BEYOND OUR CONTROL: LABOUR ADJUSTMENT BY MULTINATIONAL AUTO COMPANIES IN AUSTRALIA IN RESPONSE TO THE GLOBAL RECESSION

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July 2012

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Abstract

In response to the global recession, many multinational corporations (MNCs) in the auto industry adjusted labour levels in their plants around the world. This paper examines the responses of Ford, GM and Bosch in relation to plants in both their home countries as well as their subsidiary companies in Australia. The case studies revealed the emergence of ‘hybrid’ forms of employment relations practices among these MNCs, which were the product of convergence around commercial imperatives as well as divergence due to the roles played by governments and trade unions in the respective countries.

1. Introduction

Multinational companies (MNCs) play a key role in the global economy as well as major industry sectors, such as automotive manufacturing. A defining characteristic of MNCs is their ability to transfer human resource and industrial relations policies and practices across national boundaries and to potentially influence local patterns of employment relations (Ferner, 1997). The transfer of these practices within MNCs has been the source of power struggles between various actors, including headquarters and subsidiary managers, as well as with trade unions which represents employees (Ferner & Tempel, 2006).

MNCs often seek to improve their profitability by moving some or all of their operations from higher cost to lower cost locations as well as from declining markets to expanding ones. Yet the accompanying process of transferring employment relations policies and practices across national boundaries may be charged with friction (Dorrenbacher & Geppert, 2009: 376)

This paper examines the response of US and German MNCs in the auto industry to the global recession during 2008-09 and the means by which they undertook labour adjustment in manufacturing plants within their home country as well as in their subsidiary companies in Australia. This enables an assessment to be made about the extent to which the MNCs standardised their methods of adjusting labour levels to meet declining demand and to what extent such responses were localised. The paper seeks to determine the key variables which influenced the employment relations strategies adopted by the US and German MNCs in response to the global recession.

2. Employment relations practices in MNCs

A dominant theme in employment relations research on MNCs is the role played by institutions, broadly defined, in tempering the process of transferring employment practices from one country to another. Systems of business and other institutions in an MNC’s country of origin, as well as in the country of operation (or host country), are found to shape employment relations practices within the MNC (Ferner, 1997). In support of this proposition, Lane (2003) found that German and British MNC’s respond to intensified global pressures in distinctively different ways. Similarly, MNC’s originating from the US have been found to typically exert strong central control over employment practices in overseas subsidiaries and to enforce standardised systems as far as permitted by local regulations (Harzing et al., 2002; Harzing & Sorge, 2003). Meanwhile, German MNC's have been found to favour a more 'consensual' approach to employment relations both in their home country and in foreign subsidiaries (Ferner & Quintanilla, 1998).

However, Clark and Almond (2006) note that it is difficult to generalise across large varieties of MNCs. In regard to US MNCs, some argue that they tend to standardise practices involving executives, but will follow local practices in relation to rank and file workers (Rosenzweig & Nohria, 1994: 241). Ferner and Varul (2000) argue that employment relations within German MNC's tend to be legalistic and reactive, a reflection of their approach being embedded in Germany's unique interlocking labour market institutions and system of strong national labour regulation (Wachter & Stengelhoten, 1992). Yet other studies argue that German MNCs do not consciously seek to export their home country employment relations system (Tuselmann et al., 2003) and, furthermore, some companies engaged in 'model flight' and seek to 'escape' the German system of employment relations by establishing operations elsewhere (Meardie & Toth, 2006).

Institutionalist approaches have been criticised as being too deterministic and failing to account for many variations and influences which occur outside the national level model (Crouch, 2005) as well as variations within each national business system (Edwards & Kuruvilla, 2005). Deeg and Jackson (2007) argue for a contemporary treatment of institutions in which they are more dynamic and actors operate to the extent that they can obtain their desired outcomes. Even accepting that institutions change over time (Streeck & Thelen, 2005), institutionalist approaches can view 'organisations as passive in their interaction with the institutional environment' (Edwards et al., 2007: 203).

