The Country of Origin Effect Revisited
The Case of American Oil MNCs in the UK

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Abstract

American Multi-National Corporations (MNCs) have often been examined in significant literature which purports to support the thesis of a “country of origin effect” (COOE) whereby such corporations diffuse an individualistic ideology by way of distinctive employment practises which are based on the American business system and its culture. Our study was designed to obviate the methodological problems inherent in the literature, in particular, the aggregating and conflation of industry-specific variables. We tested the COOE hypothesis using data from all of the plants in the UK downstream oil industry (both American and European owned MNCs) to ascertain if there was such an effect. We offer strong evidence to refute a COOE in this industry in the UK context. We show that adaptation of American MNCs into the UK institutional and cultural context is a far stronger force to influence policy than a COOE. This is an important finding as it casts doubt on the accuracy of much of the literature, and on a broader canvas it suggests that research should limit generalizations to sector and country specific areas, rather than creating grand theory at too early a stage.

Keywords: Americanization; Country of Origin Effect (COOE); oil industry; multi-national corporations; United Kingdom.

Introduction

There is a widespread school of thought that holds that when an MNC moves to establish operations in a foreign country, its domestic policies will be diffused into the local environment via their in-company processes. This is the “country of origin effect” (COOE). Some of this literature refers to production and marketing policies and is often correctly identified as being particularly pertinent in emerging economies. However, another strand of the literature derives from research examining American MNCs operating in the UK and Europe. In this context the COOE thesis suggests that such companies implement unitarist, anti-union regimes in their employment policies, driven by their home country ideology. These studies however normally collect survey evidence and case studies from a wide variety of unrelated industrial sectors, and examine a wide variety of employment and structural issues. However, when we look closely at the research published in the literature, the samples are so varied and the proxy measures so wide that Harzing and Sorge (2003, p.208) concluded “we extend a strong plea for more empirical research into the country of origin effect for multinationals in general and previously neglected multinationals in particular”. Ghoshal and Westney (2005) also proposed more “fine-grained” research into the MNC.
We sought to develop these themes in particular by setting up a limited, in-depth study to test the COOE hypothesis by using a single but very important measure – trade union recognition - and we set this within the practices of the powerful, large, US oil multinationals in the UK context. Our research tests the COOE proposition by a quasi-experimental design, interviewing key respondents in all the oil refining companies in the UK and examining their employment agreements. We therefore compare the US firms’ trade union recognition policies against those of the European and UK owned enterprises. Thus we posit a quasi-experimental approach by using the evidence of the host country firms’ practices as a comparison for setting the practices of the American firms. The COOE thesis suggests the employment policies of American firms will be different from those indigenous firms who are embedded in local UK and European culture.

This paper is split into five sections. First, we outline the arguments for a COOE based on the American National Business System (NBS) we look in detail at studies identifying COOE and discuss its limitations. Second, we introduce our definitive sectoral focus, the oil industry and its UK context. Third, we outline the empirical study research design. Fourth, we detail and discuss our findings. In the last section we conclude the study outlining its contribution to theory and practitioners, its limitations, and possible future research directions.

1. The Country of Origin Effect

The basis of widespread interest in this area is the success of US firms in Europe and elsewhere. This was termed “Americanization” by Aronovici (1919) and this theme was followed by “Le defi Americain” - the alleged “American challenge” by Servan-Schreiber (1967). Taking up and extending the issue, Vernon (1970) asserted that this challenge affects and limits the sovereignty of the host countries. His widely-read book “Sovereignty at Bay” was subtitled “The multinational spread of US firms” and suggested a powerful and negative influence on local and nation business practises. Indeed, in a Royal Institute of International Affairs report, the tension between global companies and public policy was demonised: “American investment in Europe was so large that it aroused widespread fear and resentment” (Julius, 1990, p. xi). DeAnne Julius was a key political figure in the UK. As a founding member of the government’s Monetary Policy Committee of the Bank of England and one-time chief economist at British Airways and Royal Dutch Shell, Julius’ comments were not only pertinent but also highly visible (Ashworth, 2004). This kind of high-level comment threatened the success of, and limited the reach of, inward investment of American firms. Humes (1993) went so far as to describe the process as one of “cultural colonialism”. Recently, others have asserted that while a type of COOE or “Americanization” exists in Europe they have questioned whether this is an ideologically driven diffusion of culture or a more prosaic adoption of more efficient methods of production (Djelic, 1998; Djelic & Amdam, 2007; Knox & McKinlay, 1999, 2010). These two strands are often conflated in the literature.

