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The same yet different: Worker reports on labour practices and outcomes in a single firm across countries

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Abstract

This paper examines cross-country differences in labour policies and practices and employee performance and attitudes toward work from a sample of nearly 30,000 employees in a large multinational manufacturing firm. The analysis shows: 1) large establishment and country differences in work practices, performance, and attitudes toward work across countries; 2) qualitatively similar responses of workers to work practices across countries; 3) a strong link between the establishment average of employee reports on the quality of labour-management relations and establishment average measures of employee performance 4) a positive relation between average employee performance and average employee-management relations at the country level, but no relation between country level performance in the firm and measures of the extent of national labour regulations or practices.

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Consider a multinational firm producing similar goods and services in the same industry in many countries. How much do labour practices, employee attitudes, and worker behaviour differ among the establishments of the firm? Are there identifiable differences in practices, attitudes, and behaviour across the countries? Do workers in different countries respond similarly to similar

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policies? Are aggregated measures of labour practices by country related to aggregated measures of worker behaviour and outcomes by country?

This paper examines these questions using data from a 2005–2006 survey of workers in 272 establishments in a single large multinational manufacturing firm that operates in 19 countries. With the assistance of the firm, we undertook a web based survey and a paper survey of the workers. The firm convened employee meetings in each facility to induce employees to respond to the survey, which gave us a sample of 29,353 respondents, with a response rate of greater than 60%. This is one of the largest individual level data sets on labour practices, employee attitudes toward work, and self-reported workplace performance across countries in a single firm since Geert Hofstede's (1984, 1991) study of IBM based on surveys in 1968 and 1972.² Our study differs from Hofstede's classic work in three ways. First, whereas Hofstede's surveys focused on European and Middle Eastern countries, our sample contains a large number of observations from the US and from developing and developed countries in Latin America and Asia as well as from Europe. Second, our data are for manufacturing, whereas Hofstede's 1968 study included many workers outside manufacturing and his 1972 sample excluded manufacturing. Finally, while Hofstede looked primarily at employee values and beliefs as they related to organizations and national culture or character, our focus is on employment relations, the organization of work, and the economic behaviour of workers in response to labour policies and practices in their establishment ³

Our data reveal that:

- 1) Workplace practices, worker reports of performance, and attitudes toward performance differ significantly across establishments and among establishments in the different countries in which the firm operates. In all of our analyses, estimated dummy variables for the establishment where a worker works show that the establishment is a major factor in responses to questions about workplace practices, attitudes toward work, and performance. Replacing establishment dummy variables with dummy variables for the country in which the establishment is located identifies significant cross-country variation in labour practices and outcomes as well.
- 2) Worker attitudes toward their workplace and workplace behaviour are affected by work policies and practices in qualitatively analogous ways across countries. Statistically, regressions linking measures of worker attitudes or performance to measures of the quality of labour-management relations and the presence of high performance work practices yield positive estimated slope coefficients in most countries, although with differing magnitudes.
- 3) Aggregating worker responses by establishments to make the establishment the unit of observation, we find that the average employee performance across establishments is strongly

¹ The web surveys were submitted directly to our web site and not to company administration. To protect the confidentiality of workers who filled out paper surveys, each worker placed his or her anonymous survey in a sealed envelope that went into a box controlled by a committee of 3 non-management employees who were instructed to drive it to an express mail/shipping facility immediately. These protections of confidentiality set the stage for a high "comfort zone" for open responses to the questions. In addition, the surveys were translated into the language of each country so that it would be accessible to most of the workers filling out the surveys who were native speakers. The company's policy is to rely on local management teams and workers with very selective and infrequent use of expatriates. To the extent there are immigrants in the company's workforce this will mute the estimates of country differences.

² Hofstede collected about 60,000 employee surveys in each year for a total of 116,000 surveys. For a complete review of Hofstede's work, see Hofstede, 2001.

³ In areas where the two surveys overlap, we compare results between Hofstede's and our analysis.

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