Another approach in the literature emphasizes the role of corporate strategy within MNCs. Studies have linked the human resource strategies of MNCs to their business strategies and structure 'stage of internationalisation' (Bartlett & Ghoshal, 1998) in order to allow for more complex factors that can impact on decision making within MNCs (Schuler & Tarique, 2007). Yet even within these frameworks, the role of human resource management is still viewed as largely reactive and operational, linked directly to firm strategy (Hall & Wailes, 2009). Nevertheless, emphasising the role of corporate strategy does emphasise that decisions regarding the transfer and implementation of employment relations practices by MNCs are made in the context of a combination of labour, financial and product market conditions.
An integrated 'political economy' framework has been suggested by Edwards et al. (2007) which combines consideration of comparative institutional, market based and political factors which impact on the transfer of employment relations practices by MNCs. Adding a 'political' dimension takes into account the fact that individuals within organisations act in their own interests or those of their principals or constituents when deciding which employment practices should be transferred (Hall & Wailes, 2009). However, it is also important to acknowledge the role which actors outside the organisation or firm may have in shaping the outcomes of employment relations practices within MNCs and their subsidiaries. In their political economy framework, Edwards et al. (2007) acknowledge a 'range of indeterminancy' created by markets and national institutions within which actors can manoeuvre. This has been demonstrated by Zou and Lansbury (2010) in their study of the Korean auto company, Hyundai, in its operations in China.

Clibborn (2012) has expanded the political economy framework of Edwards *et al.* (2007) in order to demonstrate that there are three ‘realms’ of influence on the transfer of employment relations practices. These ‘realms’ exist at the micro level (between workers and management), the meso level (between subsidiary and headquarters) and the macro level (between the MNC and external actors). Clibborn also distinguishes between three ‘forms’ of power exercised by actors, namely: economic power, related to the control of resources; political power, related to physical force and rights of authority; and ideological power, related to ideas, meaning systems and symbols (Belanger & Edwards, 2006) . Hence, employment relations practices are developed and implemented within institutional and market contexts, influenced by a variety of actors utilising a range of powers. This framework gives an appropriate place for actors as well as taking into account both institutional and market forces which help shape the way in which employment relations practices are transferred and adapted by MNCs from their headquarters in their home country to subsidiaries located elsewhere.

3. Case studies of MNCs and their subsidiaries in the Australian auto industry

Three MNCs were selected for this study on the basis of their having operations in Australia. US-based General Motors and Ford have had assembly manufacturing plants in Australia since the mid 1920s, while the German-based company Robert Bosch has been a major manufacturer of auto components in Australia since 1969.

Interviews were conducted during 2011 with managers and other employees in the three firms in both their subsidiaries in Australia and their headquarters and plants in the US and Germany. In Australia, the union covering employees in all three companies is the Australian Manufacturing Worker Union (AMWU). For historical and organisational reasons, the Vehicle Division of the union covers workers in GM and Ford while the Metals Division covers workers in Bosch. Officials and workplace representatives responsible for members in each of the Australian subsidiaries were interviewed.

In the USA, the United Auto Workers (UAW) union covers workers in GM and Ford and interviews were conducted in the US with officials at the headquarters and plant level. In Germany, IG Metall is the union covering workers in Bosch. In addition, there are works councils which are responsible for workers across the whole company as well as at plant level. Interviews were conducted with the deputy head of the Bosch works council at headquarters as well at the Reutlingen plant.

The interviews in each MNC and with the unions and works councils focussed on the transfer of policies and practices from headquarters to subsidiaries in each of the companies in relation to the following: work organisation, staffing arrangements, pay and remuneration systems, skill formation, employee voice and collective bargaining and family/diversity policies. However, just as the study began, the auto industry around the world was affected by the global financial crisis. Each of the MNCs were faced with a decline in demand and had to reduce production. This necessitated taking action to adjust employment levels across the production facilities of each MNC in line with decline in demand. This offered the opportunity to study how each of the companies responded to the crisis and adjusted their workforces in plants within their home countries as well as in their Australian subsidiaries.

4. Australia in the context of the global auto industry

During recent decades, the global auto industry has undergone major restructuring as the traditional 'triad' markers of North America, Europe and Japan have become increasingly saturated and stagnant. The market for sales of new vehicles is expanding more rapidly in newly industrialising economies, such as Asia and Latin America, which has resulted in production being relocated and developed in countries such as China, India and China. New auto producers, such as Hyundai in South Korea, have expanded rapidly in the past decade and are now among the top ten auto companies in the world. China has become a major manufacturer of vehicles and is beginning to develop its own companies, often in joint ventures with more established producers.

