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# ***Vive les différences?* Voice in French MNC's overseas workplaces: a comparative study of voice in French, German and US subsidiaries in the UK**

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## **Abstract**

Foreign-owned firms help to disseminate management practices across UK companies; this includes the ability of indigenous firms to learn improved human resource management (HRM) practices from leading foreign companies. Analysing the transfer of HRM policies forms an important strand of the international HRM and comparative capitalisms literatures; however, large-scale, comparative studies of voice patterns in German, US, and, in particular, French subsidiaries in the UK are limited. This paper draws on a large survey that includes the, to date, largest sample of French MNC subsidiaries. It does not simply identify the existence of different kinds of voice mechanisms, but examines how these different practices come together in the implementation of subsidiaries' voice policies. This enables the detection of subtle, but important, differences in the subsidiaries' voice practices. French subsidiaries are significantly less likely to pursue a partnership approach to voice than their German and US counterparts. French and US establishments are significantly more likely to adopt a 'bleak house' approach than German ones. Importantly, these key differences only emerge at a fine-grained level of analysis that examines how subsidiaries implement voice practices.

**Key Words:** Multinational companies, employee voice, direct voice, HR practices, Varieties of Capitalism

## Introduction

Attracting foreign direct investment into the UK has been a central policy for British governments over the last three decades (Edwards *et al.*, 2010). The UK is, after the US, the second largest developed-economy recipient of FDI in the world (UNCTAD, 2013). Indeed, the UK government has stressed the importance of foreign-owned firms as drivers of good practices in UK businesses (Allen and Dar, 2013). This emphasis has extended to calls for UK firms to learn from the use of voice practices in British subsidiaries of foreign MNCs (Cable, 2012). Voice communicates workers' views to managers and has the potential to alter workplace conditions to reflect better employees' preferences (Dundon *et al.*, 2001).

Although numerous quantitative studies of voice policies within US MNCs' overseas subsidiaries have been undertaken (Colling *et al.*, 2006), there are fewer for German MNCs (Tüselmann *et al.*, 2007). There are, moreover, no recent large-scale quantitative studies of voice policies in French subsidiaries in the UK or, indeed, elsewhere (Al-Husan and James, 2009; Child *et al.*, 2001; Contrepois, 2010; Marginson *et al.*, 2010). If voice policies and practices in MNCs' subsidiaries in the UK are influenced by the parent company's nationality (Almond *et al.*, 2005; Marginson *et al.*, 2010; Tüselmann *et al.*, 2007), then the prominent place of foreign firms in the British economy could have important implications for the development of voice practices in UK firms (Allen and Dar, 2013). The US, France, and Germany represent, respectively, the largest, third largest, and fourth largest investors, by FDI stock, in the UK (Allen and Dar, 2013). In 2011, FDI stock from these three countries amounted to approximately 41 per cent of the total. Additionally, the jobs associated with FDI from these three countries in the 2011/2012 fiscal year represented approximately 48 per cent of total employment created by foreign companies in the UK (BIS, 2012).

Distinctive traits in voice mechanisms in subsidiaries of MNCs from different countries are likely due to the complex interactions between national institutional systems in home and host countries (Edwards and Kuruvilla, 2005). An investigation of French, German, and US subsidiaries' voice practices in the UK permits identification of any significant differences between the three groups of subsidiaries. As well as being a major recipient of FDI, the UK has a relatively permissive HRM context and companies face few constraints in the design and implementation of their voice practices and policies (Ferner, 2010; Whitley, 2007). The UK, therefore, provides an ideal host-country setting to shed light on this matter (Edwards *et al.*, 2010).

The home-country institutional systems of German and US firms differ considerably. In a prominent framework, the former is the archetypical 'liberal market economy' (LME); the latter, the exemplar 'co-ordinated market economy' (CME) (Hall and Soskice, 2001; see also Whitley, 1999, 2007). France does not have an LME type of institutional system, nor does it fit the CME category neatly (Caroli *et al.*, 2010; Conway *et al.*, 2008; Hall and Soskice, 2001; Whitley, 1999, 2007). Consequently, France has variously been described as a 'Mediterranean' (Hall and Soskice, 2001) or 'state organized' (Whitley, 1999) form of capitalism or as an example of 'state capitalism' (Schmidt, 2003).

Most quantitative studies on nationality traits in voice mechanisms look only for the presence of broad types of voice practices used by subsidiaries (Edwards *et al.*, 2010; Marginson *et al.*, 2010). These studies do not explicitly consider how subsidiaries implement the various voice practices. They do not consider how voice mechanisms are combined. A few studies do, however, consider combinations of voice practices. These studies find evidence of distinctive voice patterns among US and German subsidiaries in the UK (Tüselmann *et al.*, 2007, 2008). The existence of distinctive voice differences amongst subsidiaries from these countries indicates that home-

country national institutional systems do influence important HRM outcomes.

