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Research *for* Action and Research *in* Action: Processual and Action Research in Dialogue?

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ABSTRACT

Change is a key area of concern for academics and practitioners alike. However, the approaches applied in the research of change have been subject to sustained critiques regarding their neglect of the context and process of change, as well as the relationship between scholars and practitioners within the research process. This methodological paper considers two approaches to researching change in organisations which take account of these factors, albeit in different manners: processual research and action research. While entering the dialogue, the following are discussed: aims, philosophy, role of the researcher, conception of change, methodology, contribution and treatment of context, history, process and time. Whilst the two have underlying philosophical differences and will never merge, comparison provides valuable insights into the choices available to researchers and the trade-offs between process and outcomes in change-related research.

Key Words: Action research; Change research; Methodology; Processual research.

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INTRODUCTION

Action and practice are of significant concern for academics and practitioners alike (Reason and Torbert, 2001; Argyris, 2003; Coghlan and Brannick, 2005). A particularly significant dimension of action and practice is the engagement in and understanding of change (Greenwood and Hinings, 2006). However, the literature on change is significant, fragmented and complex. The scale of the literature is illustrated in a search of the ABI/INFORM database for the period 01 January 2005 to 31 December 2005, which led to the identification of 6,176 articles on the subject of 'change and management'. Nonetheless, the issue is not solely one of volume. While there have been some attempts to explain inconsistencies in the literature (By, 2005; Higgs and Rowland, 2005), a significant degree of the fragmentation in the field can be explained by the myriad approaches applied in the research of change. These approaches have been subject to sustained critiques regarding their neglect of the context and process of change (Pettigrew et al., 2001; Pettigrew, 1992), as well as the relationship between scholars and practitioners within the research process (Pettigrew et al., 2001; Shani et al., 2008). Consequently, this methodological paper considers two approaches to researching change in organisations which take account of both the process and context of change: action research and processual research (Cooke and Wolfram-Cox, 2005; Dawson, 2003). In addition, the processual approach addresses a further area identified as in need of development in the study of organisational change: the link between change processes and organisational performance outcomes (Pettigrew et al., 2001). While the tradition of research into change has been criticised as 'ahistorical, aprocessual and acontextual' (Pettigrew et al., 1992: 6), and has led to the emergence of the processual approach, action research has been taking account of history, context and process for a period of almost 60 years. Discussing and comparing these approaches leads to consideration of the basis for dialogue between them. Although emphasising shared concerns, this paper also identifies fundamental philosophical differences underlying the approaches, as well as significant differences in the level of engagement of the researcher. While processual research is an approach to research *on* action, action research can be conceived as research *in* action. Whilst these

deep-seated dissimilarities denote that the two approaches will never merge, they also provide a secure foundation from which each approach can dialogue with and learn from the other, whilst maintaining their own integrity.

This paper is comprised of three sections. The first section provides an overview of action research and the processual approach. Building upon this foundation, the second section analyses the differences between the approaches. The third section takes account of critiques of each approach and integrates the preceding sections to suggest arenas where dialogue may occur, the direction that learning may take and the trade-offs which researchers will encounter in choosing between the approaches.

AN OVERVIEW OF ACTION RESEARCH AND THE PROCESSUAL APPROACH

Although both processual research and action research can be considered holistic approaches to the research of change, this section is concerned with further delineating the key characteristics of each approach. The aims, how they are methodologically enacted and the treatment of the context and process of change within each approach are outlined.

Action Research

Action research is a generic term that covers many forms of action-oriented research. Common to all is the aim to resolve social or organisational issues in conjunction with those who are experiencing them, while simultaneously contributing to scientific knowledge. It is underpinned by diversity in theory and practice, so providing a wide choice regarding what approach might be appropriate for any particular research inquiry (Reason and Bradbury, 2008). However, in spite of this diversity, four broad characteristics define action research (Coghlan and Brannick, 2005; Coughlan and Coghlan, 2002; Greenwood and Levin, 2007; Gummesson, 2000; Reason and Torbert, 2001; Susman and Evered, 1978):

- Action research focuses on research *in* action, rather than research *about* action. The central idea is that action research uses a scientific approach to study the resolution of important social or

organisational issues together with those who experience these issues directly. Action research works through a cyclical four-step process of consciously and deliberately (i) planning, (ii) taking action and (iii) evaluating the action, (iv) leading to further planning and so on.

- Action research is participative and democratic. Members of the system that is being studied participate actively in the cyclical action–reflection process outlined above. Such participation is frequently described as research *with* people rather than research *on* people.

- Action research is research concurrent with action. The goal is to make action more effective while simultaneously building up a body of scientific knowledge.

- Action research is both a sequence of events and an approach to problem solving. As a sequence of events, it comprises iterative cycles of gathering data, feeding it back to those concerned, analysing the data, planning action, taking action and evaluating, leading to further data gathering and so on. As an approach to problem solving, it is an application of the scientific method of fact-finding and experimentation to practical problems. These issues require action solutions involving the collaboration and cooperation of the action researchers and members of the organisational system. The desired outcomes of the action research approach are not just solutions to the immediate problems but comprise important learning from outcomes – both intended and unintended – and a contribution to scientific knowledge and theory.

Thus action research is a transformational social science, grounded in real issues, but linked to the scientific endeavour. The particular value and contribution of this transformational approach is reflected in Reason and Torbert's (2001: 6) assertion that after the linguistic turn of postmodernism, it is now time for the 'action turn' where we can re-vision our view of the nature and purpose of social science and 'forge a more direct link between the intellectual knowledge and moment-to-moment personal and social action, so that inquiry contributes *directly* to the flourishing of human persons, their communities and the ecosystems of which they are part'.

Processual Research

In its broadest sense processual research refers to any research concerned with a process that exists between two points in time, regardless of whether it is actually observable (Tuttle, 1997). Dawson (1997) noted that there are different types of processual research; these can broadly be separated on geographical lines, between the UK and the USA. While the US approach focuses predominantly on the process of change itself, the UK approach attempts to incorporate the role of history and context into its analysis. This occurs at multiple levels and at each phase of the process of change. It is the UK approach that is the subject of this paper. Five characteristics of this approach were identified by Pettigrew (1997). These are:

1. embeddedness, which refers to studying processes across a number of levels of analysis
2. temporal interconnectedness, which refers to studying processes in past, present and future time
3. a role in explanation for context and action
4. a search for holistic rather than linear explanations of process
5. using process analysis to find and explain outcomes

Hence, processual research refers to 'the dynamic study of behaviour in organisations, focusing on organisational context, sequences of incidents and actions which unfold over time' (Ferlie and McNulty, 1997: 70). It aims to describe, analyse and explain patterns in management and change processes (Pettigrew, 1992) and to link findings to outcomes (Pettigrew, 1997). In emphasising pattern identification and holistic explanations, it also has the capacity to illuminate why, when and how policy and other change outcomes are shaped by processes and contexts. The approach explicitly attempts to accommodate competing histories on the process of change, recognising that the official characterisation of change may represent the political position of key individuals, rather than organisational reality (Dawson, 1994). Linking findings to outcomes has been used to provide pragmatic guidelines to managers. One prime example is the identification by Pettigrew and Whipp (1991) of the five interrelated factors shaping a firm's performance (National

Co-ordinating Centre for NHS Service Delivery and Organisation R&D, 2001). These factors mirror quite closely the model of change management developed by Kotter (1996). Whilst action research is classified as research *in* action, due to its action-oriented and intervention focus, processual research can be characterised as research *on* action given the more removed nature of its analytic endeavours.

CONTRASTING ACTION RESEARCH AND THE PROCESSUAL APPROACH

The processual approach differs from action research on three important dimensions. Firstly, unlike action research it does not aim to guide real-time action in the particular organisation under study, but focuses on generating mid-level theory and recommendations for the future. Ferlie and McNulty (1997: 379) articulate this in their assertion that process research can be seen as '"research for action", but not action research'.

Secondly, although participant observation may be used in processual research, unlike action research it tends to be neither participant nor democratic, in terms of being more oriented towards research on, rather than with people. Thirdly, context is considered more explicitly in processual than action research and this is particularly the case with regard to the external context. Dawson (1994, 2003) and Pettigrew (1985, 1987a, 1987b, 1988) identify the dimensions of context which should be considered in a processual analysis. Both authors recognise that the context of behaviour for change processes includes current and historical events inside and outside organisations. Both also articulate concern with broadly similar areas, although Dawson articulates an additional concern with technology in both the inner and outer context. However, it is important to note that the view of context adopted is largely deterministic (Watson, 2004) and has failed to develop substantially since Pettigrew's (1985) early work (Caldwell, 2006). Similarly Fitzgerald et al. (2002) noted that context has been operationalised in a primitive way in processual research, with a need for more specification. For Caldwell (2006), Pettigrew uses outer context as a surrogate for environment and inner context as a surrogate for structure, but fails to develop a systematic concept of the potential or actual interrelationships between the internal and external environment. Although defining context remains problematic,

particularly with regard to reconciling structure as a fluid concept and structure as a constraint (Caldwell, 2006), the explicit attempts to do so and to incorporate it into analysis serve to increase awareness and understanding of its role in shaping and mediating processes of change. While recent developments in the conceptualisation of context are implicitly addressed to some degree in both approaches, neither action research nor the processual approach has explicitly addressed them. These developments include the realisation that context is an interactive process rather than a backdrop to change (Dopson and Fitzgerald, 2005), that change is being differentially impacted by con-figurations of characteristics from the context (Dopson and Fitzgerald, 2005) and a move towards examining the interrelationship between actors and context.

Methodologically, while action research is executed via iterative action–reflection cycles, processual research can be done in a variety of ways. Although it is particularly associated with longitudinal and comparative case studies (Ferlie and McNulty, 1997), Dawson identi-fies four longitudinal designs that he deems appropriate for the attempt to 'catch reality in flight' (Pettigrew, 1997: 10). These are: (1) a retro-spective analysis of the process of change, combined with a real-time study of the ongoing effects of the change under routine operation; (2) examining the process of change as it develops over time, by inter-viewing staff before and after a change, and collecting data during the process of change; (3) collecting data in organisations at different stages of change (conceptual, implementing or operating) and (4) phased data collection using different techniques. Although longi-tudinal, the approach is not congruent with the snapshot nature of quantitative surveys or cohort studies (Dawson, 2003). Typically lon-gitudinal case studies are chosen to 'expose variation in outcome. The aim is often to expose patterns in the process within a relatively con-strained set of organisations' (Ferlie and McNulty, 1997: 70). This multiple case study design aims to facilitate mid-level theory genera-tion from the research. However, while the basis of data collection is clear, the form and nature of data analysis is less so. The processual approach lacks a coherent and universally accepted analytical structure, in contrast to action research's four-step process (Pettigrew, 1992).

The processual approach promises the description, analysis and explanation of the complex links between processes and outcomes

in changes. Within this approach, the aim is to provide both practical and theoretically relevant knowledge. However, its broad aspirations are also the basis on which the approach is critiqued. The predominant criticisms of the processual literature are that: (1) it can become over complex with little practical application (Dawson, 1994); (2) that individuals and individual change drivers tend to be neglected (Buchanan and Boddy, 1992); and (3) that it does not lead itself to practical recommendation (Watson, 2004).

In addition, the approach is also increasingly focusing on making practical, rather than theoretical, contributions, due to the nature of the market for process research in the UK, and the action-oriented nature of the output desired by funders (Ferlie and McNulty, 1997). They refer to a 'theoretical routinisation process', with a shift away from the generation of new theory, towards a concern with more applied problems.

Action research is more focused on contributing to effective action, a particularly valuable activity in bridging the moat between practitioners and ivory tower academia. Nonetheless, while action research has a narrower remit, in terms of emphasising its contribution to effective action and providing solutions to organisational problems, it also aims to contribute to the social sciences. However, its focus on establishing itself as a valid methodological approach and on engaging with practitioners has led to the discipline developing in an insular and methodologically focused manner. As a result it has failed to systematically link or integrate its contributions with broader theory.

OPENING DIALOGUE: COMPARISON AND CREATIVE SPACE

Having identified the key characteristics and critiques of each approach, this final section begins to open dialogue between them. Firstly, we systematically organise comparisons of the key dimensions of each approach. This provides a foundation for considering the creative space for dialogue between them, given the preceding critiques, discussion and the outstanding concerns of change management research.

Table 1 emphasises that both action research and processual research aim to contribute to theory and action, albeit with different

emphases and within different time-scales. Turning first to the theory–practice dimension, concern with assisting rather than objectively studying organisational issues has increased the pragmatic validity of action research relative to the processual approach. While the data from processual studies have been critiqued for being overly complex, and of little use to practising managers, action research focuses on providing practical solutions to specific organisational issues. In addition, it engages in monitoring the implementation and results of such changes, refining recommendations in response to issues arising. These differences are closely linked to the time orientation in each approach. While action research endeavours to assist organisations seeking solutions to *immediate* problems, processual research aims to analyse and explain, rather than guide, change processes, with a view to generating theory and recommendations for *future* action. Whilst the 'future' in action research refers to future actions within a given change process, in the processual approach it is more discontinuous, referring to guiding a completely different set of changes. The fact that action research emphasises action while processual leans towards theory provides scope for insight and dialogue. There is scope for the processual approach to contribute regarding moving from practice to theory and linking into broader debates. This would serve to raise action research's contribution to and profile in the social sciences. In contrast, processual research could benefit from greater pragmatic validity, particularly with regard to embedding change, areas in which action research has much to contribute. Thus the first space for dialogue is concerned with making contributions to practice more useful and with linking practice to theory.

There is no real scope for dialogue on the next two dimensions on the table: the philosophical underpinnings of each approach and the role of the researcher with regard to the change process. Philosophical differences provide the roots from which other divergences stem. This is evident in the conceived role of the researcher, which is closely linked to them. As a practice-oriented methodology, action research provides organisation-specific knowledge, facilitated by a researcher who acts as a change agent, either as a member of the organisation or through a consultant-type role. They

Table 1: Entering Dialogue

	Processual	Action research	Space for dialogue
Aims	To describe, analyse and explain the process of change, with reference to outcomes. To generate guidelines for action	To contribute to effective action and to the social sciences	Role of theory for action, particularly the nature of actionable knowledge
Time	Historical and contemporary action studied with some emphasis on future action	Historical and contemporary action, with future action emphasised	Balance between contemporary and future action
Philosophy	Hermeneutic with elements of positivism	Hermeneutic and critical realism	No basis for dialogue. Each approach maintains its integrity via its philosophy
Role of the researcher	Observer	Actor in change. An agent of action and reflection	No basis for dialogue. Some potential for debate regarding underlying model of change agency

Table 1: (*Continued*)

	Processual	Action research	Space for dialogue
Conception of change	Dialectic but can also be used to study planned change	Planned change	The political aspect of planned change
Methodology	Longitudinal case studies, often comparative	Participative cycles of action and reflection	Balancing context-specific and more broadly applicable knowledge
Contribution	Description, explanation, actionable knowledge	Actionable knowledge, sustainable outcomes	The nature of actionable knowledge; what is most useful
Context, history, process	Incorporated explicitly	Context and history incorporated implicitly, process explicitly	The influence of context and history

have an active intervention role, in contrast to the impartial passive observer role in processual research. Rather than watching how and why the change process unfolds in a particular direction, action researchers actively intervene to control and direct the process of change. To facilitate this where the researcher is external to the client system, action research has a developed literature on the nature of engagement.

However, whilst there is little scope for dialogue on the role of the researcher as change agent, there is scope for engagement regarding the underlying model of agency adopted in each approach. Drawing from Caldwell (2006), the centred, planned conception of the expert change agent is evident in organisationally (rather than socially) embedded action research, and a more decentred, emergent and internal conception of agency is evident in the processual approach. This decentred model is more appropriate for political contexts than the rationalistic model. The failure to adopt the broader conception of change agency in the processual approach has implications which have been recognised within action research, but which have yet to be addressed. However, introducing a political dimension of another variety, Schein (2008) noted that the quality of data engendered when a researcher is an employed by an organisation is much higher, with a greater commitment by organisational actors, and a higher level of access to data. Furthermore, the researcher as paid employee calls attention to the planned nature of change in action research. Table 1 indicates that while processual research predominantly focuses on dialectic change, it can also be used to study planned change from a more political perspective, creating space for discussion between the two (Poole and Van de Ven, 2004).

