

**Between local and global:  
flexibility in MNCs as local adjustment under  
constraints**

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# **Between local and global: flexibility in MNCs as local adjustment under constraints**

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## **Introduction**

The multinational company (MNC) represents a global economic form of functioning: complex, with multiple locations in different countries, using the full panel of information technologies for exchanges between its various entities. The size of this kind of enterprise, the organisation of its activities, beyond the national borders, but also the supposed leeway of its management constitute specific challenges for human resource management.

Human resource processes in these companies which cross the borders and which appear relatively remote from the national modes of regulation automatically articulate a "global" model of action, via the management policies which cover the whole MNC, with "local" logics of action, via local regulation inscribed in a national, regional, sectoral, specific context.

In this context, questions concerning the dilemma between local and global pressures are crucial : in which way do rules established by collective bargaining - deeply embedded within a national framework - affect a company from another national framework? In which way do management policies established for the whole MNC contribute to the diffusion of flexibility practices independent from national contexts? Is there, in this kind of enterprise with an international dimension, a place for regulation inscribed within a national context? On the contrary, are MNCs external to a such regulation? Do they escape from the notion of national system of industrial relations? How global and local impulses do they articulate within organisations which operate in different countries?

Those are the questions that we intend to address in this paper. The paper tries to highlight the complex interactions between local industrial relations and decision-making in the field of flexibility.

Based on a survey conducted in Belgian subsidiaries of foreign multinational companies in the chemical industry, the paper tries to show how human resource practices, and particularly flexibility, as they are implemented within subsidiaries, do not reflect either a Belgian model of human resource management or a model specific to the country-of-origin of the companies, but rather, the articulation of cross-national rules and of local regulation.

The analysis will first centre on flexibility as a field that gives an interesting insight into HR practices, and that articulates global and local dynamics. Secondly, in a more theoretical perspective, we will come back to multinational companies (MNCs) between "global" and "local" before studying, in a third section, the articulation of these levels through flexibility practices. Finally, a fourth section will illustrate these developments

on the basis of results from an exploratory research conducted in Belgian subsidiaries of foreign-owned chemical companies.

The aim is to show that, within subsidiaries, the regulation of flexibility through collective bargaining finds its place between tendencies to globalisation and tendencies to decentralisation resulting in local adjustments under constraints.

## **1. Flexibility : between global and local**

In an attempt to understand MNC's HR practices, we have focused our study on one particular issue: flexibility. Why study flexibility in a multinational context ?

Flexibility is a typical issue which is representative of recent changes in employment relationships. It covers quantitative and qualitative dimensions as well as external and internal variables of HRM policies. For example, we can deal with types of contracts related to employment status, working time such as reduction of working hours, overtime, night work, etc, and, work organisation such as multitasking and teamwork.

Among other definitions, Everaere define this heterogeneous and multidimensional concept as “*Adaptability under the double constraint of uncertainty and urgency*”<sup>1</sup>. (Everaere, 1997 : 7)

In this sense, flexibility raises challenges but also risks. On the one hand, new forms of organisations emerge and allow a better adaptation to the market. On the other hand, there are more and more constraints and uncertainties which press on employees and on employers.

Therefore, the study of flexibility represents an interesting issue particularly suitable to an analysis of multiple levels. The development of flexibility can be studied throughout two levels of dynamics.

At one side, flexibility can be apprehended as a demand imposed by globalisation. Indeed, globalisation generates pressures on labour market, especially through a process of flexibilisation of this market. In this sense, flexibility is developed following a “global” approach of economic activities, and of labour markets. Especially, it requires an increased competitiveness on behalf of the companies in a national market. This is favoured by the market liberalisation, by the opening of international competitive activities such as the electricity marketing, for example.

At the same time, socio-economic policies carried out by international institutions such as the OECD, the IMF and the European Union contribute to the development of the flexibility of the labour market or the flexibility of employment. These institutions establish recommendations that countries and companies should follow. The European Union in particular, plays an active role to encourage the adaptability of companies and their employees within the framework of the European strategy for employment (European Commission, 2003).

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<sup>1</sup> Translated by ourselves : “*Capacité d’adaptation sous la double contrainte de l’incertitude et de l’urgence*” (Everaere, 1997 : 7)

At the other side, companies also implement greater flexibility in order to answer new market pressure and get greater control of their labour costs. Flexibility can be approached by specific models of work conditions and work organisation (for example, flexible temporary work, adaptability, working time of the workers), by typical employment contracts or by models of “flexible organisations” (Atkinson, 1984). These types refer to modes of organisation related to the enterprise-level. According to this “local” approach, the development of flexibility is generated by initiatives of employers, demands or desires of employees, rules negotiated in firms and sector with social partners.

