

Social aspects of multinationals in the Netherlands

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Summary

Recently the behaviour of multinational enterprises (MNEs) has once again returned to the centre of public attention in the Netherlands. This paper mainly draws on three 'waves' of data from the *WageIndicator* survey on work and wages, covering 2004-06, 2006-11 and 2015-16, to trace the differences in wages, working conditions and industrial relations in domestic firms compared to MNEs from various countries of origin. The outcomes show the growing penetration of the Anglosaxon corporate strategy model into the Dutch market economy and the resulting emphasis this imposes on short-term shareholder value. This penetration has played a significant part in eroding multiple-employer or sectoral bargaining arrangements. However, in the light of new conditions arising from the Coronavirus crisis, the revitalisation of such arrangements is both urgent and compelling.

1. INTRODUCTION

In the Netherlands, after some years of relative silence, the behaviour of multinational enterprises (MNEs) has once again returned to the centre of public attention. In particular ownership issues related to the 'Dutchness' of MNEs have come to the fore notably in 2018. In March of that year, for example, six firms the general public may have hitherto regarded as 'Dutch' simultaneously found themselves in tense situations due to the actions of foreign owners or the threats of aggressive potential buyers from abroad: the large Tata Steel plant in IJmuiden, still known as 'Hoogovens' by many in the Netherlands; the insurance firm VIVAT; Siemens Hengelo; Fokker Technologies; the microchip manufacturer NXP, and packaging company Smurfit Kappa were all in the frame here (Kooiman and Tamminga 2018). At the same time, corporate decision-making at Unilever and Philips were receiving massive public attention.

Unilever: which home country?

In late March 2018, the board of Unilever, at the time a dual-structured food and personal care MNE (55% Dutch NV, 45% British plc shares), obviously wary of the negative effects Brexit might cause, emphasized the need for 'unification' and a single legal entity. The board announced they were to leave their London headquarters and concentrate corporate decision-making at the Rotterdam headquarters. However, when the *quid pro quo* promised by the Rutte administration in Autumn 2017 to abolish the Dutch dividend tax (worth EUR 1.9 billion state income) became publicly known and linked to Unilever's choice of Rotterdam, there was a public outcry in the Netherlands. Moreover, when it became clear that there might be difficulties attaining the 75% consenting vote for the move needed from the British plc shareholders, the Unilever board in October 2018 decided to cancel the shift to Rotterdam. In return, PM Rutte announced he would continue the dividend taxation system (Smit 2019: 317-95). Dutch media celebrated this continuation as a victory of democracy over the interests of MNEs. In sharp contrast, the UK financial media referred to it as "a resounding victory for shareholder-democracy" (Smit 2019: 385, 421).

Twenty-one months later, in June 2020, the situation at Unilever had drastically changed. In January 2019 their Dutch CEO Paul Polman, who throughout the 2010s had championed the firm's emphasis on corporate responsibility and sustainable production and consumption, resigned. A largely new board thereafter stressed the need to deliver on *shareholder value*, and announced the concentration of Unilever's top governance at the London headquarters. The Dutch Minister for Economic Affairs although clearly disappointed, emphasized that "this was just a paper transaction." However, according to the well-informed Dutch journalist who wrote a bestseller on Polman's 'big fight' for sustainability, this was an incorrect statement. In reality the Dutch state will annually forgo some EUR 250 million on tax income and the Dutch economy will miss out on about one billion EUR of investment. He argued there might be legal grounds for the Dutch state to make a claim for unpaid taxes to the tune of EUR 10 billion if Unilever moves to the UK, a country without dividend taxation (Smit 2020).

Philips: the pressure of 'fly-by-night predators'

It was plainly embarrassing to find a former CEO of a major Dutch MNE denouncing his successors who, in succumbing to the pressure of Anglosaxon "fly-by-night predators",

had gone along with their corporate strategy model that prioritised shareholder value above all other considerations. In February 2018, press and social media messages showed that such embarrassment was shared by many in the Netherlands, including a number of former workers at (Royal) Philips, when Jan Timmer, the firm's CEO from 1990 to 1996, published his autobiography (Timmer 2018, in particular p. 231 ("predators")). Timmer criticized Philips' management in particular for buying back the company's shares in the 2000s to the tune of over EUR 15 billion, and disinvesting and selling the Semiconductor division that continued from 2004 as NXP. In his view, both actions, alongside a number of smaller divestments, indicated a lack of entrepreneurial spirit, long-term vision and creative ideas. The former CEO obviously regarded Philips' retreat in the 2000s to Health Tech, now the company's sole growth centre, as being the result of missed opportunities elsewhere. Timmer may have displayed some nostalgia when looking at the downsizing of 'his' enterprise, that saw 245,000 employees in 1996 being reduced to 80,500 (of which 11,600 were in the Netherlands, 15%) in 2019. Nevertheless, his analysis looks convincing and has so far not met with any serious refutation.

The Unilever and Philips cases illustrate that in a globalising world, financial markets and shareholder behaviour are the decisive factors insofar as the shaping of employment, governance and industrial relations are concerned irrespective of the original nationality (in these cases Dutch) of the firms in question. The Unilever case shows once more that such behaviour may also have far-reaching implications for governmental policies and budgets. It is reasonable to assume that in many other recent cases *shareholder capitalism* pressures have played major roles here with large, often speculatively biased, investors and *private equity* funds focussing on ensuring that MNEs' performance was aimed at maximizing shareholder value.

Our aim in this paper is to connect these observations with statistically underpinned research on the behaviour of MNEs outside their respective countries of origin. The focus is on employment and wages as well as the shaping of work organisation, working conditions and industrial relations. In the literature this theme is often defined in terms of the relationship between '*home country effects*' and '*host country effects*'. There is substantial evidence that MNEs based in countries with strong positions in the world economy also tend to generate strong home country effects in those countries where they have invested (see for a detailed discussion: Van Klaveren *et al.* 2013a: 18-31). The '*dominance effects*' involved tend to embrace (cf. Smith and Meiksins 1995):

- technologies developed in the home country;
- work organisations matching those technologies;
- institutional factors like taxation and corporate governance legislation; and
- MNEs' modernisation and innovation strategies at home.

Traditionally, US-based MNEs have been the key diffusers of mass production following the Taylorist paradigm. When American MNEs were dominant, in the 1950s, 1960s and for most of the 1970s, they also set the worldwide standards for Human Resources Management (HRM) practices and industrial relations. These standards included more formalised and standardized procedures like internal *benchmarking* and employee monitoring as well as avoiding, wherever possible, employee representation and trade union influence. Management behaviour in the UK in particular, soon proved to be receptive to

'management American style', for example, exhibiting considerable flexibility in organisational restructuring and mass dismissals. Even before the home versus host country effects were debated, the dissemination of 'Anglosaxon' elements into the industrial relations and corporate governance systems of continental European countries occasionally emerged as a leading theme in both research and politics, notably in the second half of the 1960s in France (cf. Servan-Schreiber 1967).

In the late 1970s and throughout the 1980s, the Japanese management model dubbed '*lean production*' generated strong home country effects. Among US and European managers, the 'Japanese' combination of team work and 'just in time' logistics gained a considerable following. In the 1990s, when the Japanese economy went into a crisis, the Japanese management model lost some of its attractiveness but characteristics such as 'just in time' supply chains and 'zero defect' production regimes have proved durable embedded in the operations of MNEs. Thereafter, German management practice, often regarded as the antithesis to that of the US, came to the fore in Europe primarily due to its emphasis on quality production and vocational training.