Methodologically, scope for dialogue exists in terms of balancing the demand for context-specific and more broadly applicable knowledge. Due to its foundations in rich context-specific data, action research is not typically associated with structured comparative research. Although comparisons can be drawn between projects, this is typically not done in a manner which aims to derive theory. One example of this is evident in the collaborative

CO-IMPROVE project (Coghlan and Coughlan, 2005). This entailed a collaborative research approach where researchers managed and studied the change process, while engaging with internal company networks and external research networks. In contrast, processual research is more oriented towards gaining understanding and building mid-level theory, to the end of guiding future action. As a result, while it is grounded in detailed and context-specific knowledge, it is more oriented towards gaining broader brush understanding. Crucially, however, Dawson (2003) is critical of this trend, which is being encouraged by Pettigrew's (1997) emphasis on linking to outcomes. This focus on outcomes has led to the adoption of comparative case studies, which make structured cross-cultural and international comparison more feasible than within action research. However for Dawson, this scaling-up away from the single case study is leading to the neglect of detail, which was the initial foundation of the approach. Nonetheless, by observing rather than directing the change, the processual research can be more broadly applied than action research.

This discussion has indicated that there *is* scope for dialogue between the two on a number of useful and far from esoteric dimensions. Given their historical distance from each other and taking dialogue as a first step towards development, this can be perceived as a highly useful exercise. This is particularly so, given the scope for each approach to garner insight from the other. However, scope for dialogue notwithstanding, this paper has also identified significant differences between the approaches. The philosophical differences and the different conceptions of the role of the researcher are highly significant and not reconcilable. On this basis it is arguable that the largest commonalities between the two are (1) their shared opposition to positivism and (2) their shared concern for the process of change. In addition, they have a shared conceptual framework, which takes account of the context, content and process of change. They also differ fundamentally in their concept of actionable knowledge. In fact action research explicitly contests the description of the guidelines produced from processual research as 'actionable knowledge' (Argyris, 2003). Thus, while there is much agreement at the periphery, there are

considerable differences in the core understanding of how to do research. This may stem from their historical development. While processual research emerged from an organisational context, action research, and particularly participatory action research, has not been so limited, being applied in social and community contexts as well as in organisations. Although, due to their underlying philosophical differences, the approaches will never merge, there are some lessons that can be learned via the process entered into in this context. More specifically, the processual approach may benefit from action research's close link to practice and pragmatic validity: the here and now concern with real issues and the quality of relationships in engaging with organisational actors during attempts to resolve issues and bring about change. Inversely, action research may benefit from the concern with linking to theory, explicitly considering context and the more political conception of change agency and the environment, which are inherent in the processual approach.

CONCLUSION

On the basis of this discussion and the schema outlined, it is evident that choice between processual research and action research, in their current guises, ultimately rests on five key choices. The first is whether the researcher wishes to contribute to the immediate and long-term needs of the organisation or to focus on gaining broader understanding with implications for the longer term, and potentially contributing to theory. Action research does not separate these and seeks to contribute to both. The second concern is whether the researcher is adopting a role as an agent of change or an observer, and hence their level of engagement with organisational members. The third consideration is whether the change process is planned or otherwise, while the fourth choice pertains to the degree of politicisation of the organisation, which has implications for the model of change agency that would be appropriate. The fifth and final consideration is the desire for structured comparison. As we have seen, the answers to these questions coalesce around the two approaches. Action research is associated with contributing to immediate needs, the researcher as agent, an exclusive focus on planned change,

a rationalistic model of agency and a tendency to collaborate rather than directly compare. As well as providing a basis for choice between the two holistic approaches, this paper has also drawn attention to the fact that comparing the two approaches leads to explicit concern with what Pettigrew (1992) describes as the dual concerns of scholarly quality and practical relevance in change management research, and the trade-offs between them.

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An Initial Exploration of the Cultural Adaptation and Motivations of Immigrant Workers in Ireland

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B R I A N   P .   N I E H O F F *
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ABSTRACT

Ireland has become a destination host country for a new wave of immigrants. This new multiculturalism creates challenges for human resource professionals. The present study was an initial exploration into the motivations and cultural adaptation of immigrants who have entered the Irish workplace. Data were collected from a sample of 74 immigrant workers, most of who were from Poland. Results found money and opportunity to be the primary motivators for coming to Ireland. After controlling for the large Polish population in the data, both age and English skills were found to be predictors of cultural adaptation. Results are discussed as they apply to the needs for human resource practices.

Key Words: Cultural adaptation; Immigrant workers; Motivation.

INTRODUCTION

Ireland has become a destination country for a new wave of immigrants. Officials report the influx of over 300,000 immigrants from

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Eastern Europe into Ireland since 2004, with 150,000 from Poland (Purvis, 2007; Ledbetter, 2006). Immigrants have primarily entered the Irish workforce through low wage jobs in the service, hospitality, construction and other labour industries (Ledbetter, 2006), as well as some in healthcare (Aiken et al., 2004; Buchan and Sochalski, 2004). While this wave of immigration is relatively recent with regard to Ireland, labour migration has altered manpower in developed and undeveloped countries for centuries.

At the organisational level, human resource (HR) managers are on the front lines of the immigration phenomenon. Their responsibilities for recruiting, training and orienting new employees, developing managers and designing effective performance appraisal processes become more complicated by this new multiculturalism in the Irish workplace. Although the HR field predicted immigration would increase in developed countries (see Burke and Ng, 2006), the scale at which it is occurring has created challenges for HR managers all over Ireland.

With immigrant workers, the most immediate concern is that of adaptation to the host culture. The challenges of cultural adaptation create considerable stress for immigrants (Bhagat and London, 1999; Brown and James, 2000; Hagey et al., 2001; Omeri and Atkins, 2002). Studies have also found significant health consequences of adaptation stress, including depression (Hener et al., 1997) and mental illness (Hafner et al., 1977). Adaptation is also related to the immigrants' perceived trustworthiness among the local population (Pornpitakpan, 2005). Since severe stress is negatively related to employee job satisfaction, commitment and performance (Cropanzano et al., 2003; Quick et al., 1986), and distrustful environments also reduce employee satisfaction and commitment to the organisation (Zhao et al., 2007), reducing the stress in immigrant workers is important. The effective integration of immigrants into the workplace should contribute to more positive work environments, and there is value in taking a humane and progressive approach to managing immigrant workers. Whether this means providing counseling, training or support for immigrant employees or additional training to native Irish employees and managers, HR could play an important role in the acculturation experience.

Cultural adaptation, however, begins with the immigrants themselves. Their motivations for leaving their home country and their choice of a destination country are the starting points of their adaptation process. Researchers have explored a number of factors that could influence the cultural adaptation of immigrants or expatriates (Haslberger, 2005b), including gender, age, work experience, language skills, motivation and personality. At present, researchers have just begun to examine the characteristics of immigrants into Ireland and their impact on the Irish workplace. In the broader management literature, researchers have virtually ignored foreign-born workers, while the rates of global labour migration continue to increase (Lopes, 2006).

The purpose of the present study was to explore the cultural adaptation and motivations of immigrants into the Irish work environment. Factors such as gender, age, education, motivations for emigrating from the home country and coming to Ireland, English proficiency and assistance provided from their workplace were examined as to their predictive ability of cultural adaptation among a sample of immigrant workers. The study also examined the job expectations of immigrants and the degree to which their expectations have been met. In order to develop effective policies and practices regarding the integration of immigrant workers into the workplace, HR professionals need to first understand the factors that influence immigrants' cultural adaptation and work motivation.

REVIEW OF LITERATURE

Cultural adaptation can be understood as a state or a process (Haslberger, 2005b). As a state, cultural adaptation is defined as the fit between an individual and his/her environment (Gudykunst and Hammer, 1988). As a process, cultural adaptation reflects the converging of individual behaviours, values, norms and other assumptions from the home country with those of the host environment (Haslberger, 2005b; Schein, 1985). Much research suggests that adapting to a new culture is a stressful event (Bagley, 1968; Berry, 1988; Schmitz, 1992, 2001). The degree of stress experienced by the immigrant depends on such factors as the immigrant's personal characteristics, the choice of coping or adaptation strategies, and contextual aspects such as the degree of difference

between the home and host cultures (Schmitz, 2001), as well as random individual experiences with the culture (Haslberger, 2005b).

Berry (1988, 1990) and Berry et al. (1977) presented a two-dimensional model of acculturation. The first dimension is the degree to which the immigrant seeks to maintain the home country culture, while the second dimension reflects the degree to which the immigrant seeks contact and interaction in the host country culture. From this model emerge four generic strategies of adaptation. The strategy of *integration* is where one seeks to maintain the home country culture and initiate high levels of contact with the new culture. The strategy of *assimilation* is portrayed as the abandonment of one's home culture while seeking high levels of contact and involvement with the new culture. Immigrants opting for the strategy of *separation* seek to maintain their home country culture and show no interest in contact or interaction with the host country culture. Finally, a strategy of *marginalisation* suggests one has no contact with the home country culture and no interest in interacting with the new culture. Research suggests that the strategies of integration and assimilation result in more positive levels of adaptation and are more effective in terms of the individual's health and well-being (Schmitz, 2001). Kosic (2002) studied a sample of Polish and Croatian immigrants to Italy and found that those who employed the strategies of integration and assimilation gained more positive adaptation levels, with less emotional disorder and psychosomatic problems, compared with those who employed strategies of separation or marginalisation.

Antecedents of Cultural Adaptation

Why are some immigrants better able to adapt than others? Some research suggests demographic factors are important. For example, researchers have found that females experience more adaptation stress and cultural conflicts than males (Berry et al., 1992; Moghaddam et al., 1990; Naidoo, 1992; Schmitz, 2001). The immigrant's age could also be important, as younger immigrants have been found to adapt more effectively than older immigrants (Ebrahim, 1992). In the expatriate literature, the interaction between the expatriate and spousal adaptation has been found to strongly affect adaptation outcomes (Black, 1988; Black and Gregerson, 1991). Other demographic

factors of potential importance to adaptation are education, socio-economic status and social support (Haslberger, 2005b). Schmitz (2001) noted that cultural distance will also impact on the immigrant's adaptation. As the degree of differences in values, language and belief systems between the home and host countries increases, acculturation should be more difficult.

Researchers have also examined individual characteristics in their search for predictors, including the expectations of the immigrants and the extent to which those expectations are met in the new country (e.g. Black and Mendenhall, 1990; Black et al., 1991). Factors that would influence expectations include migration motivation, pre-immigration contacts with the host country, and the knowledge of the host country language. Others suggest that acculturation is influenced by the interaction between immigrants' need for closure and their reference group in the host country (Kosic et al., 2004). If immigrants form close social relations with others from their own country, then those immigrants with a higher need for closure will be less likely to adapt to the new culture. If immigrants form closer social relations with members of the host country, then the higher need for closure will be associated with a stronger tendency to adapt to the new culture.

Haslberger (2005b) noted the inconsistencies associated with these antecedents of cultural adaptation and suggested that perhaps a linear framework for adaptation is an inaccurate model. Instead, he applied the concepts of chaos and complexity theory to explain cultural adaptation. In particular, he focused on the possibility of a small insignificant interaction that can have a very profound impact on an immigrant's adaptation. For example, a bad interaction with a store clerk early in one's residency in the host country might seem insignificant at first. In later interactions or discussions, the insignificant event grows in influence and is embellished to a degree as one thinks and discusses host country experiences with others. Eventually, one's motivation in and satisfaction with the host country culture are affected, with little evidence as to why. When researchers examine a broad set of predictors of adaptation, this insignificant event is likely to escape notice. This 'butterfly effect', where sensitivity to small variations creates more dynamic consequences later, suggests a great deal of 'noise' in the predictability of

cultural adaptation, potentially leading to inconsistent findings in research.

Motivation of Immigrant Workers

Labour migration studies suggest a number of motivations for one's choice of a destination country, including the economics of the country of origin or the destination country, and contextual effects such as the existence of a home country subculture, family relations or religious similarities (Van Tubergen et al., 2004). Thus, it is important to more closely examine the motivations of immigrants to Ireland. Motivation theories distinguish between extrinsic and intrinsic motivators (Pinder, 1984). Extrinsic motivators (e.g. pay or incentives) are viewed as satisfying such lower-order needs as status, security, safety or survival (Maslow, 1965). Higher-order needs would be satisfied through more intrinsic motivators, such as a sense of achievement or working to enhance learning. Given that immigrants seek immediate improvement in their lives, it is presumed that they would likely be initially focused on pay or other extrinsic motivators, with a later focus on intrinsic motivators.

The immigrants' motivation will also be a function of whether their specific job expectations have been met. New employees arrive in the work environment influenced by their 'psychological contract', or their perceived understanding of the job and the expected rewards and outcomes from the job (Rousseau, 1995). Perceived 'breach' of this psychological contract decreases job satisfaction and motivation to work, and increases intentions to leave the organisation (Zhao et al., 2007). Research has yet to examine whether immigrants will have a narrow set of expectations for their new jobs (i.e. expect more money) or broader expectations focusing on a range of work facets (i.e. good relationships with co-workers and supervisor, or good benefits), and the degree to which their expectations are met or breached. It is also unknown if immigrants' cultural adaptation is related to the degree to which their expectations are met.

In summary, immigrant workers must not only negotiate the process of adapting to the new culture, but also deal with their preconceived expectations concerning their new work environments. At present, little empirical evidence exists on the factors that influence

the cultural adaptation and job motivation of the immigrants into Ireland. Cross-cultural research has examined the antecedents of cultural adaptation, ranging from demographic factors to motivational and cognitive variables, to chaos and complexity theory explanations, but none of these have been studied in the Irish context. Even less is known about the motivation of immigrants in their new work environments. Given these gaps in research, the present study gathered data to explore the cultural adaptation and motivations of immigrant workers in Ireland. This study should provide needed information about the immigrants, which will assist HR managers as they facilitate the immigrants' integration into the Irish work culture.

METHODOLOGY

Survey Administration and Sample
A survey was developed and distributed by multiple methods to immigrants working in the Dublin area. First, through a contact the survey was administered to a number of employees with a Dublin transportation service. Most of the employees completed the survey on their break time and returned it to the contact immediately, while a few took the survey home and returned it the following day. Second, a 'snowball' method was followed to locate immigrants for the study. As contacts were made, subjects were asked if they knew of others who would be willing to participate. When potential subjects were identified, they were contacted and administered the survey while the author waited. Third, one of the authors administered the survey to immigrant airline passengers while on a trip to Poland. These participants completed the survey while waiting at the gate and returned it to the author immediately upon completion. This sampling process resulted in the participation of 74 working immigrants.

Survey
The survey included information on demographics (e.g. gender, age, marital status, education, home country and work experience), immigration information (e.g. when they immigrated to Ireland, how long they planned to stay, living arrangements with other

immigrants or Irish people, financial support received from their family), self-rated skills in the English language (speaking, reading, understanding and writing skills), current employment and pay in Ireland, information about the job search process, expectations about emigrating, expectations about jobs and employers in Ireland and the degree to which such expectations were met, a self-rated scale assessing adaptation to the Irish culture, and career plans.

There were two multi-item scales used in this study – the rating of English language skills and cultural adaptation. For the English language scale, Haslberger's (2005a) scale was used. For this scale, subjects were asked to rate their ability to speak, read, understand and write English according to a seven-point Likert format. The four individual ratings were then summed and divided by four to derive a total score for English language skills. Coefficient alpha for the English language skills scale was 0.94, showing strong reliability. For the cultural adaptation scale, we used Haslberger's (2005a) scale developed specifically to assess self-perceived cultural adaptation. Respondents rated their confidence (from 1 to 7) in 10 activities related to their associations with people from the Ireland, including establishing friends, getting to know neighbours, initiating social contact, dealing with problems and adjusting to political and religious values. Ratings for the 10 items were then summed and divided by 10 to determine the average item score. Coefficient alpha for the cultural adaptation scale was 0.89, demonstrating strong reliability in the scale.

RESULTS

Of the 74 participants, most were from Poland ($N = 56$), with the remainder from Botswana, China, Germany, Lebanon, Nigeria, Portugal, Romania, Scotland, South Africa, Spain, Turkey, the USA and Zimbabwe. Employment of the immigrants included such jobs as engineer, waitress, bus driver, physical therapist, chef, personal assistant, builder and care assistant. Table 1 shows the demographic characteristics of the sample. The sample was 60.8 per cent male, with an average age of 29 years, with 25.7 per cent holding a college degree and another 20.3 per cent with a masters level degree. Approximately 56 per cent were single, with 39 per cent married and 5 per cent divorced. 36 per cent of the immigrants have been in Ireland for less

Table 1: Demographic Characteristics of the Sample

Characteristic	Total sample (*N* = 74)	Polish sample (*N* = 56)	Non-Polish sample (*N* = 18)	Difference between Polish and non-Polish (*F* or Chi-square)
Gender (% male)	60.8	50.0	93.9	$CS = 11.29$***
Age (years) (mean)	29.54	26.7	36.2	$F = 37.08$***
Marital status (% single)	55.6	70.4	16.7	$CS = 15.89$***
Education level attained				$CS = 8.53$ *ns*
% Primary	1.4	1.8	0.0	
% Secondary	32.9	36.4	22.2	
% Some college	19.2	14.5	33.3	
% College degree	26.0	20.0	38.9	
% Masters degree	20.5	27.3	5.6	
Time in Ireland (years) (mean)	3.16	1.34	9.39	$F = 69.59$***

* $p < 0.05$
** $p < 0.01$
*** $p < 0.001$
Note: F = F-Statistic; CS = Chi-Square; *ns* = not significant.

than one year, and another 27 per cent have been in the country between one and two years. Approximately 5 per cent of the respondents have been in Ireland longer than 10 years. Just over half of the respondents (53 per cent) had secured jobs prior to arriving in Ireland.

