



# INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT PRACTICES IN AUSTRALIAN AND OVERSEAS-OWNED WORKPLACES: GLOBAL OR LOCAL?

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*This paper compares human resource (HR) and industrial relations (IR) practices in the workplaces of predominantly Australian and predominantly overseas-owned organisations. It advances understanding of HR/IR in Australia and elsewhere by considering two questions. First, whether Australian-owned workplaces have different HR/IR practices from overseas-owned workplaces. Second, whether there has been a convergence or divergence of practices between the two groups in recent years. The analysis is conducted using the Australian Workplace Industrial Relations Survey data from the years 1990 and 1995 (AWIRS 90/95). The main findings are that there are significant differences in HR/IR practice between Australian and overseas-owned workplaces. Both groups have increased their use of sophisticated HR/IR practices, but the overseas-owned workplaces have increased their usage at a faster pace. On the basis of these findings, we suggest caution in accepting the argument that globalisation pressures necessarily lead to a uniform convergence of HR/IR practices across the globe. While it appears that globalisation has stimulated local and overseas-owned firms to move in qualitatively similar directions, they are doing so at rates sufficiently varied for the gap to be increasing when measured quantitatively. In this sense, the locals might best be described as lagging behind the overseas firms in the adoption of HRM practices.*

## INTRODUCTION

Arguments about economic internationalisation and the subsequent convergence of management practices have been widely canvassed for at least the last forty years since the publication of *Industrialism and Industrial Man* (Kerr *et al.* 1960). These early claims for convergence were subsequently proven to be not only incorrect, with the emergence of many divergent and vibrant economies in Asia and elsewhere, but also theoretically naive, due to an overestimation of the impact of the convergent force of technology. However, in the last decade, claims for convergence have again developed new impetus as the pace of globalisation has accelerated. (Lincoln & Kalleberg 1990, Smith & Meiskins 1995).

The present paper sets out to examine issues of convergence and divergence of management practices with specific reference to the HR/IR practices of

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predominantly overseas-owned and predominantly locally-owned workplaces in Australia (hereafter referred to as overseas- and locally-owned). In order to achieve this, analysis is conducted of the Australian Workplace Industrial Relation Survey (AWIRS) data from the 1990 and 1995 surveys. For the purpose of the analysis, common dictionary definitions of terms are followed (Macquarie Pocket Dictionary 1998). Thus, divergence is defined as 'moving in different directions from a common point' or 'branching off', and convergence as 'moving towards each other' and 'tending to a common result'. This corresponds with definitions employed in a recent theoretical discussion of management practices where divergence was defined as becoming more dissimilar and convergence as becoming more similar (McGaughey & De Cieri 1999). Some qualification of the use of these simple definitions in analysing this complex area are discussed in the final section of this article.

This article begins with a brief discussion of some of the recent debates about globalisation and considers related arguments for and against the convergence of management practices stemming from such debates. In the second part of the paper, the focus is shifted to the key role played by multinational companies (MNCs) in diffusing innovation in management practices. Third, evidence on HR/IR practices in MNC subsidiaries and their similarities with local workplaces is reviewed. In the fourth and fifth sections, methods are outlined, analysis of the AWIRS data is undertaken and implications are highlighted. The paper concludes with a brief discussion of the implications of the findings.

#### GLOBALISATION AND THE DEBATES ABOUT CONVERGENCE AND DIVERGENCE OF MANAGEMENT PRACTICES

While 'globalisation' remains a highly contested concept, there is widespread agreement that it has involved, *inter alia*, the opening up of internationally-linked financial markets, the emergence of worldwide markets for standardised products and brands, and the development of homogeneous and pervasive communications technology. Allied to these general trends, have been more specific factors underlying the expansion of global trade in the last two decades: the excess capacity in companies around the world, which combined with lower tariffs and fewer regulations has provided a new rationale and opportunities to market globally; new technology which has both facilitated globalisation and provided a rich source of new products and services; the increased shift of economic power from developed to developing nations; and the convergence of customer needs with a declining preference for local products and an increased preference for global ones (Steingraber in McCauley *et al.* 1998).

The increased integration of world markets and trade liberalisation has led some commentators to question the future viability of nationally idiosyncratic social, legal and even political institutions (Friedman 2000). Others have made the more modest claim that universal management cultures and technologies will emerge that will drive out country and culturally specific differences in their wake (Womack *et al.* 1990, James 1999). Although it seems wise to remain skeptical about the more hyperbolic claims concerning the irresistible power of globalisation as a force driving convergence, there are other, more modest,

arguments made that suggest the likelihood of increasing global convergence of managerial practices. First, the diffusion of management ideas is now much faster and easier than ever before, facilitated by global media, business schools, and consultancy firms (De Wit & Meyer 1998). Second, there is a strong philosophy of universalism, which underlies systems and techniques such as Total Quality Management, lean production, Just In Time management, compliance with international standards organisation procedures and the adoption of management information systems such as SAP. It is assumed by the advocates and providers of these systems and techniques, and by the organisations that implement them, that what will work in one country or culture will work in another, irrespective of differences in perceptions of managerial roles, labour practices, or more widely derived cultural attitudes to work. Third, MNCs play a key role in transferring management ideas worldwide and have expanded their operations dramatically in the last two decades (Phatak 1989, Ferner 1994, Rugman 1999). Fourth, MNCs are now under greater pressure than ever to be internally consistent and integrated, or to put it more simply, to use common systems of management wherever they operate around the globe (Dixon 2000, Leontinades 2001). This last point will be more fully developed below.