However, in host countries MNEs do not operate in a vacuum, especially in coordinated market economies (CMEs) such as the Netherlands (along with Germany, the Scandinavian countries, Austria and Belgium) who have been characterized by institutionalised industrial relations and detailed labour and corporate governance legislation. Host country effects here are likely to show up particularly in the shaping of Human Resources policies and practices. More than the shaping of technology and production structures in firms, largely derived as they are from worldwide applicable innovations and standards, HRM may be influenced by host countries' established industrial relations and legislation (Léonard *et al.* 2014). Indeed, the evidence gathered since the turn of the century underlines that the transfer of HRM practices within MNEs has increasingly been influenced by a mix of factors, varying by sectors and types of production or servicing processes. Standardized operations 'the American way', with an emphasis on direct top-down control, can be found in Europe predominantly in labour-intensive service industries such as retail, hotels and catering. In these industries benchmarking and monitoring have appeared as effective management instruments to control labour input and labour costs. By contrast, MNEs focusing on more capital-intensive and innovative production or servicing may be less inclined to impose centralized control on their subsidiaries. As a result, power relations between the actors in these subsidiaries will be crucial, making outcomes in terms of wages and working conditions less predictable. In the latter industries, with their high levels of managerial uncertainty, MNE headquarters may deem the issuing of formal policies and guidelines on employment practices to be counterproductive. The existence of such mechanisms has been reported widely across Europe although not particularly producing evidence in the Netherlands (cf. Edwards *et al.* 2007, 2016).

The analysis that follows aims to provide insights into the recent impact of MNEs in the Netherlands drawing mainly on official data from Statistics Netherlands (CBS) and on data from the *WageIndicator* survey on work and wages. Section 2 concentrates on the size of employment. In 2.1 we present data concerning employment, productivity and innovation in the Netherlands both for Dutch-based MNEs and MNEs under foreign

ownership. Thereafter, in 2.2, we show how employment related to Foreign Direct Investment (FDI) developed between 2008 and 2017 in the Dutch market economy. Our focus in Section 3 is on social aspects of MNEs in the Netherlands namely, wages (3.2), working conditions (3.3) and industrial relations (3.4), using mainly *WageIndicator* survey data to compare outcomes on these issues for multinationals and domestic firms. Wherever possible we separate data for Dutch and foreign-owned MNEs or, one step further, relate outcomes to the MNEs' country of origin. The use of three 'waves' of *WageIndicator* survey outcomes together with additional data allows us tentatively to indicate in Section 4 developments over time in the HRM practices of MNEs operating in the Netherlands and the related characteristics of Dutch industrial relations. Against that backdrop we return to the 'home country effects' versus 'host country effects' debate.

2. MULTINATIONALS IN THE NETHERLANDS: EMPLOYMENT

2.1 Dutch and foreign multinationals

We begin with recent data on the amount of employment directly related to the activities of multinational enterprises in the Netherlands. According to Statistics Netherlands, direct employment in Dutch-based MNEs in 2015 could be estimated at 800,000 FTEs (*full-time equivalents*), or nearly one million employees expressed as an aggregate *headcount*. Employment in foreign MNEs accounting for 700,000 FTEs and 915,000 jobs aggregate *headcount*, was only slightly less important. In 2016, Dutch and foreign MNEs together contributed 38% of all wage-earner employment in the country's market sector: 20% by Dutch MNEs and 18% by foreign MNEs. Thus, 62% of employment here was accounted for by domestic firms (for Dutch MNEs Franssen and Jaarsma 2019: 120, 127-8; for foreign MNEs data derived from Eurostat FATS statistics). More widely, the joint share of MNEs in *total* wage-earner employment in the Netherlands was just over 21%. However, their 2017 contribution to the total export of *goods* from the Netherlands was considerably larger. Between them, Dutch and foreign MNEs generated no less than 82% of goods exported (29% for Dutch MNEs, 53% for foreign MNEs); whilst their joint share in *services* exported was even higher at 88% (26% for Dutch MNEs, 62% for foreign MNEs; Franssen and Jaarsma 2019: 135).

Since the 1960s, when American and British MNEs began to invest massively in the petrochemical industrial complex in the Rijnmond conurbation west of the city of Rotterdam, the Netherlands has become a popular destination for Foreign Direct Investment. In particular between 2000 and 2008 the importance of foreign MNEs for the Dutch economy increased substantially. Registered in overall *headcounts*, the proportion of employees working for foreign parent firms grew from 12% of the country's market sector in 2001 to 17.5% in 2008, thereafter exhibiting slower growth to reach 17.8% in 2017 (Table 1)¹. According to UNCTAD statistics, in 2018 the Netherlands ranked third worldwide

¹ It should be noted that the OECD definition of FDI (the world standard) implies a low entry level: "(...) a category of cross-border investment made by a resident in one economy (the *direct investor*) with the objective of establishing a lasting interest in an enterprise (the *direct investment enterprise*) that is resident in an economy other than that of the direct investor (.....). The lasting interest is evidenced when the direct investor owns at least 10% of the voting power of the direct investment enterprise" (OECD 2008: 10).

(after the US and Hong Kong) as regards the size of its inward FDI stock, ranking higher than China (excluding Hong Kong), the UK, Germany and France. The value of that stock amounted to EUR 1,673 billion. Nevertheless, at EUR 2,427 billion the value of its outward FDI stock (the total investment abroad of Dutch MNEs), was even bigger (UNCTAD 2019 (UNCTAD 2019)). The group of (partly) Dutch MNEs with large interests abroad not only includes (Royal Dutch) Shell, Unilever or Philips but also embraces major firms such as Heineken, SHV Holdings and Ahold Delhaize, all with relatively large foreign interests. For example, Ahold Delhaize employs two in three of their employees outside their home countries of the Netherlands and Belgium, they favour the USA in particular. At Heineken and SHV Holdings, even less than one in five employees can be found in the Netherlands. It is obvious that HR and other policies in the Dutch subsidiaries of such MNEs would bear traces of the practices and policies developed in such major investment countries.

In the Netherlands, the interplay of participation in international trade with innovation stimulated the expansion of MNEs. Between 2008 and 2013, Statistics Netherlands found that internationalisation coincided with employment growth. During this period, turnover of foreign 'growers' increased by 25% yearly whereas such growth in Dutch 'growers' lagged annually 5% behind (Bruls and Walthouwer 2016). Additionally, a high level of expenditure on innovation showed up as an important growth factor. For example, in 2014 multinationals contributed over 80% of total *Research and Development* (R&D) expenditure in the Netherlands: Dutch MNEs contributed nearly half of this with foreign MNEs posting just over 30% (Walhout and Van Roekel 2017).

Statistics Netherlands explains the advantage of foreign MNE subsidiaries clearly have in export performance to be grounded in three characteristics in which they differ from both Dutch MNE subsidiaries and Dutch domestic firms: on average they are bigger, more innovative and more productive. The larger scale of foreign MNE subsidiaries can also be seen in other European countries but their advantages as regards innovative capacities and productivity seem rather specific for the Netherlands (cf. Schoonbrood and Vancauteran 2015). Research in the United Kingdom, Germany and Sweden questioned whether in these countries advantages in productivity and innovativeness could be ascribed to a 'foreign ownership advantage'; these advantages were mainly related to the multinational character as such of leading firms. In the 2000s more detailed research showed that technology effects in technologically advanced industries and economies of scale in labour-intensive service industries generated by MNEs were often the decisive factors (Van Klaveren *et al.* 2013a: 31-33). However, in the 2010s the development of global value chains typically used by 'high tech' MNEs for their worldwide expansion of sales and production, seems to have blurred the distinction between 'technology' and 'scale'.

Both domestic MNEs and foreign affiliates operating from the Netherlands are highly export-oriented. For instance, in 2014 two-thirds of their output was exported, of which two-thirds was for 'intermediate consumption', that is, to be used in foreign production processes, and one-third for 'international final demand'. Among the MNEs based in 16 European countries, only MNEs operating from Luxembourg have recently had a stronger export orientation than the Dutch-based MNEs (OECD 2019: 21).