The main contributions of the paper are, firstly, to provide a large-scale study of voice patterns in French subsidiaries that extends and develops the rather limited evidence on such firms. The study, secondly, develops typologies that consider how subsidiaries implement voice policies by combining various types of voice practices. The paper, therefore, does not simply identify the existence of different kinds of voice practices, but examines how these different practices come together in the implementation of voice policies. This will enable the detection of any subtle, but important, differences in the voice policies of American, German and French subsidiaries. The paper's final contribution is the extension of studies on national institutional business systems and their effects on voice mechanisms. It does so by considering subsidiaries from a home base that is different to LMEs and CMEs; much extant research has focused on firms from these latter two types of economies. This aspect of the study provides insight into whether influences from different types of national institutional systems are likely to affect voice in foreign subsidiaries in the UK and, due to the importance of foreign firms in the UK economy, to exert thereby influence on the evolution of employee voice in the UK's private sector.

### **National Institutional Influences on Voice**

The comparative capitalisms literature highlights how home-country institutions shape the behaviour of firm-level actors (Hall and Soskice, 2001; Whitley, 1999, 2007). In CMEs, such as Germany and Austria, the employment systems are highly regulated and, in combination with the other domains of the institutional system, help to foster collaborative collective voice practices. In LMEs, such as the US and the UK, employment systems are less regulated and, in interaction with the other components, such as the financial and corporate-governance systems, of the institutional

setting, encourage a greater prevalence of individualistic voice patterns (Hall and Soskice 2001).

The influence of national institutional settings is, however, not homogeneous. A degree of heterogeneity and divergence from archetypal voice patterns exists within countries (Allen, 2004; Harcourt and Wood, 2007). This intra-country diversity reflects, *inter alia*, differences in industry, competition, and regional factors (Allen and Whitley, 2012). Whilst the scope for divergence from national institutional systems is more restricted in CMEs, many LMEs can provide companies with greater latitude for variability and variety (Ferner, 2010; Whitley, 2007). Despite such intra-country variation, the national institutional configuration will pre-dispose actors to some dominant patterns of behaviour (Allen and Whitley, 2012; Whitley, 2007).

The influence of home-country institutions informs the voice preferences of MNCs in their international operations. In addition, host-country institutional systems shape voice practices in MNCs' foreign subsidiaries (Almond *et al.*, 2005; Edwards and Kuruvilla, 2005; Edwards *et al.*, 2010; Parry *et al.*, 2008; Whitley, 2007). In combination with intra-country diversity at home and abroad, this highlights the complexity of examining subsidiary voice patterns and in detecting the influence of the firm's home country.

### **Employee Voice – Channels, Systems, and Approaches**

In essence, voice concerns two-way communication between workers and managers that has the potential to alter workplace policies and practices to reflect better employees' preferences (Dundon *et al.*, 2004). The 'voice' concept (Hirschman, 1970) has been extended to cover mechanisms by which unions channel employees' concerns to employers as well as other communication methods (Allen and Tüselmann, 2009; Bryson, 2004). The latter include non-union employee representative structures, as well as various forms of direct employee participation, communication, and

information sharing and their combination.

To analyse how subsidiaries implement voice policies, this paper uses the concepts of ‘voice channels’, ‘voice systems’ and ‘voice approaches’. Voice channels are generic processes of engaging in direct or indirect interaction with employees and embrace various voice practices. ‘Voice systems’ can include combinations of voice channels. Within these voice systems are ‘voice approaches’; different ‘approaches’ are based upon the particular combination of voice channels within a voice system. The implementation of voice policies is analysed as a sequential process: the selection of voice *channels* shapes workplace voice *systems* and, within these voice systems, there are distinctive voice *approaches* (see Figure 1). This sequential classification mirrors work within the high-performance work systems literature that distinguishes between HR practices and organizational climate or employee perceptions of what is important and what behaviour is fostered and rewarded (Takeuchi *et al.*, 2009; see also Messersmith *et al.*, 2011).

Furthermore, this classification of ways to implement voice policies builds on distinctions used in the literature (Guest and Conway, 1999; Lavelle *et al.*, 2010; Tüselmann *et al.*, 2006). In this literature, establishments with an *indirect voice channel* are those with trade-union recognition and the associated presence of workplace union representation as well as non-union establishments that have both joint consultative committees (JCCs) *and* non-union employee representatives. The latter condition reflects the weaker voice associated with management-initiated indirect-voice channels compared to independent ones (Allen and Tüselmann, 2009). Therefore, to be classified as having an indirect voice channel, non-union establishments have to have both of these non-union channels in place.

Establishments with a *direct-voice channel* are those that have a high incidence of direct-voice practices in place. The range of practices included in this research draws on those used in

previous studies (Lavelle *et al.*, 2010; Marginson *et al.*, 2010). They include *direct participation* (partly autonomous teamwork, and quality circles/problem solving groups), *direct consultation* (attitude surveys, suggestion schemes, and regular meetings with the workforce), and *information sharing* (regular newsletters, team briefings and the systematic use of the management chain). To establish a threshold for the direct voice channel, a scoring system, used in previous studies (Lavelle *et al.*, 2010; Tüselmann *et al.*, 2006), is implemented. This scoring system reflects the degree of employee involvement associated with these practices. A participation practice attracts a score of 3; a consultation practice, 2; and an information practice, 1. Thus, if all direct voice mechanisms are present within a subsidiary, it receives a ‘maximum score’ of 15. The mean score distinguishes between establishments thus: those with an above-mean score fall into a ‘comprehensive direct-voice channel’ category, and those with a below-average score do not have a comprehensive direct-voice channel in place.