Along with the recent growth in influence of MNCs are developments in their internal structuring, which, it can be argued, provide further impetus for the worldwide convergence of management practices. These developments relate to the requirement for MNCs to be more coordinated and integrated with regard to the management of all parts of their operations. MNCs have always had to deal with simultaneous pressure on their management systems to be globally coordinated, on the one hand, and locally responsive on the other (Doz & Prahalad 1986). This pressure varies, contingent upon factors such as industry, time of internationalisation and the competitive strategy of the firm, and has led MNCs to choose structures that emphasise either centralisation or decentralisation. According to this view, multinationals can take different forms from multi-domestic to global (Porter 1986). However, in the modern era of sophisticated electronic communication, cheap and easy intercontinental transportation and computer technology that allows almost instant data transfer around the globe, there is now more pressure for MNCs to compete on a global scale and, as a consequence, become more globally integrated. Moreover, this pressure is no longer confined to industries that have been recognised as global for some time now e.g. cars, microelectronics, telecommunications and aircraft manufacturing. Today, many MNCs in previously multi-domestic industries face pressure to become more globally integrated. Such industries include footwear, clothing, white goods and even cement and steel which were previously highly multi-domestic in character (Mathews 2001).

The implications of these changes in the HR/IR domain are that MNCs are now, at least theoretically, more likely to attempt to integrate their core management practices across many areas of their businesses. Part of this involves MNCs replicating structural forms (corporate isomorphism) in order to deal with the increased co-ordination requirements of moving higher levels of goods, services, information and people around their networks. This movement includes HR

practices since these can be considered to be part of the organisation's core capabilities. Thus, it would follow that HR in the classic multi-domestic form where MNC HR/IR practices simply mirror local practices are less likely to be found today.

According to Belanger *et al.* (1999) recent work on MNCs' HR systems has focused on two areas. First, it has explored the extent to which MNCs identify best practice and use it as a means of spreading new work practices and techniques throughout the organisation. Second, consideration has been given to the ways these worldwide models of best practice in MNCs are constrained by national systems of employment regulation.

Transferring best practice in MNCs involves diffusion of common systems and cultures, which are reinforced by HR practices. It can also entail the extensive use of benchmarking data to compare the performance of different plants worldwide and ensure common performance standards (See Belanger & Berggren *et al.* [1999] for a detailed analysis of this practice in one company).

In opposition to the voices claiming a convergence of management systems, are those which continue to stress the diversity of national business systems, management cultures and institutional arrangements. At the macro level, many commentators have taken issue with the grander claims made by adherents of the globalisation argument (Dicken 1999).

In summarising some broad constraints on convergence, Salamon (1997) has noted that countries may exhibit the following:

1. Different levels of economic development
2. Unique political and economic frameworks
3. Various different cultural values and institutions
4. Intra-national system heterogeneity
5. Difference at societal and organisational level in relation to processes of employment relations
6. Divergence between the rhetoric concerning institutional frameworks and the reality of practice
7. Variations in the take-up and operation of technology
8. Alternative solutions to common problems

At the heart of the opposition to the concept of convergence is the notion of 'equifinality' whereby organisations can achieve the same goals and carry out similar operations but through different means. This can be at the level of national business systems (Whitley 1992), culture (Hofstede 1980 & 1993), in relation to overall control of organisations (Child 2000), or at the level of specific management practices (Ferner 1997). In this study, the focus is on workplace level management practices since the unit of analysis in this paper is the workplace, either local or overseas-owned. Therefore, further discussion of divergence is limited to the HR/IR practices within MNC subsidiaries and institutional arrangement governing HR/IR in Australia generally.

Theoretical arguments for local isomorphism in MNC HRM systems revolve around the fact that, for the majority of employees, the local labour market is the key reference point along with local labour norms and regulations. Thus, HRM, as opposed to finance or manufacturing, is most logically decentralised

because there is less need to centralise HR than critical control functions where a high degree of corporate coordination and control is necessitated. Notwithstanding arguments about the need to transfer core capabilities, it is likely that there is less need to transfer 'human capital' around the MNC network, since it is likely to be readily substitutable in local labour markets, than it is to transfer core technology, flows of goods and/or information. It does not make sense to have expensive and bureaucratic company wide systems in place unless they are critical to organisational functioning. Moreover, HRM practices inherently require more contextualisation because of the need to work within local cultural norms as well as labour market patterns and legislation. This is most likely to be the case in host countries which might be described as strong industrial regimes, such as Australia, where it is difficult for MNCs to import, or establish, their preferred HR practices rather than adapt to local conditions. Discussion of the institutional setting of HR/IR in Australia at the time of the study follows later in this article.