2.2 Recent developments in foreign investment

As noted, for the Dutch economy between 2000 and 2008 employment in foreign MNEs increased rapidly. Moreover, whilst employment in foreign MNEs in nearly all European countries showed a ‘crisis dip’ in 2008-2009, according to Eurostat’s FATS statistics in the Netherlands such employment continued to increase without interruption. These statistics indicate that between 2008 and 2017 the *headcount* of employees in foreign MNEs in the Netherlands grew by 22%, from 782,000 in 2008 to 1,017,000 in 2017. Although Statistics Netherlands provides less detailed data on employment in *Dutch*-based MNEs, the number of employees working in the Netherlands for these MNEs can be estimated to have increased by some 11%, from 950,000 in 2008 until 1,050,000 in 2017.

Table 1 shows that the share of foreign-owned firms in the Dutch market sector, in terms of the number of establishments, fell slightly between 2008 and 2017. This can mainly be attributed to a decrease in the large ‘other commercial services’ industry. Nevertheless, in six out of nine industries the foreign establishment share increased. Except for ‘other commercial services’, the share of foreign-owned firms in terms of employment increased, notably in minerals production, wholesale and retail, and ICT, while –albeit from a low level– the foreign employment shares in utilities (energy, gas, water) and construction even doubled. Clearly, with their employment share reaching over 25% in 2017, foreign investors as a category have become strong players in Dutch minerals production, (parts of) manufacturing and wholesale & retail, transport and storage, and ICT.

Table 1 Share of foreign-owned firms in the Dutch market economy by industry: number of establishments and employees (headcount), 2008 and 2017 (%)

	Establishments		Employees	
	2008	2017	2008	2017
minerals production	23.0	19.3	30.0	46.1
manufacturing	2.9	3.2	26.3	29.2
energy, gas, water	2.9	2.5	4.5	9.3
construction	0.1	0.2	4.2	9.2
wholesale & retail	1.5	2.4	16.3	23.3
transport & storage	1.6	2.3	23.1	28.8
horeca, catering	0.1	0.2	8.9	11.5
ICT	1.3	1.8	24.6	32.6
other commerc.services	0.5	0.3	17.2	11.1
total market economy	1.0	0.9	17.5	17.8

Bron: CBS Statline; Eurostat, SBS/FATS statistics

According to Eurostat’s FATS statistics, FDI in the Dutch market sector in recent years mainly originated from five countries; in 2017 ordered by importance these were: United States, Germany, France, United Kingdom, and Japan. Nearly 2,900 US establishments had been registered in the Netherlands by 2017. This accounted for 21% of all foreign establishments, and comprised 30% of the added value of all inward FDI. In terms of their workforce *headcounts* of US companies in 2017 totalled 203,300 (after peaking in 2015

with 216,000), making up exactly 20% of all employment in foreign service in the Netherlands. Overall, their Research and Development intensity was also high. In 2016, for instance, US-based MNEs R&D expenditure amounted to one-third of such expenditure by all foreign firms in the Netherlands (Jaarsma and Van Roekel 2019: 159-60). From 2009 until 2017, the Netherlands has been the largest destination of US direct investment garnering 16% of total American FDI in 2017. However, due to the Dutch 'attractive fiscal climate' a large share of this investment (76% in 2017, according to the Netherlands Central Bank, DNB) has been channelled through holding companies to destinations other than the Netherlands. If such investment was excluded, in 2017 the Netherlands would have taken the fourth place in the American ranking (Franssen and Lammertsma 2019: 47-9).

Measured along all three yardsticks (employment, added value, R&D expenses), German-based investment ranked second, employing 155,300 -- just over 15% of total FDI related employment-- in 2017. French investment ranked third, and showed an increase in employment between 2015 and 2017 up to 137,200 (13.5%) following a decline between 2008 and 2015. Employment related to UK-based investment, after strong growth between 2008 and 2015 when it reached 136,600, relapsed to 126,800 (12.5%) in 2017. However, in 2018 the UK returned to the fray as the largest foreign investor in the Netherlands, even surpassing the US. This expansion might be ascribable to the replacing of activities from the UK to the Netherlands after the 'Brexit' vote of June 2016. By contrast, in 2018 American incoming investment fell sharply (Franssen and Jaarsma 2019: 120, 122). Recently Japanese FDI in the Netherlands has shown strong growth, with employment more than doubling from 32,000 in 2015 to 88,300 (8.5%) in 2017. In this development, the average size of the workforce per Japanese firm grew to 158 employees, and was only surpassed at the time by the average workforce in establishments owned from *offshore financial centers* (183.4 employees) and establishments from the US (168.8 employees). Outside of the five countries just mentioned, the FDI contributions from other countries in terms of employment have remained considerably smaller. In 2017 it mostly concerned: Switzerland (37,700 employed); Belgium (37,000 employed); Sweden (34,100 employed), *offshore financial centers* (31,000 employed) and China/Hong Kong (in 2015 27,900 employed²).

Table 2 (next page) pictures developments in the numbers of firms and employees between 2008 and 2017. Remarkable is the much smaller average scale in 2017 of firms from most countries of origin, with Japan and offshore financial centers as the exceptions. This implies that in the years in between notably from the neighbouring countries and the US predominantly investors with relatively small establishments have entered the Netherlands.

² Eurostat's FATS statistics flagged Hong Kong data for 2017 as 'confidential' whereas the Dutch workforce related to 'China only' FDI increased from 5,100 in 2015 to 11,400 in 2017.

Table 2 Foreign direct investment in the Dutch market economy by countries of origin: number of firms and employees, 2008 and 2017

	No. firms		No. employees (x 1,000)		Av. empl. per firm	
	2008	2017	2008	2017	2008	2017
Germany	982	2,189	110.3	155.3	112.3	70.9
France	414	813	131.5	137.2	316.4	168.8
United Kingdom	651	1,355	84.1	126.8	129.2	93.6
Belgium	488	1,291	26.5	37.0	54.3	28.7
Sweden	272	375	26.5	34.1	97.5	90.9
Other EU28 countr.	759	1,417	112.0	86.5	147.6	61.0
United States	1,204	2,874	166.1	203.3	138.0	70.7
Japan	248	559	23.7	88.3	95.6	158.0
China incl. Hong Kong	32	534	12.0	x	375.0	73.5 (2015)
Switzerland	284	461	42.9	37.7	151.1	81.8
Offshore financ. centers	126	169	15.9	31.0	126.2	183.4
Other countr. excl. EU	350	1,437	30.7	x	87.7	25.7 (2015)
Total market economy	5,810	13,474	782.2	1017.3	134.6	75.5

Source: Eurostat, SBS/FATS statistics

3. MULTINATIONALS IN THE NETHERLANDS: WAGES, WORKING CONDITIONS AND INDUSTRIAL RELATIONS

3.1 The data

In this section we present the outcomes of research based at the University of Amsterdam / Amsterdam Institute for Advanced Labour Studies (AIAS), in particular regarding the social aspects of the operations of multinationals in the Netherlands. This analysis is mainly based on three ‘waves’ of data from the same source, that is, the datasets derived from the *WageIndicator* survey on work and wages run by the WageIndicator Foundation.

The WageIndicator

The WageIndicator Foundation is a non-governmental organisation, that operates websites and conducts projects related to these websites. In 2001 a website with work-related content and with a web-survey about work and wages could be launched in the Netherlands, thanks to a cooperation between Paulien Osse, web manager and journalist for a trade union, and Kea Tijdens, researcher at the University of Amsterdam. In 2003, this activity was transformed into a Foundation established under Dutch Law. Gradually the Foundation expanded its operations to the current position in 2020) where it manages national websites in the national languages in 140 countries. The Foundation’s mission advocates labour market transparency for the benefit of all employers, employees and workers worldwide by sharing and comparing information on wages, labour law and careers.