The question of specific COOEs with American MNCs was arguably first raised in relation to the “coercive comparisons” between affiliates (Ferner & Edwards, 1995) which later Ferner (1997) progressed, concentrating on Human Resource Management issues. With an alleged “renewed American challenge” (Edwards & Ferner, 2002) the search for “Americanness” (Colling & Clark, 2002) continued. This was suggested because it was asserted that, unlike MNCs from other countries, “US MNCs are likely to transfer aspects of Americanness” (Muller-Camen et al.,2004, pp. 6, 35). Further studies continued to propose the same thesis: for example the alleged Americanization of the British Business System (Clark & Almond, 2004) and the European Business System (Clark, Almond, Gunnigle, & Wächter, 2005). These researchers specifically examine the role of American multinationals in Europe (Almond & Ferner,2006) to
again raise the threat and challenge of US inward investment by asking “what happened when the Americans took over Britain’s electricity industry?” which was the provocative title of the study by Colling and Clark (2006).

This literature borders on the political, as it suggests that American unitary, individualistic employment values and practises, via its MNCs, have actually taken root in the UK and Europe and that this has threatened indigenous firms and business systems. This is because, it is alleged, the American NBS embraces different beliefs and values (ideologies) from that of the European and UK Business Systems which are more pluralist in outlook. The COOE thesis suggests that this ideology then, via the MNCs, comes to dominate the Local Business System (LBS) in the host country (Almond, Edwards, & Clark, 2003) which challenges the more pluralistic employment policies in Europe and indeed in the UK. There is some support for these assertions: Kochan, Katz, and McKersie (1986) state that in the USA, unionisation is seen as unnatural, illegitimate and un-American, and Jacoby (1991, 1997, 2005) presents the argument that these ideologies prompt union-busting and vehement hostility toward unions. From the home country NBS, the thesis leads researchers to the subsequent claim that there is “an intensity of employer opposition to unions found in America [that] is unparalleled anywhere in the industrial world” and that the American MNC provides “an individualistic ideology and a strong anti-state and anti-union stance” (Muller-Carmen et al., 2004, pp.6, 35).

More recent research has again focussed on concerns over US firms’ hegemony and has then framed the economic reality of successful management into a more emotive political and “narrative” enquiry (see Tayeb, 2007 for a discussion). This grand theory sees all American MNCs in a holistic conception, deriving homogeneity presumably (and so not empirically) from their US basis. The idealised MNC then must be presumed to possess equally idealised and consistently “American” employment policies - particularly an anti-union bias. One of the latest conclusions from this series of studies is that “Overall, MNCs are a crucial agent in the transformation of national industrial relations” (Marginson & Meardi, 2010, p.207). This again sees the MNC as a single conceptual entity. We regard this as simply continuing the existing narrative strand and it prompts a need for further empirical study.

We consider this is necessary because these disparate linkages are highly questionable in a causal or explanatory sense. They emanate from the idea of a single coherent American National Business System, where the underlying American ideology and individualistic “market approach” is embedded in US domestic firms (Whitley, 1992). This, it is presumed, affects all firms equally, and the MNCs act as diffusers of that ideology abroad - as “US firms stand out for the low discretion that they grant to subsidiaries and their disinclination to recognise trade unions” (Edwards & Ferner, 2007, p. xi). Furthermore, the studies cited above have problematic methodologies. As well as tautology, such as searching for Americanness, they are generally heterogeneous and in the UK context, even very large funded studies, such as that of Edwards and Ferner (2007), cannot determine the exact nature of a COOE. The authors concluded: “despite a large number of studies, there is no overall, authoritative picture of the ways in which MNCs in Britain manage their employees” (Edwards & Ferner, 2007, p. 1). This is unsurprising as the set of MNCs is so heterogeneous: they state that their final sample “is a heterogeneous group. …spread across manufacturing and services” (Edwards & Ferner, 2007, p. 16).

We aim to address that kind of deficiency by concentrating on one industry - the oil industry - and the particular role in the UK of the many American MNCs within this sector. Thus we have as our test case the most powerful US firms who assert strategies over affiliates.
operating in the context of a sophisticated modern “open economy” in the UK. What are the chances of a COOE thesis being confirmed?

2. The oil industry

The focus of this research is the downstream or manufacturing sector of the oil industry, whose MNCs have not so far been studied empirically in regard to the COOE thesis. However, we can use the linkages described earlier to construct a working hypothesis. Penrose alleged that “international firms, including the oil companies, [had] not found a way of operating in the modern world which would make them generally acceptable as truly international institutions” (Penrose, 1969, cited in Hazlewood, 1969, p. 388, emphasis added). By this she implies a hegemony - a powerful presence which intimidates suppliers and customers and ensures the highest level of profits. Subsequently it has been alleged that in the oil industry “American cultural values have profoundly affected Exxon and Mobil” (Humes, 1993, p.111). Furthermore, major oil companies’ headquarters assert their global strategies over subsequent lower level activities and profit centres (Grant, 2003), implying an American COOE would be easily transferred overseas in this industry. Indeed it has been suggested the oil MNCs – mostly American – were so powerful they had created their own world. Sampson’s (1975) book, “The Seven Sisters” was subtitled “The great oil companies and the world they made”. Surely, if the COOE thesis is correct, they would dominate a host country with an open economy.