Given the high representation of Polish immigrants in the sample, the demographics of Polish and non-Polish subsamples were examined using the Chi-square statistic or ANOVA to determine if significant differences existed that might affect the overall analysis. As shown in Table 1, this analysis revealed significant differences on a number of demographic characteristics. The Polish immigrants were significantly younger, more likely to be single, more evenly split between males and females, and have fewer years of experience in Ireland compared to the non-Polish sample. The samples did not differ on education level. These differences suggest the need to control for the impact of the Polish population on the analysis.

Regarding living arrangements, 62 per cent of the respondents live with at least one person from their home country (83 per cent of the Polish live with at least one other Polish person). Only 8 of the 74 respondents reported that they live alone (four were Polish and four non-Polish). 38 per cent indicated their living conditions in Ireland to be about the same as in their home country, and another 38 per cent indicated their living conditions to be worse. Thus, 26 per cent said their living conditions were better in Ireland than in their home country. While the distributions across perceived living conditions varied somewhat between the Polish and non-Polish samples, the differences were not significant.

Next, immigrant motivations were examined (see Table 2). There were four categories of responses concerning immigrants' motives for leaving their home country: 40 per cent indicated money to be the motive; nearly 25 per cent emigrated to seek a new job or to secure employment in a better economy; 12 per cent indicated that they left to follow a family, spouse or significant other; and the remaining 23 per cent responded with other reasons (e.g. bored, traveling or to learn English). As shown in Table 2, there were significant differences between Polish and non-Polish samples on motives. Among the Polish sample, nearly 52 per cent left to make more money, 24.1 per cent left for more opportunity, 3.7 per cent were following

Table 2: Motivations and Expectations of Immigrants

Characteristic	Total sample ($N = 74$)	Polish sample ($N = 56$)	Non-Polish sample ($N = 18$)	Difference between Polish and non-Polish (F or Chi-square)
Job in Ireland prior to arrival (% yes)	53.1	63.8	22.2	$CS = 9.03^{**}$
Reasons for leaving home country				$CS = 19.17^{***}$
% Money	40.6	51.9	0.0	
% Opportunity or job	24.6	24.1	33.3	
% Family, spouse, significant other	11.6	3.7	33.3	
% Other reasons	23.2	20.4	33.3	

(Continued)

Table 2: (*Continued*)

Characteristic	Total sample (*N* = 74)	Polish sample (*N* = 56)	Non-Polish sample (*N* = 18)	Difference between Polish and non-Polish (*F* or Chi-square)
Plans to stay in Ireland				*CS* = 11.53*
% 1–2 years	8.2	10.9	0.0	
% 2–3 years	13.7	18.2	0.0	
% 3–5 years	12.3	14.5	5.6	
% > 5 years	26.0	18.2	50.0	
% Not sure	39.7	38.2	44.4	
Weekly pay (mean)	€478	€422	€684	*F* = 25.21***
Met expectations (% met)	71.1	67.6	81.8	*CS* = 0.822 *ns*

* *p* < 0.05
** *p* < 0.01
*** *p* < 0.001
Note: F = F-Statistic; *CS* = Chi-Square; *ns* = not significant.

spouses and the remaining 20.4 per cent left for other reasons. With the non-Polish sample, none left their home country to make more money. The sample showed equal distribution across the remaining three reasons. The motive of money was clearly more important to the Polish sample compared to the non-Polish sample.

The reported reasons for choosing Ireland as a destination reflected a variety of motives, and some respondents listed multiple reasons. Most respondents (36.2 per cent) chose Ireland because of family or friends. 13 per cent indicated money as their reason for choosing Ireland, while nearly 6 per cent indicated the broader notion of 'economic reasons' for coming. 6 per cent indicated cultural reasons for coming, and another 6 per cent said the choice was not planned. The remainder of the sample (33.3 per cent) listed a variety of reasons, including the proximity of Ireland to their home country, a chance to explore, low crime rate, horses and the colour green. Given the wide variety of responses to this question and the multiple responses given by some participants, statistical analysis was not performed on the differences between Polish and non-Polish samples. However, differences were evident as all who chose Ireland for money or economic reasons were from Poland. It should be noted that many Polish also indicated family or friends as a reason why they chose Ireland.

Regarding their future plans for staying in Ireland, 38 per cent responded that they were either unsure as to their plan or that their plan would depend on how things work out in Ireland. Another 26 per cent indicated that they planned to stay for a long time (i.e. five or more years). 15 per cent said they planned to stay for two to three years, while another 12 per cent planned to stay for three to five years. The two sub-samples differed significantly on this item. Given their longer tenure in Ireland, the non-Polish group reported either being unsure about their plans (44.4 per cent) or that they would be staying longer than five years (50 per cent). For the Polish sample, 10.9 per cent indicated a plan for less than two years, 18.2 per cent for two to three years, 14.5 per cent for three to five years, and another 18.2 per cent for more than five years.

The immigrants reported an average pay of €478 per week. The Polish group (mean pay = €422) reported significantly lower weekly pay than the non-Polish (mean pay = €684). This difference, however,

could be attributed to the significant difference in the time spent in Ireland by the two populations. Seven of the respondents (all Polish) indicated that they received money from family back home. On the other hand, 42 per cent of the respondents were sending a percentage of their paychecks to family in their home country, with equal proportions of both populations represented.

Regarding their job search methods, subjects' most frequent responses indicated family and friends, newspapers or advertisements, and the Internet. Only six (all Polish) of the 74 indicated that they used an employment agency.

Seven respondents indicated that they received some assistance from their hiring companies, with all seven being in the Polish sample. Assistance provided by hiring companies included helping the immigrant to locate a flat, providing living accommodations for two weeks, providing job training, receiving a bonus or lending money to the worker.

Regarding job expectations, a wide range of factors were listed. Most often mentioned was the expectation for 'more money' or 'better money', cited by eighteen of the respondents. Eight indicated that they had no expectations, four simply expected to be 'happy', and four others expected to improve their English skills. Aside from those four factors, no other expectations were cited more than twice. Work facets listed included positive expectations such as promotions, nice atmosphere, uncomplicated work, secure job, work experience, more benefits, learning new skills, less stress, good hours and the chance start a career, as well as negative expectations of hard work and long hours. Of the eighteen respondents who mentioned 'more money' as an expectation, fifteen were from Poland.

Respondents were also asked whether their job expectations had been met and 45 responded to the question. Of that group, 71.1 per cent indicated that their expectations had been met, and another 13.3 per cent indicated that they had been partially met. There were no significant differences found between the Polish and non-Polish samples regarding their met expectations. Of the seven respondents who indicated that their expectations had not yet been met, four had listed 'more money' as their expectation, and three of those four were Polish.

Respondents rated their own English language skills at a mean of 4.63 (on a seven-point scale), which indicated a slightly above average rating. There was a significant difference between the Polish (mean = 4.08) and non-Polish (mean = 6.38) ratings of English skills ($F = 39.70$, $p < 0.001$). For both groups combined, the highest rating across the skills was for understanding English (mean = 5.19) while the lowest rating was for writing English (mean = 4.12). Similar patterns of skill strengths and weaknesses held for each group separately. Not surprisingly, females (mean = 5.19) reported significantly stronger English skills than males (mean = 4.16) resulting in an $F = 5.5$ ($p < 0.05$). Interestingly, those who secured a job before arriving in Ireland (mean = 4.09) reported significantly weaker English skills than those who had not secured any employment prior to arrival (mean = 5.63) for an $F = 13.1$ ($p < 0.001$). This suggests that those with stronger English skills were more comfortable coming to Ireland without a job, feeling confident that they could find employment after arrival.

The self-assessment of cultural adaptation resulted in a mean score of 4.99 (on a seven-point scale), suggesting an above average overall rating. While the adaptation scores for the non-Polish group (mean = 5.32) were slightly higher than the scores for the Polish group (mean = 4.87), the difference was not significant. It appears that immigrants felt fairly confident about initiating interaction with the Irish culture. Table 3 shows the correlations among interval variables. This analysis showed that cultural adaptation was significantly correlated with weekly pay ($r = 0.34$, $p < 0.05$), English skills ($r = 0.35$, $p < 0.01$) and time spent in Ireland ($r = 0.27$, $p < 0.05$).

Given the correlations among these variables, regression analysis was used to test for independent predictors of cultural adaptation. A dummy variable was created in order to control for the impact of the Polish population. Adaptation was first regressed on the dummy variable. In the second step, variables from the demographics, motivational variables and English skills were added stepwise into the equation if significant. As shown in Table 4, the dummy variable controlling for the influence of the Polish population was not significant, but both age ($\beta = 0.642$, $p < 0.001$) and English skills

Table 3: Correlations among Measured Variables

	Mean	s.d.	(1)	(2)	(3)	(4)	(5)
(1) Age	29.01	7.03	–	0.61**	0.69**	0.30*	0.37*
(2) Time in Ireland	3.30	4.96		–	0.60**	0.50**	0.27*
(3) Weeks pay	486.48	208.29			–	0.61**	0.34*
(4) English skills	4.64	1.66				(0.94)	0.35*
(5) Adaptation	4.99	1.33					(0.89)

$N = 74$

Numbers on the diagonal reflect calculation of coefficient alpha for reliability of the scale

* $p < 0.05$

** $p < 0.01$

*** $p < 0.001$

($\beta = 0.480$, $p < 0.05$) added significantly to the variance explained. For age, older immigrants reported higher levels of adaptation than younger immigrants.

DISCUSSION

As immigrants continue to join the Irish workforce, it is important that the HR field understands their motivations and the factors that affect their adaptation to the Irish culture. There have been few, if any, academic studies published on the characteristics of immigrants into Ireland, thus the present study provides an initial picture of this segment of the Irish workforce. Knowledge of the immigrants' characteristics and motivations reflect a starting point for designing selection systems, as well as orientation and training programmes.

This study found the immigrants to be generally well educated, with 46 per cent holding a college degree or higher. About half of the respondents arrived in Ireland with jobs already secured. The immigrants were primarily employed in the hospitality, service and construction industries, with some in professional positions. A majority of immigrants left their home country to make more money or to seek a new opportunity or job. Over

Table 4: Regression Analyses for Cultural Adaptation

Independent variables	β	R^2 (ΔR^2)	F change
Step 1		0.005	0.17
Polish vs. Non-Polish	0.072		
Step 2			
Age	0.642***	0.277	12.36***
Gender	−0.128		
Marital status	−0.219		
Education	0.050		
Time in Ireland	−0.227		
Plan to stay in Ireland	−0.115		
Reasons for leaving home	−0.031		
Secured job before arrival	0.080		
Met expectations	−0.072		
Weeks pay	−0.027		
English skills	0.480*	0.129	6.79*

Note: In Step 2, Age was entered into the equation first followed by English skills, based on their independent relationships with cultural adaptation. The ΔR^2 reflects the entry of each variable separately.
* $p < 0.05$
** $p < 0.01$
*** $p < 0.001$

one-third chose Ireland based on recommendations of family or friends.

In terms of motivations, immigrants reported an average pay rate of €478 per week. Anecdotal evidence from some immigrants indicated that this level of weekly pay exceeds the monthly pay in their home country. Very few received any financial support from family in their home countries, so most are dependent on their own funds. While respondents had a variety of job expectations when they arrived, over two-thirds reported that their expectations

had been met or partially met. The job expectation most often mentioned was money, but met expectations also included aspects of the work environment (e.g. hours, atmosphere, stress, job security, benefits and task difficulty), self-improvement (e.g. work experience, skill building, career focus and promotion) and life skills (e.g. meeting people, improving English and being happy). With the high proportion of met expectations, one can infer that many immigrants are likely to be satisfied with their work environments in Ireland. It is the case, however, that such job attitudes were not part of this study, and that this is just an inference from the data.

It is clear from the data that extrinsic motivators were mentioned more often than intrinsic factors. Given that the general education level of most immigrants is high – at least a college degree – many appeared to be overqualified or underemployed based on the jobs obtained. For those who were initially motivated by extrinsic factors, and who had reported their job expectations to have been met, theory would suggest their motivation should move toward intrinsic factors (Maslow, 1965; Pinder, 1984). In essence, pay will continue to attract new immigrants, but as they remain and adapt to the culture, higher-order needs may bring a desire for more job enrichment or management opportunities. For HR managers, such employees might desire additional training and promotion opportunities or they could leave to find other ways to satisfy higher-order needs. A positive perspective here is the economic gain for Ireland from an upwardly mobile immigrant work force rather than one that offers limited skills to the economy.

The large proportion of Polish workers in the sample provided a chance to understand this particular group of immigrants, which is relevant since Poles represent the largest segment of the recent wave of immigrants into Ireland. The Polish sample was generally young, single, educated and more assertive in terms of job search, as over 60 per cent had jobs prior to arrival. They predominantly came to Ireland for the money or a job opportunity, and making money was an important job expectation for them. Most indicated that their job expectations had been met. Of the few immigrants who indicated that their expectations had not yet been met, most

were Polish and their concerns were with money. The motivations of the Polish immigrants seem more extrinsic; however, their education levels did not differ from the other immigrant populations. The Polish sample did rate themselves lower on English skills. Research has demonstrated that opportunities for workers and trustworthiness increase as they learn the native language (Cessaris, 1986; Quinn and Patrick, 1993; Pornpitakpan, 2005), thus the lower level of English skills of the Polish immigrants could influence their progression toward promotions or other higher level job opportunities.

Cultural adaptation was the focus of the analysis, since it relates to perceived stress in and trustworthiness of immigrants (Pornpitakpan, 2005). Adaptation was positively correlated with immigrant age, English skills, weekly pay and tenure in Ireland. Immigrant age was perhaps the most surprising since prior research has suggested a negative relationship between age and adaptation. This finding was reinforced in the regression analyses. In the regression analysis, age was shown to be the strongest predictor of adaptation. English skills emerged as the only other significant predictor of adaptation. Regarding the relationship with immigrant age, prior research suggests adaptation to be easier for younger immigrants than for older ones. Data from prior research focused primarily on recent immigrants and their adaptation, whereas participants in the present study included recent immigrants as well as some who had longer tenures in Ireland. Since the present study found age to be significantly related to tenure in Ireland, and longer tenure immigrants reported stronger English skills, it is not surprising that the older immigrants also reported higher adaptation scores. Further research is necessary to fully understand this issue.

As noted, English skills were also found to be a significant predictor of cultural adaptation. Prior research found language skills important for immigrant adaptation and the present study supported that finding. The data also suggested that those immigrants who arrived in Ireland without jobs were more likely to have better English skills than those with employment secured prior to arrival. This suggests that those more skilled in English were comfortable conducting a job search in the English-speaking environment

outside their home country. Also, those immigrants who listed 'money' as their reason for leaving home rated themselves lower in English skills than those stating other reasons. This may be an arte-fact of the data, as the Polish group was more likely to list money as their reason for leaving and were also more likely to rate their English skills lower.

Aside from age and English skills, no other demographic or moti-vational characteristic was found to predict cultural adaptation. As Haslberger (2005b) suggested, it is possible that the prediction of cultural adaptation is not a linear function, but instead a more com-plex or chaotic function. Perhaps a more ethnographic approach to cultural adaptation research is needed, where immigrants are inter-viewed in detail and their life events are followed more closely. It is likely that, to some extent, cultural adaptation is a very differ-ent personal experience for each immigrant. Prior research has shown that even those in the same family do not experience it the same way.

With regard to future research, it is necessary to expand the scope of the present study to include a more stratified sample. Other than Poland, no other country represented had more than four participants; therefore we could not conduct any culture comparisons or cultural analyses beyond the comparison of Polish versus non-Polish. It would have been a more systematic approach to sample groups of people from certain cultures, ensur-ing each culture was represented by a large enough group for making valid comparisons. It would also be advantageous to compare immigrant groups to groups of Irish workers. Such methodology would allow one to more validly assess the 'cultural distance' each immigrant had to 'travel' in their adaptation jour-ney. This would also allow the researchers to compare the Irish culture to the immigrants' home cultures using frameworks such as Hofstede (1980) in order to determine which immigrants had to adapt the most. Another avenue for future research would be to study the expectations of emigrants in transit to Ireland, to gain their true expectations at the time of their entry. These expectations could then be more validly compared to the realities faced after the passage of time (e.g. one month, two months or six months). Finally, more descriptive analyses of the precise experiences of

the immigrants would help researchers establish the types of events that explain differences in the adaptation process or the motivation to adapt.