#### EXISTING RESEARCH ON MNCs AND HOST COUNTRY HR PRACTICES

There is now a growing body of research around the world indicating significant differences between MNCs subsidiaries and local companies. In the UK, there is evidence that foreign-owned organisations pursue different HR policies and practices than their domestic counterparts. Purcell *et al.* (1987) found that overseas establishments were more likely to: use HR practices associated with gaining a high level of commitment from the workforce; monitor the actions of plant managers in relation to IR more than UK firms; and devote more resources to HR/IR. Marginson *et al.* (1993) also found that overseas organisations were more likely than UK companies to have HR representation at board level. Hiltrop (1999), reporting on a study of MNCs and domestic companies in Belgium, found many significant differences between the HR practices of locals and MNCs, with MNCs more likely to pursue more sophisticated high involvement policies.

In Ireland, recent research into the HR/IR of MNCs has stimulated a debate about the level of MNC 'conformance' with local practices. Geary and Roche (2001) rejected earlier claims of conformance and claim that overseas MNCs in Ireland show marked differences in HR/IR from their indigenous counterparts over a broad range of practices. By contrast, in the US, Rosensweig and Nohria (1994) found, in a survey of 249 subsidiaries of foreign-based MNCs, that in general, HRM practices closely followed local practices, although these were differentiated according to their importance to internal decision-making.

Approaching the issue from another direction, conclusions drawn from empirical studies of MNC subsidiaries in overseas countries have shown that HRM practices in local branches will more closely resemble indigenous HR practices than those of overseas parents. Thus, Beaumont *et al.* (1991) and Guest and Hoque (1996) found that German companies operating in the UK abandoned many of their typical home country practices, such as union recognition and works councils, in favour of a more deregulated model. Moreover, the effects of the

local institutional factors such as the legal system, labour market, and political processes have all been noted to have a major shaping influence (Ferner 1994).

Other research has indicated that the influence of the local institutional environment is likely to be greater for process workers than managerial workers, who are more likely to have their HR practices aligned with overseas parent practice. This is particularly true in relation to issues that relate to the company's internal decision-making such as participation, evaluation, bonuses and training and development (Evans & Lorange 1989, Rosenzweig & Nohria 1994).

Clearly, the convergence of HRM across national borders cannot be taken for granted. While globalisation imposes a substantial impetus in the direction of standardisation of certain elements of management systems in MNCs, including some elements of HRM, the influence of local culture, institutional arrangements and labour market practices continue to add countervailing pressure for divergence. How these forces shape HRM in Australia is the focus of the remainder of this paper.

### MNCs AND HR/IR IN AUSTRALIA

MNCs have a substantial and growing presence in Australia. The first Australian Workplace Industrial Relations Survey (AWIRS 90) (Callus *et al.* 1991) indicated that 28 per cent of workplaces had some foreign ownership and 15 per cent of workplaces (with over 20 employees) were foreign-owned. A total of 15 per cent of all workplaces in the survey had overseas head offices. While this is a relatively small number of workplaces, it disguises the influence of overseas-owned organisations which can be better estimated by the fact that these workplaces were large and employed 27 per cent of the workers in the survey. According to AWIRS 95, the percentage of private sector workplaces with some degree of foreign ownership had stayed constant at 28 per cent and the percentage that were wholly foreign-owned had only increased slightly to 17 per cent. In the 1995 survey, 'private sector workplaces that were partly foreign-owned employed 38 per cent of the employees in the private sector part of the survey population, while those that were foreign-owned employed 23 per cent of this population' (Morehead *et al.* 1997, 66). By 1995, the percentage of workplaces with head offices outside Australia had increased slightly to 18 per cent (Morehead *et al.* 1997, 66).

The historical influence of MNCs in introducing innovations in HRM into Australia has been well documented (Gardner & Palmer 1997), yet Australia has been the focus of only very limited empirical work examining the similarities and differences in HR between indigenous organisations and MNC subsidiaries, with only two studies focused *directly* on the topic. In their analysis of AWIRS 90, Rodwell and Teo (1999) compared indigenous Australian workplaces and overseas-owned workplaces with head offices in Japan, UK and USA in a subset of firms operating in industries which were defined as relatively multi-domestic in character. Six composite scales revealed limited differences between local and overseas firms and some small country of origin effects. Walsh (2001) analysed AWIRS 95 data in general and found substantial evidence of more sophisticated HRM practices in overseas firms, especially firms with a country of origin in the US or the UK. While revealing important patterns of difference

between local and overseas firms, neither of these studies provided data indicating longitudinal patterns of variation between overseas and local companies which is the focus of this paper. Country of origin effects were tested for as part of this analysis and found to be present in ways suggested by Walsh (2001). However, the results are not presented here as they are beyond the scope of this article.

Australia provides a useful case for examining patterns of convergence and divergence. For most of the 20th century, Australia has had a uniquely centralised system of state regulation of industrial relations, in which pay, conditions and working arrangements have been set at the level of occupations or industries and specified in considerable detail (Deery *et al.* 2001, Harley 2000, Gardner & Palmer 1997). It might well be expected that this system of highly centralised regulation of work and employment would have the effect of restricting the capacity of MNCs to put in place their preferred IR/HR practices.