The internationalisation of trade and growing influence of the World Trade Organisation (WTO) has meant that local production has become less protected by tariffs and production has become more globalised. The auto industry has become increasingly dominated by a relatively small number of global producers. By 2020, Deloittes has forecast that 10 auto manufacturers will account for 90 per cent of sales around the world (Deloitte Touche Tohmatsu, 2009: 3) In the auto industry, capital is more mobile than labour and this has increased the power that MNCs can potentially wield over workers, institutions and governments. A number of governments around the world, including Australia, provide considerable financial support to maintain a domestic auto industry. This is due to the fact that the auto industry absorbs considerable labour, provides important skilled trades and is often the hub of innovation and development. This can 'spillover' into other local industries and stimulate economic development and growth (Bracks, 2008: 35).

For three decades following the Second World War, Australian governments heavily protected the automotive manufacturing industry due to its ability to create jobs and stimulate economic growth (Conlon & Perkins, 2001: 115). By the early 1970s tariff protection for the domestic motor vehicle industry had reached 57.5%. Reduction in tariff protection in order to make the industry more efficient and competitive began in the mid 1970s and was subject of a major review and reform in the mid 1980s. Tariff protection is now only 5 per cent and is likely to be further reduced in the near future following a major government report (Bracks, 2008). Reduction in protection led to a decline in the proportion of sales attributed to locally produced vehicles from the highest point of 75 per cent to the current level of less than 25 per cent. The number of vehicle manufactures has declined to only three (GM, Ford and Toyota) and a diminished number of component suppliers, of which Bosch has been the largest. There has also been a significant decline in employment within the local auto industry. The recent global recession was a further blow to the future prospects for the industry in Australia, which had hoped it could become a manufacturer of high quality niche products.

The current Labor government conducted a review of the auto industry under former Victorian Premier Steve Bracks in 2008. The Bracks Report recommended that tariff protection continued to be reduced but that the industry should focus on becoming a more specialised producer of high quality, environmentally friendly auto products. The Federal government responded by establishing an Automotive Transformation Scheme with $6.2 billion and complementary investment by the three major auto manufacturers. This included a 'Green Car Innovation Fund' (with $1.3 billion over 10 years from 2009). The government initiative included an Automotive Industry Structural Adjustment Program, begun in November 2008, to assist companies with retraining workers needed for the new initiatives but also assisting redundant workers to relocate to other employers and industries. However, some of the funds for the auto industry were reduced in 2011 due the emergency funding required after the Queensland floods.

5. Responses by the US and German auto industries to the global recession

The US owned companies in the auto sector has been in a parlous situation. Both GM and Ford posted losses in excess of US$10 billion on 2006, followed by further losses during the global recession. In 2008, GM sought emergency aid of US$18 billion from the US government. In 2009, GM undertook corporate restructuring via chapter 11 bankruptcy provisions and emerged largely owned by the US government. Due to having undertaken a major financial restructure in 2006 in response to previous heavy losses, Ford was able to avoid a government bailout. Yet it continued to face long term survival issues. Both companies have since made significant economic improvements but are still well below their optimum levels of performance.

Under the Loan and Security Agreements with the US government in 2008 and 2009, GM was required to obtain approval from its unionised workforce for ‘labour modifications’. Concession bargaining was undertaken by the UAW to preserve jobs in the industry but included reductions in wages, modification of work rules, severance arrangements for employees and removal of the right to strike for the duration of the government loan and agreement to accept binding arbitration in the advent of an industrial dispute with the company. The UAW also formed ‘partnership agreements’ with GM and Ford in the US in order to improve relations and work together to overcome the financial crisis.

The German owned auto companies did not face the severe economic crisis which the US companies experienced, but they did receive government assistance during this period. The German auto industry is very significant and is home to major global manufacturers (such as the VW group and Daimler Benz) as well as global component suppliers (such as Bosch). The sector employs almost 1 million people in Germany and contributes about 15 per cent to manufacturing as a whole and about 2 to 3 per cent to gross domestic product. National policies and institutions emphasize ‘diversified quality production’, meaning it priority is placed on ensuring high levels of skill and high wages within a coordinated market economy. The employment relations system in Germany is based on a strong and unified union (IG Metall), collective bargaining covering all workers and high levels of employee participation through a system of works councils and codetermination which covers all middle to larger scale enterprises.

Robert Bosch GmbH was founded 125 years ago by Robert Bosch in Stuttgart and remains a private company in which a family-owned foundation owns 92 per cent of total shares. Bosch has 350 subsidiaries across 60 countries with 285,000 employees and annual sales of Euro 47 billion. It is the largest auto components manufacturer in the world.