The presence or absence of the above voice channels divides the establishments into four broad categories of voice systems, as outlined in Figure 1. Firms can have ‘no significant’ voice channels, indirect channels only, direct channels only, or a combination of direct and indirect channels. Those establishments that are deemed to have ‘no’ voice channels in place may have a few direct-voice mechanisms in place; however, they have a below-mean number of such channels. Those workplaces that combine direct and indirect channels have a dual-voice or hybrid system in place. Within that category, distinctions are possible between those that have a *partnership approach* and those that have a ‘*co-existence*’ approach. The former signifies that indirect-voice channels aid the introduction and effective operation of direct-voice schemes (Tüselmann *et al.*, 2007). This sub-category involves the use of indirect-voice channels in both the introduction and operation of direct-voice practices. A co-existence approach indicates that establishments operate



direct- and indirect-voice channels independently with no interaction between the channels (Bryson, 2004).

Amongst those subsidiaries that have neither indirect- nor significant direct-voice channels in place, i.e. those that operate with a minimalist voice system, a distinction can be made between those that have a *'limited voice' approach* and those that have a *'bleak house' approach*. In the former sub-category, subsidiaries have some, but a below-average number of, direct-voice measures in place; in the latter, establishments have no meaningful direct-voice channels in place (Deery *et al.*, 2001; Guest, 1995; Guest and Conway, 1999; Sisson, 1993; *cf.* Wilkinson, 1999). Following Guest and Conway (1999), a *'bleak house approach'* is a minimalist system lacking indirect voice channels and falling within the lower quartile of the direct-voice index.

These varying voice approaches relate to management's decisions regarding the emphasis placed on direct- and/or indirect-voice channels in the implementation of voice policies. Importantly, even within the broader minimalist-voice system, management can decide to emphasize either no voice or some direct-voice channels; within dual-voice systems, management can emphasize either direct voice or direct and indirect voice equally. This analytical framework provides a detailed perspective on the implementation of voice processes within establishments. It, therefore, enables the identification of any subtle, but important, differences between subsidiaries in their implementation of voice policies. It, therefore, goes beyond defining differences in voice based solely on the use or 'non-use' of different types of voice channels.

**\*\*\*\*\*Insert Figure 1 around here\*\*\*\*\***

### **Voice in LME Host-Country Settings**

In LME host countries, such as the UK, MNCs have a wide margin of manoeuvre in designing

voice systems and approaches in their subsidiaries (Edwards *et al.*, 2010; Marginson *et al.*, 2010). In this situation, the transfer of elements of the home-country voice model can occur. Alternatively, a high degree of host-country adaptation can take place or some hybrid can emerge. It should, however, be noted that institutional systems in the UK's private sector encourage the predominance of individualistic voice patterns, the widespread incidence of minimalist-voice systems, and limited development of collaborative approaches to voice in terms of a partnership approach (Charlwood and Terry, 2007; Marsden, 2010).

Permissive host-country settings, such as the UK's, may allow MNCs from more regulated home-country settings to escape perceived home-country constraints and to operate with individualistic voice systems. For instance, subsidiaries of MNCs from countries that impose collective-voice channels on firms, but that have adversarial employee relations may develop a co-existence approach within a dual-voice system. This would indicate an underlying preference for direct rather than indirect voice.

The outcome of such complex possibilities in subsidiaries' voice policies implies that the influences from the MNC's country of origin may not be easily discernible at the level of voice channel and/or voice system, but may be more evident at the 'deeper' level of voice approaches. These differences reflect the general tenor and nature of employment relations in the MNC's home-country institutional system and its effects on co-operation, trust, and authority sharing (Almond *et al.*, 2005; Ferner, 2010).

### **Voice in German MNCs**

Germany is the paradigmatic CME (Hall and Soskice, 2001). Voice in German MNCs has generally and traditionally been collectivist (Tüselmann *et al.*, 2007). Statutory work councils,

equipped with legally enshrined rights, are the main form of indirect voice at the establishment level. This system has helped to foster a generally co-operative and trustful relationship between management and employee representatives (Hall and Soskice, 2001; Whitley, 1999, 2007). Comprehensive direct voice channels, albeit not widespread as yet, are often developed within a dual voice system and generally, but not exclusively, as part of a partnership approach (Ellguth and Kohaut, 2010).

Several recent quantitative studies of German subsidiaries in the UK suggest a greater incidence of indirect-voice channels, a higher prevalence of dual-voice systems and a lower incidence of minimalist systems among German subsidiaries compared to those from the US (Marginson *et al.*, 2010; Tüselmann *et al.*, 2007). Furthermore, qualitative evidence points to a transfer of a generally co-operative management approach (Ferner *et al.*, 2001; Dickmann, 2003). This may explain the high incidence of partnership and the low incidence of bleak house approaches among German subsidiaries in the UK found in recent quantitative work (Tüselmann *et al.*, 2007).