An additional avenue for study in this area is the impact of immigration and immigrants on the native Irish workers. As Ireland shifts toward a more multicultural workplace, the challenges of diversity management become more prominent. The effective management of the expectations and reactions of native Irish workers to their immigrant co-workers will be an area needing attention in the future. There is a growing literature in the US regarding diversity management. Although the historical origins of the need for such diversity management in the USA differ from Ireland's current multicultural situation, many of the outcomes and practices might be similar. It would be productive to attend to that literature for more information.

The ultimate goal of this research programme is to assist in the development of HR policies or practices that facilitate the cultural adaptation of immigrants so they can effectively contribute to Irish work settings. If predictors of cultural adaptation can be identified, HR professionals would be in a better position to develop the programmes for assistance with and facilitation of adaptation. One practice that emerges from the present study is possibly the development of English language training for immigrant workers. It is unknown at this point how many Irish firms offer such training for their immigrant workers. Since many Irish firms are already hiring and managing immigrants, there might be other practices in place that efficiently facilitate acculturation. A future study should survey Irish HR professionals to gain a snapshot of those practices surrounding the hiring, training and management of immigrants. The best practices across firms could then be shared by all.

Limitations of the Study

As stated earlier, increasing the sample size and recruiting more participants from a broader range of countries would contribute to the study of immigrants. The present study could not draw any inferences on the amount of cultural change through which each immigrant worker has traversed. The validity of such an analysis

would be enhanced with more immigrants from each different country. In addition, the present data were collected at one point in time, with all the immigrants having work experience in the Irish culture. Perhaps a more effective method would be to identify immigrants as early as possible after their arrival to make more valid comparisons of their initial expectations compared to the 'reality' they experience later. As presently gathered, data were all recalled, some from a few years prior.

CONCLUSIONS

As immigration continues, humane and progressive management practices would call for HR professionals to help facilitate immigrants' adaptation to the host culture so as to reduce potential stress and accompanying health and attitudinal problems. It is believed that such development begins with a clear understanding of the motivations and expectations of the immigrant populations. The present study was only an initial exploration into understanding the characteristics and motives of these immigrants into Ireland. It is hoped that future research can more clearly identify best practices for assisting adaptation and enhance organisational effectiveness for both workers and managers.

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Charting the Contours of Union Recognition in Foreign-Owned MNCs: Survey Evidence from the Republic of Ireland

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ABSTRACT

This paper reports findings from the first large-scale representative survey of employment practices in multinational companies (MNCs) in Ireland. Using data from some 260 MNCs, it investigates the contention that foreign- and Irish-owned MNCs differ in their approach to employment relations (ER). This paper finds evidence that Irish, UK and 'rest of Europe' MNCs are more likely to recognise trade unions, whereas US MNCs are the least likely to do so. More strikingly, there is a growing trend of union avoidance amongst unionised companies through the establishment of new non-union sites. Differences between foreign- and Irish-owned MNCs are also apparent. Overall, the evidence supports the view that a new orthodoxy is emerging in Irish ER whereby foreign-owned MNCs are introducing home country practices that are at odds with the more traditional pattern existing in Irish-owned MNCs.

Key Words: Multinational companies; Employment relations; Trade union recognition; Double-breasting; New orthodoxy; Country of origin.

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INTRODUCTION

The issue of how multinational companies (MNCs) manage their operations has been a long-standing area of academic debate and research. Indeed employment relations (ER) researchers have long been interested in the question of whether significant ER differences exist between foreign-owned and domestically owned firms. On the one hand, Hiltrop (2002) reported that the human resource management (HRM) practices of European companies were very different from their non-European counterparts. On the other hand, Rosenzweig and Nohria (1994) found that HRM in foreign subsidiaries did in fact resemble local practices. Nowhere has this debate being more keenly contested than in Ireland, where contrasting views have been presented on whether ER differences exist between foreign-owned and domestically owned MNCs (see Roche and Geary, 1996; Turner et al., 1997a, 1997b, 2001; Geary and Roche, 2001).

Yet, despite the extant research on MNCs in Ireland, we have no overall, authoritative picture of the ways in which MNCs manage ER. Indeed, it has been suggested that much of the work on MNCs lack representativeness as they reflect sample bias towards the larger, most global and widely known US manufacturing firms (Collinson and Rugman, 2005). The aim of this paper is to address this gap by profiling trade union recognition in a fully representative sample of foreign- and Irish-owned MNCs in Ireland and to examine any country-of-origin effects.

This paper begins by setting out the context in which the research takes place, illustrating the importance of Ireland as a setting for studying MNCs. The paper then summarily reviews the extant literature on ER in MNCs and subsequently outlines some of the limitations of research conducted to date on MNCs in Ireland. It then outlines the methodology employed before setting out the findings, followed by a discussion on the implications.

IRELAND AS A LOCALE FOR STUDYING MNCS

The level of foreign direct investment (FDI) in Ireland, relative to the size of the economy, is one of the highest in the world. Indeed, Ireland has been described as one of the most globalised countries on earth (Kearney, 2002) and is one of the 'most MNC-dependent

economies in the EU' (Gunnigle et al., 2005: 241). The stock of inward FDI per head of population for 2000 was twice the EU average (Barry, 2004), while in 2002 and 2003 levels of FDI into Ireland were equivalent to the totals attained by the ten-member Central and Eastern European bloc, averaging $25 billion annually (Enterprise Ireland, 2005). Ireland continues to attract a large share of inward FDI despite the post-9/11 and dot.com slowdowns. Indeed, only five countries (Luxembourg, China, France, the USA and Spain) registered larger absolute FDI inflows in 2003 (Begley et al., 2005; Collings et al., 2005; Forfás, 2005). According to the industrial promotional agencies, there are almost 1,000 foreign companies employing 135,487 employees in Ireland (Industrial Development Authority (IDA) Ireland, 2007), with most of the top global pharmaceutical companies, information and communications technology (ICT) companies and medical technology companies located here. Given the country's recent economic success, and the key role played by MNCs therein, Ireland represents an interesting locale for the evaluation of ER in MNCs.

EMPLOYMENT RELATIONS IN IRELAND[1]

Trade Unions in Ireland

Trade unions play a prominent role in Irish society and enjoy considerable social legitimacy in the country (Gunnigle et al., 2001). The return to national-level collective bargaining in 1987 accorded unions a key role in decision-making on economic and social issues. As a social partner, unions exert significant influence, not only on wage levels, but also on other socio-economic issues such as taxation, social welfare and housing. Ireland is characterised by relatively high, but falling, levels of union density (Visser, 2006). Recent data present mixed news for trade unions in Ireland (Central Statistics Office, 2005). Whilst trade union membership over the past ten years has increased to 521,400 members, trade union density has fallen over the same period from 45 to 35 per cent.[2] Union density levels are particularly low in the private sector. Some feel this could be as low as 21 per cent, meaning that, for the first time, public sector union membership is outstripping private sector membership (*Industrial Relations News*, 2005). Traditionally, union

density has tended to increase during periods of economic growth (Roche, 2000). However, despite the phenomenal economic growth which Ireland has experienced over the recent past, union density has in fact declined significantly. The posited reasons for this decline in union density in Ireland reflects those proffered in the international ER literature. These include the decline in employment in traditionally heavily unionised manufacturing sectors; employment growth in sectors (especially private services) seen as union-averse; the growth in atypical forms of employment; the hardening of employer attitudes towards trade unions and collective bargaining; the shift in policy away from encouraging inward investing companies to recognise unions by promotional agencies; and, of importance to this paper, the negative impact of MNCs on union density (Roche, 2001; European Industrial Relations Observatory (EIRO), 2005).

Country of Origin Effect on Collective Employee Representation

There are many influences on MNCs' ER behaviour that may cause variations between companies. Girgin (2005) outlines a useful framework for analysing influences over the behaviour of MNCs and categorises them into three main levels: macro, meso and micro levels. The macro level refers to the home and the host countries' national business systems. The meso level refers to the industry sector. Finally, the micro level refers to the company, which is characterised by such variables as age, size, ownership structure, employee relations, management style and organisational culture. For the purposes of this paper, the widely cited explanatory variable 'country of origin' is used.

The country of origin effect is well exploited in the literature as an important potential source of potential variation in ER policy and practice. It is argued that the country in which the MNC originates exerts a distinctive effect on the way labour is managed (Ferner, 1997). Girgin (2005) argues that the ER behaviour of MNCs is shaped by the national business environment from which they emanate. Such behaviours are said to be derived from the national business systems in which MNCs are embedded: that is, the existing national models of employee representation that prevail in their

country of origin. American MNCs, for example, have displayed a particular tendency to avoid trade unions and collective bargaining (De Vos, 1981; Kochan et al., 1986).

Focusing specifically on the Irish literature, it is possible to identify two contrasting perspectives. Firstly, an early body of literature on ER in MNCs laid the foundations for the so-called 'conformance thesis' of Irish ER. This argued that the ER practices of foreign-owned MNCs operating in Ireland conformed to the prevailing traditions of larger indigenous firms, notably in conceding trade union recognition and in relying on adversarial collective bargaining as the primary means of handling ER matters. For instance, Kelly and Brannick (1985: 109) found that 'in general, MNCs are regarded as no different than Irish firms and the trend seems to be one of conformity with the host country's institutions, values and practices'. Enderwick (1986), in reviewing the impact of MNCs on ER in Ireland, identified a number of theoretical propositions as to why foreign-owned MNC subsidiaries might utilise different ER practices to those prevailing in indigenous organisations. However, his empirical appraisal found no supporting evidence, with the majority opting to recognise trade unions and engage in collective bargaining (see also Roche and Geary, 1996). Consequently, this early body of research pointed towards a dominance of host-country effects whereby foreign-owned companies largely conformed to the pluralist-adversarial ER model prevailing among indigenous firms.

However, a second countervailing perspective has since emerged which argues that a 'new orthodoxy' now characterises Irish ER. This posits that foreign-owned MNCs no longer conform to prevailing local ER practices, pointing towards a 'country of origin effect' (Roche and Geary, 1996; Turner et al., 1997a, 1997b). Though there is some debate around the reasons, this literature broadly posits that foreign-owned MNC operations have increasingly adopted ER approaches more reflective of their own (home country) policies and practices. This evidence is most pronounced in the union avoidance strategies of US MNCs in Ireland, particularly those that have established operations since the 1980s. Indeed, as postulated in the more general ER literature, American companies operating in Ireland appear much more likely to adopt different ER

practices to indigenous companies (Gunnigle, 1995; Gunnigle et al., 1997; Geary and Roche, 2001; Collings et al., 2008). Both Gunnigle (1995) and Gunnigle et al. (1997) point towards a significant increase in trade union avoidance among US-owned firms establishing at greenfield sites. Geary and Roche (2001) similarly found a dramatic rise in non-union workplaces among US employers entering Ireland since the mid-1980s, a trend corroborated and developed in later case evidence (see Gunnigle et al., 2005). This latter work noted the growing phenomenon of 'double-breasting', whereby previously unionised companies establish newer sites on a non-union basis (see Beaumont and Harris, 1992). Indeed, Collings et al. (2008) point towards important changes in the broader ER system in Ireland, which they trace indirectly to the influence of FDI in Ireland, particularly American FDI.

Inadequacies of Research to Date
While previous research provides some interesting insights on ER practice in MNCs operating in Ireland, a recurring theme throughout this literature is the lack of representativeness (see McDonnell et al., 2007). Kelly and Brannick's (1985) study was based on only 27 responses from a sample of 37 MNCs. This sample was chosen from a population of 200 MNCs which was developed by using limited sources, namely the Industrial Development Authority (now IDA Ireland), Federated Union of Employers (FUE) (now IBEC) and various trade unions. However, a difficulty with relying on such sources is that such bodies generally just keep records of companies that they support/assist, in the case of the IDA, or which are in their membership or are involved with in some particular respect, as is the case with the FUE and trade unions. Consequently, companies that are not aided or assisted tend to be omitted. Furthermore, there is no common definition of what constitutes an MNC among the sources and thus the studies may well not be comparing like with like.

   The Cranfield–University of Limerick (CUL) study of ER and HRM policy and practice relies on periodic surveys of a sample of all large organisations in Ireland (see Gunnigle, 1995; Gunnigle et al., 1997; Turner et al., 1997a, 1997b). The sample frame consisted of the 'top' companies (both trading and non-trading)[3] in Ireland obtained from the *Business & Finance* list. This source also

suffers from a number of weaknesses, and used in isolation cannot be classified as representative. However, as acknowledged in publications, this study focuses primarily on larger organisations. As also acknowledged, MNCs only represent a proportion of respondents and no attempt is made to ensure representativeness among the subset MNC respondents. Nor do any of the above studies emanating from the CUL study attempt to identify Irish-owned MNCs and thus it was impossible, for example, to compare Irish-owned and foreign-owned MNCs.

The UCD workplace study of management practices in Ireland was conducted in 1996 (see Roche and Geary, 1996; Geary and Roche, 2001). As with the CUL studies, this did not focus on MNCs *per se*, but sought to examine practice in a representative sample of all workplaces in Ireland. The total study population was derived from a listing provided by the Economic and Social Research Institute (ESRI). Our investigations indicate that such listings were primarily derived from databases provided by the main industrial promotions agencies (IDA Ireland, etc.) and from selected other conventional sources. Some of the problems associated with exclusive reliance on these sources have already been outlined. Publications emanating from the UCD study provide quite limited detail on sample size: for example, no detail is provided on the breakdown of companies by country of origin. However, given that the MNC population represented a sub-sample of the total number of respondent firms, it appears that the number of MNCs studied was quite small. Again, as with the other Irish studies reviewed, the UCD study does not identify Irish-owned MNCs as a distinct category.

This unrepresentative nature of research on MNCs is not just confined to Ireland but is seemingly an international issue also. For instance, Collinson and Rugman (2005) highlight 'sample biases' in the literature towards the largest, most global, well-known, US-based manufacturing firms. Furthermore, Edwards et al. (2006) found that many of the studies on MNCs in the UK have been partial in coverage, based on small numbers and failed to assess the limitations of their population listings and sampling frames.

In conclusion, two key issues emerge on the extant literature on MNCs operating in Ireland. Firstly, much of this research relies on

small sample numbers and indeed some do not set out to look specifically at MNCs. Secondly, this empirical research has generally excluded two key categories of MNCs: namely (a) foreign-owned MNCs which are not assisted or aided by the main industrial promotions agencies, and (b) Irish-owned MNCs. These omissions are likely to bias findings on key aspects of practice and behaviours of MNCs. For example, Whitley (1999: 128) argues that 'the more dependent are foreign firms on domestic organisations and agencies, both within and across sectors, the less likely are they to change prevalent patterns of behaviour'. This could potentially be significant as it may suggest that those firms which have tenuous links to state agencies may be less restricted in implementing practices which are at odds with host traditions. Therefore, there is a strong need for a representative picture of MNCs' ER policies and practices in Ireland.

METHODOLOGY

Based on the above critique the aim was to carry out the first representative survey of MNCs operating in Ireland and this paper draws upon some initial results of the research.[4] The research process involved two stages. The first stage was to identify a comprehensive database of MNCs operating in Ireland. To date no comprehensive list of MNCs operating in Ireland exists, with much of the extant research on MNCs in Ireland based on unrepresentative databases (McDonnell et al., 2007). Thus the first task in developing a comprehensive listing of MNCs in Ireland was to define an MNC. The research distinguishes between foreign- and domestic-owned MNCs:

- Foreign-owned MNCs: All wholly or majority foreign-owned organisations operating in Ireland, with 500 or more employees worldwide and 100 or more employed in their Irish operations.
- Irish-owned MNCs: All wholly or majority Irish-owned organisations with 500 or more employees worldwide and at least 100 employed abroad.

Having defined the MNC, every available source, including the industrial promotional agencies (e.g. IDA Ireland and Enterprise

Ireland), a private consultancy firm specialising in company infor-
mation, the publication *Major Companies of 2005*, and the *Irish
Times*' list of top companies were used. Each of the sources taken
on their own did not provide an adequate picture of MNCs in
Ireland. Having combined the lists and adjusted for double count-
ing, what is believed to be the first comprehensive list of MNCs
operating in Ireland was developed, recording 563 foreign- and
Irish-owned MNCs. In order to present a representative picture of
MNCs in Ireland the total population was stratified by country of
ownership, sector and size, giving a sample of 423 companies. The
difference between the total population and the stratified population
is largely a result of the 'stratifying out' of US MNCs, who domi-
nate the number of MNCs operating in Ireland. Of the 423
companies, 46 were subsequently removed from the population due
to (a) going out of business, (b) not meeting the selection criteria or
(c) double counting. This left a total of 377 companies. An addi-
tional 37 companies were subsequently added from the residual
population to compensate for these losses, bringing the total valid
sample of companies to 414.