During the global recession, Bosch adjusted its labour force in Germany in agreements with IG Metall and its works councils at various sites. Bosch used short term labour market adjustments, including reduced working hours, in order to avoid major job losses. Bosch issued ‘policy directives’ to subsidiaries to avoid redundancies where possible in order to retain skilled employees in anticipation of eventual economic recovery. However, subsidiaries were given autonomy to decide on the most suitable course to follow in the context of their local conditions and employment arrangements. In 2011, the chairman of

Bosch announced that global sales had recovered to 2007 levels and were rapidly growing once more.

6. The response by GM in US and Australian plants to the global recession

By comparing the responses by GM to the global recession in a major plant in the US with their sole plant in Australia, it is possible to determine the extent to which the corporation adopted a standardised approach or adapted to local labour market institutions and circumstances.

In April 2009, at the GM Lansing Delta Township assembly plant, management cut one of its two production shifts to adapt to declining demand. In accordance with provisions in the GM-UAW labour contract, employees were laid off' and received about 85 per cent of their base pay from both state and supplementary benefits provided by GM. The layoffs were implemented cooperatively between local management, the local branch of the UAW and GM headquarters. Plant management resisted the intention of GM head office to 'de-rate' the plant which would have meant slowing the assembly line and reducing labour proportionately on the grounds that it would be very expensive. By June 2009, however, due to an upsurge in demand, GM increased production at the plant and recalled their laid-off employees as required by the collective bargaining agreement between management and the UAW.

In Australia, GM Holden only has one plant, which is located at Elizabeth near Adelaide. In 2008-09, GM Holden faced a number of significant challenges to remain viable. In December 2009, GM Headquarters decided to discontinue its Pontiac business, which resulted in Holden's exports to Pontiac to decline by 86 per cent and the closure of a market which had accounted for half of Holden's total annual production.

Workers are covered by an enterprise agreement which permits employees of the company to be retrenched in an economic downturn and to receive benefits. In 2009, GM Holden decided to cut one of its two production shifts in order to halve its output due to reduced demand for new vehicle purchases. However, the workers were not retrenched and were instead retained, with two crews working one shift on an alternating basis, receiving payments and training under the Australian government's structural adjustment system which was introduced during the recession to help maintain employment in the industry. While the government was not directly involved in formulation the two crew/one shift solution, there was extensive consultation between the government, the company and the unions about how to prevent retrenchment of workers during the recession.

One of the key factors in the decision by GM Holden to maintain its workforce during this period was the announcement that the corporation would commence production of a new model, the Cruze, in 2010. The Australian government had joined with GM's Australian subsidiary to bid against GM in Korea to secure production of the Cruze. This was strongly supported by the leaders of the AMWU who agreed to bypass the enterprise agreement in order not jeopardize the production of the new vehicle in Australia. Hence, a combination of local labour market conditions, anticipated production of a new model in Australia by GM and support from the Australian government all combined to achieve a positive outcome for GM Holden.

In recent years the company has manufactured only one type of vehicle in Australia, the Commodore, which is a large passenger car. It was a top selling motor vehicle in Australia for many years, meaning that GM Holden was able to make it at a profit despite relatively small production runs. However, the companies' annual sales have been in steady decline [for at least the past decade due to the MNC losing market share to other auto producers, for example, Toyota. Furthermore, in November 2011, GM Holden's CEO, Mike Devereux, refused to guarantee that a new model Commodore would be designed and engineered in Australia beyond the next model due in 2014. While Devereux urged the Australian government to 'co-invest' $100 billion in the new generation Commodore, supplementing a $300 billion invested by GM, he could not guarantee that this would be sufficient to keep engineering and production in Australia. Without government support, it is unlikely that the GM Holden subsidiary in Australia would have gained the new model in 2010. However, the future for GM Holden in Australia is by no means certain.

7. The response by Ford in the US and Australian plants to the global recession

In the US, Ford had already faced a financial crisis before the full impact of the global recession, and was thus more advanced than GM in restructuring its operations. As a result of the global restructuring that began in 2006, Ford has been moving towards a global product architecture, known as 'One Ford'. This limits the opportunity for local plants to produce unique products for the domestic market.