### **Voice in US MNCs**

The US is the archetypal LME (Hall and Soskice 2001). Only a minority of US MNCs recognize unions (Bureau of Labor Statistics, 2011). Moreover, this is often due to legal necessity, rather than choice (Edwards and Ferner, 2002). Individualistic voice channels and an aversion to unions tend to be predominant (Edwards and Ferner, 2002; Ferner, 2010; Jacoby, 2005). This may entail comprehensive direct-voice systems that are frequently associated with leading US high-tech MNCs (Edwards and Ferner, 2002). Minimalist-voice systems and bleak-house approaches are also, however, relatively common (Edwards and Ferner, 2002; Jacoby, 2005; Osterman, 2002).

The findings of quantitative studies of the overseas subsidiaries of US MNCs in the UK, and elsewhere, confirm distinct country-of-origin effects, such as corporate-driven policies to avoid unions and other types of indirect-voice channels (Marginson *et al.*, 2010; Tüselmann *et al.*, 2008). Indeed, US-owned firms are often leaders in the development of comprehensive direct-voice channels deployed within an individualistic-voice system (Marginson *et al.*, 2010; Walsh, 2001). When US MNCs invest in host countries, such as Germany, where indirect-voice channels cannot be avoided, they display a pronounced tendency to adopt a co-existence approach within dual-voice systems to circumvent the indirect-voice channels (Colling *et al.*, 2006; Ferner, 2010).

### **Voice in French MNCs**

France, arguably, occupies a different position to the more individualistic, direct-voice models of the US and Germany's more collectivist model (Caroli *et al.*, 2010; Conway *et al.*, 2008). Indeed, in important theoretical frameworks, France is seen as representing a different type of capitalism compared to either the US or Germany (Hall and Gingerich, 2009; Hall and Soskice, 2001; Whitley, 1999, 2007). This is because France combines voice-related elements of both Germany and the US (Caroli *et al.*, 2010). As in Germany, a strong legal framework underpins indirect channels. Indirect representation has become the norm in French firms and the coverage rate of indirect-voice channels is well above that in the US and even higher than in Germany (Marsden, 2010). However, as in the US, direct-voice channels are emphasized by many employers (Goyer, 2011; Palier and Thelen, 2010). This is despite the formal existence of indirect-voice channels in many French MNCs.

Employment relations in French firms have historically been characterized by mutual distrust and the assertion of management's prerogative (Gumbrell-McCormick and Hyman, 2010;

Hancké and Goyer, 2005). Changes in the French employment landscape and legislative reforms seem to have made the functioning of indirect-voice mechanisms in firms less adversarial than in the past (Palier and Thelen, 2010; Schmidt, 2003). They have generally not, however, evolved into the kind of co-operative employment relationships (World Economic Forum, 2011), associated with, for example, the German model. While most French MNCs, for legal reasons, have indirect-voice channels in place in their home locations, management's policies often undermine them. This has not been ameliorated by the relatively widespread development of direct-voice channels (Gill and Krieger, 2000; Gollan and Wilkinson, 2007).

Thus, whilst a substantial section of French MNCs operates with a dual-voice system, they are not associated, in general, with partnerships (Gill and Krieger, 2000). Indeed, a number of large firms have not developed comprehensive direct-voice systems. Such firms pursue *de facto* minimalist-voice approaches, further buttressing management's prerogative, despite the formal existence of indirect-voice channels (Goyer, 2011; Goyer and Hancké, 2005). Therefore, the approach to voice in large French firms is distinct from that in both German and US firms. Its legislative framework for indirect voice has similarities to those associated with CMEs, yet practices in many French firms are more akin to those of LMEs.

There is limited evidence on voice practices and policies in French-owned MNCs' overseas workplaces. The 'thin' stock of extant quantitative studies does not allow for general conclusions to be drawn. The quantitative evidence that does exist points to a low incidence of independent indirect-voice channels in French subsidiaries in permissive host-country employment systems, such as the UK's, compared to German-owned establishments (Marginson *et al.*, 2010). Where dual systems are present, French subsidiaries emphasize direct- rather than indirect-voice channels (Marginson *et al.*, 2010). Case-study research points to a discernible French approach to voice

(Faulkner *et al.*, 2002; Tayeb, 2005); in general, French MNCs avoid unions or bypass them in situations where indirect channels cannot be excluded. Indeed, overseas subsidiaries with minimal levels of voice exist (Child *et al.*, 2001; Al-Husan and James, 2009). Overall, existing studies suggest that French MNCs transfer a home-country approach to voice that favours direct over indirect mechanisms. However, this empirical evidence does not allow strong conclusions to be drawn, leading to the following research questions. RQ1: Do the voice channels, systems, and approaches within French subsidiaries in a permissive host-country context differ from those of their German and US counterparts? RQ2: Do any such differences indicate that there is a discernible French variety of voice in their UK-based subsidiaries compared to those from the US (the archetypal LME) and Germany (the paragon CME)?