All *WageIndicator* websites include work-related content and web tools about frequently searched topics such as wages per occupation, minimum wages, working conditions, job

search, labour law and collective labour agreements. Thanks to search-engine optimization the websites receive many web-visitors, for example, resulting in almost 40 million visitors in 2019.

The first 'wave' of *WageIndicator* data used here covers the time period 2004 to 2006. In her dissertation at the University of Amsterdam in 2008, Fabienne Fortanier compared, among other issues, wages and employment conditions between domestic firms and MNEs and between MNEs of various countries of origin. Fortanier used a sample of 62,670 Dutch private sector employees aged 18 and older who between September 2004 and September 2006 filled out the *WageIndicator* questionnaire. Of these respondents, 59% were employed by purely domestic firms, 15% by Dutch multinationals, 17% by foreign MNEs and 5% by partly Dutch / partly foreign MNEs or *joint ventures* (Fortanier 2008: 163-204).

A second 'wave' covers the time period 2006 to 2011. Based on pooled *WageIndicator* data covering these six years, the WIBAR-2 research project covered 13 EU member states and compared wages, job quality and working conditions, and industrial relations within multinationals and domestic firms. Five industries were included:

- metal and electronics manufacturing;
- retail;
- financial sector and call centres;
- ICT, and
- transport and telecommunications.

For the Netherlands, the valid answers of 71,492 *WageIndicator* respondents were available. 17% of these respondents indicated they were employed by a Dutch MNE while 19% recorded being employed by a subsidiary of a foreign MNE, thus leaving 64% employed in domestic firms³. Whilst similar to the composition of the sample that Fortanier used, these percentages also remained close to the comparable official figures derived from Statistics Netherlands and Eurostat (Van Klaveren *et al.* 2013a: 57-60).

Our third 'wave' of data stemmed from 2015. On behalf of a chapter in a publication of UvA/AIAS research results in Dutch, we analysed the 2015 outcomes of the *WageIndicator* survey on work and wages in the Dutch private sector as a whole as recorded by 23,100 respondents. Based on this sample, we concluded that Dutch MNEs employed 13.5% whereas foreign subsidiaries employed 15.7% of the total employment in the sector. Both percentages indicate some underrepresentation compared with the official data.

Finally, we made use of data gathered through the WIBAR-3 research project. The reader should be aware that this information is not based on the *WageIndicator* survey but on expert ratings. In 2015-2016, an eight researchers-strong team rated the relationship between management and employee representation (trade union and/or works council) for the five largest firms in five industries (metal and electronics manufacturing; wholesale; retail; ICT; and transport and telecommunications) in 23 EU member states – thus, for 575 firms. Using detailed criteria, the team rated the relationship attaching

³ In the underlying AIAS MNE Database we divided joint-ventures over countries of origin according to majorities in the composition of equity interests and/or the Board of Directors (Management Board).

scores per firm varying from 1 (relationship non-existent) to 5 (cooperative relationship, marked in agreements and/or statements) (Van Klaveren and Gregory 2019: 122-4).

3.2 Wages

Based on an analysis of median gross hourly wages Fortanier concluded that in 2004-2006 multinationals in the Netherlands paid higher wages than non-international firms, in other words, Dutch domestic firms. That difference remained after correcting for mutual differences in level of education, experience, share of supervisory staff, and gender. This wage advantage, or *MNE wage premium*, was largest for foreign subsidiaries, with the subsidiaries of Dutch multinationals ranked second, and was the smallest for *joint ventures*. Segmentation appeared in that the wage advantage was largest for higher qualified staff and, though still existing, was considerably smaller for the lower qualified. The MNE's country of origin also made a noticeable difference. The highest wages were paid by US-based firms, followed by those under Japanese ownership. Firms from other countries also paid higher wages than Dutch domestic firms but substantially less than US and Japanese firms. Wage differentials were smallest between Dutch MNEs and fully Dutch-owned firms. All foreign firms except the Japanese were less inclined to compensate overtime than domestic firms, with the US and UK MNEs at the most extreme. We should add that in MNEs working overtime tended to be concentrated amongst high-skilled employees. However, they received relatively lower overtime compensation than lower-skilled employees (Fortanier 2008: 178-85).

The *WageIndicator* data we derived for 2006-2011 confirmed that the level of median gross hourly wages in the Netherlands was related to ownership (Van Klaveren *et al.* 2013a: 274-80). Table 3 (next page) presents an overview of the available data focussing on the wage differences calculated on this basis between MNEs --foreign-owned and home-based MNEs taken together-- and domestic firms. In all five industries these wages were higher in MNEs, with differences varying from 4%-points in the retail industry to 18%-points in metal and electronics manufacturing and 19%-points in finance and call centres. Taking firm size into consideration, the MNE wage premium turned out to be the highest for large (over 500 employed) metal and electronics manufacturing and for small (less than 100 employed) financial institutions and call centres. The table shows one, quite remarkable, exception on the 'wages higher in MNEs' rule: median wages were higher in large domestic retail firms than in large foreign retail subsidiaries.

When we controlled for the influence of gender, firm size, years of work experience and education level, so-called adjusted MNE wage premiums could be shown. In the Netherlands these outcomes still indicated the advantages of MNE wages over those in non-MNEs. They were though mostly smaller, varying from less than 4%-points in the ICT industry and 5%-points in transport and telecom up to nearly 12%-points in finance and call centres. Additional calculations (regression analyses related to the wage levels in domestic firms) revealed that these advantages were consistently higher in foreign-owned MNEs than in home-based MNEs. In the ICT industry the average hourly wages in home-based MNEs came out slightly lower even than those in domestic firms. We also found that gender pay gaps were ever present: in four industries they were quite large, in MNEs varying between 15% (ICT) and 32% (finance and call centres) and in domestic

firms between 15% (transport & telecom) and 30% (again finance and call centres). In four industries the gaps were larger in MNEs than in domestic firms, with the ICT industry as a notable exception: see the last row of Table 3 where the MNE/non-MNE differences are expressed in %-points.

Table 3 Wage differences in %-points between MNEs and domestic firms in five industries, various categories, the Netherlands, 2006-2011

	metal & electr. manuf.	retail	finance & CC	ICT	transp.& tel.	TOTAL 5 ind.
Total / unadjusted	18.1	3.9	19.0	12.0	8.9	13.4
< 100 empl.	12.1	0.1	22.6	12.0	6.5	
100-500 empl.	10.5	13.5	5.1	2.3	10.4	
> 500 empl,	22.7	-4.3	10.9	0.7	-5.2	
Total / adjusted*)	4.4	5.0	11.9	3.7	5.3	6.1
Gender pay gap	3.3	10.8	2.3	-8.8	17.2	

*) adjusted for differences in composition for gender, firm size, years of work experience and educational level. **Bold** = significant (P<0.01)

Source: *WageIndicator* data 2006-2011 (Van Klaveren *et al.* 2013a: 274-80)

Although differences in the calculation methods to some extent limit the comparability of the 2004-2006 and the 2006-2011 *WageIndicator* 'waves', the basic outcomes justify the conclusion that the premiums of wages in MNEs over wages in domestic firms remained at about the same levels. Nevertheless, the wage differences between MNEs from various countries of origin had decreased. This was notably the case between US-based firms and MNEs from other countries.