Since the early 1990s, however, the Australian system has undergone massive change. This change, driven largely by government and business, and enacted in response to the perceived imperatives of an increasingly globalised world economy, has seen a shift away from centralised regulation towards workplace level setting of pay and conditions (Hall & Harley 1995, ACIRRT 1999, Deery *et al.* 2001). A consequence of this has been a move away from uniform labour market arrangements towards a much more diverse pattern with more scope for organisational innovation. In this regulatory environment, it seems likely that overseas-owned workplaces would have enhanced freedom to enact their preferred HR/IR practices and, to this extent, we would expect to see divergence between local and overseas workplaces during the 1990s. The preceding discussion has suggested that there is limited empirical evidence from Australia that allows a conclusion to be drawn about convergence or divergence of HR/IR practices in local and overseas-owned workplaces. The remainder of the paper is devoted to answering two research questions. First, to what extent were Australian and overseas-owned workplaces similar, or different, in terms of key practices in 1990 and 1995, respectively? Second, to what extent has there been convergence or divergence during this period?

#### DATA AND METHOD

The present paper draws on data from the AWIRS 90 and AWIRS 95. Details of AWIRS 90 can be found in *Industrial Relations at Work: The Australian Workplace Industrial Relations Survey* (Callus *et al.* 1991). For full details of AWIRS 95, see Morehead *et al.* (1997).

The majority (86 per cent) of the overseas-owned private sector workplaces represented in the 1995 AWIRS survey had overseas head offices. On this basis, we argue that our analysis also allows us to draw conclusions about MNC subsidiaries operating in Australia as well as overseas-owned workplaces.

In terms of HR/IR practices, AWIRS collected data from workplace managers with specific responsibility for ER/IR/HRM and from general managers. Collectively, these questionnaires provide over 200 individual items covering many aspects of HRM. It was necessary to restrict the range of items used, to make

Table 1 HR practices in Australian-owned and overseas-owned workplaces, 1990 and 1995 (n/% of workplaces with each practice)

	1990		1995		% Diff. OS/Aust.	% Diff. OS/Aust.
	Aust.	OS	Aust.	OS		
Non-managerial staff receive performance-based pay (ec1, cm1)	284 42.8%	66 47.5%	246 42.0%	83 53.2%	4.7	11.2*
Share ownership (ec7, cm5)	113 17.0%	26 18.7%	136 23.2%	42 26.9%	1.7	3.7
100 per cent of workers on individual contracts (na, cg8)	Na	Na	35 6.0%	16 10.2%	-	4.2
Bonus scheme in place (na, ca17b)	Na	Na	256 43.6%	94 59.9%	-	16.3**
Written grievance procedure (em5, cb17)	238 35.8%	67 48.2%	332 56.8%	122 78.2%	12.4**	21.4**
Joint consultative committee (eh1f, cd7c)	51 7.7%	15 10.8%	128 21.8%	61 38.9%	3.1	17.1**
Task forces or ad hoc committees (eh1c, cd7d)	101 15.2%	32 23%	141 24.0%	65 41.7%	7.8*	17.7**
Suggestion scheme (eh1h, cd1b)	176 26.5%	38 27.3%	170 29.0%	51 32.7%	0.8	3.7
Staff newsletter/bulletins (eh1a, cd1c)	278 41.9%	82 59.0%	248 42.2%	97 61.8%	17.1**	19.6**
Surveys/ballots of employee views (na, cd1d)	Na	Na	84 14.3%	39 24.8%	-	10.5**
Email (na, cd1e)	Na	Na	66 11.2%	53 34.0%	-	22.8**



Table 1 Continued

	1990		1995		
	Aust.	OS	Aust.	OS	% Diff. OS/Aust.
Regular meetings b/w managers and employees (eh1d, cd1f)	367	89	434	133	8.7*
Formal training for employees in last year (ej14, cc4)	55.3%	64.0%	73.9%	84.7%	10.8**
Skills audit (na, ca17d)	327	85	338	119	12.0**
	49.2%	61.2%	57.9%	77.3%	19.4**
	Na	Na	136	68	20.4**
			23.2%	43.6%	
Appraisal at least yearly (ea33, ca19)	401	91	365	122	5.1
Formal written selection procedure (na, cc2)	60.4%	65.5%	62.3%	78.2%	15.9**
Semi/fully autonomous work groups (na, cd7a)	Na	Na	273	96	-
	Na	Na	46.5%	61.5%	15.0**
Quality circles (eh1g, cd7b)	83	26	225	62	1.3
	12.5%	18.7%	38.4%	39.7%	2.5
			79	25	
			13.5%	16.0%	

For Tables 1-4, the significance levels (\*  $P < 0.05$ ; \*\*  $P < 0.01$ ) are for chi-square tests conducted on two-way cross-tabulations between the ownership variable and the HR practice variables in 1990 and 1995, respectively. The percentage difference is calculated by subtracting the percentage figure for each practice for Australian-owned workplaces from the percentage figure for each practice for overseas-owned workplaces. The AWIRS variable numbers for the 1990 and 1995 surveys, respectively, appear in parentheses after the variable name.

the analysis manageable, so in selecting items to use in our analysis we focused on those which were most central to 'core' HR management functions such as recruitment and selection, performance management, compensation, training as well as industrial relations. We also attempted to identify items which contribute to 'sophisticated' HR/IR since these were primary areas of difference revealed by similar studies in other countries. The items were mainly limited to those which were included in both 1990 and 1995 surveys, since this provided a means to explore convergence or divergence of practices. However, in some cases, we included items which were only collected in 1995 because they were of particular relevance as key HR/IR practices and had been omitted from AWIRS 90. All items are identified in the tables of results, with the variable identifiers included in parentheses. In addition to ownership and HR variables, AWIRS provides information about a range of workplace characteristics. Of these, we utilised workplace size and industry as control variables in our analysis.