The second phase of the research consisted of structured inter-
views at an organisational level of MNCs operating in Ireland,
unlike much of the previous work, which focused at the enterprise
level. As a result where an MNC had a number of sites, an effort
was made to speak with the most senior person responsible for ER
and who could answer for all of their Irish operations. In cases
where this was not possible, respondents were asked to answer for
the largest site/division in Ireland.[5] However, the questions
explored specific to this paper were generic enough that all respon-
dents could answer for all of their Irish operations. To assist with the
fieldwork, the Economic and Social Research Institute (ESRI) was
contracted. University of Limerick researchers along with the con-
tracted ESRI team conducted the fieldwork, which began in June
2006 and finished in February 2007. Respondents were asked to
report on various aspects of organisational structure and also on
four aspects of HRM: pay and performance management, employee
representation and consultation, employee involvement and com-
munication, and training and development. A total of 260 interviews
were carried out, giving a response rate of 63 per cent. The survey

Table 1: Profile of Respondents

Country	% (*N*)
Ireland	18 (47)
USA	39 (101)
UK	14 (35)
Rest of Europe	24 (63)
Rest of World	5 (14)
Total	100 (260)

responses are broadly representative of the total population and for the purposes of this paper have not been re-weighted. Due to small cell sizes five different categories of country of origin have been identified.[6] As Table 1 outlines the majority of responses were from US MNCs, followed by MNCs from the rest of Europe and Irish MNCs.

FINDINGS AND ANALYSIS

Trade Union Recognition
The first issue addressed is the level of engagement[7] with trade unions by MNCs in Ireland. As depicted in Figure 1, over half of all MNCs in the survey, 61 per cent, recognised trade unions for purposes of collective employee representation in at least some of their sites. This figure is quite high given that much of the extant research often depicts MNCs as union-avoiders; for example, Cooke (2001) noted that foreign-owned MNCs have become more and more aggressive in their efforts to avoid union representation. This high figure may be explained by a number of reasons, most of which relate to the parameters of the research. Firstly, the size threshold used in defining an MNC means that only organisations with a large number of employees were examined. This is significant as the literature suggests that larger organisations are more likely to recognise unions (Beaumont and Harris, 1989; Roche, 2001). Secondly, unlike much previous research in this area, the focus of

Figure 1: Engagement with Trade Unions

N=260
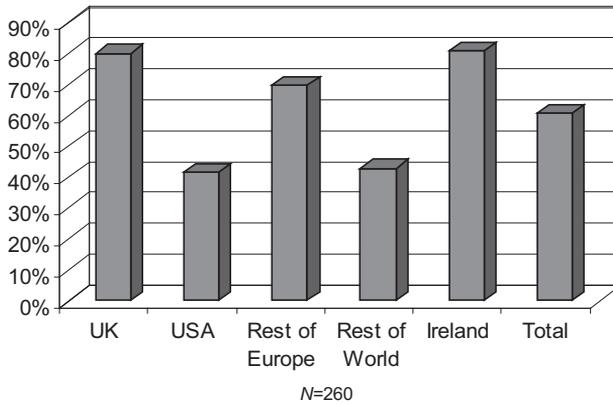
the investigation was at an organisational rather than establishment level. Consequently, if a multi-establishment MNC recognised trade unions at just one site, then this case was categorised as a unionised MNC. This figure is also higher than findings in the parallel UK study (Edwards et al., 2007), which found 47 per cent of MNCs recognised a trade union. However, comparatively, levels of union density have on average been 10 percentage points higher in Ireland than in the UK over the past 30 years (see Visser, 2006), and thus one may expect union recognition to be higher among MNCs in Ireland. Moreover, the UK study only investigated recognition levels among the largest occupational group (LOG) of employees, whereas this study examined all occupational groups.

It would appear that there is a pronounced country-of-origin effect with regard to union engagement. Irish, UK and 'rest of Europe' MNCs are more likely to engage with trade unions, whereas US MNCs are least likely to engage with unions. Over 80 per cent of Irish and UK MNCs engaged with trade unions, whilst rest of Europe MNCs also score high at 70 per cent. However, just 42 per cent of US MNCs engaged with unions. This is unsurprising given the preference of US MNCs to avoid unions (De Vos, 1981). Bundling all foreign-owned MNCs, there is evidence of a significant difference between foreign- and Irish-owned MNCs with 56 per cent of foreign-owned MNCs engaged with unions versus 81 per cent of Irish-owned MNCs.

Table 2: Union Recognition and Country of Origin

	UK	USA	Rest of Europe	Rest of World	Ireland	Total
No sites	20%	58%	30%	57%	19%	39%
Some sites	14%	12%	11%	7%	9%	11%
Most sites	3%	10%	6%	0%	21%	10%
All sites	51%	7%	29%	7%	47%	25%
The company's single Irish site	11%	13%	24%	29%	4%	15%

As outlined in the methodology section, some MNCs may have more than one site, and thus it is useful to provide a breakdown of the 61 per cent of MNCs engaging with trade unions. Of the 61 per cent of MNCs that engaged with unions, 21 per cent recognised trade unions at some or most sites, 25 per cent at all sites and 15 per cent at their single sites (see Table 2). This would suggest that MNCs that recognised unions and have more than one site are more likely to recognise unions at all of their sites. Again there would appear to be a country-of-origin effect. Irish, UK and European MNCs who recognised trade unions and have more than one site are much more likely to recognise unions at all of their sites, while US MNCs are much more likely to recognise trade unions at just some or most other sites.

Trade Union Recognition in New Sites
Picking up on the double-breasting issue identified by Gunnigle et al. (2005), all MNCs that recognised unions were asked if they had established a new site over the past five years and, if they did, if they recognise unions in these new sites (see Table 3). In total, 54 unionised MNCs reported that they had established a new site(s) over the past five years. Looking at the incidence of union recognition amongst these MNCs, just half of the MNCs (50 per cent) recognised a trade union in each of those new sites. Almost a quarter (24 per cent) of MNCs recognised unions at some or most of their new sites, whilst just over a quarter (26 per cent) did not recognise

Table 3: Union Recognition at New Sites by Country of Origin

	UK	USA	Rest of Europe	Rest of World	Ireland	Total
Yes at each new site	71%	0%	36%	100%	71%	50%
Yes at most new sites	7%	10%	21%	0%	7%	11%
Yes at some new sites	14%	10%	21%	0%	7%	13%
No at new sites	7%	80%	21%	0%	14%	26%

unions at any of their new sites. Based on these findings two issues are of note. Firstly, there appears to be a strong anti-union sentiment evident amongst the quarter of MNCs that do not recognise unions at any of their new sites, even though they had previously engaged with unions. Secondly, while 24 per cent recognise unions at some or most of their new sites, by default this means they also *do not* recognise unions at some or most of their other new sites. This would suggest that these MNCs have a preference for operating on a non-union basis also, but possibly faced with stiff opposition or strong pressure from trade unions have conceded recognition in some of their newer sites. In effect, half of MNCs (50 per cent) are engaging in some form of double-breasting. There is also a discernible country-of-origin effect. Irish and UK MNCs were much more likely to recognise a union at each of their new site(s). However, US MNCs were least likely to recognise a union at new sites. Indeed, there is no instance of a US MNC recognising trade unions at all of its new sites. European MNCs demonstrate a more mixed pattern.

DISCUSSION AND CONCLUSION

The evidence on trade union recognition and avoidance provides support for the emergence of a new orthodoxy in Irish ER. However, one must exercise caution as only one measure has been used – namely trade union recognition. Notwithstanding this there is a significant difference between foreign- and Irish-owned MNCs regarding trade union engagement, 56 per cent versus 81 per cent respectively. Although there is no directly comparable research to

this piece, some previous studies have indicated a difference between foreign- and Irish-owned companies; for example, Turner et al. (1997a) found a 2 per cent difference and Geary and Roche (2001) found a 22 per cent difference. None were as substantial as the findings of this paper.

A recurring theme throughout the findings is the possible impact of a country-of-origin effect. Much of the literature identified earlier outlined the usefulness of the country-of-origin effect in explaining patterns of ER, and this is borne out in the findings. Clearly the strong anti-union sentiment characteristic of the US national business system is evident among the US MNCs operating in Ireland, with these MNCs to the forefront in union avoidance. This finding is not unexpected, since much of the literature suggests that US companies are much more likely to be different in terms of ER practice to both Irish and other foreign-owned companies. US MNCs are thus in the vanguard in this move away from engaging with trade unions. The pluralist traditions of both the Irish and UK ER systems appear to resonate amongst MNCs from these systems, with both UK and Irish MNCs reporting high level of union engagement. Explaining the findings of the European MNCs is more difficult as this category contains a number of different European countries, and thus is open to the influences of different national systems. Notwithstanding this, a European category has been identified in the literature as being more likely to engage with trade unions, and the findings here point towards a similar pattern with high levels of union recognition amongst European MNCs.

Finally one of the most significant findings of the research to date is the existence of 'double-breasting'. Previous research has pointed to the emergence of this phenomenon in recent times, with *Industrial Relations News* (2004) outlining that more and more unionised companies are establishing newer non-union sites and Gunnigle et al. (2005) also finding evidence of US MNCs engaging in this type of behaviour. As pointed out in the findings, half of unionised MNCs that have established a new site over the previous five years has engaged in some form of double-breasting. Building on previous research this is indeed a worrying trend for trade unions in Ireland. The trade union movement has struggled

over recent decades to establish a presence in inward-investing companies, particularly those companies in the ICT and financial services sectors. However, unions could at least point to their strong base in longer-established MNCs in sectors such as pharmaceuticals and medical devices. However, these findings point to a progressive erosion of this base and a union failure to hold what they have.[8]

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[1] The subject of ER covers a range of topics including trade unions, collective bargaining and pay determination, employee voice and partnership, industrial action, negotiations, and discipline and grievances. This paper specifically focuses on trade union recognition.

[2] The measure used is of union members as a proportion of 'employees' in paid employment, excluding the self-employed, very few of who are union members.

[3] 'Top companies' refers to the name given to the research listing (see <http://www.businessandfinance.ie/publications/top1000.html>).

[4] This research is part of a large-scale international study of employment practices in MNCs undertaken in five countries (Canada, Ireland, Mexico, Spain and the UK). A summary of the findings of the Irish study can be found in Gunnigle et al. (2007).

[5] Just 12 per cent of respondents could only answer for the largest site or division in Ireland.

[6] The 'rest of Europe' category consists of MNCs from the European region excluding Ireland and the UK. It should be noted that the number of MNCs in the 'rest of the world' category is quite small and are quite a disparate group in terms of country of ownership, encompassing firms from southern and central Asia, the Americas (excluding the USA) and the Antipodes. Therefore, caution is advised when interpreting results for this ownership category.

[7] By engagement it is meant that an MNC recognises trade union(s) for the purposes of collective employee representation in at least one of their sites.

[8] The author would like to acknowledge the support received from the Irish Research Council for the Humanities and Social Sciences (IRCHSS), the Labour Relations Commission and the University of Limerick Research Office. Also special thanks to Professor Patrick Gunnigle and Anthony McDonnell at the University of Limerick and two anonymous referees for their comments and advice.

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Is There a Potential 'Representation Gap' in the New Irish Economy? An Examination of Union Density Levels and Employee Attitudes to Trade Unions

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T H O M A S   T U R N E R *
D A R Y L   D ' A R T *

ABSTRACT

In many countries between 1980 and the mid-1990s trade union density registered a considerable decline. Using data from the Central Statistics Office (CSO), we examine the trend in union density across different industrial sectors, occupations, gender, age and educational levels between 1994 and 2004. The CSO data are then combined with Irish data from the European Social Survey (ESS) to assess the potential representation gap between union density levels and the demand for trade unions. Overall, the evidence from the ESS indicates a belief among the majority of respondents that workers still need strong trade unions. The potential union representation gap is particularly high in private sector services, lower skill occupations and younger workers.

Key Words: Union density; Trend; Demand; Representation gap.

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INTRODUCTION

In many countries between 1980 and the mid-1990s trade union density registered a considerable decline (Ebbinghaus and Visser, 2000). Overall, trade unions now represent a smaller proportion of the employed labour force in Europe than at any other time since 1950 (Verma and Kochan, 2004). In Ireland, union density is at its lowest point since the 1950s (D'Art and Turner, 2003). Beyond the interests of officers, officials or committed members should union decline be a cause for general concern? Historically, unions have provided significant services to workers at enterprise and national level. At enterprise level unions serve to protect the interests of members and ensure a measure of fairness. A survey of non-union firms in Britain found employees were unlikely to have opportunities to air grievances or resolve problems in ways that were systematic and designed to ensure fairness of treatment (Millward et al., 1992: 365; Towers, 1997). Unions also play a role in helping management to manage better. Indeed, there appears to be a strong positive relationship between the spread of high commitment management practices and a union presence in the workplace (Cully et al., 1999: 133). Furthermore, trade unions not only emphasise the human aspect of the labour commodity but in imposing a check on the exercise of power both express and foster democratic values and culture. These benign effects are not only confined to firms, but also affect the wider society. There is substantial evidence that trade union membership provides a stimulus to both electoral and political participation (D'Art and Turner, 2005a). Finally, unions have been among the most important causal mechanisms in the development of welfare states (Radcliff, 2006). In Europe they have played a key role in shaping social policy and the European social model. The result has been a de-commodification of labour (Hyman, 2005).

Yet, many commentators argue that the processes of industrial restructuring, economic globalisation and the emergence of a post-industrial knowledge economy are forcing a fundamental change in the nature of work and the role of trade unions (D'Art and Turner, 2006a). As a consequence of these putative changes, decline in union membership and density levels may simply reflect a decline in the demand by workers for union representation. An implicit aspect of the 'decline in demand' thesis is that the functions unions

provide are no longer necessary or relevant in the modern economy. However, rather than declining demand there is substantial evidence to indicate that employer opposition to trade unions is a much more significant element in the decline in union density (D'Art and Turner, 2005b; Geary, 2006).

In this paper, by using data from the CSO we examine firstly the trend in union density across different industrial sectors, occupations, gender, age and educational levels; and secondly the existence of a potential representation gap by comparing union density levels from the CSO data and the responses from a European-level survey regarding the demand for trade unions. 'Union density' throughout this paper refers to employment density; that is, the proportion of employees in the employed labour force who are members of a trade union. 'Representation gap' means the difference between actual union membership and density levels, and the demand for union membership and services. The existence of a representation gap points to a potentially unfulfilled demand for union membership. In practice, this is difficult to accurately measure and is often estimated from employee attitudes, particularly non-union employees, towards trade unions. The demand for trade unions is measured here by the extent to which employees perceive a need for strong trade unions to protect their working conditions and wages.

IS THERE A DEMAND FOR TRADE UNIONS?

A number of explanations have been advanced to account for trends in union membership and density levels. In particular structural explanations have exercised a strong attraction for scholars. The structural approach ascribes union decline to long-term socio-economic changes (Ebbinghaus and Visser, 1999). These explanations attribute union decline to changes such as the shift from manufacturing to service employment, related occupational transformations from manual to mental work, an increasingly integrated global economy and the decline in left politics and associated working-class projects (see Bain and Price, 1983; Booth, 1986; Deery and De Cieri, 1991). An implicit assumption of the structural explanation is that union representation is unnecessary and there is no demand from the growing number of employees in the new sectors of the economy

and workplaces. Indeed, the Irish Business and Employers' Confederation (IBEC) (2003) have claimed that the vast majority of private sector workers choose not to be in trade unions. In the UK, for example, Bryson and Gomez (2005) argue that such changes as the increase in non-manual jobs, service-type employment, jobs in the private sector, working women and part-time work have conspired against unions by shifting an increasing proportion of employment to workers who are traditionally less inclined to unionise. Yet, it appears that the single most important factor determining the probability of never being a union member is 'whether or not an individual is employed in a workplace with a recognised union' (Bryson and Gomez, 2005: 87). Although there is substantial evidence to suggest that the significance of structural factors in union decline may be exaggerated, nevertheless, this explanation retains a significant attraction in the literature (for critical discussion refer to D'Art and Turner, 2004; Kaufman, 2001; Disney, 1990).

UNION REPRESENTATION AND LABOUR MARKET CHANGES

A corollary of the structuralist position is that substantive changes in the advanced industrial societies have undermined or made redundant the demand for trade unions in the workplace. A major change identified is a shift away from industrial manufacturing employment to employment in the services sector of the economy.

Hypothesis 1: The decline in union density will be greater among service workers between 1994 and 2004, and the representation gap will be smaller for service workers than other sectors.

A second apparent substantive change is the growth of knowledge occupations and the decline of manual blue-collar work. Knowledge work can be defined as work that requires cognitive, rather than manual, skills to identify and solve problems and manipulate information in a creative way to add value to an organisation (see Zuboff, 1988; Winslow and Bramer, 1994). There has been a general and significant upward shift in occupational levels in the European Union. From 1995 to 2001 the share of low-skilled

people in the working age population declined from 46 to 39 per cent, while that of the medium- and high-skilled rose from 38 to 43 per cent and from 15 to 19 per cent respectively (European Commission, 2003). Higher-level knowledge occupations are likely to command relatively high levels of income and good working conditions, and consequently employees in such occupations are less likely to perceive a need for a trade union. In the absence of data for 1994, the focus is on the differences at one point, 2004.