## **Methodology**

This study, part of a project completed in 2008 on employment relations in MNCs' subsidiaries, draws on a survey of UK-based establishments, with at least 25 employees, of French, German, and US MNCs. The data collection used a structured questionnaire, piloted in a selection of establishments and sent to the managing directors of the sampled workplaces. The questionnaire items and construction followed the approach of the UK's 2004 Workplace Employment Relations Survey (WERS). The design and administration of the mail survey followed the approach recommended by Dillman (1991).

The sampling frames drew upon a range of lists from a number of sources, including chambers of commerce and industry, regional development authorities, and Dun and Bradstreet. Random samples of 900 establishments for each nationality emerged by employing the size/industry stratification criterion. This sampling design ensures sufficiently large responses from each nationality to enable a meaningful investigation of any country-of-origin differences

across the various voice channels, systems and approaches. A total of 531 responses (186 US, 219 German, and 126 French) led to respective response rates of 20.7, 24.4 and 14.0 per cent. The response rate of 19.7 per cent for the combined sample compares well to similar survey-based studies (Chen *et al.*, 2005; Vitols, 2001).

The difference in the response rates for the three nationality groups is in line with previous studies that often display such country-of-origin variation (Björkman *et al.*, 2007; Harzing and Sorge, 2003). Tests for representativeness along broad industry characteristics and size bands indicated no significant differences in either the total or the three nationality samples. Tests for non-response bias, using wave analysis, proved satisfactory. Likelihood ratio tests in relation to data pooling posed no problems, thereby permitting pooling of the data for analysis. The empirical analysis uses the voice model developed above. With regard to the ‘direct-voice channel’ construct, we conducted a reliability test for its internal consistency. The Crohnbach’s alpha reliability coefficient for the ‘direct-voice channel’ construct was 0.75. This falls within the acceptable value range. Given the dichotomous nature of the voice channels, systems and approaches (i.e. presence or absence), binary logistic regression models are appropriate to test for nationality differences. Following previous studies the models included a set of control variables, such as establishment size, industry, and a range of other factors (Lavelle *et al.*, 2010; Marginson *et al.*, 2010; Schmitt and Sadowski, 2003). Checks for multicollinearity indicated no problems. Tests, including altering the set of control variables, using probit regressions, and split-sample analysis, confirmed the robustness of the results.

## **Results**

The results, shown in Table 1, follow the presentation method of Parry *et al.* (2008) and Walsh

(2001); they provide evidence on the nationality of ownership differences after allowing for the influence of control variables. Asterisks indicate the cases where significant ownership differences are found. The industry dummies are significant in one third of the regression models, and the nationality dummy is significant in half of the models. The overall explanatory power of the country dummy is therefore higher than the industry dummy. This is in line with similar studies (e.g. Gooderham *et al.*, 2006; Harzing and Sorge, 2003). Overall, the models perform well (see Table 1) as  $\chi^2$ s are significant at either the one- or the five-per-cent level and the pseudo  $R^2$  values are acceptable for logistic models, and are higher than in comparable studies (Lavelle *et al.*, 2010; Walsh, 2001).

With regard to RQ1, the results highlight that differences in voice patterns between French, German, and US subsidiaries relate mainly to the direct-voice channels and voice approaches.

**\*\*\*\*\*Insert Table 1 around here\*\*\*\*\***

There are no statistically significant differences between German and French subsidiaries in relation to indirect-voice channels, but French subsidiaries are more likely to have such channels than US subsidiaries. Approximately two fifths of French and German and one third of US subsidiaries have indirect-voice channels in place. French subsidiaries are only marginally more likely to have indirect-voice channels compared to those of the US. Just over one half of French subsidiaries have developed comprehensive direct-voice channels compared to approximately two thirds of German and US subsidiaries. French subsidiaries are significantly less likely to have developed comprehensive direct-voice channels than both German and US subsidiaries. The results suggest that, in general, French subsidiaries offer fewer opportunities for voice at the level



of voice channels than German and US establishment; this is especially true for comprehensive direct channels.

The results for voice systems indicate that French subsidiaries are significantly less likely to have individualistic direct-voice systems than their US counterparts; this is, however, significant only at the 10-per-cent level. There are no more significant differences in relation to the other voice systems between French subsidiaries and their German and US counterparts. The implementation of voice systems appears to be largely consistent across the various options available to subsidiaries.

Major differences, however, emerge with regard to voice approaches, with French subsidiaries being significantly less likely to have partnership approaches than US and German subsidiaries. French subsidiaries are also significantly more likely to have a bleak-house approach than German subsidiaries. Nearly one third of French subsidiaries that have minimalist-voice systems in place pursue a bleak-house approach, a figure similar to that for US subsidiaries; the differences between French and US subsidiary approaches are not statistically significant.

Indirect-voice mechanisms that help with the introduction and operation of direct-voice practices are not typical in French MNCs in the UK. In the overwhelming majority of French subsidiaries with a dual-voice system, direct and indirect voice are not combined to form a partnership approach. About a third of US – compared to over two thirds of German subsidiaries – operating a dual system pursue a partnership approach. This compares to a figure of just over one quarter for French subsidiaries; they are significantly less likely to have a partnership approach compared to both US and German subsidiaries.