As a means to explore differences between Australian firms and overseas subsidiaries of MNCs, we used AWIRS variable bb9 (1995) and ga4 (1990), respectively, to divide workplaces into two categories: those which were 51 per cent or more Australian-owned (coded to 0) and those which were 50 per cent or more overseas-owned (coded to 1). Our analysis was restricted to private sector workplaces.

Our analysis proceeded in two stages. First, we crosstabulated the HR practice variables by the ownership variable, using chi-square tests for statistical significance. The purpose of using this method was to provide descriptive data and help identify broad areas of difference and similarity between Australian and overseas firms. The results of the crosstabulations are presented in Tables 1-4 below. As part of this analysis, we calculated the difference in prevalence of each practice in Australian and overseas workplaces, at each point in time, as a measure of difference. This also allowed us, by comparing degree of difference at each point in time, to draw some conclusions about the extent of convergence or divergence.

The second stage of analysis involved the use of multivariate techniques. There are limitations inherent in using simple bi-variate analysis to assess differences. Firstly, overseas and Australian-owned workplaces differ systematically in terms of their size. The mean number of employees in overseas-owned workplaces in the AWIRS 95 sample is 115, while it is only 76 for Australian-owned workplaces. Secondly, HR practices vary considerably across different industries and different sized workplaces (Bamber *et al.* 1992). Therefore, regression analysis was conducted to control for size and industry sector and thus verify that the differences found in the crosstabulations did not simply reflect differences in workplace characteristics, rather than ownership. We restricted our analysis to those HR/IR practice variables, which showed a statistically significant difference in the crosstabulations at 0.05 or better. We used a regression model of the form: HR practice = ownership + industry (a series of 15 industry dummies based on ANZSIC, with Personal and Other Services used as the reference category) + size + e. For those practices which were captured by dichotomous variables, we employed logistic regression and for those which were scales, we

used Ordinary Least Squares. The results are presented in Tables 5–8 below. Due to the number of variables involved we have not reported the results for the entire model in each case, but just the coefficient for the ownership variable. Full results can be provided upon request. All analysis was weighted to effective sample size (rwpwt1) since tests of statistical significance were involved.

#### **RESULTS: PATTERNS OF IR AND HRM IN AUSTRALIAN AND OVERSEAS-OWNED WORKPLACES**

To make the interpretation of data more accessible, individual items have been grouped into categories; Table 1 reports HR practices, Table 2 reports IR characteristics, Table 3 reports on the level of HR/IR decision-making and Table 4 reports benchmarking practices. Tables 5–8 report regression results using the same categories.

The data in Table 1 indicates that in 1990 all of the eleven practices listed were used by a higher percentage of overseas than local workplaces. Six practices were employed at a significantly higher rate by overseas workplaces when compared to locals. In 1995 all eighteen items were used by a higher percentage of overseas workplaces than locals and the number where the rate was significantly higher had increased to thirteen in total and eight of the items measured at both times. In 1995, an additional five items that were not measured in 1990 were also significantly higher in overseas workplaces. Matching the paired items over the two periods for Australian-owned workplaces also shows an increase in utilisation from 1990 to 1995 of all HR practices except one (performance pay for non-managerial staff). However, over the same period, overseas-owned workplaces also increased their utilisation of the same practices but at a faster rate. We conclude from this that although HR/IR practices are moving in the same direction for both groups, the overall trend is one of divergence with the overseas group moving more quickly. In other words, the direction of movement is toward a pattern of more sophisticated HR/IR in all cases but overseas-owned workplaces are adopting these practices at a faster rate.

With regard to industrial relations items reported in Table 2, the changes have been less distinct. Union presence has declined for both groups from 1990 to 1995 but declined less in overseas workplaces. The incidence of the closed shop has decreased in Australian but increased in overseas workplaces. Discussions with delegates has decreased in local but increased in overseas workplaces whereas negotiations with full-time union officials has decreased in both groups but is still significantly higher in overseas workplaces. Training in ER for supervisors has also decreased in both groups but at lower rate for overseas workplaces. Also overseas workplaces were more likely to have a dedicated ER manager in 1995.

In sum, what this data indicates is that both groups are moving away from formal institutional IR practices but that overseas workplaces have higher levels of consultation with employees and devote more organisational resources toward relationship maintenance with employees. This finding is supportive of previous research indicating that overseas-owned organisations in Australia are more likely to attempt to establish high commitment work practices (Ramsay *et al.* 2000).