Hypothesis 2: Union density and the representation gap will be lower among higher occupational groups.

UNION REPRESENTATION AND INDIVIDUAL CHARACTERISTICS

It has been argued that new forms of work that require long periods of education and training have fostered the diffusion of individual orientations at the expense of traditional forms of union solidarity (Lash and Urry, 1987; Zoll, 1996; Valkenburg, 1996). Thus, employees with higher levels of education are more likely to manifest an individualist orientation and, as a consequence, union representation will have little or no appeal. Consequently, employees with high levels of education are less likely to join a trade union.

Hypothesis 3: The higher the educational level, the lower the union density level and the representation gap.

Other factors often cited as impacting on the demand for unions are the increasing participation of women in the labour force and the decline of interest in unions among younger workers. Generally, the historical experience in industrialised nations is for much of woman's work to be relatively short-term and marginal to the main (male) labour force. This tended to discourage female workers from adopting a collectivist response to the issues of pay and conditions (Lockwood, 1966; Hyman and Price, 1983). One explanation for women's reluctance to join and participate in trade unions emphasises the gender difference. According to Smith (1981: 53), women in the past were viewed as 'naturally timid and unwilling to fight and [had] no place in the rough arena of union

struggle'. From this perspective, women's behaviour is principally interpreted in relation to their gender, which predisposes women to be less interested in trade unions given that union activity is supposedly characterised by 'proletarian masculinity and militancy' (Wajcam, 2000: 187). Women, it was argued, disliked the possibility of strikes, pickets and violence (Forest, 1993: 328). Thus, the 'stereotype' has endured that women are disinterested in unions and identify mainly with family issues (Briskin and McDermott, 1993: 7–8). This identification with home and family responsibilities appears to be consistent with a number of studies from the United States in the 1980s (e.g. Fiorito et al., 1986). Through a process of socialisation, it is suggested, women are taught to be relatively passive and less confrontational than men and more willing to be resigned to the existing job conditions and less likely to engage in aggressive activities such as strikes (Wheeler and McClendon, 1991; Schur and Kruse, 1992). Alternatively, there is considerable evidence to indicate that women are just as likely as men to have positive attitudes towards unions (Turner and D'Art, 2003; Walters, 2002), to vote for union recognition (see Premack and Hunter, 1988; Schur and Kruse, 1992: 100) and be active union members (Klandermans, 1992; Lawrence, 1994: 94). Here we test whether women are less likely than men to join a union in the period 1994 to 2004.

Hypothesis 4: The decline in union density will be greater among females than males between 1994 and 2004 and the representation gap will be smaller for females than males.

In a period of union decline in many European countries it can be argued that younger workers have less experience of trade unions and will display significantly lower levels of attachment to collective organisations. On the other hand, it is possible that older workers' attitudes, particularly those at the bottom of the organisational hierarchy, towards management have become more entrenched over time and more likely to perceive management negatively (D'Art and Turner, 2002). Consequently older workers are more likely to perceive a need for trade unions. Furthermore, younger workers are more likely to enter the labour market with

higher levels of education and core knowledge skills than older workers.

Hypothesis 5: The decline in union density will be greater among young workers between 1994 and 2004 and the representation gap smaller for younger workers.

DATA AND MEASURES

The analysis here is based on two data sources. First, we rely on the CSO (2005) release on union membership trends from 1994 to 2004 based on the Quarterly National Household Survey (QNHS). The QNHS provides the basis for quarterly labour force estimates in Ireland. Information is collected continuously throughout the year with 3,000 households surveyed each week to give a total sample of 39,000 households in each quarter. The second source of data on Irish employee attitudes used here comes from the European Social Survey (ESS). The ESS is a biennial multi-country survey covering over 20 states. The first round was fielded in 2002/2003. The survey is funded jointly by the European Commission and the European Science Foundation and directed by a central coordinating team. The Norwegian Social Science Data Service (NSD) is the distributor of the ESS data. Data collection was by means of face-to-face interviews of around an hour in duration. The objective of the ESS sampling strategy is the design and implementation of random (probability) samples with comparable estimates based on full coverage of the eligible residential populations aged 15 years and over. A total of 2,046 completed questionnaires were returned in the Irish survey. This represented a response rate of 64.5 per cent. Employees accounted for 43 per cent (882) of the responses, self-employed 12 per cent (252) and those not at work 44 per cent (899). In order to correct for possible biases a design weight is used in the statistical analysis below. The design weight corrects for these slightly different probabilities of selection, thereby making the sample more representative of a 'true' sample of individuals aged 15 or over in each country.

MEASURING THE 'REPRESENTATION GAP'

The representation gap is calculated as the difference between actual density rates from the QNHS and the demand for trade

unions as measured by the ESS. Employee demand for trade unions in the ESS is based on the response to the following question: 'Employees need strong trade unions to protect their working conditions and wages' scored from 1 = strongly agree; 2 = agree; 3 = neither agree nor disagree; 4 = disagree; to 5 = strongly disagree. We assume that those who either strongly agree or agree believe that trade unions are an essential mechanism of protection for employees in the workplace. However, a positive response to the question among non-union employees cannot be directly linked to the intention to join a union or joining behaviour itself. A positive response may plausibly be interpreted in two ways. In the first case non-union employees with positive attitudes towards unions are possibly frustrated joiners. This could occur where there is no union presence in the workplace, thus removing the availability of choice for employees (Green, 1990). Alternatively, the employer erects barriers to union joining making it difficult and costly for employees, thus frustrating the intention to become a union member (for the Irish case see D'Art and Turner, 2006b).

A second plausible explanation is that while most non-union respondents believe that unions are 'in general' needed to protect workers, they also feel that union membership is not necessary in their particular case either because unionisation is perceived to have little benefit or they work for a 'good employer'. This may partly explain the results of a national survey of employee attitudes where 79 per cent of non-union respondents in unionised companies reported that they would vote for continued union representation in their companies (Geary, 2006: 8). It may also be the case that some non-union respondents recognise that a unionised sector indirectly benefits the non-union sector by setting standards in wage levels and conditions of employment.

Although it is not possible here to establish the accuracy of these various explanations, it is likely a combination depending on the employee's sectoral location (public or private sector; industry or services) and employer attitudes to trade unions. What can be assumed with reasonable certainty is that agreement with the need for strong trade unions indicates a substantial measure of sympathy and support for trade unions. In favourable circumstances, such as

employer neutrality or support, this is more likely to translate into actual union membership.

TRENDS

First we examine the distribution of responses for the dependent variable that employees need strong trade unions to protect working conditions and wages. A total of 77 per cent of employees either strongly agreed or agreed that employees need unions to protect them, 9 per cent had no opinion and 14 per cent strongly disagreed or disagreed (Table 1). Somewhat surprisingly perhaps, two-thirds of the self-employed agreed that employees need strong unions while 19 per cent disagreed. However, the overwhelming majority of those not at work (82 per cent) agreed while only 8 per cent disagreed. It is also notable that 72 per cent of non-union employees believed that workers needed strong trade unions; and non-union employees working in unionised firms reported higher levels of agreement (74 per cent) compared to non-union employees working in non-union firms (68 per cent).

These responses would appear to indicate a substantial demand or at least sympathy for trade unions among all respondents. In the following analysis the focus is solely on employees in the labour force and excludes both the self-employed and those not at work.

UNION DENSITY DECLINE AND THE REPRESENTATION GAP

Union density in Ireland declined from 45 per cent (432,900) in 1994 to 34 per cent (521,400) in 2004, a decrease of 11 percentage points (CSO, 2005). There are substantial variations across the different sectors of the economy. While density levels have declined in both the public and private sectors, the decline is significantly greater in the private sector. In the mainly public sector areas, density declined from 66 to 59 per cent, a decline of 7 percentage points (Table 2). However, the mainly industrial sectors (manual and skilled) have experienced the sharpest decline of 16 percentage points, from 51 to 35 per cent. The decrease is particularly notable in construction and transport but is also substantial in production industries. Union density declined by 6 percentage points in private services from 25 per cent in 1994 to 19 per cent by 2004. Hotels and

Table 1: The Demand for Unions: Employees, Self-Employed and Those Not at Work

	Agree strongly %	Agree %	Neither %	Disagree %	Disagree strongly %	Total % (*N*)
'Employees need strong trade unions to protect their working conditions and wages'						
Employees	28	49	9	12	2	100 (872)
Self-employed	9	55	17	16	3	100 (250)
Not at work	26	56	10	7	1	100 (865)
Total (*N*)	25 (491)	53 (1054)	10 (209)	10 (203)	2 (30)	100 (1987)
Employees at work						
Union member	36	52	6	6	1	100 (355)
Non-member	22	48	12	15	3	100 (517)
Non-members						
Union present	23	51	7	15	5	100 (106)
No union present	22	46	14	16	3	100 (391)

Source: ESS (2002/2003).

restaurants, and the financial services experienced the largest declines, 11 and 12 percentage points respectively. Consequently, there is no support for the first part of Hypothesis 1: that the decline in union density would be greater among service workers between 1994 and 2004. Indeed, the decline in the mainly industrial sectors is greater by a margin of 10 percentage points.

Despite the decline in union density levels the results from the ESS survey indicate substantial agreement with the statement that workers need strong trade unions to protect their working conditions and wages: 76 per cent of respondents in the mainly industrial sectors, 70 per cent in the services sectors and 85 per cent in the public sector. As Table 2 indicates, there are potential representation gaps (calculated by subtracting the density level in each sector in 2004 from the responses in the ESS survey) across all three main groups. However, the representation gap is greater in the services group at 51 per cent compared to 41 per cent in industrial sectors and 26 per cent in the public sector. Thus, there is no support for the second part of Hypothesis 1: that the representation gap would be smaller for service workers than other sectors.

Table 2: Union Density and Economic Sector*

	QNHS		ESS $N = 849$	
Employment sector	Union density May 2004 %	Change in percentage points 1994 to 2004 %	Employees agreeing with need for strong trade unions %	Potential gap in 2004 for employees[a] %
Private sector – mainly industrial				
Production	37	−16	77	−40
Construction	27	−20	71	−44
Transport	47	−19	78	−31
Sector total [b]	35	−16	76	−41

Table 2: (*Continued*)

Employment sector	QNHS		ESS *N* = 849	
	Union density May 2004 %	Change in percentage points 1994 to 2004 %	Employees agreeing with need for strong trade unions %	Potential gap in 2004 for employees[a] %
Private sector – mainly services				
Wholesale	20	−3	72	−52
Hotels	10	−11	71	−61
Other	18	−3	84	−66
Finance	22	−12	57	−35
Sector total	19	−6	70	−51
Mainly public sector				
Public administration	75	−1	86	−11
Education	59	−9	81	−22
Health	51	−7	87	−36
Sector total	59	−7	85	−26

Source: CSO (2005) and ESS (2002/2003).

*Agriculture, forestry and fishing have been omitted, as only a small number of workers are sampled from this category.

[a] This is derived by subtracting union density in 2004 from the percentage of employees agreeing with the statement that strong unions are needed to protect workers.

[b] Totals for each broad group (industry, services and public sector) are calculated by summing the number of unionised respondents in the group as a proportion of the total number employed in that group. The change in percentage points in union density is calculated in a similar manner. Percentages are rounded to the nearest whole number and totals may not add up to exactly 100.

Legend: Production Industries; Construction; Transport, storage, communication; Wholesale and retail trade; Hotels and restaurants; Other services; Financial and business services; Public administration and defence; Education; Health.

In Table 3 the nine occupational categories are divided into five skill levels. For ease of analysis we have further divided the nine groups into three distinct skill levels: higher-skill, levels 1 and 2; intermediate skill, level 3; and lower skill, levels 4 and 5 (see Turner and D'Art, 2005). Union density levels in 2004 are highest among the professional and associate professional occupations and lowest in sales, personal services and other occupations. Across the three groups, union density is highest in the skill level 1 and 2 occupations (41 per cent) and the lowest in skill levels 4 and 5 (30 per cent). Conversely, the proportion of respondents in the skill level 4 and 5 occupations agreeing with the statement that workers need strong trade unions to protect their working conditions and wages is

Table 3: Union Density and Occupation

	QNHS	ESS $N = 862$ [a]	
Occupational category	Union density May 2004 %	Employees agreeing 'need for strong unions' %	Potential gap for employees %
Skill levels[b] 1 and 2			
1. Managers and administration staff	29	53	−24
2. Professionals	45	70	−25
3. Assistant professionals/ technicians	49	72	−23
Sub-total[c]	41	65	−24
Skill level 3			
4. Clerical and secretarial	36	77	−41
5. Craft/related	34	84	−50
Sub-total	36	80	−44

(*Continued*)

Table 3: (*Continued*)

	QNHS	ESS *N* = 862 [a]	
Occupational category	Union density May 2004 %	Employees agreeing 'need for strong unions' %	Potential gap for employees %
Skill levels 4 and 5			
6. Personal/service	30	88	−58
7. Sales	19	89	−70
8. Plant operatives	41	88	−47
9. Other occupations	29	86[d]	−57
Sub-total	30	88	−58

Source: CSO (2005) and ESS (2002/2003).

[a] The number of respondents included in the ESS varies in each table due to missing data in the various measures.

[b] This follows the Australian Standard Classification of Occupations (ABS, 1997). The nine major occupational groups are divided into five distinct skill levels (see Turner and D'Art, 2005).

[c] Sub-totals for each broad skill level are calculated by summing the number of unionised respondents in the group as a proportion of the total number employed in that group.

[d] Only seven respondents are returned in this occupational category.

88 per cent, compared to 65 per cent in the skill level 1 and 2 occupations. Thus, the potential representation gap is considerably higher in the former group at 58 per cent compared to 24 per cent among the skill level 1 and 2 occupations. This provides partial support for Hypothesis 2: that the representation gap will be lower among higher occupational groups but the substantive part of the hypothesis that density would be lower among higher-level occupations receives no support.

As Table 4 indicates, there is a strong relationship between educational level and union density level, with increasing education associated with increasing density levels. Consequently, there is no support for Hypothesis 3: that higher educational levels would be

Table 4: Union Density and Education

Educational level	QNHS	ESS $N = 871$	
	Union density May 2004 %	Employees agreeing 'need for strong unions' %	Potential gap for employees %
No education/primary	31	90	−59
Lower secondary	33	84	−51
Higher secondary	33	82	−49
Post-leaving	36	72	−36
Third level no degree	40	60	−20
Third level degree+	38	62	−24

Source: CSO (2005) and ESS (2002/2003).

associated with lower union density levels. On the other hand, the proportion of respondents agreeing with the need for strong unions is also directly related to education, with 90 per cent of respondents with no education/primary level education agreeing compared to 62 per cent of respondents with degree level education. Thus the potential representation gap is significantly higher among respondents with lower levels of education. This provides partial support for Hypothesis 3, which predicted that higher educational levels would be associated with a lower representational gap.

In the period 1994 to 2004, the decline in density levels was greater for males than females: 12 percentage points compared to 10 (Table 5). Indeed, the proportion of males and females in unions is almost equal in 2004. Nevertheless, 80 per cent of female respondents in the ESS survey believed that workers needed strong unions compared to 74 per cent of male respondents and the potential representation is also greater for females at 46 per cent compared to 39 per cent for males. Consequently there is no support for Hypothesis 4: that the decline in union density would be greater among females than males and the representation gap smaller for females than males.

Table 5: Union Density and Gender

	QNHS		ESS *N* = 872	
	Union density May 2004 %	Change in percentage points 1994 to 2004 %	Employees agreeing 'need for strong unions' %	Potential gap for employees %
Male	35	−12	74	−39
Female	34	−10	80	−46

Source: CSO (2005) and ESS (2002/2003).

Table 6: Union Density and Age

Age Group	QNHS		ESS *N* = 871	
	Union density May 2004 %	Change in percentage points 1994 to 2004 %	Employees agreeing 'need for strong unions' %	Potential gap for employees %
15–19	8	−12	79	−71
20–24	22	−11	90	−68
25–34	30	−17	71	−41
35–44	41	−13	73	−32
45–54	46	−6	82	−36
55–59	45	−10	85	−40
60–64	43	−6	72	−29
65+	21	−1	79	−58

Source: CSO (2005) and ESS (2002/2003).

In general, decline in density levels is associated with age, with the greatest decline occurring in younger age categories rather than older categories (Table 6). The proportion of respondents in the younger age groups (aside from the 15 to 24 years category) agreeing with the need for strong trade unions is weaker compared to the older age categories. Yet, the potential representative gap is

significantly higher for younger age categories than older age categories. Consequently, there is support for the first part of Hypothesis 5: that union density decline would be greater among young workers, but no support for the prediction that the representation gap would smaller for younger workers.