We find also other drivers of the flexibility. At an intermediate level between “global” and “local”, we can mention among others, the rules established by national governments, the national employment policies, the specific legal system of each country and the national collective agreements.

In 1990 already, Baglioni raised the question of the consequences of increasing flexibility on labour relations. He noted that the potential deregulation caused by flexibility was, in the 1980’s, corrected by new rules set up by collective agreements, whereas the collective bargaining maintained its central role in the majority of the European countries. Consequently, national, but also sector-level regulation play a role in the development of flexibility, and are determinant in the possibilities open to employers, types of flexibility implemented, processes of implementation, etc.

Similarly, de Nanteuil-Miribel et al. (2002), studying flexibility practices in three different branches in three European countries – France, the Netherlands and UK – show that industrial relations rules and institutions play a significant role in the development of HR flexibility. In the three countries collective agreements are concluded each year about flexibility issues: variability of the working time, relaxing access conditions to employment, relaxing of retirement conditions, flexibilisation of wages, etc. It also shows that the collective bargaining is not only used to correct potential excesses of flexibility, but takes an active part in the development of innovations, or, at least, in the development of diversified and flexible practices in the labour relations.

In this sense, “local institutions matter”, and as Alacevich and Burroni put it, “*collective bargaining is more and more a device to introduce innovation in labour market’s governance and to regulate the new forms of labour flexibility.*” (Alacevich and Burroni, 2002: 251)

On the whole, the development of flexibility results from a combination of global impulses and local impulses. Taken together, these drivers lead to an original framework of articulation of rules. This contrast between a “global” approach, at one side, and a “local” one, at the other side, is not used as a strict dichotomy between transnational process and local practices. It is rather used as two extreme poles of a continuum starting at a macro-level until the firm-level.

In this specific context of growing flexibility between global and local impulses, the specific case of MNCs has a role to play. Indeed, this kind of organisation, due to its specific nature offers an interesting ground to study how both drivers articulate.

Especially, the development of flexibility practices in subsidiaries automatically combine a global model of action, via the management policies which cover the whole MNC, and with local dynamics, via a local regulation inscribed itself in a national, regional, sectoral, specific context.

## **2. MNCs : Between global and local**

The specific nature of the multinational company establishes a relationship between a global level decision-making and local level dynamics. The interdependencies of these two levels inscribe the MNC into a “pendulum swing” between local and global.

Traditionally, the literature presents the MNC as a company carrying out its activities in two different countries at least, which connect the headquarter and its subsidiaries (Ghertman, 1982 ; Kostava and Zaheer, 1999).

A complete definition given by Westney and Ghoshal (1993) illustrates this classic representation :

*'[the multinational] comprises entities in two or more countries, regardless of legal form and fields of activity of those entities, which operate under a system of decision-making permitting coherent policies and a common strategy through one or more decision-making centers, in which the entities are so linked, by ownership or otherwise, that one or more of them may be able to exercise a significant influence over the activities of the others, and in particular, to share knowledge, resources, and responsibilities with others.'* (Ghoshal and Westney, 1993 : 4).

According to a global vision, the relationship between all the entities is delimited by the degree of centralization / decentralization which is determined by the rational choices at headquarter level and by characteristics of environments where entities of the MNC operates. (Perlmutter, 1965, 1972 ; Bartlett and Ghoshal, 1989). The norms and values are determined by the unilateral influence of the parent company. The parent company has a direct control on activities and the subsidiaries respect the bureaucratic control and the formal reporting. In this perspective, the attitude of HQ's top management is predominant for the whole company.

Studies on the influence of management practice from the country-of-origin also insist on the impact of headquarters' localization on the various subsidiaries within the company. As such, they stress the unbalanced power relationship between headquarters and subsidiaries and insist on the higher role of the headquarters, while local regulation and management within subsidiaries have little impact on HR practices.