In the US, Ford's Dearborn Truck Plant provided an example of how Ford met the challenge of the recession. In 2008 the Dearborn plant experienced a downturn and needed to cut one of its three shifts. Like GM, Ford was under pressure from the US government to avoid layoffs where possible. As such, Ford cut the third shift at Dearborn, but retained all workers on a rotating four works on/two weeks off basis, with workers receiving about 85 per cent of base pay during layoff weeks. This arrangement effectively extended the maximum layoff period while retaining skills and increasing job security. The concept of rotating shifts at Dearborn was developed by Ford in negotiations with the UAW's Vice President, Bob King, who subsequently became the President of the UAW. It developed in the context of Ford anticipating new product markets and a new labour contract with the UAW which provided for workers to be rehired at different plants after the layoff period ended. This outcome, like the one at GM, was shaped by changing economic circumstances in the auto industry, changing labour market practices and pressure from the US government to enter more creative arrangements with the UAW.

At a different location, Ford's only Australian plant, located in Broadmeadows, Victoria, had been operating at well below its full capacity for a number of years and was only operating one shift when the global recession hit in 2008, despite it having the capacity to operate three shifts per 24 hours. As such, the decision was made to slow the production line by 30 per cent and reduce its workforce proportionately. The local management developed this solution independently of its US headquarters, although approval was required to fund voluntary redundancy packages which included lump sum termination payments calculated by reference to years of service. This was in accordance with the enterprise bargaining agreement between Ford and the unions covering workers at the site.

In Australia, Ford has concentrated on its flagship model, the Falcon, for many years. It also manufactures a four wheel drive vehicle, the Territory. As part of the Australian government's 'Green Car Initiative', Ford Australia secured agreement from its US headquarters to produce the Ford Focus small passenger vehicle in Australia. However, Ford later changed its policy and instead offered to produce a new, economical engine for both domestic use and export markets at its Geelong plant. A leaked diplomatic cable from 2008 published in Wikileaks, however, quoted the CEO of Ford Australia, Martin Burela, as being ‘very worried about Ford’s future in Australia’ and stating that the company might stop making cars in Australia now that the Falcon was ‘in danger of becoming obsolete’ (Roberts, 2011).

8. The Response by Bosch in its German and Australian plants to the global recession

The automotive division of Robert Bosch GmbH designs and manufactures components for the full spectrum of the automotive industry, from low to high priced sedans, motor cycles and heavy trucks. The company employs over 280,000 people globally and its customers include most global brands, including Toyota, GM and Volkswagen.

The Reutlingen plant, located in southern Germany near Stuttgart, was established in 1970 to manufacture semi-conductors. Today it employs around 6,700 workers and is a hub of ground-breaking technological developments in the Bosch world. It was the site chosen in 2010 for an ultramodern semi-conductor fabrication unit, which was the largest single capital investment made by Bosch to date. As divisional headquarters, Reutlingen is today a central node in the company’s global network. The Bosch plant in Clayton, Australia, is closely associated with Reutlingen,

When the global recession struck the automotive industry, Bosch headquarters resolved to use short-term labour market adjustment mechanisms in Germany, mainly by reducing working hours. Retaining skilled workers was regarded as important to ensure that Bosch could increase production once customer demand recovered. However, this was also a policy that had been negotiated between the company, the union and the works councils at Bosch in Germany. During the recession, in its German plants, Bosch reduced working hours by up to 40 per cent and workers had their wage losses compensated by various means which involved payments by both employers and the state.

In Australia, Bosch has been producing automotive components at its plant in Clayton, Victoria, since 1969. By 2001, over 2,000 people were employed at the plant but this declined to around 1,200 by 2011. Between 1990 and 2008, domestic auto manufacturers’ share of total Australian vehicle sales shrank from 75 per cent to less than 25 per cent. Demand for auto components from Bosch for the Australian market also declined, although Bosch tried to make up the shortfall by expanding its exports. Following the global recession, however, production at Bosch in Australia fell precipitously by 30 per cent and the value of sales (transferred goods) for automobile components declined by 37 per cent over a two-year period. Overall, the future of manufacturing by Bosch in Australia looked bleak.

In the face of the global recession and the continuing decline of fortunes for Bosch in Australia, the company sought to use provisions in its EBA to compel employees to take unused accrued leave. However, this was strongly opposed by the AMWU, which represented most workers in the plant. Negotiations between the company and the union broke down, and a two day strike over pay rises during the collective bargaining period broke the plant’s long tradition of relative industrial peace. A general climate of distrust by the workers for management at the Clayton plant hampered progress towards a negotiated settlement, although the union and the management blamed each other for intransigence. Ultimately the local management announced that 120 workers would be made redundant.