We base the study on such an open economy - that of the UK, where US oil companies established oil refineries and associated petrochemical plants on the estuaries of main rivers. The various companies are listed in Table 1. This process began in earnest in the late 1940s and continued in phases until the 1990s. The UK government encouraged such inward investment due to capacity limits in the indigenous refining network. Each refinery employs approximately 1,000 people, split between process operators, maintenance workers, and administrative and managerial staff. Additional staff from contractors and truck and railway delivery operations were ancillary and not directly employed. Crude oil was delivered by large tankers and, subsequently, products were offloaded by truck, rail, and ship. The refineries had a large crude processing capacity of several hundred thousand barrels of crude per day, and operated on a 24 hour basis, 365 days a year. This means that production losses were permanent, and employee productivity was crucial to operating profitability, particularly in maintenance operations, where “shutdowns” of the plant were necessary. Each plant represented enormous amounts of capital expenditure, where merely one process unit might cost upwards of $100 million (Grant, 2003).

3. The empirical study

From the literature we chose one main variable that had dominated much of the debate on ideological transfer, that is, employment policies. These have been seen to be important aspects of the COOE thesis given the American individualistic ideology. To test the literature’s assertions on anti-union policies, we concentrated on the issue of trade union recognition. We designed the study to use a specific, measureable dependent variable: we sought to compare the US firms’ trade union policies against those of the indigenous UK and European owned enterprises. Thus we use a quasi-experimental approach by amassing the evidence of the host country firms’ practises as a base comparator then we set the practises of the foreign (US) firms against these.

Our criticism of previous studies required that we use a different methodology as we wanted to answer the sensitive question of whether there had been an American ideological transfer to the UK, and this was quite unsuited to the postal questionnaire method. To avoid the
problems of earlier studies, we used a direct interview method. We began by conducting a pilot study. We first obtained access to the Mobil Coryton Refinery. Access was negotiated based on previous research and consultancy activities by the authors within Mobil. The key Mobil respondents were chosen partly by the authors but also by suggestions from the Coryton Refinery staff. These were: the former Employee Relations (ER) Adviser, the ER Manager, the Senior ER Adviser, the Production Manager, the Technical Manager, the PR Adviser, the former Refinery Transport and General Workers Union Chairman, and the Solomon’s Survey Co-ordinator. In London, we interviewed the former Refinery ER Manager and the former Refinery ER Superintendent, who had both transferred to Mobil Europe, Ltd. In all, ten managers were interviewed and documents concerning employment contracts (i.e. trade union agreements) were studied. This process was to determine the extent of trade union recognition, if any, amongst different groups of employees and to also discover any American ideological attitudes amongst managers. These interviews led us to amass a wide variety of information about the strategies of the company, and later in our analysis, to consider the craft trades as the key sample. Subsequently, the key dependent variable was considered to be simply their official recognition by the company as authentic representatives of craft employees.

The fieldwork was developed over a year and a half, with frequent visits to the refinery and to offices in London. The subsequent main study sample frame also developed naturally over this period. As such, this was a wide-ranging qualitative study and we were not concerned with attempting to develop a statistical analysis. Due to the credibility established in the pilot stage, we were able to generate a wider selection of sites to visit which represented a census of the industry in the UK setting. As with Mobil, key respondents were defined as those managers with direct knowledge of craft work, but we extended the sample to include trade union officers as a way of triangulating any managerial biases. We finally had a balanced sample of US and European-owned enterprises. The company respondents are shown in Table 1.

Social desirability may have induced the managers to assert they had given union recognition whereas our trade union officers might not have concurred with this, or argued about the range of issues covered. We therefore approached the relevant trade unions and were successful in triangulating the MNC managers’ interviews by interviewing nine trade union respondents. These consisted of the National Officers of two major unions – Manufacturing, Science and Finance Union (MSF), and the Amalgamated Electrical and Engineering Union (AEEU). In addition officers of the AEEU’s specific sections such as Construction, and the newly attached Electrical, Electronic Telecommunications and Plumbing Union (EETPU) were interviewed. We also interviewed the Local Full Time Officers of the MSF, AEEU (EETPU), and the AEEU Construction Section, and extended this level to include the Transport and General Workers’ Union, and the General Municipal and Boilermakers’ union (GMB), both of which had members in various plants.

Thus we can directly compare the specific employment practices of the US plants against those plants of non-US origin. This gave us, in effect, an experimental and control group design. Our object here is to test whether there is any discernible difference between the European-owned and the American-owned MNCs and we do this by taking the primary testable hypothesis from the literature.

$H_0$: There is no significant difference between the employment practices of American MNCs operating in the UK and MNCs operated by non-American MNCs in terms of the recognition of trade unions in their refineries and associated chemical plants.
H1: American MNCs will adopt a less inclusive policy towards trade unions, such as by a lack of recognition or, if recognised, limitations will be imposed on the extent of procedural issues such as staff covered and/or substantive elements such as rewards.

