and production mandates globally. These divisions present a challenge for trade unions as they buttress fragmentation between and within trade unions and indeed reinforce differentiation between workers. Specifically, managerial threats to relocate production may result in unions being pressured to engage in competitive alliances with management at the expense of solidarity with other workers (see also Grenier, 2006: 78). In a similar vein, Kim Moody (1997) points to the geographic north-south divide, whereby the south is locked into the role of low cost producer/supplier for corporations based in the north. This division, he argues, leads to a race to the economic and social bottom for workers globally and perpetuates a lack of labour solidarity between workers in the developed north and the developing south. While at the time he was writing, he suggested a subtle shift in labour solidarity between those in the north and the south the extent to which this has materialized is questionable. There are also endemic cultural and social and language differences between citizens in different countries resulting in reducing the extent of a shared identity among employees on an international level.

Turner (1993) also points to the pre-occupation of national actors with particular national issues in explaining minimal international collaboration among trade unions in the EU context. At the time he was writing he identified the preoccupation of German unions with the challenges following the fall of the Berlin Wall as a key example in the regard. This is understandable since only a relatively small percentage of trade unions’ total membership will actually be employed in MNCs.

*Power and knowledge:*

A final theme which emerges in the consideration of the factors which retard the development of international labour collaboration is with regard to power and knowledge issues. Firstly, while labour's power remains local in scope, as illustrated by the discussion above, capital has become more global in nature and decisions effecting employees are increasingly being made at a supra-national level (Marginson et al, 1995). Thus, the locus of MNCs' decision making extends beyond national borders and key information is rarely transparent or available to trade unions (De Nijs, 1995). Further the well-rehearsed argument that MNCs can counter the power of local unions by threatening to shift production to a different location in an attempt to out-manoeuvre trade unions or following threats of industrial action is significant here (Rojot, 2006).

Secondly it appears that international trade unions and, even more general attempts at international coordination among trade unions, appear to have, on balance, pursued quite limited goals. Specifically much attention appears to have been focused on issues such as information sharing, building cross-border alliances, developing expertise on regional and other transnational policies and the like with little real attention paid to building global or indeed regional collective bargaining structures.

Notwithstanding the limited "success" of international collective bargaining identified above, the literature on international collective bargaining does provide some important insights and indeed should help to elucidate the contribution of an IIR approach in terms of addressing a range of issues which are often neglected in the international HRM literature. This example of the differing substantive coverage of an IIR approach illustrates the alternative focus which an IIR approach can bring to the international management literature. Specifically, the responses and perceptions of a wider range of actors, rather than just management, are considered. Secondly, it emphasises power and actor interests and their impact on MNC operation and thus moves beyond purely rational economic managerial prescriptions. Finally, it acknowledges the impact of wider institutions on MNC operations, a perspective often lacking in the IHRM literature. These perspectives are important to managers

and academics alike, and given the continued significance of worker collectives and the increasing reach of international institutions such as the European Union, this is unlikely to diminish in the future.

## **CONCLUSIONS:**

In synthesising the preceding review, it is important to make a number of observations. Firstly while there is a relatively long tradition of academic study of comparisons between IR systems more generally (cf. Dunlop, 1968 or more recently, Thelen, 2001), there is a lesser degree of pedigree in the study of international IR. Perhaps this is not surprising, as the academic study of industrial relations itself has been plagued by the criticism that it lacked a theoretical framework for analysis. Thus while IR in general terms has been criticised for its lack of a unifying framework, international IR as a sub discipline is the early stages of development as an academic field (the contributions of Cooke, 2006 and Edwards and Ferner, 2002 are however useful developments in this regard). The topic merits further study due to the significant impact which IR issues may have on the working lives of individuals in nation states. Further legislators and organisations face complex choices in balancing the needs of citizens with providing an attractive institutional framework for inward investing MNCs. Thus further study could illuminate these debates.

The preceding review suggests that MNCs continue to hold the balance of power compared to their labour counterparts in the global economy, a conclusion which is illuminated through studies in the IIR tradition. These MNCs exercise this power through locating plants in countries with what they consider to be less restrictive labour environments, through lobbying governments in host environment and international institutions, through the comparison of performance across the MNC and the squeezing of costs in subsidiaries through coercive comparisons and threats to relocate production. Labour appears to be struggling to counter the MNCs' power in the global environment, a challenge that owes in part to their failure to organise effectively on a global basis. The review also highlights the key role which international institutions have in balancing the rights and needs of employees with those of MNCs. We argue that an IIR perspective has proved useful in illuminating these debates through addressing the issues from an alternative theoretical focus and

also examining issues which are often under-explored in the more general management literature.