In contrast, the study of subsidiary specific-advantages (Paterson and Brock, 2002 ; Rugman and Verbeke, 2001) or of the role of local managers in diffusion of practices (Edwards and Zhang, 2003) focus on the local level. Authors like Kristensen and Zeitlin (2001) demonstrate that a subsidiary represent a crucial group of actors that can influence the development of the MNC thanks to its good knowledge of the local environment where it operates, which include the institutions, the culture and history. They insist on logics of action of the subsidiaries and on the role that they can play in

the expansion of the multinational company. The structures of the MNCs are thus, for these authors, embedded in a set of strategic games between actors who follow up local logics of action. The strategy of the subsidiaries, in this special case, aims at expanding the mandate vis-a-vis the parent company. ( See also on this subject Birkinshaw and Hood, 1998 ; Birkinshaw, 2000). The focus here is, accordingly, on the local level, considered as determinant for the multinational company.

The concept of “Reverse Diffusion”, developed by Edwards (1998) can be included in this locally-focused approach. According to this notion, practices are diffused across the MNC from an overseas plant and could affect many or all of the MNC’s plants. It can be seen as a mean by which a subsidiary may act and may keep, or even increase, its influence in the HQ-subsidary relationships.

Therefore the literature either focuses principally on the global level or else on the local level, while considering the impact of each side on the whole of the multinational company. However an intermediate position can be adopted. It consists in examining how specific human resource practices implemented within subsidiaries reflect either cross-national policies or local regulation or, maybe, the interplay between the two.

A first approach to consider the MNC between global and local can be done through the study of diffusion processes and the hybridisation hypothesis. In the study of the process of internationalisation of the companies, Ferner (1997) deals with country-of-origin effect on HR management and labour relations in the host country. Conclusions highlight a "hybrid" model where characteristics- mainly of cultural nature - of country of origin and host country cohabit. The subsidiary adopts characteristics emanating from the parent company but also keep specific “personal” characteristics. This results in a mixed management which does not oppose an “upstairs” vision versus a “downstairs” vision but rather presents an articulation of both.

Similarly, the diffusion of employment practices across borders *'should be seen as the interaction of structural factors and political processes, which [they] call the 'bi-directional' relationship between structure and politics'* (Edwards et al., 1999 : 286). In this way, control is exerted through multiple interactions mixing formal and informal authority and power relationships.

Subsidiaries, even if they are in a hierarchical relationship with the parent company management, are not totally constrained by the decisions of the latter. They have sources of power such as expertise about local environment and market, specialist knowledge or expertise, cultural specificities that can constitute obstacles to diffusion. Conversely, the parent company has other sources of power such as ‘networking within hierarchy’ and ‘coercive comparisons’ (Rees *et al.*, 1999). These sources aim at favouring co-operation through networking between plants and dissemination of information or at favouring internal competition between plants, creating pressure on local managers to adopt practices from the headquarters.

Another approach of the MNC where global and local are not opposed or considered in a simple hierarchical ‘top-down’ way is presented by Morgan (2001). He proposes an original conceptual framework : the concept of “transnational social space”. In this social space, a set of interactions between different levels take place and shape the relationships within the MNC. On the one hand, there are social interactions which are

established beyond the national borders but inscribed into the MNC. On the other hand, there are social interactions between the local site and the other actors belonging to the same institutional environment. This space includes multiple "rules of the game" defined by the various institutional contexts in which the company is active. In order to control these interactions as well as possible, the general direction sets up policies, procedures and systems of control in order to obtain a common way of functioning for all the actors involved in the MNC. It looks like a common "order" which would cross the various institutional contexts.

The co-existence of all these multiple social spaces represents the true specificity of the MNC. It allows to distinguish the MNC from a national company, which is only inscribed in a singular national institutional context.

Consequently, global and local impulses also shape the construction of the multinational company.

Those global and local impulses will be examined here in terms of regulation according to Reynaud (1988): dynamic and contingent process by which rules – both formal and informal - are elaborated ; these rules are produced through power games between actors which interact and establish compromises.

### **3. Flexibility within MNCs**

Flexibility in the multinational company can typically reflect this interaction among several institutional context, or the 'transnational social space' defined by Morgan.

First, MNC management is capable to decide, promote and diffuse flexibility practices that are common to the whole company, or at least to a large part of it, and therefore practice that are disconnected from specific local regulations. It is the case, for instance, when management at headquarters decides that a variable pay system should be implemented in all subsidiaries, independently of local constraints or regulations. Another example is the case of working time in multinationals where working time in subsidiaries is determined by operations of the whole company, and organised in order to guarantee a sequence of successive operations across the various countries involved (example: computer specialists working in India when operations in USA are close for the night).