Table 1: The Sample

<table>
<thead>
<tr>
<th>Respondent Plant</th>
<th>Respondents</th>
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<tr>
<td>*Amoco Refinery (Bought by Murco)</td>
<td>Trade Union Officer</td>
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<tr>
<td>BP Chemicals Baglan Bay</td>
<td>Engineering Manager</td>
</tr>
<tr>
<td>BP Chemicals Hull</td>
<td>Maintenance Manager</td>
</tr>
<tr>
<td>BP Chemicals Grangemouth</td>
<td>Maintenance Manager</td>
</tr>
<tr>
<td>BP Oil Grangemouth Refinery</td>
<td>Maintenance Manager</td>
</tr>
<tr>
<td>BP Oil Llandarcy Refinery</td>
<td>Maintenance Manager</td>
</tr>
<tr>
<td>*Conoco Humber Refinery</td>
<td>H R Manager</td>
</tr>
<tr>
<td>*Esso Petroleum Ltd. Fawley Refinery</td>
<td>E R Manager</td>
</tr>
<tr>
<td>*Esso Petroleum Ltd Milford Haven Refinery</td>
<td>Trade Union Officer</td>
</tr>
<tr>
<td>*Exxon Chemicals Ltd. Fawley</td>
<td>H R Manager</td>
</tr>
<tr>
<td>*Exxon Chemicals Ltd Fife</td>
<td>Maintenance Manager, H R Manager</td>
</tr>
<tr>
<td>*Gulf Oil GB Refinery</td>
<td>Maintenance Manager</td>
</tr>
<tr>
<td>ICI Wilton, ICI Runcom</td>
<td>Engineering Managers</td>
</tr>
<tr>
<td>Total/Fina Lindsey Oil Refinery</td>
<td>Maintenance Manager</td>
</tr>
<tr>
<td>*Mobil Coryton Refinery</td>
<td>Various</td>
</tr>
<tr>
<td>*Phillips North Tees Refinery</td>
<td>Engineering Manager</td>
</tr>
<tr>
<td>Shell Expro Fife</td>
<td>Maintenance Manager</td>
</tr>
<tr>
<td>Shell Chemicals, Carrington</td>
<td>Maintenance Manager</td>
</tr>
<tr>
<td>Shell UK Shell Haven Refinery</td>
<td>Maintenance Manager</td>
</tr>
<tr>
<td>Shell UK Stanlow Refinery</td>
<td>Maintenance Supervisor, ER Adviser</td>
</tr>
<tr>
<td>*Texaco Pembroke Refinery</td>
<td>Maintenance Manager</td>
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*=US owned

Our sample of N=22 (see Table 1) comprised a census of the industry. A comprehensive comparison of practises was thus made, and as ten plants were US-owned and twelve were European-owned, the outcome was effectively a balanced design. The US-owned enterprises were: Amoco, replaced by Murco, Conoco, Esso/Exxon (four plants), Gulf, Mobil, Phillips, and Texaco. The twelve European-owned enterprises were: BP (five plants), ICI (two plants), Lindsey (owned by Total and Fina) and Shell (four plants).

Interviews were semi-structured lasting about an hour on average. Contemporaneous notes were taken, written up and returned to each respondent for verification. Any changes suggested were incorporated and a final document returned for the record.
4. Findings and Discussion

We gathered data over three years but as much of this represented additional earlier documentary evidence. The effective period covered was from 1991 to 1997. We were thus able to observe two distinctly different phases of employment relations regimes being implemented in the UK. Prior to 1991, it is clear that the expected difference in trade union recognition between the American and non-American MNCs was absent – and quite unequivocally. All but one of the MNCs recognised trade unions: Gulf was the sole exception in having a union-free site, although its maintenance contractors may have recognised trade unions, this was not known by our respondents at the refinery. Curiously the refineries of the US firm Conoco and the adjacent French/Belgian joint venture at Lindsey, operated by Total/Fina, had no internal craft workforce and depended on local contractors for maintenance. Thus it is difficult to determine whether Conoco was anti-union or just attempting flexible efficiency. Our respondent at Conoco said they had wanted to avoid demarcations between trades, which could be considered an efficiency measure. Certainly their contractors, and those of Lindsey, had recognised trade unions so neither site was union-free.

Our interviews attempted to elucidate why the MNCs had chosen to recognise unions and it was evident that there were various reasons contributing severally and additively to this strategy. The most cited reason was that trade union recognition was the norm in the UK and this was what everyone expected, particularly the local craft tradesmen. The skilled labour market was tight and tradesmen were in a strong bargaining position. Secondly, the tight labour market ensured that labour rates outside the union were no cheaper. When the MNCs set up their facilities, they usually consulted local trade union officers as to rates and working customs. In return for this the trade union officers often assisted the companies to locate and recruit their workforces and ensured that operations were able to proceed smoothly (see Table 2).