However, as with the outcomes of Fortanier's study, if overtime compensation was included wage comparisons covering 2006-2011 turned out differently. In four out of five industries the proportion of employees in Dutch domestic firms receiving overtime compensation was higher than that of their colleagues working for MNEs, although in finance and call centres MNEs and domestic firms were on a par in this respect. On the other hand, the practice of working overtime (as opposed to being *paid for* overtime) appeared in the Netherlands to be considerably more widespread in MNEs than in domestic firms in all five industries covered. The differences in overtime compensation reduced the differences in gross hourly wages between MNEs and domestic firms. Taking the differences in overtime compensation and in working overtime into account, the MNE wage premiums calculated over *weekly* or *monthly* wages for significant groups of workers in MNE establishments appear to have been smaller than those for *hourly* wages. By contrast, in the Netherlands the average usual working week was consistently longer in MNEs than in domestic firms, with differences on average varying from 0.7 hours weekly in transport and telecom to 1.7 hours weekly in the retail trade. Taking these latter differences into consideration, the MNE wage premiums calculated for weekly or monthly wages would have ended up about equal to those calculated for hourly wages (Van Klaveren *et al.* 2013a: 280-3, 289-90, 295).

Our analysis of *WageIndicator* data for 2015 basically confirmed the earlier outcomes regarding wage differentials. The differences in median gross hourly wages we calculated were again mainly related to the type of ownership but overall they were not so far

apart: domestic firms paying EUR 13.28, Dutch MNEs: EUR 15.06, and foreign MNEs: EUR 15.81. For 2015, the median gross hourly wages were highest for the Japanese MNE subsidiaries (EUR 20.50) and lowest for French MNE subsidiaries (EUR 15.12), though due to the limited number of observations these differences could not be regarded as statistically significant. However, for 2015 the differences *in hours worked* were significant, both as regards the differences in contractual hours as well as in actual hours worked. According to both yardsticks, the working week was shortest in domestic firms (medians respectively 33.1 and 35.4 hours) and longest in foreign MNEs (36.8 and 39.7 hours), with the working week in Dutch MNEs positioned in between (35.4 and 37.9 hours). According to these results, wage differences between MNEs and domestic firms again showed up as higher when calculated in weekly or monthly remuneration than when expressed in hourly wages.

It should be added that according to Statistics Netherlands data, 30% of employment (calculated in FTE) in foreign firms in 2015 was high-paid (defined as being in the two highest deciles of the wage distribution), against only 14% of jobs in Dutch-owned firms. By contrast, the share of low-paid jobs (the lowest three deciles) was much higher in Dutch-owned firms: 40% against 20%. One year earlier, in 2014, according to Statistics Netherlands, foreign firms employed relatively more highly-educated persons (28.5%) than did firms under Dutch ownership (20.5%) though this difference was smaller than the gap regarding high pay. Similarly, Dutch-owned firms employed relatively more low-educated than those under foreign ownership, but the differences (30.3% versus 22.4%) were not as big as the gaps reported in 2015 regarding the incidence of low pay. These outcomes, nevertheless, suggest a greater incidence of higher pay levels in foreign-owned firms compared to domestic firms for both the high- and low-educated, and most likely for the medium-educated as well (Boutorot *et al.* 2018: 22, 24).

3.3 Working conditions

According to Fortanier's dissertation, working in MNEs compared to domestic firms not only led to *WageIndicator* respondents posting higher scores on wages but also on (perceived) training opportunities, equal opportunity, and better access to company information. On these three working conditions and industrial relations issues, higher-educated employees overall had higher scores; they also scored more highly for perceived health and safety at work than did unskilled workers. Unskilled workers in MNEs perceived health and safety, work-stress and working long hours as being particularly problematic. In addition, those having a managerial or supervisory position in MNEs reported longer working hours and higher levels of work-stress than did their colleagues in domestic firms (Fortanier 2008: 178-9).

When disentangling working conditions by country of origin, Fortanier found various home country effects. For example, she discovered that respondents working for MNEs from 'other' (including developing) countries were substantially more likely to work under dangerous or unhealthy conditions. In contrast, health and safety conditions were perceived by those working for Dutch, German and Japanese firms as being amongst the best. Similarly, work-stress was perceived as highest by those working for firms from 'other' (including developing) countries, closely followed by those working for US firms

and at some distance by those working for Dutch firms. Workers in these three categories, ie., 'other', US and Dutch firms also reported the longest working hours. Concerning industrial relations, Japanese and US MNEs especially revealed a lack of collective agreements whereas UK and French MNEs were most likely to have a CLA or Works Council. Compared to Dutch domestic firms, US, Japanese and 'other' MNEs in particular showed the strongest differences in both industrial relations and working conditions. In other words, they appeared to transfer their home country practices most clearly. The differences in this respect between Dutch domestic firms on the one hand and European (British, French, and German) firms on the other, were much smaller (Fortanier 2008: Table 7.7 and 185-6).

Drawing on data for the Netherlands from the *WageIndicator* survey for 2006-2011 we produced a more systematic comparison of MNEs and domestic firms as regards working conditions and job quality. We did so for six (groups of) characteristics:

- perceptions of working in dangerous conditions and in conditions likely to cause work-related stress;
- the possible match (or gap) between the level of education the job required and the education level of the respondent;
- perceptions of opportunities for internal promotion, or career advancement;
- experience with reorganisation;
- the incidence and duration of employer-paid or provided training;
- job satisfaction and perceptions of job insecurity.

The first group of job quality characteristics derived from five questions on the respondents' perceptions of working in *dangerous conditions* and in conditions likely to cause *work-related stress*. Concerning their perceptions of working in dangerous conditions, the differences between MNEs and domestic firms remained small though in metal and electronics manufacturing and in transport and telecom respondents perceived slightly less dangers working in MNEs. Concerning perceived work-stress, in all five industries MNEs showed higher scores with the largest difference found in retail. The third question asked whether the job was (regarded as) mentally exhausting. Three industries did not show any differences whereas in retail and ICT MNEs came out with slightly higher scores. The response to the fourth question, "is your job physically exhausting?", varied rather more, with respondents from MNEs in metal and electronics manufacturing and in transport and telecom posting lower scores than their counterparts in domestic firms but conversely recording higher scores in the other three industries. Finally, concerning the question whether their job required working to tight deadlines, those working for MNEs scored consistently higher than those working for domestic firms, with again the largest difference showing up in retail (Van Klaveren *et al.* 2013a: 283-5).

We repeated the calculations for these job quality characteristics for 2015, again using *WageIndicator* data. This time though, we were able to divide MNEs into Dutch-based and foreign MNEs and to extend the calculations to the overall Dutch market economy. Again, answers were measured on a five-point scale ranging from 1 = never to 5 = daily. Table 4 shows the average scores and the number of valid responses per question (N). The outcomes were very similar to those for 2006-2011. The differences according to ownership type showed up as rather small and were only statistically significant for 'job

physically exhausting', where domestic firms showed the most negative outcomes. Respondents working for MNEs, in particular those working for subsidiaries of foreign MNEs, emphasized more readily the mentally burdening aspects of the job. In our analysis for 2006-2011 the latter outcome was related to the (averaged) higher occupational level of those working for multinationals, as also reported by Statistics Netherlands (Menger and De Vries 2017). Comparison of the 2015 *WageIndicator* results with the 2006-2011 data, however, suggests that the relationship between occupational level and mentally burdening work has weakened, in particular for those employed by foreign MNEs. By contrast, the experience of work-related stress appears to have become more widely shared across ownership types.

Table 4 Average scores on characteristics of working conditions and causes of work-related stress by ownership type, the Netherlands, total market economy, 2015

	Domestic firm	Dutch multinational	Foreign multinational	N
working in dangerous conditions	1.67	1.55	1.66	4,472
incidence of work-related stress	3.76	3.82	3.89	4,776
job mentally exhausting	3.09	3.07	3.15	4,694
job physically exhausting	2.64	2.43	2.48	4,670
requires working to tight deadlines	3.36	3.43	3.55	2,551

Source: *WageIndicator* data 2015

We analysed a second group of job quality characteristics from the period 2006-2011 to ascertain a possible match (or gap) between the *level of education* the job *required* and the *education level* of the respondent. This match was found to be equal in finance and call centres, slightly better in MNEs in metal and electronics manufacturing and in ICT, and slightly better in domestic firms in retail and in transport and telecom (Van Klaveren *et al.* 2013a: 285-6). For 2015, Table 5 shows the detailed outcomes on this issue for the three ownership types. The upper line indicates the average job level of the respondents calculated using the ISCO-08 occupational classification using a four-point scale (1 = low-skilled job until 4 = high-skilled job). The lower line indicates the calculated average education level indicated by the respondents and measured on a three-point scale (1 = low educated until 3 = high educated). Both levels turned out significantly higher in multinationals, both for Dutch and foreign subsidiaries. Nevertheless, the gaps between job and education levels, with averages varying between 0.29 and 0.31, remained very similar for the three ownership types.