As such, MNCs are able to favour a 'global' diffusion of HR practices that have little national embeddedness. Or they are able to favour the diffusion of HR models that come from one country, for example an American model of management, through national borders. In other words, they are likely to develop and promote practices that are disconnected from national institutional contexts in which subsidiaries operate.

Firstly, the MNCs benefit from an international mobility which can regularly be translated into threats of delocalisation for individual sites.

Secondly, the management of these companies can practice a "benchmarking" between sites, by which indicators – for example of productivity or wage cost - are compared and

translated into objectives of improvement, thus leading to a pressure for competition between sites.

Thirdly, by implementing common strategies for all the subsidiaries, MNCs take part in the transplantation of management models towards a set of countries. These models can be related to the country of origin of the parent company, i.e. with the national context where the HQ is. One can see, for example, in the practices of individualization of remunerations, wage flexibility, evaluation processes, the print of a model that some described "as Anglo-Saxon" (Ferner and Quintanilla, 1998).

Lastly, all these factors, associated to the distance between the final decision-making in a foreign country and a local situation, show an asymmetry of the balance of power between workers in a given subsidiary and management of a foreign MNC.

MNCs therefore not only react to 'globalisation', but are likely to play an active role in the dissemination of similar HR practice around the world.

Flexibility in multinationals is therefore likely to result from a double 'global' movement: first, it reflects the pressure of globalisation in general, where international competitive pressures and cross-national rules promoted by international agencies support the development of greater labour flexibility; second, MNC management can diffuse HR practices across borders, in a way that is more or less independent from local regulations.

However, in the field of flexibility, local regulations also play a role, and one could argue that flexibility practice in a multinational company have to comply with local rule and, in particular, to institutional industrial relation settings.

For example, about the diffusion of a Japanese organizational model, Ferner and Quintanilla (2002) show that the institutional context in which the subsidiaries are located constitutes a crucial factor in the possibility of transplanting the Japanese practices from one country to another.

If MNCs contribute to the diffusion of homogeneous practices through borders, they cannot ignore - in the countries where the labour relations are firmly organized - rules, actors and institutions of the national context where the subsidiary operates (Beret and Mendez, 2003).

Thus, consequences of the globalisation are modulated according to the characteristics of each system. Ferner and Hyman (1998) show that the consequences of the exogenous pressures are different according to "the degree of vulnerability" of national systems. Each national system answers in a specific way to external pressures. It is particularly relevant in institutions well anchored in their IR systems as it is the case in Belgium, in Germany or in Denmark.

The same search for flexibility fits thus in the characteristics of national logics, and gives finally way to practices that are more or less framed, more or less controlled, according to the role of the institutions and the scope for action of actors in each country. On the whole, similar exogenous pressures for all the countries cause particular reactions within each national context.

#### **4. Results of exploratory research**

In this section, we will report results of an exploratory research conducted in Belgian subsidiaries of foreign MNCs, in the chemical industry (Dion and Léonard, 2002), in order to illustrate the previous developments.

The empirical data have been collected in 2001-2002, by semi-directing interviews on a “local” basis. The aim of the study was to identify where and how HRM decisions are taken ; by whom ; and to question how far are decisions in the management of a subsidiary’s human resources are determined by the parent company or determined locally, and according to what criteria. This set of questions focused on decision-making process especially on flexible work practices, and on industrial relations. Twenty six persons have participate to the research : twenty HR managers, five trade-union representatives and one employers' representative of the chemical federation (Fedichem).

First of all, interviews demonstrate that flexibility is not used as such in a common way. In fact, HR managers use a large set of diverse practices, including working time variation, night work, internal mobility, team work, and the like, that all can be related to flexibility, but that are not implemented within a coherent and clear policy for flexibility.

Secondly, the meaning is different for employer’s representatives and for unions’ representatives. On employers’ side, flexibility is perceived as practices useful to favour a balance between social and economic demands. It is conceived as a factor that allows firm to answer to production objectives and that allows employees to balance better private and professional life. On unions’ side, representatives interviewed criticise the term ‘flexibility’ itself. This is perceived as a threat on traditional working conditions, and it encapsulates employers’ ideology. In their discourses and in the collective agreements, they prefer to refer to “new forms of work” that they associate to flexibility.