After circa 1991 however, there was a reversal of union recognition. Overall, twelve firms in our study changed policy and de-recognised their trade unions: six US-owned firms in nine locations, and six European/UK owned firms in eleven locations de-recognised their trade unions. There were no changes made by US-owned Conoco or Phillips, nor by the European-owned Total/Fina, discussed previously, nor ICI plants on the Tees, and Mersey. Thus there was no significant difference between the two groups, confirming again the null hypothesis. The waves of trade union de-recognition that occurred in the UK were part of a large, well-documented swing against collective bargaining by employers across all industries (Waddington & Whiston, 1994; Beaumont& Harris, 1995). That it was not simply driven by COOE is indicated by the fact that all the MNCs de-recognised unions more or less at the same time, whatever their national pedigree. In the interviews, the key players indicated that the MNC’s de-recognition of the unions was driven by the desire to improve efficiency and flexibility of operations. This was done by removing the issue of union coverage and so returning power to management to implement changes and to remove artificial trade demarcation lines. These actions speeded up maintenance work and avoided expensive losses of production (see Table 2). As mentioned earlier, in the oil industry, automated processes are continually run at capacity and so downtime losses are permanent as they cannot be made up by overtime, which can be used in mass production plants such as in engineering. This makes efficiency of maintenance, when downtime is required, a key strategic goal.
Table 2: Comparison of reasons for or against trade union recognition pre and post 1991.

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<tr>
<td>Trade union recognition was the norm – what was expected.</td>
<td>Large swing against collective bargaining by employers across industries – the new norm.</td>
</tr>
<tr>
<td>Trade unions helped establishing companies recruit and retain skilled workers and maintain smooth operations.</td>
<td>Desire to remove trade union demarcations in the name of efficiency/flexibility of operation.</td>
</tr>
<tr>
<td>Skilled labour markets were tight so trade unions had enhanced bargaining power and the rates for non-union labour were the same.</td>
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Was this change in strategy ideologically-driven? We saw no evidence for that part of the hypothesis. For instance, Mobil managers attempted to re-negotiate their trade union agreements before final de-recognition. Similarly, the US firm, Phillips, did not de-recognise. Of course, de-recognition was in line with the rest of UK industry, and any attempt to “look for Americanness” would result in an indefensible bias: de-recognition by American firms cannot be seen in isolation from the behaviour of other MNCs.

The most convincing explanation for initial recognition and eventual de-recognition is the adaptation of our US sample to the UK situation, as our interviewees explained. Amoco’s Rogerston refinery in Milford Haven sought labour in a difficult market and offered terms and conditions commensurate with its competitors for that labour and these included recognising the relevant trade unions, and by this route, their rates of pay, etc. Conoco commissioned its Humber refinery in 1969, an adjacent facility to the joint venture between Total and Fina to build the Lindsey refinery. These two refineries were built in tandem and shared services such as jetties, moorings and pipe work. The local labour market would have been difficult to enter given the number of heavy industries along both sides of the Humber River, but the Hull Graving Dock company closed its dry dock at the time the plants were built and so the skilled tradesmen transferred to contracting for refinery work. This, as stated earlier, was specifically to avoid the problems of demarcation with craft trade unions, but Conoco was not isolated as an American anti-union organization - the Lindsey refinery had the same policy and both refineries allowed contractors’ trade unions to operate freely.

Flanders’ (1964) case study of Esso’s Fawley refinery on Southampton Water described the influence of its American parent in comparing labour costs and overtime to pressure Fawley to improve labour efficiency, which predates the Edwards and Ferner (1995) study on coercive comparisons, but which is simply internal benchmarking. Ahlstrand (1990) described the further attempts at Fawley to move maintenance employees onto staff terms and conditions so as to remove the trade-based demarcations. Our interviewees stated that this occurred because each trade had to wait for the other to arrive and finish before beginning its phase of work. Team-working in inter-trade groups was not possible. Thus, demarcations held up important maintenance projects and resulted in costly “down-time”. However this is not unequivocal evidence that there was an ideological anti-union stance; the basis, as stated by our respondents, was one of economics. Indeed, Fawley still has an official national level agreement which recognises contractors’ trade unions. Esso’s Herbrandston Refinery in Milford Haven was commissioned in 1960 and was closed in the 1980s, but we were informed by local trade union
officials that its policy had been to recognise trade unions. Exxon Chemicals has two sites (Fawley and Fife), both of which recognised trade unions and then de-recognised them. Both still recognise contractors’ trade unions. Texaco’s Pembroke plant was built on the further side of the Milford Haven estuary which meant that its search for skilled labour competed with the government-run Pembroke Dock, which was strongly unionised. Texaco had no alternative but to offer the same terms and conditions as the local environment especially given its relative isolation.

Gulf’s Waterston refinery was the only one in the large Milford Haven estuary not to recognise trade unions. This came about because the workforce of the original contractor, who built the refinery, was taken on en masse after the plant was commissioned. This meant that Gulf did not have to look elsewhere in the labour market and offered the itinerant contractor’s employees the chance to work for high wages in a stable environment. The trade-off was that they would be on staff terms and conditions, hardly an imposition and not necessarily a negative outcome, though paid overtime was not in place. However the clear evidence is that there was an anti-union stance taken from an American firm. But this is the only clear case out of the nine plants in the UK, so, according to out H1 it is not significantly different.