Table 2 *IR characteristics of Australian-owned and overseas-owned workplaces, 1990 and 1995 (n/% of workplaces with each practice)*

	1990		1995		
	Aust.	OS	Aust.	OS	% Diff. OS/Aust.
Union density (n40, f40)	45.1	42.2	31.9	37.8	5.9
Union presence (n41, f41)	475	100	349	108	9.2*
	71.4%	71.9	59.6%	68.8%	
Closed shop (n25b, f25)	74	10	39	17	4.5
	15.6%	9.9%	11.4%	15.9%	
Any written agreements (na, cf2)	Na	Na	208	85	18.5**
			35.6%	54.1%	
Delegate spends majority of time on union business (ek22, cn23)	14	4	11	4	-0.2
	5.5%	6.3%	5.4%	5.2%	
Discussions with delegate at least monthly (ek26, cn24)	106	33	66	45	25.7**
	41.9%	52.4%	32.8%	58.5%	
Negotiation with full-time union official in past year (el6d, cp6)	106	30	131	57	15.8**
	55.8%	71.4%	38.0%	53.8%	
Negotiation with employees as group in past year (na, cp10)	Na	Na	141	47	5.8
			24.1%	29.9	
Negotiation with employees individually in past year (na, cp14)	Na	Na	283	69	-4.6
			48.5%	43.9%	
Employee/management relations 'very good' (gd6, be4)	264	48	274	64	-6.0*
	39.7%	35.0%	46.8%	40.8%	
All supervisors trained in ER (ea20, ca9)	88	26	82	43	14.2**
	38.6%	36.6%	14.1%	28.3%	

Table 2 *Continued*

	1990		1995		% Diff. OS/Aust.
	Aust.	OS	Aust.	OS	
Dedicated ER manager (ea7, ca5)	150	37	135	54	11.6*
	22.8%	26.6%	23.0%	34.6%	
Member of employer association (ea25, ca11)	171	4	429	116	1.7
	85.1%	57.1%	73.6	75.3%	

\* Continuous variable; mean; ANOVA test for significance. \*\* These items are not directly comparable and the results should be treated with caution.

**Table 3** *Level of HR/IR decisionmaking in Australian-owned and overseas-owned workplaces, 1990 and 1995 (n% of workplaces with each practice)*

	Aust.	1990 OS	% Diff. OS/Aust.	Aust.	1995 OS	% Diff. OS/Aust.
Pay changes decided outside workplace (ea23a, ca10a)	123 18.6%	23 16.5%	-2.1	98 17.2%	44 28.0%	10.8**
Recruitment decided outside workplace (ea23b, ca10b)	28 4.2%	6 4.3%	0.1*	12 2.1%	6 3.8%	1.7
Dismissals decided outside workplace (ea23d, ca10c)	40 60%	6 4.4%	-1.6	37 6.4%	10 6.4%	0
Overtime levels decided outside workplace (ea23e, ca10d)	10 1.5%	1 0.7%	-0.8	7 1.2%	2 1.3%	0.1
Employment levels decided outside workplace (ea23f, ca10e)	106 16%	25 18%	2.0	55 9.6%	34 21.9%	12.3**
Training resources decided outside workplace (ea23h, ca10f)	63 9.5%	19 13.8%	4.3	54 9.4%	21 13.4%	4.0*
Changes to work practices decided outside workplace (ea23i, ca10g)	69 10.4%	17 12.2%	1.8	61 10.6%	27 17.3%	6.7*
Referring of issues to tribunals decided outside workplace (ea23k, ca10h)	26 3.9%	12 8.6%	4.7**	126 22.1%	49 31.4%	9.3**

Table 3 relates to decision-making and whether for the two groups, decisions were made outside the workplace or not. In relation to decisions on pay, the Australian group showed little change over the two time periods, whereas the overseas group showed a pronounced increase. A similar pattern was evident in relation to employment levels and changes to work practices. Both groups showed an increased propensity in 1995 to refer decisions about tribunal matters to a higher level beyond the workplace.

Interpreting this data is difficult since it is not clear to what level beyond the workplace that decisions are referred to. However, if we make the seemingly reasonable assumption that in the case of overseas workplaces there is some reference to head office then this data reveals an increasing pattern of control over workplace decision making in relation to HR/IR issues. Further light may be shed on this matter by looking at the data in Table 4.

Table 4 does not show data for both time periods because the questions were not asked in 1990. However, the responses to benchmarking questions in 1995 reveals different patterns of benchmarking for the two groups, with overseas organisations benchmarking more against other overseas organisations and other workplaces in the same organisation than Australian-owned organisations.

We conclude from this data that overseas workplaces have significantly different behavioural reference points for benchmarking work practices and evaluating decisions in relation to local HR/IR.

As noted earlier, the rationale for including multivariate analysis was to control for workplace size and industry. The regression analysis was only conducted for variables that showed up statistically significant differences across ownership categories in the crosstabulations. The regression analysis was intended chiefly to confirm that significant differences were maintained when size and industry were controlled for. This analysis provides a less clear picture of patterns of convergence or divergence in the sense that we cannot compare percentage differences in prevalence of practices, but the relative size of regression coefficients gives some indication of differences. The key concern in interpreting the regression results is simply whether there was a statistically significant association at either point in time.