CONCLUSION

Using CSO data for union density between 1994 and 2004 and the ESS survey, five hypotheses were examined. There was no support for Hypothesis 1: that the decline in union density would be greater among service workers or that the representation gap would be smaller for service workers compared with workers in other sectors of the economy. For Hypothesis 2 there was partial support that the representation gap would be lower among higher occupational groups. However, the substantive part of the hypothesis that density would be lower among higher-level occupations received no support. The narrower representation gap and higher union density among this group may be partly explained by their location in the public sector, where union availability and union joining are non-problematic. Again for Hypothesis 4 there was no support for the propositions that the decline in union density would be more pronounced among females or that the representation would be smaller for females than their male counterparts. Finally, the first part of Hypothesis 5, that the decline in union density would be greater among young workers, was confirmed. Yet there was no support for the prediction that the representation gap would be smaller for younger workers.

Overall, the evidence from the ESS indicates substantial agreement among employees with the need for strong trade unions. In total, 77 per cent of employees agreed that unions are a necessary protection at work. This indicates a significant gap between these attitudes and the union density level of 34 per cent in 2004. The potential representation gap is particularly high in private sector services among younger workers in low skill occupations. How can these gaps be explained? Elsewhere we have argued that employer opposition is a significant factor in the decline of private sector union density levels (D'Art and Turner, 2005b). The absence of a trade union in the workplace and employer opposition to recognising a trade union removes any real choice of union membership for many workers.

One way to close the representation gap is to seek changes to the 2001 Industrial Relations Amendment Act to allow speedy and clear determinations in cases of disputed recognition. Equally important is the need for trade unions to regularly conduct organising campaigns in both existing unionised and non-union firms. A strategy of union organising requires committed and active union shop stewards/union representatives on the shop floor. It is possible that union organisation at shop-floor level may have weakened in recent years, particularly in the private sector. This may be a consequence of bargaining at national level and increased employer opposition. For example, research indicates that only 24 per cent of non-union members employed in unionised companies were ever asked to join a union, while the remaining 76 per cent had never been approached to consider union membership (Geary, 2006). Attempts by trade unions to address the representation gap must rely on the organising skills of union officials and the activism of shop-floor union members. In that event the strength of shop-floor organisation and activism will be a critical factor in closing the union representation gap.

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The Evolution and Transformation of Networks: A Study of Private Health Insurance in Ireland

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B R E D A   M C C A R T H Y *

ABSTRACT

The focus of this research is the process of network evolution and transformation in health insurance. It uses network theory to express the dynamics of change in the private health insurance market and it emphasises the structural features of density and sparseness, as well as relational features of strength and weakness of the ties. The study found that the network was characterised by high centrality, high density and weak ties, and cost efficiency was a key outcome. The study concludes that there needs to be an optimal portfolio of both strong and weak ties, in that together they enable information exchange, knowledge-building and innovation.

Key Words: Private health insurance; Weak ties; Strong ties; Networks.

INTRODUCTION

This study describes the evolution and transformation of private health insurance (PHI) in Ireland using social network constructs. To date, there has been little or no study of Irish PHI from a network perspective. In the network school of thought, it is argued that the performance of firms depends on their ability to develop relationships

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and to cooperate with other actors (Hakansson and Snehota, 1995). Social network theorists recognise that market exchanges are embedded in, and defined by, complex social processes; for instance, trust is critical in networks (Morgan and Hunt, 1994). A related body of literature on supply chain management (Harland, 1996; Dabholkar and Neeley, 1998) emphasises the need for a move from an adversarial, arms-length perspective to a long-term, relationship-orientated view of inter-firm relationships.

CHARACTERISTICS OF THE IRISH HEALTHCARE AND PRIVATE HEALTH INSURANCE SECTORS

Health systems can be structured in different ways and, as a consequence, different kinds of private health insurance networks emerge.

The Irish health system is a mixture of a universal public health system and a fee-based private system. PHI arrangements in Ireland are complementary (covering services excluded by the state) and supplementary (for faster access to non-crucial services and better amenities). Today, an estimated 52 per cent of the Irish population have private health insurance; this figure is quite striking given the full entitlement to public hospital care. A range of policies exist to ensure affordability of PHI, such as tax relief and subsidies on public pay-beds for private patients (Health Insurance Authority, 2005a). People buy health insurance because it frequently improves the individual's choice over health providers, treatments and timing of care (OECD, 2004).

The key features (OECD, 2004) of the Irish voluntary health insurance system are community-rated premiums, open enrolment, minimum benefit and lifetime cover.[1] VHI, a state-owned company, was the sole provider of insurance prior to 1997. After the Irish market was opened up to competition, BUPA entered the market in 1997 (subsequently taken over by Quinn Healthcare), and VIVAS Health entered the market in 2004. The market leader's share of the market fell, but it remains a dominant player with an estimated 75 per cent share of the market. A risk equalisation scheme was implemented in 2006 by the Irish government, almost ten years after the market was opened to competition. It is a government response to the strong incentives of new entrants to select healthier enrollees,

leaving the incumbent with the burden of claims (Health Insurance Authority, 2005b). According to the OECD (Columbo and Tapay, 2004: 208), risk equalisation is designed to prevent 'unfair competition'. It involves transfer payments from one insurer to another and is designed to 'neutralize differences in insurers' costs due to variations in the health status of its members' (Worz and Foubister, 2005: 27).

The opening up of the market intensified competition and stimulated the design of new products. New entrants have to cover operating costs and meet shareholder expectations (i.e. the need to maintain prudential reserves, invest, reward entrepreneurial risk-taking and remunerate capital appropriately). Insurers are expected to compete on the basis of providing the best coverage at the lowest cost. A price following strategy is evident, with the market leader setting the premium and other companies following by charging a similar, albeit marginally lower, price (Health Insurance Authority, 2003). PHI contracts contain highly technical information and cover every conceivable medical treatment. They include:

- technical charges (e.g. charges for theatre, disposables and diagnostic tests)
- accommodation (e.g. daily rates for private beds)
- salaries (e.g. consultants)

Insurers are obliged to pay the professional fee directly to the hospital consultants. From the insurer's perspective, clinicians have little incentive to minimise costs. Clinicians are not always aware of, or responsible for, the economic consequences of their medical decisions (Doyle, 2006). However, Doyle (2006) found that if hospital managers enter into dialogue with clinicians and involve them in new management accounting practices, then that helps change attitudes.

In many healthcare systems, hospital costs are driven by rates of utilisation, increases in bed capacity, labour costs, the cost of pharmaceuticals, regulatory compliance, clinical equipment and information technology. Cost structures vary across hospitals depending on clinical research, teaching status and provision of specialised services (Robinson, 2003). The Irish healthcare system is heavily biased towards hospitalisation (OECD, 1990), although

government policy aims to refocus on primary care and strengthen the role of the general practitioner.

NETWORK THEORY AND RATIONALE FOR ADOPTING A SOCIAL NETWORK PERSPECTIVE

The network concept in industrial marketing theory was developed in the 1980s by researchers in the IMP (industrial marketing and purchasing) school of thought (see Thorelli, 1986; Hakansson, 1987; Axelsson and Easton, 1992; Hakansson and Snehota, 1995).

A network consists of actors who control resources and perform activities (Hakansson and Snehota, 1995). In networks, resources exchanged between actors include capital, information, advice, emotional support and legitimacy signals (Heracleous and Murray, 2001). Network structures bring benefits: enhancing learning (Knight, 2002); increasing innovation (Baker, 1992; Araujo and Easton 1996; Ahuja, 2000); and decreasing transaction costs and reducing uncertainty (Heracleous and Murray, 2001). However, there are also limitations such as insecurity and the risk of hold-up (see Alter and Hage (1993) for a summary). Actors are vulnerable to risk, yet many forces reduce the risk of opportunism (Lindberg et al., 1991), such as contracts and the need to maintain one's reputation, as well as trust (Morgan and Hunt, 1994).

Research into networks is motivated by dissatisfaction with the atomistic view of economic actors (Granovetter, 1985), the view that exchange is driven by pure economic motives and social relations are set aside (Rangan, 2000). There is a body of literature on healthcare networks (Boonekamp, 1994; van Raak et al., 2002) that are particularly effective in the area of community-based health and social services (van Raak et al., 2002; Provan et al., 1995). While the interests of the provider and those of the insurer are not aligned, scholars propose that insurers and clinicians would benefit from the adoption of a partnership approach to healthcare (Berry et al., 2006).

KEY DEBATE IN THE LITERATURE: STRONG AND WEAK TIES, DENSE AND SPARSE TIES

A central debate in the literature is whether ties between actors in networks should be sparse and weak (Granovetter, 1973; Burt 1992)

or dense and strong (Coleman, 1988; Gilsing and Nooteboom, 2005). According to Granovetter (1973: 1361), in personal networks there are four dimensions of strength: amount of time, emotional intensity, intimacy (or mutual confiding) and reciprocal services. Granovetter's (1973) 'strength of weak ties' thesis shows how, in personal networks, weak ties (i.e. acquaintances) as opposed to strong ties (i.e. family and friends) yield a greater variety of information. Granovetter (1973) found that job seekers tend to search for job openings through acquaintances. While actors with strong ties tend to be strongly motivated to help each other, weak ties should not be overlooked because distant contacts are privy to information that one's immediate circle does not have. They play a crucial role in job searches, social mobility and in the diffusion of innovation. Nooteboom (1999) has put forward a similar argument, claiming that weak ties (sporadic contacts) can lead to greater 'cognitive distance' (i.e. different ways of seeing, interpreting and dealing with the world).

The literature has produced counter-arguments, arguing that strong ties (intense and long-lasting ties) may be needed for the exchange of complex knowledge (Uzzi, 1997). In a business context, strength has been equated with long duration and high frequency of interaction, and with trust, openness and a willingness to share information and coordinate activities (Gilsing and Nooteboom, 2005). Uzzi's (1997) study of the clothing industry is an excellent example of how benefit is derived from strong ties, even though the industry itself is characterised by intense price competition. Uzzi's (1999) study on small business lending found that networks promote the transfer of private information (i.e. information that is restricted and unique). Uzzi (1999) concluded that small firms that form social attachments with lenders receive lower interest rates on loans. In a similar vein, other writers argue that value creation, associated with product innovation, occurs through social capital within the firm (Tsai and Ghoshal, 1998; Tsai, 2002). Although time and energy is expended in setting up and maintaining strong ties, it is implicit in the literature that the benefits outweigh the costs.

It has also been proposed that optimal networks consist of both strong and weak ties (Uzzi, 1996; Giuffre, 1999). The weak ties

assist in bringing new information into the network, while strong ties support the knowledge creation processes that embed strategic capabilities into the network (Pavlovich, 2003). In the context of PHI, strong ties could facilitate knowledge transfer in relation to clinical best practice and quality management.

Density is defined as the number of direct ties in relation to the total possible number of direct ties (Granovetter, 1985). Density refers to how many actors are connected; it means that all actors have multiple partnerships (Gilsing and Nooteboom, 2005) and thus it gives rise to redundant ties (Hagedoorne and Duysters, 2002). In a dense structure where all actors have multiple partnerships, much of the information circulating is redundant – each person knows what everyone else knows. Density can force organisations towards conformity (Di Maggio and Powell, 1983) as institutional values are diffused within networks. Density, according to Coleman (1988), helps build up reputation, social norms, social control and sanctions. Highly dense networks, through tight information exchanges and the circulation of institutional norms or rules of behaviour, give rise to strong constraints on focal organisations (Pavlovich, 2003).

In the context of health insurance, the Irish network is a dense one. For instance, the market leader has contracts with all hospitals. There is little desire to exclude hospitals from the network since the insurer is eager to avoid the opprobrium that results from denying patients freedom of choice; network exclusion would mean patients would have to travel for care, giving rise to geographical barriers to health access. A major weakness of this system is that it limits selective contracting. Under selective contracting, insurers negotiate agreements with certain doctors, hospitals and healthcare providers to supply a range of services at reduced cost. In a case study of the Swiss insurance system, it was noted that having to pay 'all willing providers' prevents insurers from selecting from approved lists of cost-effective, or safe, or consumer-friendly doctors or hospitals (Health Policy Consensus Group, 2003). In the USA, network structures exist that channel consumers towards a restricted number of economical providers (Robinson, 2003). In the UK, private insurers offer coverage for the use of approved preferred hospitals, but only partial coverage for the use of other hospitals (Health Policy Consensus Group, 2003).

There is an argument in favour of ties that are weak and sparse. The publication of Burt's work on structural holes (1992) has directed attention to how an actor exploits his or her position in a network. Burt notes the lack of ties among actors, a condition he names structural holes, and claims that an actor should develop a limited set of ties that bridge 'structural holes'. Thus, sparse ties provide the advantage of 'brokerage' – the actor maximises gain by connecting unconnected actors. Burt (1992) argues that weak ties are critical for engendering entrepreneurial activity, since new information is brought into the network. In recent times, insurers have sought to differentiate their products by offering coverage for out-patient services and non-core medical treatments (e.g. medical screening, laser eye surgery and alternative therapies).

Figure 1 depicts the conceptual framework, showing the associated benefits of networks and how a network becomes denser over time as more ties, both strong and weak, are cultivated. Weak and sparse ties are manifested in entrepreneurial opportunities, and as a network becomes denser it promotes the spread of institutional norms.

RESEARCH METHODS

The objective of this paper is to describe the evolution and transformation of private health insurance using social network theory and to explore whether benefit is derived from strong or weak ties and from dense or sparse ties. A qualitative research method was adopted due to the lack of theory in this area. Traditionally, research on social networks has adopted a quantitative approach. However, there is an increase in studies that examine mainly small networks qualitatively (see Gilsing and Nooteboom, 2005; Pavlovich, 2003).

In-depth interviews with key informants were undertaken (see Table 1). As a form of naturalistic enquiry, the key informant methodology is appropriate when the underlying theoretical framework is not well understood. Key informants should be selected on the basis that they occupy roles that make them knowledgeable about the issues being researched and are willing to communicate with the researcher. While the researcher has a plan of inquiry, questions should be loosely structured, giving respondents considerable latitude in terms of the scope and direction of the interviews

Figure 1: Conceptual Framework: Density, Strong- and Weak-Tie Connections

Strong Ties (trust-based relationships)

Knowledge-based capabilities (i.e. clinical/quality management programmes)

Sparse (few ties)

Dense (many ties)

Time

Circulation of institutional norms

Entrepreneurial opportunities (i.e. private A&E, coverage of cosmetic benefits)

Weak Ties (weak trust relationships)

Novel information (i.e. improved costing systems)
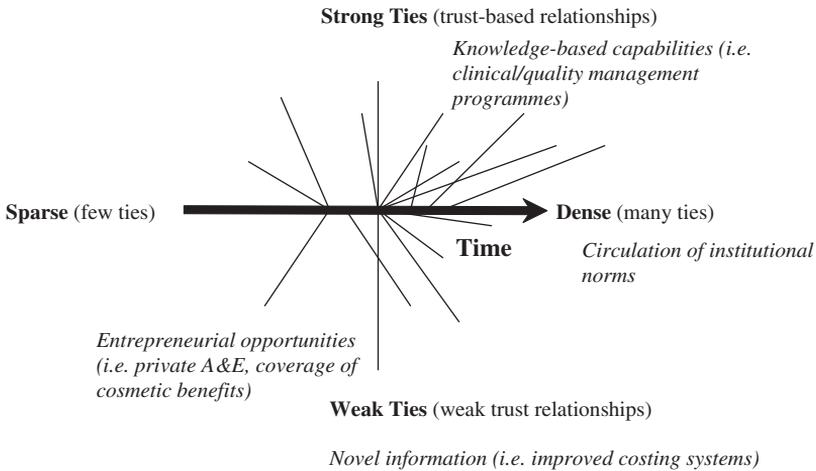
Key:

Density: Each actor has a large number of ties or contacts; refers to the extent to which actors in the network know each other. If everyone in the network knows everyone else, this leads to spread of information, strong norms of behaviour, legitimacy, conformity and constraints.

Sparseness: Fragmented nature of ties leading to less efficient information exchange. some actors have reduced access to resources; fewer opportunities for building legitimacy and strong norms.

Strong ties: Strong trust-based relationships. Tie of kinship, friendship; tightly knit ties, contacts with others within a connected group; support, knowledge-building.

Weak ties: Weak trust relationships. Arms-length ties, acquaintances. Random contacts with people in the more distant environment, unconnected groups; access to novel information or performance of creative work is through weak ties.

Source: Burt (1992), Granovetter (1973), Uzzi (1996), Pavlovich (2003).