In 2011, Bosch announced that the bulk of the remaining manufacturing activities would be relocated to other facilities, mainly in China and India, over a two year period. The total workforce at Clayton would be reduced by 380, leaving only approximately 700 employees. These would mainly be in the service and professional occupations as production would be significantly reduced. The unions were not informed until after the announcement was made to the workforce. The AMWU did not oppose the decision by Bosch, but focused on getting assistance from the federal government for retraining and redeployment of the displaced workers under the Automotive Industry Structural Adjustment Program. Management in Bosch Australia explained that the decision was part of the companies' global strategy to expand production in low cost locations, such as India, China and Eastern Europe, where demand for auto components was increasing.

9. Conclusions

The case studies presented in this paper provide support for the argument of Edwards et al. (2007) that the transfer of employment relations policies by MNCs to their subsidiaries is contingent on the interaction of multiple factors. These include: competitive market conditions, corporate strategy, patterns of interest representation and government regulation.

First, in relation to market conditions, the outlook for GM Holden was more positive than either Ford or Bosch. Ford had experienced a steady decline for its models in Australia for a number of years and continued to lose market share to the more successful products of Toyota and GM Holden. The new Cruze Hatch model proved to be a popular vehicle and enabled GM Holden to expand to two shifts and reemploy workers who had been placed on shorter working hours during the global recession.

Second, in relation to corporate strategy, while local management in each of the companies were responsible for employment relations decisions, the commercial decisions made by management at global headquarters determined the scope of decision-making at the local level. This was illustrated most vividly in the case of Bosch where the policy of relocating production from high to low cost plants and to areas of the world where demand was increasing, spelled the end for components manufacturing in Australia. Similar concerns about the future of vehicle production in Australia apply to both Ford and GM Holden as future growth is most likely to occur in emerging economies such as India and China.

Third, interest representation by the unions played an important role but was more significant in relation to shaping the federal government than influencing the employers'strategies. The AMWU was directly represented on the Bracks Report Review of the automotive industry in Australia, which recommended the establishment of the Automotive Transformation Scheme to provide over $6 billion in funds to maintain the industry. The union also put pressure on the federal government to establish the Automotive Structural Adjustment Program which funded training and relocation assistance to redundant workers. The AMWU achieved cooperative relations with GM Holden during the global recession when most Holden workers retained their jobs and received training for the new Cruze model. However, the union failed to persuade Bosch from not moving production from Australia to lower cost locations and making workers redundant. The long term future of Ford remains uncertain and union- management relations have been less cooperative.

Finally, the role of government has been pivotal to the future of the industry in Australia. As noted above, the Labor government has provided significant financial support to the assembly manufacturers to encourage them to maintain their operations in Australia. While this has been a key influence in GM Holden funding a new model, the support provided to Ford has not yielded similar results. Furthermore, although Bosch received financial incentives to retain R&D activities in Australia, and continued to employ a significant number of specialist personnel in this area, the assistance from government was not sufficient to prevent the company transferring production elsewhere and making other workers redundant. Hence, the government influence has been effective as long as it was complementary to the long term strategies being pursued by the MNCs.

The Australian case studies have demonstrated that MNCs have considerable influence over employment relations in the host countries where they operate, even though their policies and practices are influenced by local labour market institutions. However, in contrast to earlier findings reported in the literature, the current study did not find that the systems of business and other institutions in the MNCs' country of origin played a key role. In the case of Bosch, the company did not appear to favour a 'consensual' approach to employment relations and engaged in 'model flight' rather than following 'social partnership' as favoured in Germany. By contrast, the two US based MNCs appeared to take a more accommodative approach with the AMWU and be willing to collaborate with the Australian government to ensure the long term viability of their operations.

Overall, our studies have revealed evidence of the emergence of 'hybrid' forms of employment relations practices in the MNCs in the automotive sector which are the product of convergence around commercial imperatives as well as divergence due to local considerations related to government support and relationships with the union. In the long term, however, the strategies pursued by the MNCs are designed to meet their long term commercial objectives which then drive their employment relations practices in the host country.

Acknowledgement
We wish to acknowledge the valuable research assistance of Lynn Thompson and the valuable cooperation of the company and union representatives who lent their support to this project.

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