In advancing the study and the theory of international and comparative industrial relations researchers could focus on a number of potential avenues of study. Firstly in advancing the field of comparative IR, research could focus on the study of regional variation in IR practices. This is likely to become particularly significant in the future due to the increasing regionalisation of international industry and trade. In this regard Rugman (2000) has argued that of the world's largest 500 MNCs, 430 had their corporate HQ in the triad of regions of North Atlantic Free Trade Association (NAFTA), the European Union and Asia. Further, Rugman and Verbeke (2004: 16) posit that an average of 80 per cent of most large MNCs' sales are concentrated in their home triad region. From the perspective of comparative IR it is plausible to argue that the influence of supranational institutions such as the EU may have significant impact on the configuration of the IR institutions of a particular nation state and thus IR may, in the future, be best conceptualised at a regional level, particularly in the EU. Further it is plausible that many MNCs will concentrate their operations and managerial effort at a regional level and thus will be primarily concerned with IR issues at a regional level as opposed to a national or indeed global one. Indeed a number of emerging contributions appear to indicate a shift in this direction (cf. Kaufman, 2004a on the academic development of IR; Morley et al., 2006a section 1 on broader comparative issues). Further, academic study could focus on developing comprehensive, well-developed and integrative models of industrial relations at a national or regional level. While Dunlop's systems theory (1958) has represented a key theoretical contribution to the field, it is not without its limitations and advanced integrative, and empirically based models could significantly advance theory and practice in the field (cf. Kaufman, 2004a; 2004b. Müller-Jentsch, 2004).

A number of broader international business trends also present opportunities for further advancement of the field. Specifically empirical studies in the context of the emerging markets of Eastern Europe and the increasingly open Chinese economy, economies which present their own unique challenges, would represent useful additions to the literature. In a similar vein empirical study of the IR challenges associated with the ever increasing number of small and medium firms which are

internationalising would represent an advancement on the extant literature which focuses exclusively on large MNCs. Further the impact of innovative IR policies and practices on the industrial relations frameworks of these economies represents a useful avenue for future study. As noted above studies in the political science tradition offers potential in this regard (cf. Streeck and Thelen, 2005; see also Redding's (2005) recent call for international business (IB) researchers to compare social systems of capitalism in IB research). Finally due to the exponential growth in mergers and acquisition and international joint ventures in the international context researchers should examine the IR challenges and opportunities associated with such activity.

In conclusion the field of comparative and international industrial relations and particularly the latter offer boundless potential for theoretical development. In a similar vein to the broader field of industrial relations, there is a significant requirement for theoretical development in both areas and due to ever increasing levels of foreign direct investment. In this regard the significance of an international IR perspective and the opportunity for academic study in this tradition is unlikely to diminish for the foreseeable future.

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**Table 1: Factors which retard the development of international collective bargaining**

<b>EXPLANATORY FACTOR</b>	<b>DISCRIPTION</b>
Structural	<ul style="list-style-type: none"> <li>• Structural differences in IR arrangements in different countries.</li> <li>• Failure and lack of desire among international employers organisations to engage with trade unions on an international level.</li> <li>• The difficulty of regulating national trade unions, by international trade union organisations. Lack of sanctions for failure to implement international policies at local level.</li> <li>• Reluctance among national trade unions to delegate power upward to international trade unions</li> <li>• The lack of available forum or framework for international collective bargaining combined with a lack of enforcement mechanisms for international collective bargaining agreements</li> </ul>
Political	<ul style="list-style-type: none"> <li>• Trade unions' favoured form of regulation, social democracy is being eroded by neo liberal and authoritarian ones in most developed economies.</li> <li>• International employee organizations limited to a representative role within many international institutions such as the EU: they have never developed power broker relations</li> <li>• Due to lack direct access to powerful intergovernmental institutions such as the WTO, they rely on Government to represent their interests.</li> </ul>
Social/Identity	<ul style="list-style-type: none"> <li>• Lack of identity with global representatives- three times removed- local trade union to national level to international level.</li> <li>• Less developed solidarity at an international level</li> <li>• New sources of division within the labour market</li> <li>• The preoccupation of national actors with specific national problems.</li> <li>• Language and cultural differences</li> </ul>
Power/Knowledge	<ul style="list-style-type: none"> <li>• MNCs have a knowledge advantage over their labour opponents. They can make decisions with letting employees know what major decisions are in the pipeline.</li> <li>• International trade unions have generally pursued a limited agenda in terms of the goals of international collaboration.</li> </ul>

**Source:** Adapted from various sources.

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<sup>ii</sup> Although they are often differentiated between, I will use employee relations and industrial relations interchangeably throughout this paper.

<sup>iii</sup> The author is grateful to an anonymous reviewer for suggesting this topic.

<sup>iv</sup> The European Union (then European Coal and Steel Community) was formed in 1951 with an initial six members of Belgium, West Germany, Luxembourg, France, Italy and the Netherlands. Owing to the success of this initial initiative, in 1957 the Treaties of Rome were signed which expanded the industries covered and created the European Atomic Energy Community (EURATOM) and the European Economic Community (EEC). The initial steps toward removing trade barriers were made at this time. In 1973, Denmark, Ireland and the UK joined, 1981 Greece, Spain and Portugal in 1986, Austria, Finland and Sweden in 1995. 2004 however saw the biggest expansion with ten new members. A number of new additions are also expected in 2007.

<sup>v</sup> At its 1999 congress the ETUC determined that primary responsibility of the coordination of collective bargaining at the European level would be delegated to its 14 European Industry Federations (EIFs) (see Le Qeux and Farterttag, 2001).