Among all the flexibility practices evoked by the interviewees, forms of quantitative flexibility prevail. This quantitative types internal as well as external can be gathered into two groups of practices:

- flexibility of working time: flexible schedules, night-work, work of weekend, annualisation of the working time, posted work, night work , etc;
- use of temporary work: fixed-term contracts, temporary work.

For example, one firm offers to its employees a panel of flexibility forms such as flexible working time with contracts of 50%, 60%, 70% or 90% of working time, possibility to do homeworking one or two days per week, flexible schedules, etc.

As for the influence of headquarters on management of flexibility practices, a reference to the local level predominates. The establishment of these practices represent local measures to adjust to a variety of actors inside the subsidiary : direction of the entity, HRM direction, local managers of Business Units, trade-union delegation and social partners. There are also coordination networks. They act as coordination or decision-

making centres at an intermediate level such as Benelux, for example, which associate different countries. These networks ensure coordination between subsidiaries, diffuse practices between subsidiaries, define specific policies, relay information, etc.

However, HQs, although they do not frequently set up management rules in this matter, impose many constraints for its use. Indeed, they set up global guidelines that the subsidiary has to follow and fix production targets that can require use of flexibility practices in order to satisfy the imperatives of the group. They also fix performance indicators and delimit the budgetary margins of what can be negotiated locally. In the whole, they shape the framework subsidiary has to conform with.

As for collective bargaining on flexibility, one can observe that the foreign directions exert few influence during the negotiations, at least directly. That can be explained by a lack of knowledge or experiment of the collective bargaining "à la belge", but especially by the fact they entrust the mandate to the local direction. This mandate based on a reciprocal confidence between the foreign and local directions - although it is only partial according to certain trade-union representatives - is related to the trust granted by the head office. During the negotiation, the European work council intervenes only in an advisory capacity, if necessary.

It must be noted here that, in the Belgian context of industrial relations, the chemical industry is organised in a particular way - because the importance of company-level agreements is higher than in other sectors - where sector-level agreements prevail. In both cases, company agreements have to respect sector-level agreement which, in turn, must respect interprofessional agreements.

Therefore, in the chemical sector, company-agreements prevail to define what is acceptable or not as regards to flexibility. Of course, these agreements strictly respect the Belgian system of collective bargaining, with the hierarchy from interprofessional to sector-level to company-level arrangements. In Belgium, the majority of the sectors are limited to the two latter types of agreements. However, and this is what makes its specificity, the chemical sector has an important company-level bargaining activity. Therefore, the sector-level agreements define the minimal rules which mainly constraint the small entities, especially those without a trade-union delegation. For bigger firms with trade-union delegation and with sufficient budgetary resources, these agreements are used only as minima on which they build their own arrangements.

In this case, the local representative of the direction, the trade-union delegation of the subsidiary, helped by their regional union officials attend the collective bargaining inside the plant. Representatives of employers' federation can also join them if necessary. Even if it not frequent, the local direction can refer to representatives of the foreign group, lawyers or HRM directors at the parent level, for example, to obtain more information or a support.

The local regulation framework also operates through cross-company influences within the same geographical area. The information is generally transmitted by the regional union officials who negotiate in different plants. There is also a form of competition between firms within a same geographical area since the employer is attentive to offer to his workers similar working conditions to the neighbouring companies. It is especially the case in such sector where it is difficult to find, on the labour market, the

required qualifications. These effects are also maintained by regional union officials who attend collective bargaining in various firms and who therefore establish comparisons between them or diffuse claims. The company-specific character of the negotiated standards is reduced by these “local diffusion effects”. As a result, collective agreements tend to get closer in a given regional space.

In parallel to norms defined by the collective agreement, there are also specific individualised practices which do not fall under the negotiated agreement. These consist of individual arrangements between the direction and the concerned workers. It concerns matters such as, for example, teleworking or homeworking, or part-time work. This type of arrangement almost prevails in firms without trade-union delegation.

Consequently, flexibility practices reflect a compromise between constraints fixed by the parent company and work norms defined at the local level: production targets, budgetary constraints ; institutional framework defined by law, national industrial relations system, collective agreements specific to Belgium and to the chemical sector ; production policies at the subsidiary-level. Therefore, local and global levels represent two frameworks which are complementary. These two frameworks do not oppose to each other, rather they interpenetrate at various levels.