In general, the results of the regression analysis confirm those from the bivariate analysis presented above. Table 5 presents results for HR practices and shows that, while a few pairs of variables ceased to be significantly associated once the controls were introduced, for the most part the associations were maintained. It is particularly noteworthy that, as was shown in the crosstabulations, a considerably higher number of significant associations existed in 1995 than in 1990. Moreover, the magnitude of the coefficients was larger in 1995 than in 1990 in every case where a statistically significant association was found, supporting the argument in favour of divergence made above.

A broadly similar picture emerged for the IR practices presented in Table 6, although it should be noted that there were no statistically significant associations for the 1990 data. The majority of associations were significant in 1995, although it should be noted that in the cases of frequency of discussion with union delegate and the number of supervisors trained in ER, the associations were

Table 4 *Benchmarking practices in Australian-owned and overseas-owned workplaces, 1990 and 1995 (n/% of workplaces with each practice)*

	1990		1995		% Diff. OS/Aust.	% Diff. OS/Aust.
	Aust.	OS	Aust.	OS		
Benchmarking against overseas organisations (na, bd6a)	Na	Na	98 24.7%	50 46.3%	-	21.6**
Benchmarking against organisations in Australia (na, bd6b)7	Na	Na	316 9.8%	69 63.3%	-	-16.5**
Benchmarking against other workplaces in same organisation (na, bd6c)	Na	Na	166 41.9%	66 61.1%	-	19.2**



negative when the controls were introduced. This almost certainly reflects the fact that in both cases continuous variables were used in the regression analysis, while in the crosstabulations they were coded as dichotomous variables with the maximum value assigned the value of 1 and all other values 0. Overall, the analysis is again supportive of divergence.

Table 7 presents the results for the level of HR/IR decision-making and suggests a similar pattern. No variables were significantly associated with ownership in 1990, but in 1995 all but two—recruitment decided outside the workplace and training decided outside the workplace—were significant.

The results in Table 8 do not indicate convergence, since they only concern 1995 data due the absence of benchmarking-related questions in the 1990 survey. The data are, however, consistent with the pattern which emerged from the crosstabulations, indicating that overseas-owned workplaces were more likely to benchmark against overseas organisations or other workplaces in the same organisation, but less likely to benchmark against other organisations in Australia.

In summary, the results from the regression analysis support the conclusions drawn from the crosstabulations. Even when size and industry are controlled

Table 5 *Regression results for HR practices and ownership, 1990 and 1995*

	1990 B	1995 B
Non-managerial staff receive performance-based pay (ec1, cm1)	.022	.214
Bonus scheme in place (na, ca17b)	Na	.570**
Written grievance procedure (em5, cb17)	.449*	.938**
Joint consultative committee (eh1f, cd7c)	.163	.637**
Task forces or ad hoc committees (eh1c, cd7d)	.315	.646**
Staff newsletter/bulletins (eh1a, cd1c)	.604**	.686**
Surveys/ballots of employee views (na, cd1d)	Na	.558*
Email (na, cd1e)	Na	1.215**
Regular meetings b/w managers and employees (eh1d, cd1f)	.247	.640
Formal training for employees in last year (ej14, cc4)	.363	.800**
Skills audit (na, ca17d)	Na	0.854**
Appraisal at least yearly (ea33, ca19)	.213	.632**
Formal written selection procedure (na, cc2)	Na	.554**
Quality circles (eh1g, cd7b)	.371	.168

For Tables 5–8, the AWIRS variable numbers for the 1990 and 1995 surveys, respectively, appear in parentheses after the variable name. Most dependent variables are dichotomous and logistic regression was used. In cases where variables were scales or continuous OLS, regression was used. These cases are marked with asterisks against the variable name in the left hand column. For all tables \*  $P < 0.05$ ; \*\*  $P < 0.01$ .

for, the data suggest that overseas-owned workplaces are more likely to use the selected HR/IR practices than are Australian-owned workplaces. Moreover, in most cases the differences were greater in 1995 than in 1990, supporting the argument that there has been divergence during the first half of the 1990s.

### CONCLUSIONS AND IMPLICATIONS

The data presented in this analysis suggest that, in the case of Australia, there is a pronounced divergence in the HR practices of overseas-owned workplaces when compared with locals. Divergence was revealed in the bivariate analysis and remained when industry and size were controlled for using multivariate analysis. Furthermore, the differences between overseas and locally-owned workplaces appear to have increased over the period 1990 to 1995. Both groups appear to be moving generally in the same direction – towards greater take-up of a more sophisticated set of HR practices – but the overseas-owned firms are moving at a faster rate.