Table 5 Average scores on job level and education level by ownership type, the Netherlands, total market economy, 2015

	Domestic firm	Dutch multinational	Foreign multinational	N
job level	2.50	2.66	2.68	22,484
education level	2.21	2.35	2.38	19,548

Source: *WageIndicator* data 2015

The *opportunities for internal promotion*, or career advancement, was the third job quality issue measured by *WageIndicator* data. The data were derived from the response on

whether or not respondents had been promoted at their current firm. In the period 2006-2011 these opportunities were clearly larger in MNEs than in domestic firms. For the Netherlands the share of respondents that had been promoted varied from 10% higher in MNEs in the retail industry up to 17% higher in finance and call centres (Van Klaveren *et al.* 2013a: 286).

The fourth job quality issue concerned *the respondents' experience with reorganisation*. Respondents were asked whether the firm where they worked had experienced a reorganisation in the previous 12 months. Here, for 2006-2011 the picture was clear and consistent. The incidence of reorganisations was higher in MNEs than in domestic firms, albeit only slightly more in retail (2%). In the other industries, the differences varied from 11% in transport and telecom to 18% in finance and call centres (Van Klaveren *et al.* 2013a: 287).

Table 6 presents the outcomes for 2015 combining the two characteristics: 'been promoted' and 'experienced reorganisation', both logging 1 = yes, 0 = no. The results were very close to those for 2006-2011. Career advancement occurred significantly more often in multinationals as did the experience of a reorganisation. Differences in establishment size appear to be the main explanatory factor here. In all the industries studied, MNE establishments were on average much bigger both in sales and employment than the establishments of domestic firms. This evidently gave them more room for career advancement (though better training facilities played a role of their own, see below) but, on the other hand, also made them more prone to reorganisations. That said, one caveat is appropriate here. We have already cited data from Statistics Netherlands that the establishments of foreign MNEs are on average larger than those of Dutch MNE subsidiaries. Against this backdrop, it is rather remarkable that the incidence of reorganisation experienced by respondents working for Dutch MNE subsidiaries was higher than that of those working for foreign MNEs.

Table 6 Average scores on opportunities for career advancement (been promoted) and having experienced reorganisation by ownership type, the Netherlands, total market economy, 2015

	Domestic firm	Dutch multinational	Foreign multinational	N
been promoted	0.29	0.41	0.42	10,359
experienced reorganisation	0.28	0.39	0.35	2,368

Source: *WageIndicator* data 2015

The fifth job quality issue compared *the incidence and duration of employer-paid or provided training*. According to *WageIndicator* data for 2006-2011, workers in MNEs had an advantage in that they were offered more training facilities and longer training duration than their colleagues in domestic firms. For the Netherlands, MNEs were perceived to offer from 9%-points (finance and call centres and transport and telecom) to 17%-points (metal and electronics manufacturing) more training (Van Klaveren *et al.* 2013a: 290-1). The *WageIndicator* data for 2015 once more showed that relatively good training facilities were an advantage linked to working for multinationals. Again, as with career advancement, we found that the establishments of foreign MNEs performed better than those of Dutch MNE subsidiaries whilst both scored considerably higher than domestic firms.

Using a six-point scale (0 = no training, 1 = less than two days training yearly, up to 6 = over two months of training yearly), the average scores on the incidence of training for 2015 were 1.04 for domestic firms, 1.40 for Dutch MNE subsidiaries, and 1.58 for foreign MNE subsidiaries. Among the latter we found these averages (countries of origin with at least 100 observations): 1.76 for French subsidiaries; 1.57 for US subsidiaries; 1.55 for German subsidiaries, and 1.53 for UK subsidiaries.

Finally, we analysed respondents' *job satisfaction and perceptions of job insecurity*. The answers on both issues were measured using a five-point scale, ranging from 1 = dissatisfied to 5 = highly satisfied for job satisfaction whilst for job insecurity the question 'how often do you worry about your job security?' was scored from 1 = never to 5 = daily. According to *WageIndicator* data for the Netherlands for 2006-2011, in two industries (retail and ICT), satisfaction scores for MNEs were lower than for domestic firms and higher in three, though the differences were small and non-significant. The scores on perceptions of job insecurity showed detrimental differences insofar as working in MNEs in four industries were concerned. The exception was retail where the outcomes were on a par. The higher scores for MNEs in two industries, metal and electronics manufacturing (23 %-points) and transport and telecom (21 %-points), were significant (Van Klaveren *et al.* 2013a: 287-8).

Concerning job satisfaction, the *WageIndicator* data for 2015 by and large showed the same picture as for 2006-2011: see Table 7. Dutch MNEs ended up with a slightly higher average than foreign MNEs although once again the differences between the three outcomes were small and non-significant. However, the results for perceived job insecurity for 2015 deviated considerably from those posted for the Netherlands in 2006-2011. The differences between MNEs and domestic firms had clearly flattened out, with domestic firms overall now even showing the highest insecurity average. Workers in Dutch MNEs evidently seemed to worry less, on average, about the security of their job than their colleagues in the other two ownership types but the differences remained rather small and were non-significant.

Table 7 Average scores on job satisfaction and perceived job insecurity by ownership type, the Netherlands, total market economy, 2015

	Domestic firm	Dutch multinational	Foreign multinational	N
job satisfaction	3.59	3.65	3.62	6,952
job insecurity	2.40	2.27	2.36	4,497

Source: *WageIndicator* data 2015

3.4 Industrial relations

In the WIBAR-2 research project, using the answers of *WageIndicator* respondents over the period 2006-2011, we analysed the differences in industrial relations at company level between multinationals and domestic firms, focussing on three issues:

- trade union density;
- the incidence of workplace employee representation, and
- collective bargaining coverage.

For the Netherlands, the outcomes for 2006-2011 concerning *trade union density* were mixed. In three of five industries the share of trade unionists in MNE subsidiaries was

2%-points higher than in domestic firms, but in metal and electronics manufacturing and transport and telecom these outcomes were reversed. Overall, the differences remained small (Van Klaveren *et al.* 2013a: 292-3).

Nevertheless, the 2015 data for the Dutch market sector overall suggested that ownership type mattered. Respondents working for foreign MNEs indicated 19% union density, against 16% for those working for Dutch MNEs and 15% for those respondents working for domestic firms. These differences were statistically significant. Earlier industrial relations studies had pointed out that in the Netherlands union density was higher in larger companies and establishments. Thus, the bigger scale of the MNE establishments picked up in the *WageIndicator* data most likely explain the density differences we found. However, it should be noted that the outcomes for 2015 varied widely across MNEs by country of origin. With 23% of their workforce organized, the French MNEs stood out here, whereas the American firms (12% union density) and the British firms (9% density) were at the lower end of the spectrum – all the more disquieting from a Dutch trade union perspective in view of the growth of employment posted by US and British MNE subsidiaries between 2008 and 2017.

As regards the incidence of *workplace employee representation*, the WIBAR-2 project delivered an unequivocal picture. Over the period 2006-2011, workplace employee representation was much higher in multinational establishments than in domestic firms in all five industries, with differences varying between 23%-points (in transport and telecom) and 25%-points (in retail) up till 32%-points in the other three industries ((Van Klaveren *et al.* 2013a: 292-3). However, the WIBAR-3 project outcomes suggested that by 2015-2016, industrial relations at company and establishment level throughout Europe had turned less positive in MNEs compared to the position found on average eight years earlier. We have expressly used cautious wording here as the differences between the research methods used permit only tentative comparison here.