Research question 2 focuses on whether there is a discernible French variety of employee voice in UK-based subsidiaries compared to those from the US (the archetypal LME) and Germany

(the paragon CME). The results do not suggest that there are clear and obvious differences in the ways that French subsidiaries use voice systems compared to US and German subsidiaries. This could imply that country effects, arising from differences in home-country ER systems, have little influence on voice in host locations.

Important differences do, however, emerge with a closer inspection of the results. These differences can be traced back to the MNCs' home-country institutional settings. The major differences are evident at the level of partnership and bleak-house approaches. The results for French subsidiaries in these approaches reveal that voice patterns are distinct from those of German and US subsidiaries. The linkage between these differences in subsidiary voice mechanisms and the ER systems in home countries is the focus of the following discussion of the results.

## **Discussion**

There is a widespread incidence of indirect channels in firms in France, which may be expected to lead to a similar use of such channels in UK subsidiaries. In general, the results of this study agree with Child *et al.*'s (2001) and Marginson *et al.*'s (2010) findings as French subsidiaries are marginally more likely to have indirect channels than those of the US. They are, however, no more likely to have indirect channels than German subsidiaries. Thus, there is no evidence as to a clearly distinguishable French variety to indirect-voice channels in the UK subsidiaries of French firms. Furthermore, the findings indicate that the widespread incidence of indirect channels in the French home base may only have a limited influence on the use of this channel in subsidiaries.

The findings of this study reveal significant differences in the use of direct voice channels, as French subsidiaries are less likely than those from the US and German to use such channels. However, based on the above review of home-country voice patterns, there are *prima facie* grounds

to expect French subsidiaries to occupy some middle ground between German and US subsidiaries in relation to the incidence of direct-voice channels; in other words, that they are more likely than German, but less likely than US subsidiaries to have direct-voice channels. This is, however, not the case. Indeed, French subsidiaries are significantly less likely to use direct-voice channels compared to German and US ones. Their place within the milieu of US and German subsidiaries is, therefore, not as expected according to the importance of such channels in the home base.

However, this may reflect a country-of-origin influence. The lower incidence of French subsidiaries using direct-voice channels compared to German and US ones may highlight French subsidiaries' unwillingness to grant labour a voice on workplace decisions, indicating a greater emphasis on the use of management's prerogative. This mirrors French companies' traditional reluctance, in general, to involve employees, either directly or indirectly, in workplace issues, despite the legal requirement to have indirect channels in France (Goyer and Hancké, 2005; Gumbrell-McCormick and Hyman, 2006, 2010; Hancké and Goyer, 2005).

Perhaps somewhat surprisingly, at the more disaggregated level of voice systems there are, with one weakly significant exception, no distinctive differences between the three nationality groups (see Table 1). At this voice level, there is no evidence of country-of-origin differences or of a discernible French variety of voice. An examination of *voice approaches*, however, reveals important differences between French, German and US subsidiaries.

Statistically significant differences exist between French and German subsidiaries' adoption of a bleak-house approach to voice: French subsidiaries are much less willing to afford employees some voice and involvement in workplace decision making than German ones. This confirms the findings of previous qualitative studies on home-country influences on the HRM policies adopted in German overseas subsidiaries. These studies indicate a more co-operative

working environment, regardless of the type of voice channels that are present (Dickmann, 2003; Ferner *et al.*, 2001). The findings here suggest that a sizeable minority of French companies are reluctant to share authority with employees and their representatives, perhaps indicating a more pronounced desire to exercise management prerogative compared to German subsidiaries. The results for the partnership approach highlight a greater propensity of French compared to both German and US subsidiaries to pursue a co-existence approach. Thus, the apparent nationality similarities with regard to the use of dual-voice systems conceal important differences in their implementation. The significantly lower incidence of partnership approaches amongst French subsidiaries compared to their German counterparts may echo the generally lower degree of co-operation with indirect voice channels in France compared to Germany (Goyer, 2011; Gumbrell-McCormack and Hyman, 2006).

These country-of-origin differences between French and German subsidiaries can be traced back to the general tenor and nature of employment relations within both countries' institutional systems and their effects on the degree of co-operation, trust, and authority sharing (Almond *et al.*, 2005; Ferner, 2010). However, the greater likelihood of US subsidiaries developing a partnership approach compared to French ones is somewhat surprising. It may suggest that US, rather than French, ownership is more associated with a co-operative approach to employee representatives within a dual-voice system. French subsidiaries appear to occupy a different milieu from both German and US subsidiaries in this area.

The results of the study permit some observations on the Varieties of Capitalism (VoC) and related institutional literature as applied to the ways that home countries shape voice within subsidiaries. The findings illustrate that home-country influences are not *tout court*, but are a matter of degree and contain a large element of subtle differences, some of which are unexpected,

in the voice mechanisms of subsidiaries. The findings of the study raise questions about the wisdom of simple and universal applications of CME and LME categorizations and distinctions when examining subsidiaries' voice practices. The findings also suggest a need for caution in using national stereotyping of voice patterns in looking for home-country effects on subsidiary voice. Intra-country variations in the adoption of voice systems and divergence from the archetypical company practices, policies, and approaches linked to a particular variety of capitalism affect the home-country influence on subsidiary voice mechanisms (Edwards and Ferner, 2002; Marginson *et al.*, 2010).