As a result, it can be said that flexibility, sometimes presented as a mean of maintaining a socio-economic equilibrium in order to ensure firm competitiveness, sometimes as a deregulation in order to answer to production requirements, actually corresponds to a range of devices adopted according to the constraints of the moment. These devices represent an accumulation of disparate practices which are added step by step one to each other but without necessarily taking part of an overall strategy.

That does not mean that there is no strategy. As regards flexibility, this strategy is especially “emergent”, as mentioned by Mintzberg and Waters (1985) ; emergent in the sense that this type of strategy results from events such as they occur, in a way not necessarily planned nor desired, in the development of the firm. The sum of these successive practices finally gives a general orientation towards greater flexibility within the organisation.

The fragmented character of flexibility practices in the subsidiaries studied in the survey reflects the successive attempts undertaken by local management to respond to a variety of constraints coming from their headquarters and coming from their local environment. These flexibility policies actually reflect the way in which HRM decisions are regulated, between local managers and decision-makers at the top of the multinational company, and with collective bargaining. These practices are embedded in an original articulation within the national industrial relations, and take the form of *ad hoc* local adjustments weakly structured and strongly contingent, or ‘local adjustments under constraints’.

According to the “transnational social space” (Morgan, 2001), the scope for action of local decision-makers reflects the articulation between global and local levels. This scope of action is defined in the interstices left by the multiple actors that have to be taken into account in terms of budgetary, financial, industrial rules, fixed, on the one hand, by the foreign group, and by the rules of the game of the industrial relations “à la belge” on the other hand.

## **Discussion and conclusion**

Globalisation does not mean that one more level of decision-making or influence is added "above" the Belgian system of industrial relations, nor the development of a new level in the place of an old one which disappears. It is, rather, an original articulation between dynamics of different levels. Processes of internationalisation are not translated into a homogenisation of the national systems of industrial relations. Those systems preserve their characteristics although they are confronted with common exogenous changes.

Conversely, new configurations articulate transnational trends and dynamics specific to each country. For example, if the pressure towards more flexibility constitutes a common tendency in the industrialized countries - encouraged by international authorities -, each national system implements practical actions which are marked by specific characteristics of their country.

According to Murray, Lévesque and Vallée (2000) the regulation of work in a global context. can be defined as the set of processes and standards by which actors and institutions at various levels contribute to the determination of employment and work conditions. For them, the regulation includes, at the same time, the rules and the processes of their development.

If this approach is applied to the regulation of flexibility policies, changes come, at the same time, from decisions taken locally and rules fixed at a global level, on one hand, by the management of the transnational companies, on the other hand, by international institutions.

Our study shows that global and local sources of rules are intertwined, and that flexibility practices reflect the influence of a large number of actors and rules, both at multinational and at local levels.

It is necessary to avoid to consider flexibility and deregulation as synonyms. One can observe, indeed, a delimited role of the collective bargaining in the development of flexibility. The social partners only negotiate on certain dimensions of flexibility, especially what concerns the working time, the contracts, the wages. One can also observe an increased decentralization towards the company. However, it is not a simple withdrawal of the higher authorities of regulation, of sectoral or national level, but well a move towards procedural standards and norms which fix the higher and lower limits of what can be done in the company.

The exploratory study reveals complex interactions between labour relations "à la belge" and weight of the decision makers at the top of the multinational corporation. Finally, labour relations change, the labour market opens to a greater flexibility and, at the same time, the modes of regulation of this market evolve. It does not mean a displacement that would result in "less regulation, more market", but rather a transformation of the modes of regulation of the market. The emergent rules leave greater room for manoeuvre to the firm, in order to sustain its competitiveness, while establishing norms and procedures to respect. It articulates global requirements with a

local adaptability. As Louart (2002 : 11) rightly says : “*More regulation does not mean that global constraints disappear. Rather, it facilitates local equilibriums<sup>2</sup>*”.

Consequently, flexibility, by its various associated practices reflects “local adjustments” contingent to local constraints and possibilities met by the subsidiary at a given time. These adjustments result from a fragmented management dependent on several levels of responsibility. It is dependent on two different sources of rules: on the one hand, regulation by the legal and conventional framework of chemical industry in Belgium, and, on the other hand, formal rules established within the multinational company, especially in terms of industrial, budgetary and financial performances targets.

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<sup>2</sup> Translated by ourselves : « En multipliant les régulations, on ne supprime pas les contraintes globales. On facilite les équilibres locaux. » (Louart, 1999 : 11)

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