Some of the reasons for this divergence might, paradoxically, be found in the arguments reviewed at the beginning of this paper as forces of convergence. First, overseas-owned firms are more likely to be exposed to the full force of globalisation and the intensification of competition associated with it. We argue that the typical MNC response to this has been to integrate previously disaggregated activities including some elements of HRM. Evidence in support of this can be found in the fact that overseas-owned workplaces are significantly more likely to refer key decisions on HR/IR to a level beyond the immediate workplace. Second, and in support of the first point, HR has been reconceptualised

**Table 6** *Regression results for IR practices and ownership, 1990 and 1995*

	1990 B	1995 B
Union density (n40, f40)*	-.065	.079*
Union presence (n41, f41)	-.117	.456*
Any written agreements (na, cf2)	Na	.720**
Frequency of discussions with delegate (ek26, cn24)*	-.048	-.175**
Negotiation with full-time union official in past year (el6d, cp6)††	.768	.436
Negotiation with employees as group in past year (na, cp10)	Na	.076
Negotiation with employees individually in past year (na, cp14)	Na	-.244
Employee/management relations (gd6, be4)*	.015	.055
No. supervisors trained in ER (ea20, ca9)*	-.005	-.198**
Dedicated ER manager (ea7, ca5)	.027	.230

\* Continuous variable; mean; ANOVA test for significance. \*\* These items are not directly comparable and the results should be treated with caution.

in many MNCs as a core capability in response to the emergence of new strategy paradigms, most notably the resource-based views of the firm. This is particularly true in industries driven by global agendas but has also impacted on industries previously regarded as multi-domestic (De Wit & Meyer 1998). Third, MNCs are likely to be driven by transnational agendas that include the introduction of worldwide systems of technology, information sharing, knowledge management, production systems and so forth (Leontinades 2001). Our data indicated that this is achieved by extensive benchmarking between different workplaces in overseas firms. Fourth, MNCs, with their more sophisticated approaches to managing HR, and greater resources, may have been quicker to take advantage of the extensive deregulation of Australian industrial relations that occurred during the decade of the 1990s. Certainly, there is now much less pressure for HR/IR conformity between companies due the dismantling of Australia's idiosyncratically centralised institutions of industrial relations—itsself a product of wider globalisation pressure.

Notwithstanding the move towards more sophisticated HRM in MNCs, there is no evidence that MNCs have pursued an aggressively anti-collectivist approach to the management of industrial relations. On the contrary the data analysis in this paper suggests that overseas-owned workplaces have been more likely to

**Table 7** *Regression results for level of HR/IR decisionmaking and ownership, 1990 and 1995*

	1990 B	1995 B
Pay changes decided outside workplace (ea23a, ca10a)	-.061	1.069**
Recruitment decided outside workplace (ea23b, ca10b)	-.058	.783
Employment levels decided outside workplace (ea23f, ca10e)	.168	0.789**
Training resources decided outside workplace (ea23h, ca10f)	.324	0.531
Changes to work practices decided outside workplace (ea23i, ca10g)	.125	1.309**
Referring of issues to tribunals decided outside workplace (ea23k, ca10h)	-.001	.706**

**Table 8** *Regression results for benchmarking practices, 1995*

	1995 B
Benchmarking against overseas organisations (na, bd6a)	.745**
Benchmarking against organisations in Australia (na, bd6b)	-.950**
Benchmarking against other workplaces in same organisation (na, bd6c)	.840**

implement high commitment strategies with extensive collective consultation than their local counterparts.

The findings of this study are broadly compatible with the findings of similar studies in other countries that reveal a pattern of systematic difference between the HR practices of local and overseas firms. One possible explanation for this pattern of divergence is that MNCs are innovating HR/IR at a faster pace than local firms and, in benchmarking off each other, are tending towards a 'supra-national' HR model. If this is the case, then Ferner & Quintanilla's (1998) term 'Anglo-Saxonisation' would certainly be appropriate to the Australian case.

Returning to the arguments presented at the beginning of this paper, does the variation in HRM practices between local and overseas workplaces represent convergence or divergence? One conclusion could be that since overseas-owned workplaces are utilising HRM techniques at a faster rate than locals then this represents divergence. Quantitatively, the two groups are drawing apart. However, the movement of the two groups is in the same direction. They are not moving in different directions from a common point or branching off. Instead, they are moving qualitatively in the same direction but the local workplaces are lagging behind. This is not convergence in the sense of moving towards each other or tending towards a common result, but the movement is in the same direction. Thus, it seems reasonable to conclude that overall, Australian workplaces are adopting practices that are qualitatively similar to local firms but at a quantitatively different rate.

To end on a cautionary note, however, we should be circumspect about making too many definitive statements about broad directions of convergence or divergence. In terms of the data used, the AWIRS 95 was undertaken seven years ago it seems entirely likely that there have been significant changes during the period since then. In addition, the paper began by noting the false dawn of convergence announced by Kerr *et al.* (1960). In this respect, it may be useful at this stage to remember the point made by Child (1981) in his earlier review of 'convergence divergence' debates that although management systems may exhibit convergence at macro level, ongoing divergence may remain at the micro level of behaviour. In relation to this study, although overseas and local workplaces show patterns of difference and similarity as discussed above it does not mean that in other, more subtle, ways beyond the scope of this investigation they remain differentiated in entirely different ways. These differences may, for example, concern the implementation of HRM policies rather than their formal existence or otherwise. Investigation of phenomena at this micro level would, of course, require more systematic qualitative investigation of local and overseas HRM practices.

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