The results highlight that voice patterns in subsidiaries from archetypical LME and CME home countries do not conform in any straightforward way to the dominant patterns associated with the home-country business system. Equally, countries, such as France, that occupy a different milieu than paradigmatic LME and CME countries do not display strong transmission of voice channels and systems from home to host locations. Differences in subsidiary voice only become clear with a detailed examination of how voice channels are combined within voice systems to deliver particular approaches to voice. The complex interaction of direct- and indirect-voice channels in dual-voice systems delivers notable differences in French compared to German and US subsidiaries; such differences may reflect subtle influences arising from the general tenor and nature of home-country institutional systems (Ferner *et al.*, 2001). These settings provide the underpinning for the development of co-operation, the importance of trust, and how, or indeed if, authority is shared. Institutional systems include formal regulatory requirements that prevail in the home base; they also, however, encompass managerial attitudes and practices in the home base. The findings of this study suggest that these attitudes and stances may, in turn, shape the approaches taken by subsidiary managers when they implement voice policies.

The home-country influences emerging from the different milieus in the VoC approach do not find expression in distinctive differences in voice channels and systems, but rather they are reflected in the nuances of the interactions within dual and minimalist systems. The findings also question national stereotyping about how institutional systems induce policies connected to workers' rights. French subsidiaries are more likely to have bleak houses than are those from the US. Although France has experienced considerable reforms connected to worker rights, the formal institutional system of France still affords labour considerable rights in employment relations (Howell, 2009); actual workplace relations are, however, often adversarial (Hancké and Goyer, 2005). That many French subsidiaries operate bleak houses in the UK may indicate a desire by some French firms to escape the formal institutional requirements in their home base operations to grant workers representation rights. Thus, the attitudes and stances of managers, arising from the French VoC, find an outlet in a permissive institutional system, such as the UK's. Within the UK, French subsidiaries can abandon mandatory home-country regulations, such as those affecting worker representation.

Detailed consideration of how home countries influence voice in subsidiaries is, therefore, necessary when applying the VoC and related frameworks to this topic. Consideration of the nuances of voice patterns is required and national stereotypes need careful scrutiny to prevent the overlooking of underlying and often well-concealed attitudes and stances towards employee voice. Although recent work has extended and developed the original VoC categories (Allen and Whitley, 2012; Wood and Frynas, 2006), this study highlights the need for further and more fine-grained examinations of the influence of home-country institutional systems. More detailed and nuanced analyses will permit a better understanding of how best to apply VoC and other institutional analytical frameworks to improve our knowledge of home-country influences on voice in

subsidiaries.

The importance of foreign investors to the UK economy leads to the potential for them to influence business and voice practices. In this context, the results suggests that UK employees' ability to develop and contribute in the workplace as a result of authority sharing, or influence over decision making, is likely to be more constrained in French-owned establishments in the UK that it is in German and even US ones. This is significant as French FDI created 11 per cent of the total jobs in the UK resulting from inward investment by foreign firms in 2011/2012 (BIS, 2012). This indicates that not all FDI is the same in terms of employees' participation in workplace decision making and the development of collaborative voice systems. There also is evidence that German subsidiaries in the UK that use partnership approaches have better performance than subsidiaries that do not use such approaches (Tüselmann *et al.*, 2007). This suggests that the encouragement of FDI that is likely to use such collaborative, partnership approaches to voice may bring performance benefits. The results of this study suggest that US and, in particular, German subsidiaries may be a better bet to obtain such benefits.

## **Conclusions**

This study provides a comprehensive and detailed quantitative investigation into voice patterns in the international operations of French MNCs that, despite France being the third largest outward foreign investor, have received limited consideration in previous comparative studies on HRM and voice in foreign-owned subsidiaries. Based on the largest representative survey to date of French, German, and US subsidiaries, this comparative study has enhanced our understanding of how these subsidiaries operate in a permissive host-country context. In sum, the voice patterns in French subsidiaries differ along a number of dimensions from those of German and US establishments.

The results indicate that there are subtle, but important, differences in *approaches* to voice among the subsidiaries from the US, German and France; it is possible that these differences are at least partly due to factors arising from home-country institutional systems. Whilst these differences are sometimes not as expected, there is some evidence that points to a French variety of voice in overseas subsidiaries, but not in a way that important theoretical frameworks suggest. In terms of learning HR policies from foreign firms, US and, especially, German ones have more to offer than French firms when it comes to effective collaboration.

This study has gone beyond previous related quantitative studies, both in terms of the size of the nationality groups in the sample and in the level of voice typologies; it is, however, subject to the conventional limitations of cross-sectional data analysis. A more detailed analysis of how voice mechanisms work in practice and how managers respond to different voice mechanisms, possibly using qualitative approaches, would shed further light on the actual implementation of various voice mechanisms and practices beyond their formal existence.<sup>1</sup> Such research could deepen our understanding of how home-country institutional systems interact with host-country ones to shape voice in subsidiaries. Research on the impact of different sectors, industries and competitive conditions would help to identify more clearly the casual mechanisms of institutional systems on subsidiary voice. Studies on the influence of the nationality of parent companies from other countries are also required, especially given the growing importance of emerging economy MNCs.