Mobil’s Coryton refinery again recruited labour from what was a post-war tight national labour market and used the trade unions’ contacts as an aid to such recruitment. This was necessary as the location meant Mobil competed for labour on the same terms as Ford at Dagenham, the docks at Tilbury and Grays, and the London area generally. Pressures for efficiency savings were constant and Mobil negotiated the idea of “fully-flexible craftsmen” in 1984 with its craft trade unions meaning there would be no artificial trade demarcations. Thus, even with trade union recognition, labour efficiency was still at the forefront of Mobil’s refinery efficiency issues.

Phillips’ joint venture with ICI kept the same employees as had existed under ICI’s previous sole ownership and so it is unsurprising that Phillips simply adopted the same trade union recognition policy. In any case it competed for skilled labour with all of the other firms in an intense area of similar chemical process works on the industrialized Tees Riverside.

We have shown that, in this sector, the MNCs show no evidence of any country of origin effect in terms of the cultural transfer of an ideology of individualisation or that the firms are “violently anti-union”. Rather than diffusion we have seen adaptation; the American affiliates recognised and de-recognised their unions in concert with the wider UK manufacturing industry, which in turn was based on a legitimacy harbouring by the times and conditions under which their investment was implemented in the UK. This mainly appertains to legislation, regulations and local planning processes. At the same time, the labor market post war was tight and very locally-specific. The term “balkanized” was used by (Kerr, 1954) and this “balkanization” added to the efficacy of trade union recognition. Thus we have localization and adaptation independent of the origin of ownership, and we confirm local adaptation.

The evidence here indicates that country of origin effects are not inevitable and that the feared Americanisation of employment practises and management policies in the UK host country is certainly not an automatic outcome of the inward movement of American owned MNCs. This is despite the large numbers of American firms and the powerful sway of these in the industry – American oil multinationals are amongst the world’s biggest and most profitable companies (Fortune, 2009). Intervening variables such as the strength of the labour market and industry custom and practise appear to have a moderating effect.
5. Conclusion

We follow the advice of Whetten (1989) in making a theoretical contribution. There are serious deficiencies in the conceptualisation of the country of origin effect, at least in the case of Americanization of employment practise in the UK. We have shown that the theory’s linkages are tenuous; indeed the initial conception of the American NBS is faulty as there is no single US model of business organisation and market structure that could be said to represent the dominant features of the US market economy in all major industries (Whitley, 2009). Further, to demonstrate COOE, relevant employment practises must be defined and measured, and the mechanisms for diffusion from one country to another by the MNCs need to be shown to be different from ordinary practise within the general population of organizations. Noorderhaven and Harzing (2003) for instance, suggest, but do not provide evidence for, the influence of transferred expatriate staff. We found only a very few instances of American managers’ presence in our MNC sample, and no evidence of a profound influence. We suggest that none of these problems have been addressed, let alone solved. The employment issues have been poorly defined as “American”, the research samples have been unusually diverse. Most of the studies cited are either survey-based (with their own serious limitations) or use very small samples because of the difficulty of negotiating access – a problem we avoided. Most importantly they are, without exception, heterogeneous with regard to industry and so make an unverifiable assumption that all of the MNCs studied are similar to the point where any differences are irrelevant (Dorrenbacher, 2002). Furthermore, this country of origin effect literature is self-generating and tautological in that wider issues are not countenanced - nor do the studies usually begin with theoretical propositions to test; instead studies use the same subset of authors’ works. This leads to inadequate rigour and a lack of theory development.

Our census of the UK oil industry makes no attempt to over-generalise, though we do provide direct and compelling evidence, unlike other studies, that the American MNCs do not import an anti-union ideology, but adapt to the host setting. This empirical study avoids such “narrative” failures (as described by Tayeb, 2007) and has important implications for theoretical development in this area, as requested by Harzing and Sorge (2003) and by Ghoshal and Westney (2005).

We can of course accept some self-criticism regarding its limitations. Indeed to some extent our proxy measure of trade union recognition is a single dimension. We had no access to internal HRM practises or production processes or to cultural practises, which may indeed show an American-origin bias. We did notice in our site visits, the predilection of the refinery planners to copy New York in naming all North-South routes as Avenues and the opposing grid lines as Streets. Further work can be carried out on these other dimensions, but we do not hesitate to emphasise that these are trivial as compared with the representational rights of employees, which were imputed by earlier studies to be under threat in an American ideological setting. We refute this wholeheartedly.