In the WIBAR-3 research the average ‘management – union relationship’ score for all 575 companies studied in 2015-2016 in 23 countries at 2.92 came close to the ‘3’ score representing a ‘purely business-like relationship’. Remarkably, the relationship score for the 451 MNE subsidiaries, averaged at 2.85, was lower, while the 2.81 average posted by the 289 subsidiaries of *foreign-owned* MNEs was even lower. Moreover, with 2.71 the average score for those MNE subsidiaries where employment in the parent companies grew considerably (defined as more than 5% in 2012-2014) ended up lower still. At subsidiary level too, average ‘management – union relationship’ scores came out substantially lower in expanding (again, more than 5% employment growth in 2012-2014) compared to declining companies. From a trade union viewpoint, these results are both remarkable and disquieting. Analysis of the Dutch WIBAR-3 data showed that the Netherlands was no exception. The 2.93 average for the MNE subsidiaries here --14 out of the ‘top-25’ firms-- remained below the Dutch average (3.08). By contrast, and diverging from most of the 22 other countries scrutinised, the scores in the Netherlands related to the development of employment showed less disquieting outcomes, that is, higher in expanding than in declining firms. This held true both at the level of the ‘parents’ (average scores 2.72 versus 2.50) and at the subsidiary level (3.00 versus 2.88) ((basic calculations for) Van Klaveren and Gregory 2019: 128-30, 144-6).

Concerning *collective bargaining coverage*, the Dutch outcomes for 2006-2011 were similar to those for trade union density, at least for four industries. The retail industry though, showed a diverging picture, with bargaining coverage ending up 2%-points lower in MNE subsidiaries than in domestic firms. We calculated much higher coverage rates for MNE subsidiaries in finance and call centres and in ICT (respectively 26%-points and 11%-points more), although in the Netherlands these two industries (jointly with wholesale) still had low bargaining coverage. By contrast, in industries already well covered by collective agreement (CLA) it was no surprise that we found higher coverage in domestic firms in metal and electronics (5%-points) and in transport and telecom (11%-points). These WIBAR-2 findings showed that in the Dutch market sector comparatively less MNE employees fell under the protection of a CLA than those employed by domestic firms (Van Klaveren *et al.* 2013a: 291-4).

We tested this conclusion against an overview of the Dutch collective agreement landscape drawn from the CLA database of the FNV union confederation for 2016. Table 8 (next page) shows that 148 *industry* CLAs were in existence by then, covering about 66% of all wage-earners in the Netherlands. Added to these were 652 *company* CLAs that covered about 18% of wage earners, resulting in an 84% total coverage. Three clusters of company CLAs stood out, of which two were of particular interest for our purposes, namely those in transport and telecom and those clustered as belonging to the process industry (the third cluster mainly related to the care sector). One-third of 92 company CLAs in transport and telecom covered MNEs that were mostly foreign-owned; the other two-thirds covered domestic firms. In the process industry, where many company CLAs had originated from FDI in the Rijnmond area in the 1960s, about three-quarter of 257 (!) company CLAs concerned MNEs, again the majority being foreign-owned. We estimate that in both clusters about one-third of all MNEs were covered by a company CLA and slightly more than half by an industry CLA, leaving about one-fifth not covered by any CLA. Extending this estimation to the Dutch market sector as a whole would confirm the picture earlier derived from the WIBAR-2 research, suggesting that employees of MNEs in the Netherlands are less covered by CLAs than those working for domestic firms. This difference might be explained by the relatively low coverage in *foreign* MNE subsidiaries. We estimate that in the two clusters we analysed above, those employed by foreign-owned MNEs were 10 to 12%-points less covered by industry CLAs than those working for domestic firms. In contrast, the difference in industry CLA coverage between *Dutch* MNE subsidiaries and domestic firms in these two clusters may have been lower at 6 or 7%-points.

Table 8 Collective agreements divided by industry and company CLAs, Netherlands, by sector, 2016

	Industry CLAs		Company CLAs		Total	
	No. of CLAs	% empl.	No. of CLAs	% empl.	No. of CLAs	% empl.
Metal and electronics	11	89	7	5	18	94
Wholesale	12	29	6	2	18	31
Retail	26	88	21	7	47	95
ICT	1	20	2	1	3	21
Transport and telecom	11	46	92	41	103	87
Process industry *)	12	16	257	66	269	82
Other **)	75	82	267	10	342	89
TOTAL	148	66	652	18	800	84

*) Chemical industry, food and beverages manufacturing, pharmaceutical industry, rubber and plastics industry, power generation **) Including finance and call centres

Source: authors' calculations based on FNV CLA database

4. CONCLUSIONS AND DISCUSSION

Case studies colleagues at the AIAS undertook in Dutch subsidiaries of eight major MNEs (four Dutch-based, four non-Dutch) in 2003-2004 showed a strong short-term emphasis on shareholder value as being key in the strategic decision-making of all eight MNE parents - also in those MNEs originating in coordinated market economies. The AIAS researchers concluded as regards the Dutch market sector that "When considering the strong focus on shareholder value in Anglo-American (equivalent for the broader used term 'Anglosaxon', MvK/KT) economies, the conclusion can be drawn that a process of Anglo-Americanisation is taking place in the area of corporate strategic policy" (Van der Meer *et al.* 2004: 101). They added that implementing HRM programs supposed to support such policies turned out to be more ambiguous as "they are often based on international hypes, namedropping and hearsay, usually dominated by Anglo-American jargon, that suggest a high degree of cost effectiveness" (Van der Meer *et al.* 2004: 102). This early AIAS research confirmed the growing orientation towards shareholder value and related short-term considerations that already in the course of the 1990s had become visible in major Dutch firms. One important adjunct of this trend was the upgrading of share options and similar flexible reward schemes for senior management.

The first 'wave' of *WageIndicator* results suggested that in 2004-2006, the dissemination of the Anglosaxon corporate strategy model in the Dutch market sector was largely restricted to US-based MNEs, thus conveying genuine 'home country effects'. At the same time, some extension of Japanese and 'other' foreign investor practices could also be seen. Thereafter, the WIBAR-2 data for 2006-2011 suggested a broader diffusion of the Anglosaxon model in the Netherlands. This is supported by the finding that, compared with the 2004-2006 outcomes, the wage differences between MNEs from various countries of origin, notably those between US-based firms and those from other countries, had decreased.

Subsequently, in 2015 we found that subsidiaries of US MNEs no longer paid the highest median gross hourly wages. This position was instead taken over by subsidiaries of Japanese MNEs. Between 2011 and 2015, the median wages paid at subsidiaries of both US and British MNEs as measured by the *WageIndicator* survey indicated the influence of

downward pressures testified by an influx of low-paid respondents. It seems likely that a substantial share of these particular respondents worked for MNEs in the 'platform economy' namely, the likes of Amazon, Uber, Facebook, Twitter, and others of this ilk. Already by 2015, the rise of such digital platforms had undermined classical demarcation lines between industries and established trade union positions (cf. Drahokoupil and Fabo 2016; see for a recent overview Van Klaveren *et al.* 2020: 184-7). Similarly, in 2015 some of the differences in perceived working conditions by types of ownership had decreased, in particular with regard to the experience of work-related stress and the perceived job insecurity. On the other hand, career and training opportunities offered by MNEs continued to outstrip those on offer from their domestic counterparts. Career progression and training facilities are closely linked and the larger scale of MNE establishments was most likely the reason why respondents continued to rate MNEs more highly than domestic firms in these respects.