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<sup>1</sup> We are grateful to a reviewer for pointing this out.



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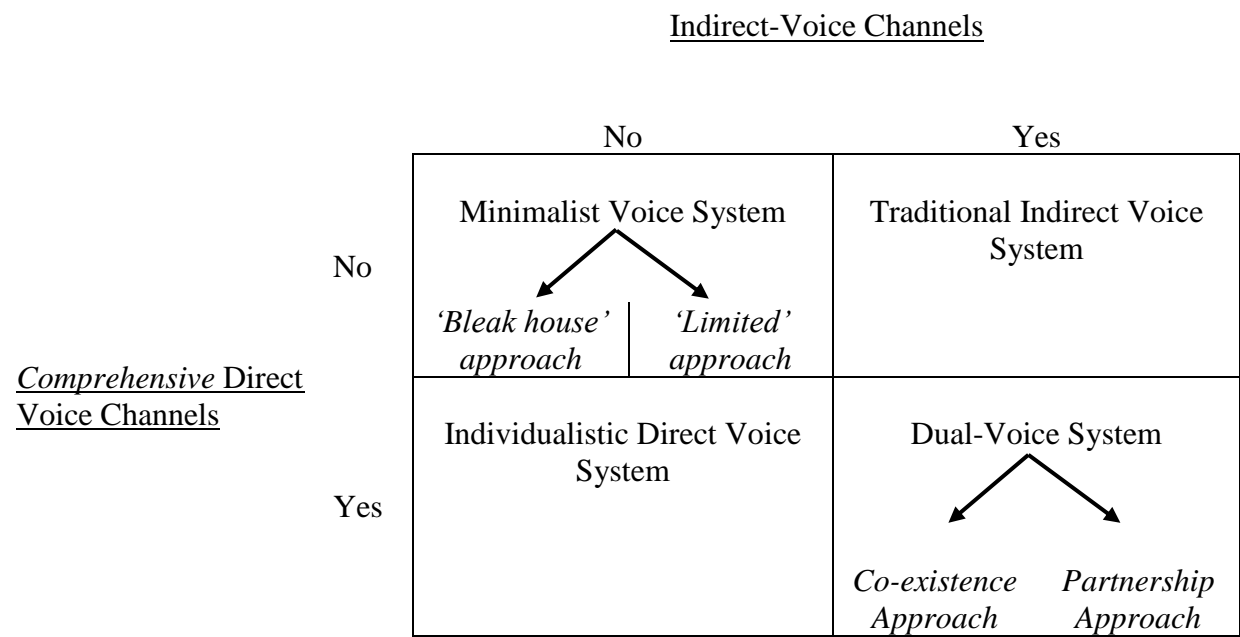
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**Figure 1: Voice Channels, Systems and Approaches**



**Table 1: Nationality-of-Ownership Differences in Voice Patterns**

Dependent Variable	Mean			Coefficient (standard error in parenthesis)				$\chi^2$	R <sup>2</sup>
	F	US	G	US		G			
<b>Voice Channels</b>									
Indirect channel	.43	.34	.41	-.803	(.438)*	-1.610	(1.143)	62.015	.304
Comprehensive direct channel	.54	.67	.64	.982	(.486)**	1.071	(.482)**	74.701	.182
<b>Voice Systems</b>									
Traditional indirect	.14	.07	.09	-.368	(.539)	-.490	(.635)	29.260	.210
Individualistic direct	.26	.37	.31	1.114	(.681)*	.958	(.609)	42.278	.277
Dual	.30	.29	.33	-.169	(.425)	.637	(.445)	38.982	.186
Minimalist	.31	.27	.26	-1.043	(.932)	-.037	(.033)	56.757	.243
<b>Approaches within Broader Voice System</b>									
Partnership	.27	.36	.68	.828	(.403)**	.759	(.141)***	79.236	.364
Bleak-House	.32	.29	.12	-.721	(.924)	-1.217	(.488)***	60.800	.267

Notes:

- (i) Logistic regressions.  $\chi^2$  is model  $\chi^2$ ; R<sup>2</sup> is pseudo.
- (ii) Number of observations: 531. Number of observations for partnership approach: 163. Number of observations for bleak-house approach: 146.
- (iii) Coefficients are for the nationality of ownership. The reference group is French subsidiaries.
- (iv) A negative coefficient indicates that French subsidiaries are more likely to have a particular voice channel, system or approach, and a positive coefficient indicates that French subsidiaries less likely to do so.
- (v) Controls include establishment size, industry (based on NACE classification at Division level, collapsed into 7 categories), share of skilled labour (based on ILO classification system, 4 categories), share of part-time workers, whether greenfield site, whether main market abroad, region (4 categories), years in foreign ownership (4 categories), whether part of multi-establishment organization in the UK.
- (vi) \* significant at the 10% level, \*\* significant at the 5% level, \*\*\* significant at the 1% level.