We now consider some wider implications for practitioners. This paper casts doubt on the validity of restrictions which may be imposed on foreign firms’ inward investment. Such a scenario has developed recently for example in New Zealand, where Chinese and Arabic interests have been seen bidding for prime land and dairy business. The concern is not only the expropriation of profits but the suspicion – generally held even by academics as demonstrated in our paper – that foreign business methods may be of questionable ethical status, combined with divergent cultural and religious practises that may be brought into the country. These are seen to assist in the undermining of the host country’s norms and values. We again cast severe doubts on
this line of argument and its consequent over-generalization of the narrative of an American challenge. Are the mainly UK-based academics who postulate the COOE thesis themselves subject to cultural attachments which obfuscate the empirical reality?

Following this study, we have attempted to conduct further research on how far MNCs adapted to the culture of each of the host nations. This kind of in-depth research requires the participation of the MNC managers so that polices can be compared across the national boundaries - this has not so far been forthcoming. We approached ExxonMobil, which operates in every European country, and were unable to persuade managers to allow us access. As such, there is a significant limitation on acquiring data to test a COOE hypothesis further. Our present study relied upon the previous connections of the primary researcher in the UK downstream oil industry and, when this methodology is transferred to a European regional basis, those connections are weak to say the least, and access has not been successfully negotiated.

It would be interesting to replicate the study comparing corporations belonging to more diverse cultural environments than just those of UK origin. In this we would need to again avoid heterogeneous sampling with respect to industry and the problem here is the small number of cases which could be represented. Japanese auto manufacturers in the UK in terms of volume and market share are predominant, but there are only three factories in the UK: Honda in Swindon, Nissan in Sunderland, and Toyota in Burnaston.

We accord with the views of Marschan-Piekkari, Welch, Penttinen, and Tavanainen (2004) that unfortunately, this area has a methodological problem of access to data, which limits the extent to which a deductive methodology can be applied.

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English Abstract

The Country of Origin Effect Revisited: The Case of American Oil MNCs in the UK

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Abstract

American Multi-National Corporations (MNCs) have often been examined in significant literature which purports to support the thesis of a ‘country of origin effect’ (COOE) whereby such corporations diffuse an individualistic ideology by way of distinctive employment practices which are based on the American business system and its culture. Our study was designed to obviate the methodological problems inherent in the literature, in particular, the aggregating and conflation of industry-specific variables. We tested the COOE hypothesis using data from all of the plants in the UK downstream oil industry (both American and European owned MNCs) to ascertain if there was such an effect. We offer strong evidence to refute a COOE in this industry in the UK context. We show that adaptation of American MNCs into the UK institutional and cultural context is a far stronger force to influence policy than a COOE. This is an important finding as it casts doubt on the accuracy of much of the literature, and on a broader canvas it suggests that research should limit generalizations to sector and country specific areas, rather than creating grand theory at too early a stage.

Keywords: Americanization; Country of Origin Effect (COOE); oil industry; multinational corporations; United Kingdom.
French Abstract*

The Country of Origin Effect Revisited: 
The Case of American Oil MNCs in the UK

L'effet du pays d'origine revisité
Le cas de multinationales américaines du secteur pétrolier au Royaume-Uni

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Résumé

Les entreprises multinationales américaines ont souvent été examinées dans la littérature, ce qui peut soutenir la thèse d'un « effet de pays d'origine », selon lequel ces sociétés américaines diffusent une idéologie individualiste et des pratiques d'emploi basées sur le système d'entreprise et la culture américains. Notre étude a été conçue pour éviter ce genre de problèmes méthodologiques, inhérentes à la littérature, en particulier concernant l'agrégation des variables d'industrie spécifiques. Nous avons testé l'hypothèse d'un effet de pays d'origine en utilisant les données de toutes les usines de l'industrie britannique de pétrole en aval (à la fois américains et européens appartenant à des multinationales) afin de déterminer s'il y avait un tel effet. Nous donnons des preuves solides pour réfuter l'existence d'un effet de pays d'origine dans cette industrie, dans le contexte britannique. Nous montrons que l'adaptation des multinationales américaines au contexte institutionnel et culturel du Royaume-Uni est une force beaucoup plus forte qui influence leur politique qu'un effet de pays d'origine. Ce constat est important, car il jette un doute sur l'exactitude d'une grande partie de la littérature, et plus largement il suggère que la recherche devrait limiter les généralisations à des secteurs et zones spécifiques, plutôt que de créer une grande théorie à un stade trop précoce.

Mots-clés: américainisation; L'effet du pays d'origine; Industrie pétrolière, Firmes multinationales; Royaume-Uni.