In early 2013, based on the second 'wave' of *WageIndicator* results for 2006-2011, we produced jointly with our British colleague Denis Gregory, a Policy Paper for the European Trade Union Institute (ETUI) to discuss some of the implications for trade union policies. We tested the conventional wisdom that MNEs offered some important advantages to their employees. While the comparisons we investigated concerning wages, career progression and training tended to suggest that 'working in an MNE is good for you', our findings on (unpaid) overtime and working hours provided a first qualification of that view. We also referred to respondents' perceptions of work-related stress as a second group of findings that might cast a shadow on the positive side of working in an MNE. The third challenge to the conventional wisdom emerged from our findings on reorganisation and change. As was common elsewhere in the EU, MNEs in the Netherlands have predominantly used an employment model or 'contract' where, in exchange for additional pay, relatively good training facilities and career prospects, workers were expected to commit themselves to long and partly unpaid working hours, along with relatively high work-stress levels and the pressure of reorganisation.

However, we also noted in 2013 that unions had to take into account the considerable diversity in the strategies of MNEs, notably across industries. For example, our data suggested that in the Netherlands in particular (and in Sweden and the UK) in the two low-wage industries scrutinised: retail and transport and telecom, a number of MNEs had pursued 'low road' strategies that included wage pressure policies. In this latter MNE category, compensation mechanisms might often be far removed from the dictates of conventional wisdom. The three of us argued that for both categories it seemed crucial for unions at national level to maintain or create industry-level collective agreements covering MNE subsidiaries; for the first category, to spread the gains (notably in wages and training) and for the second category to focus on improving wages and job quality and widen the scope for employee representation (cf. Van Klaveren *et al.* 2013b).

Based on the WIBAR-3 outcomes for 2015-2016 and our analysis of CLAs for 2016 it is reasonable to conclude that the problems Dutch trade unions encounter in dealing with MNEs have increased. In the second phase of the economic crisis and the early recovery, between 2011 and 2016, problems regarding wage pressure and contractual flexibilisation have clearly broadened in the Netherlands; these problems are no longer confined

to (MNEs operating in) low-wage industries. Simultaneously, the advantages MNEs held over domestic firms in terms of workplace industrial relations and HR policies stemming from more than just business-like management – union relationships seem to have largely disappeared. Indeed, *expanding* MNE subsidiaries showed relatively low scores on management – union relationships. Interviews with Dutch union officers and messages on Dutch union websites, both covering the years 2015 and 2016, confirmed the view that industrial relations in and related to foreign MNE subsidiaries had tended to deteriorate. Quite a few officers pointed in particular to the problems they encountered reaching even marginal improvements in terms and conditions with foreign MNE subsidiaries (and parent firms) when trying to renew CLAs that had expired. The remarkably low bargaining coverage in foreign MNE subsidiaries we calculated for 2016 may well be an expression of these problems.

The penetration of the Anglosaxon corporate strategy model and the related emphasis on short-term shareholder value seem the most crucial of the problems Dutch trade unions in the market sector have latterly encountered. The effects of such penetration can hardly anymore be labelled ‘home country effects’ derived from dominant American and British MNEs. Neither can they simply be blamed on the behaviour of MNEs in general. In reality, large parts of the Dutch business community appear to have internalised the goals and practices typical of the Anglosaxon model. In the 2000s coalitions of managers who valued longer-term perspectives with trade union officers and works councilors had, to an extent, been able to mitigate the consequences of the American-UK managerial ‘import’. However, from 2008 on, the maintenance of such amelioration has been seriously hampered by increasing unemployment, declining union density, internal union disputes and shrinking business profitability that squeezed bargaining margins. Also, and in spite of the consensual industrial relations assumed as being key to the Dutch ‘polder model’, the employers’ associations and their main negotiators in these years largely paid lip service to the idea of a social dialogue. They basically refused to agree the upgrading of CLA arrangements, and would hardly or not engage on non-wage issues such as work-family arrangements and work organisation.

These developments, rather similar in fact to what happened in Germany, Belgium and other EU countries over this period, has inevitably eroded multiple-employer or sectoral bargaining arrangements. The fact that, from 2011 onwards, the European Commission switched their support away from multiple-employer bargaining to advocate instead the decentralisation of wage-setting, is a further important and largely unhelpful factor that should not be overlooked here. Indeed, colleagues at the AIAS have characterized the actions the Commission subsequently took on wage-setting as a “Frontal assault on multi-employer bargaining” (Keune 2015: 293) or, as “The destruction of the institutions supporting multi-employer bargaining” (Visser 2016: 29). It was not until November 2017 when the European institutions (Commission, Council and Parliament) jointly proclaimed the European Pillar of Social Rights (EPSR) would include “Support for increased capacity of social partners to promote social dialogue”, that the prospects for a more balanced, EU-wide policy approach to collective bargaining and social dialogue began to emerge.

That said, it will definitely take time to repair trust levels and management – union relationships, at European, national, industry and work organisation levels. For the trade union movement in the Netherlands, it may be encouraging to see the majority of workers continuing to regard collective bargaining and the CLA as important safeguards and, compared to actual bargaining coverage rates, preferences for being covered by a CLA even seem to have increased. For example, *WageIndicator* data covering January 2014 - April 2016 showed that in four out of five industries the share of respondents ticking ‘It is important to be covered by collective agreement’ was higher than the actual coverage rates in those industries. Ten years earlier, *WageIndicator* data covering September 2004 - March 2007 and used in the WIBAR-1 research project had painted a much less rosy picture, with respondents in only one of (then) 10 industries (other commercial services) in the Netherlands citing support rates that were higher than actual coverage rates (Van Klaveren and Tijdens 2008: 157-8, 162; Van Klaveren and Gregory 2019: 52-5).

Of course, the current Coronavirus crisis has further complicated matters in industrial relations and will continue to do so even as lockdowns are lifted. In the short to medium term the looming possibility of further lockdowns, either total or partial, inevitably cast uncertainty on any potential recovery. Moreover, in the medium to longer term, there remain big question marks as to just how much of the pre-pandemic economy can and will be reconstituted. At least it can be assumed that continuation of management strategies and practices derived from the Anglosaxon model may well be a blind alley. Also, under largely new conditions the revitalisation of multiple-employer bargaining becomes both urgent and compelling. First of all, such bargaining needs to produce the much-deserved enhancements in pay and conditions for those ‘key’ workers in the health and care sectors who are largely low-paid (cf. Van Klaveren *et al.* 2020: 274, 283-5). Up till now it has widely been assumed that health and care workers in the public sector in the Netherlands have been covered by sound, sectoral bargaining arrangements. It may come as quite a shock to find that these well-established arrangements have not prevented highly-skilled nurses being paid below the national average wage.

For private-sector care workers or frontline workers in retail and private logistics and transport, all of whom have played an essential part in the struggle against the Coronavirus, the position is frequently even worse in terms of bargaining coverage and the strength of collective agreements. In part this can be attributed to the rise of the platform economy and the ways in which MNEs such as Amazon have spread their operations into logistics, retail and wholesale activity. The newly-gained public awareness of the bad terms and conditions that frequently accompany work in the ‘platform economy’ may open the way for union efforts to conclude better sectoral CLAs. In this respect, wide-ranging campaigns for decent work are plainly called for, with a twin focus on essential workers in both the public and private sectors and all those workers in the platform economy currently without representation and proper contracts. In the post-pandemic recovery phase it will, in any event, make good economic sense to ensure the restoration of spending power that strong sectoral CLAs could underpin. At the same time, the requirement to build resilience into the structures of the economy to deal with the possibility of future pandemics, speaks to the need to rethink not just supply chains at the macro level but also work organisation at the micro level. In this latter respect, there is much that can be achieved through social dialogue and more comprehensive CLAs

that include clauses on work organisation, job quality and training. Both unions and employers should seize the opportunity in particular at sectoral level.

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