Chapter 12
Understanding Industrial Relations in a Comparative Context

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ABSTRACT
This chapter focuses on the industrial relations (IR) challenges that organizations face when they internationalize and locate in a foreign country. The purpose of the chapter is to outline the key IR issues of concern for international organizations and to provide a brief profile of these issues across a select number of countries. International organizations are faced with a whole range of IR challenges in relation to trade unions and collective bargaining and these challenges vary across countries. Understanding the nature of these challenges and how they may differ across countries is hugely important for international organizations as they look to successful invest in a foreign country.

INTRODUCTION
This chapter focuses on the challenges that organizations face when they seek to internationalize their business – that is either establish a new operation or acquire an operation in a foreign country. One critical challenge facing organizations as they enter into a foreign country is how do they successfully manage their workforce i.e. human resource management (HRM)? To this end, there are a number of issues, under the heading of international (HRM), which organizations must consider in the foreign location. For example, how do inward investing organizations recruit and select workers in the foreign country, how do they train and develop them, how do they manage or assess their performance, how much do they have to pay them and finally how do they manage industrial relations (IR) issues. The focus of this chapter is on IR issues within organizations who internationalize their organization, more commonly referred to as the study of international industrial relations. Collings (2008, p. 175) defines international IR as the ‘the IR issues and problems, for both capital and labor, arising from the internationalization of business, and the IR strategies, policies and practices which firms, employees and their representa-
tives pursue in response to the internationalization of business’. Collings (2008) further notes that the literature on international IR is quite limited, thus creating a lacuna for researchers and practitioners on the IR challenges that organizations face when they internationalize. The focus of this chapter is on the first part of Collings (2008) definition, which is to discuss the IR issues that organizations/managers face when they internationalize their organization and more specifically those that relate to trade unions and collective bargaining. The rationale for concentrating on trade unions and collective bargaining is because national variations across both are likely to significantly impact inward investing organizations (Grimshaw et al., 2015). In discussing these issues, the chapter will take a comparative approach by profiling the key characteristics of trade unions and collective bargaining in a number of select countries.

A ‘comparative’ approach [to IR] is concerned with examining the industrial relations system between countries (analyzing the differences in the interrelationship between actors, processes, outcomes and environments) (Salamon, 2000). Whilst undertaking comparative analysis is difficult – Hyman (2009) argues “…comparative analysis is essential but perhaps impossible” – the purpose is to draw attention to the key characteristics of IR across different countries. Thus, the objective of this chapter is two-fold:

1. Identify the key challenges that organizations will face, and need to address, when they internationalize their organization with respect to trade unions and collective bargaining.
2. Profile the key characteristics of trade unions and collective bargaining across a select number of countries.

INDUSTRIAL RELATIONS CHALLENGES

Organizations that enter a foreign country, either through a greenfield site or merger/acquisition, are faced with a whole range of challenges from finance, marketing, and human resource management (HRM). The field of international HRM (IHRM) is focused on both the challenges that organizations face and their response to such challenges (Scullion, 1995). Whilst the IHRM literature is well developed, the literature focused on international IR is rather limited (Collings, 2008). Organizations face considerable IR challenges when locating in countries outside of their country of origin. These challenges can be broadly characterized under the headings of trade unions, collective bargaining, employer associations, industrial action, and other operational aspects of IR (e.g. other forms of employee representation - such as works councils – employee consultation and participation) (cf. Grimshaw et al., 2015; Hollinshead, 2010). The importance of these IR challenges is outlined by the body of literature that focuses on the impact of such IR challenges on the location decisions of organizations (Cooke, 1997, 2001; Cooke & Noble, 1998; Radulescu & Robson, 2008). It is suggested that IR factors represent an important factor in the location decision-making process of international organizations (Cooke, 1997, 2001). For example, work by Cooke (Cooke, 1997, 2001; Cooke & Noble, 1998) estimated the effects of national union penetration rates and centralized collective bargaining structures on the distribution of FDI and found evidence which shows that the greater the union penetration in a country, the lesser the investment. Similarly, work by Radulescu & Robson (2008) found evidence that unionization rates deter FDI. On the other hand, research by Bognanno et al. (2005), Brandl et al. (2010) and Dibben et al. (2011) suggest that levels of unionization can have a variable impact on the attraction of FDI. Indeed, more recently, research suggests a positive relationship between high unionization levels and FDI as it is suggested