* Translated by: Johannes Schaaper, Senior professor in International Management, BEM Bordeaux Management School
German Abstract*
The Country of Origin Effect Revisited:
The Case of American Oil MNCs in the UK

Der “Country of Origin-Effect” neu bewertet
Der Fall amerikanischer Ölkonzerne im Vereinigten Königreich

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Keywords: Amerikanisierung, Country of Origin Effect (COOE), Ölindustrie, Multinationales Unternehmen, Großbritannien

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Retomando el efecto país de origen:
El caso de las compañías americanas petrolíferas (CMNs) en Reino Unido

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Resumen

Las corporaciones multinacionales americanas (CMNs) a menudo han sido estudiadas en la literatura pretendiendo apoyar el "efecto país de origen" (COOE) por el cual estas corporaciones difunden una ideología individualista por medio de prácticas de empleo distintivos que se basan en el sistema empresarial estadounidense y su cultura. Nuestro estudio fue diseñado para evitar los problemas metodológicos inherentes a la literatura, en particular, la agregación y fusión de las variables específicas de la industria. Pasamos a prueba la hipótesis COOE con datos de todas las plantas de la industria petrolera del Reino Unido aguas abajo (tanto plantas americanas como europeas propiedad de CMNs) para determinar si existía tal efecto. Ofrecemos una fuerte evidencia para refutar la hipótesis COOE en esta industria en el contexto del Reino Unido. Mostramos que la adaptación de las CMNs estadounidenses en el contexto institucional y cultural del Reino Unido es una fuerza mucho más fuerte de influencia en la política que la hipótesis COOE. Este es un hallazgo importante ya que pone en duda la veracidad de gran parte de la literatura, y en un contexto más amplio sugerimos que la investigación debe limitarse a generalizaciones del sector y de zonas específicas del país, en lugar de intentar crear una gran teoría en una fase demasiado temprana.

Palabras clave: Americanización; efecto país de origen (COOE); industria del petróleo; corporaciones multinacionales; Reino Unido.

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**Arabic Abstract**

The Country of Origin Effect Revisited:
The Case of American Oil MNCs in the UK

**ملخص**

تمت دراسة الشركات النفط متعددة الجنسيات الأمريكية بشكل كبير في الدراسات السابقة التي تدعم مبدأ "تأثير بلد المنشأ"، حيث تنشر هذه الشركات الأيديولوجية الفردية من خلال ممارسات التوظيف التي تعتمد على نظام العمل وثقافة الأميركية. سممت هذه الدراسة لتوضيح المشاكل المنهجية المتأصلة/الوجودة في الأدب تحديدا، جمع المتغيرات الخاصة في القطاع. تم اختبار فرضية تأثير بلد المنشأ عن طريق استعمال بيانات من كافحة مصانع النفط في الأقاليم الجنوبية من المملكة المتحدة (شركات متعددة الجنسيات من أصل أميركي وأوروبي). تم طرح أدلة قوية لرفض فرضية تأثير بلد المنشأ في هذا القطاع ضمن المملكة المتحدة. أظهرت الدراسة أن أثر تكيف شركات المتعددة الجنسيات مع المؤسسية وثقافة المملكة المتحدة على السياسات اقوى من تأثير بلد المنشأ. تعد هذه النتيجة مهمة حيث تشكل في دقة الكثير من الدراسات السابقة، وتشير حصر التعليم على قطاع محدد من منطقة محددة بدلا من بناء نظرية كبيرة شاملة في مرحلة مبكرة.

الكلمات الدالة: المملكة المتحدة، الأزمة، تأثير بلد المنشأ، قطاع النفط، الشركات المتعددة الجنسيات، المملكة المتحدة

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Italian Abstract*
L’Effetto Paese d’Origine Rivisto:
Il Caso delle Aziende Multinazionali Americane MNCs nel settore petrolifero nel Regno Unito

L’Effetto Paese d’Origine Rivisto: 
Il Caso delle Aziende Multinazionali Americane MNCs nel settore petrolifero nel Regno Unito

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Abstract

Aziende Americane Multinazionali (MNCs) sono state spesso esaminate in modo significativo nella letteratura manageriale con lo scopo supportare il concetto del ‘effetto paese d’origine’ (COOE) in cui le aziende diffondono un’ideologia individualistica mostrando pratiche distinte di assunzione basate nel contesto strutturale e culturale americano. Il nostro studio era strutturato per andare oltre gli ovvi problemi metodologici di quella letteratura, in particolare l’aggregazione e il confluire di variabili legate a specifiche industrie. Abbiamo messo alla prova l’ipotesi COOE utilizzando dati da tutti gli stabilimenti nel Regno Unito, tutta la filiera (riguardante sia MNCs di proprietà americana o europea) allo scopo di identificare la presenza di tale effetto. Presentiamo prove sostanziali che rifiutano la presenza del COOE nel contesto delle industrie nel Regno Unito. Mostriamo che l’adattare delle MNCs americane nel contesto istituzionale e culturale del Regno Unito è una forza che influenza in modo molto più marcato tale da rifiutare la presenza del COOE. Questa importante identificazione ha posto dubbi sull’accuratezza di gran parte della letteratura, e da una prospettiva più ampia suggerisce che generalizzazioni dovrebbero essere specifiche per tipologie di industria e aree geografiche, piuttosto che creare teorie di più ampio raggio in una fase troppo iniziale della ricerca.

Keywords: americanizzazione, Effetto del Paese di Origine (COOE), industria petrolifera, aziende multinazionali, Regno Unito

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