(Babbie, 1998). All three private health insurance firms participated in the study. Crucially, the CEOs of two of these firms, including that of the market leader, were willing to be involved in the research project. In one case, where the CEO was unavailable, the Director of Provider Affairs was interviewed. Data for this paper were drawn from interviews with managers of private hospitals. The sample included a large, not-for-profit hospital, as well as two high-tech

Table 1: Key Informants

Position/Title	Background	Organisation
1. Chief Executive Officer	Accountancy	Health Insurer A
2. Director of Health Services	Health Sector	Health Insurer B
3. Chief Executive Officer	Business	Health Insurer C
4. Director of Provider Affairs	Accountancy	Health Insurer C
5. General Manager	Business	Private Hospital A
6. Founder/Medical Director	Medical Consultant	Private Hospital B
7. Chief Executive Officer	Business	Private Hospital C
8. Secretary General	Business	Irish Hospital Consultants' Association
9. General Manager	Business	Private Hospital D

for-profit hospitals. Interviews with hospital management helped the author assess the validity of claims made by insurers and visa versa. These respondents are negotiators, decision-makers and influencers. All of them thoroughly understand the nature of their business. A medical entrepreneur and a representative of a consultant's association were also interviewed since they might have a different perspective on the nature of the PHI contract. Confidentiality was assured. A total of nine, semi-structured interviews, which lasted 60 minutes, were conducted between February 2006 and June 2006. Detailed notes were taken during the interviews and they were analysed shortly afterwards. The sample size is smaller than is conventional, but Mintzberg (1979) has argued that small sample sizes should not be precluded from studies of organisations since they often offer superior insights than large samples.

The interviews sought to address the following issues:

- the kind of relationship the hospital manager sought to create with the insurer and visa versa
- sources of bargaining power and conflict, and mechanisms used to resolve conflict
- implications of density, sparseness and strong and weak ties for corporate strategy
- future development of private healthcare and health insurance networks

Given the expansion of the private healthcare sector in Ireland and the debate over risk equalisation, the sector has been extensively studied in recent times. A great deal of data were acquired from newspaper articles, industry reports, corporate websites and promotional literature. The narrative uses a mixture of interviews, oral histories, documents and observations, which together form an account of recent developments in the PHI market in Ireland.

The general analytical strategy was to identify common themes and patterns in the data (Miles and Huberman, 1984) by using a grid matrix. Table 2 identifies key themes and the discussion following the grid allows the reader to follow the logic of the researcher.

CASE DATA ON PHI, NETWORK STRUCTURE, DENSITY

This section explains the implications of density and weak and strong ties for actors in the network. It describes how, over time, seeds of discontent were sown in relation to reimbursement rates, budgets and the negotiation process.

Theme 1: Implications of a Dense/Expanding Network

Spread of Institutional Norms
Traditionally, the role of the insurer was an administrative one. A patient's claim may consist of a hospital bill as well as separate bills from a number of hospital consultants. The insurer's focus was on verifying what was done, whether the treatment provided was covered by the contract between the patient and the insurer,

Table 2: Grid Matrix: Analysis of Interviews against Network Constructs

Key Network Constructs	Level of Support
Theme 1: Implications of a dense/expanding network	
Spread of institutional norms, guidelines or rules	
Hospital length-of-stay guidelines, procedural pricing	Yes
Inertia and barriers to innovation	
Inappropriate reimbursement models	Some
Delays in funding new insurance benefits	Some
Difficulty in funding medical innovation	Some
Theme 2: Implications of weak ties	
Opportunities for insurers to develop new products by establishing linkages with new providers	Yes
Pressure for productivity improvements in hospital sector coming from insurers	Yes
Theme 3: Implications of strong ties	
Opportunities for knowledge transfer on medical innovation	Some

Key: Yes: clear evidence of support
Some: some evidence of support

and matching costs to the entitlement. In the late 1990s, insurers became more involved in clinical management and this was driven mainly by cost and pragmatic rationales. Utilisation of health services is crudely measured by nights spent in the hospital. In response to rising costs, insurers introduced hospital 'length-of-stay' guidelines by drawing on claims data and international experience. This was designed to 'reward the most efficient hospital and penalise the inefficient hospitals' (Insurer B). A positive comment was:

> For the most part, it has brought clarity and certainty for insurance companies and it allows hospitals to receive a marginal benefit for being efficient and reducing length of stay… (Hospital D).

A significant number of patients are admitted to hospital for 'tests'. In these instances, a patient's illness may be diagnosed through the process of elimination. Insurers also introduced the concept of 'fixed price packages', a standardised pricing model. Fixed price packages are all-inclusive packages, where all the costs incurred in treating a patient or dealing with a particular medical case is assessed, such as need for an X-ray, blood test, theatre fee, disposables, post-operative dressings and prostheses. Prior to this, hospitals presented a bill to the insurer for each separate item. A schedule of fees was developed. This became one of the hardest fought provisions in the contract as hospital managers feared that claims would be settled in too rigid a manner. The new reimbursement models signalled a move away from passive funding to the more active involvement of the insurer in healthcare.

Inertia and Barriers to Innovation, Seeds of Discontent over Inappropriate Reimbursement Models

Dissatisfaction was expressed at some aspects of reimbursement. According to one respondent, procedural pricing is designed for elective procedures and not for acute admissions. Frequently, older patients may suffer from a number of illnesses, and it can be very difficult to estimate their length of stay or the range of tests or other interventions that may be required to restore them to good health. One comment was:

> In principle, there is nothing wrong with procedural pricing… but it only makes sense if the price is right, and procedural pricing does not always reflect inputs, it reflects the costs directly associated with a procedure… in our case, it is not properly costed… it is based on a flawed reimbursement model (Hospital D).

It is predicted that hospitals will, inevitably, have to invest more in information systems (IT) since insurers will pay for 'evidence-based medicine'. According to Guyatt et al. (2004), evidence-based medicine refers to the use of current best evidence, from systematic research or clinical trials, in making decisions about the care of individual patients. It is designed to help doctors maximise the quality of care and life expectancy for patients, it invalidates previously accepted diagnostic tests or treatments and replaces them with new

ones, and in some cases it raises rather than lowers the cost of care. It is also predicted that compliance with international standards and quality certification will become a requirement for insurance cover in the future.

At present, the reimbursement models are not directly linked to the quality improvement choices made by hospitals. They do not appear to capture certain aspects of good or poor service provision, as measured by infection rates, returns to theatre, rates of clinical errors, waiting times for surgery and patient satisfaction rates. According to one respondent, insurers could play a more active role in healthcare, but fear a backlash from consultants who jealously guard their clinical independence:

> The insurer could be more robust in terms of challenging reasons for surgery but they do not want to take on the medical establishment (Hospital C).

Consultants' contracts are standardised and difficult to alter in the face of strong medical power. One insurer remarked that they would welcome 'pay-for-performance' initiatives, which are designed to link fees to outcomes and encourage consultants to comply with currently accepted medical standards:

> We don't like this way of operating, it doesn't add value to the customer. They [the consultants] are charged the same rate regardless of quality – there is no reward for outcome, it is not evidence-based (Health Insurer B).

One respondent lamented that they are not viewed as 'customers' who are purchasing a healthcare service on behalf of their members (Health Insurer B).

According to the Irish Hospital Consultant's Association, the new reimbursement model will not work in practice. Firstly, there are a limited number of consultants and it is not uncommon to have only one specialist in a region. Secondly, clinical work is carried out by a team of consultants, and the complex and customised nature of healthcare makes it difficult to evaluate performance and negotiate fees in a definitive manner. Finally, patients are not in a position, or

are at a serious disadvantage, in the matter of 'shopping around' for a particular specialist charging a particular fee.

Seeds of Discontent: Difficulties in Funding Medical Innovations and Delays in Funding New Insurance Benefits
In healthcare, opportunities for better treatment arise through technological advances and through medical research. Innovation is driven by the provider. For instance Blackrock Clinic was the first hospital to use the cardiac CT scanner in Ireland, and the Galway Clinic was the first hospital to offer a private A&E service. Providers are financially dependent on the insurers, particularly the market leader, and need their prior approval for investment in new drugs, new technology, new services and the upgrade of capital equipment. Providers expressed dissatisfaction over levels of funding for medical innovation. The rate of medical inflation far exceeds the consumer price index and it is difficult for providers to gain substantial price increases. Funds for medical innovations are not easily won. One interviewee spoke about the conundrum of controlling healthcare costs and increasing clinical quality:

> Insurers have to stay in business, they have to control costs, it is a necessity, if they elevate quality of care, they go broke… they have to strike a balance; they don't have a bottomless pit of resources (Hospital B).

With regard to the insurer's attitude towards innovation, there was a positive comment:

> My impression of [X] is that they are innovators, amenable to looking at new procedures that we would like to introduce, there is an open door there, as an organisation, they come across as being very open-minded, forward thinking (Hospital A).

There was also a negative comment:

> I find it very difficult to deal with them. They are not open to new treatments, to new ideas. I suppose that is a cultural thing (Hospital A).

One respondent expressed dissatisfaction at the insurer's strategy, remarking that they were slow to provide cover for primary care and for new diagnostic technology for screening and prevention (Hospital C).

At times, insurers and providers help each other by exchanging information and discussing the merits of funding new treatments. In general, negotiations over medical innovation run into difficulties. Medical innovation is a complex, multi-faceted issue; new treatments need to proven by randomised trial, and there is some concern over ineffective health technology and overuse.

Theme 2: Implications of Weak-Tie Connections for Product Innovation and Productivity Improvements

After the health insurance sector was opened up to competition, the market shifted from a monopoly to an oligopoly, which, as one would normally expect, led to the intensification of competition among insurers. The trend is for rival insurers to differentiate their product in a more affluent market and, in some cases, to target the younger consumer. Plans have been designed for individuals who do not envisage a need for cover in high-tech hospitals where cardiac procedures are performed, but who want cover for primary care and ancillary services. This development was viewed positively by respondents in the sense that insurers were meeting a real consumer need by tailoring products for consumers; it was also viewed negatively in the sense that the original purpose of insurance is to protect against major illness and there was a perception that consumers were at risk of being under-insured.

Simultaneously, some insurers are seeking to hold down prices by channelling consumers towards economical providers. Insurers began to negotiate selective contracting agreements in relation to diagnostic tests, such as MRI scans.[2] Contracts go out to tender either annually or every three years, and centres are nominated using the following criteria: cost, demographics and quality of service. The market for diagnostic tests is characterised by over-supply and can be classified as a commodity health service, with the result that the insurer is liable to switch providers on the basis of price.

Historically, providers have had a contentious relationship with the insurer on account of their financial dependency. The market

leader possesses strong bargaining power. Comments include, 'the cards are stacked in favour of the insurer… the insurer is the dominant party and can dictate terms' (Health Insurer C) and 'the insurer is the paymaster of the hospital' (Health Insurer B). According to the market leader, cost is an 'unpopular message' with providers but they have helped drive efficiency gains:

> Running a hospital is a business, it is cost-driven, it should be commercially driven, and if the hospital is not making a profit, if it is not making a return, then first port of call should not be the insurer – where the solution rests only with getting a higher price from insurers. The question should be – how do we maximize productivity? Are we cost effective? And that is reflected in our negotiations; we encourage greater efficiency (Health Insurer A).

There were expressions of frustration over the contracting process. It was difficult to reach agreement over reimbursement rates. Conflict arose when one party was asked to sign a contract that did not cover their costs: 'we can't accept the price offered without damaging the future viability of the hospital' (Hospital C). While both parties acknowledged each other's skills and expertise, it was clear that money defined the relationship. One respondent remarked:

> We have a courteous, long-standing, respectful relationship with the insurer, but we have separate agendas so bust-ups are common, you leave the table, you come back, we say take it or leave it… on occasions you walk out of the room… there is a lot at stake, six months of the year are taken up with negotiations (Hospital C).

Figure 2 identifies the key actors in the network. The insurer is part of a health network consisting of general practitioners (GPs), consultants and other healthcare workers; private and public hospital amenities; and government and policy planners. Figure 3 shows that a more complex structure is emerging with the arrival of new actors (highlighted with shading).

Figure 2: Network Structure and Weak-Tie Connections with Providers, Prior to 1997
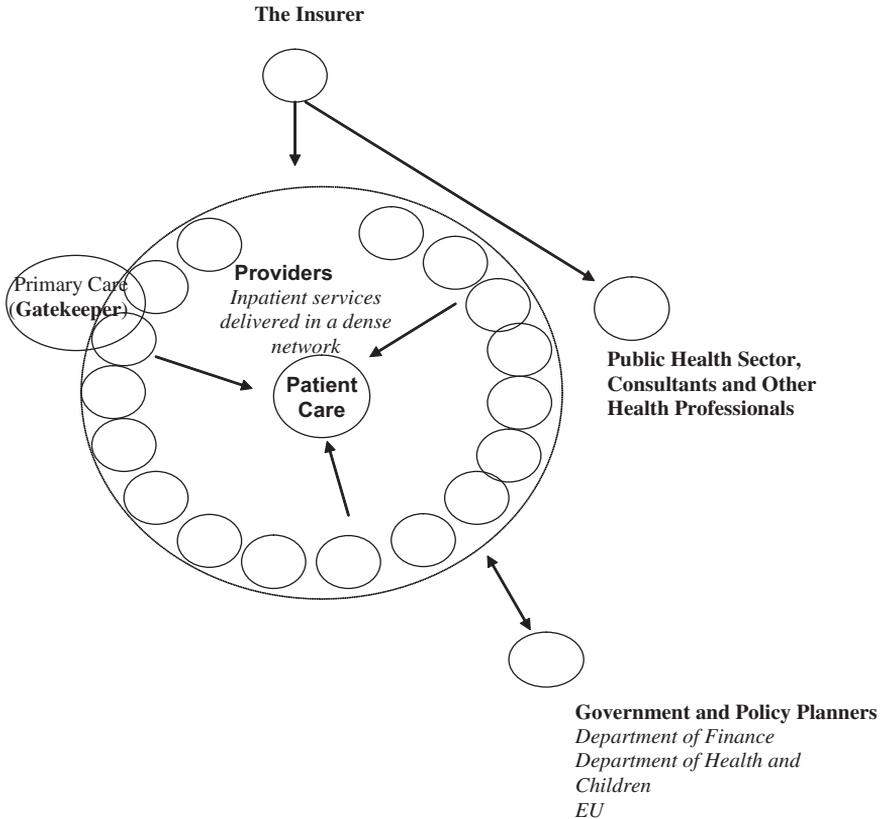
Note: General practitioners are 'gatekeepers' in the matter of consultant referrals; and the referrals are based on the reputation and skill of the consultant.

Theme 3: Implications of Strong Ties for Knowledge Transfer

Strong ties (i.e. as measured by duration and frequency of interaction, trust, intimacy and reciprocity) do not seem to be a defining feature of the insurer–provider relationship. All respondents described the relationship purely as a business relationship, and social ties or social bonds are not seen as important.

Strong ties promote knowledge transfer; for instance, complex, tacit knowledge on medical innovation and clinical best practice. Insurers have a Medical Advisory Council, which comprises leading medical

Figure 3: Core and Peripheral Networks and Key Actors after Market Liberalisation

Private Health Insurers

Commercial Actors
Brokers/distributors
Claims processors
Customer care
Banks, Venture capitalists
Private investors and developers
Medical entrepreneurs

Primary Care (**Gatekeeper**)

Providers

Patient Care

Public Health Sector, Consultants and Other Health Professionals

Government and Policy Planners
Department of Finance
Department of Health and Children
EU
Health Insurance Authority (HIA)

physicians and consultants to advise them of new developments in healthcare. While there is evidence of dialogue between insurers and providers in relation to clinical management, discussions generally revolve around cost. Coverage may have to be removed from certain techniques due to skills obsolescence. Certain procedures that were complex and time-consuming twenty years ago have now become simpler and quicker to perform (e.g. a cataract operation), so insurers seek to renegotiate or 'realign the consultant's fee'.

Clearly, medical innovation has the potential to benefit providers, patients and insurers. For instance, microsurgery has benefits over open surgery in terms of reduced mortality, length of stay, duration of recuperation and return to work. New drug treatments

have benefits over overly invasive surgery. Certain surgical proce-dures that once required hospitalisation are now performed on a day-care basis, and this has lowered cost. Over the period 1996 to 2005 there has been a 166 per cent increase in day care and a 5 per cent reduction in average length of in-patient stay (Sheridan, 2006).

DISCUSSION: NETWORK OUTCOMES AND IMPLICATIONS FOR HEALTHCARE AND CORPORATE STRATEGY

This study focused on the evolution and transformation of the mar-ket for PHI in Ireland. Crucially, the structure of the network changed when new insurers, new private hospitals, new healthcare professionals, medical entrepreneurs and venture capitalists entered the healthcare market. The study shows that a dual network structure is emerging: a core network of dense and weak ties exists alongside the peripheral network with more diverse participants. The alteration of the structure of the network has led insurers to develop opportunities for innovation at the margins of healthcare. The study shows that pressure for productivity improvements in hospitals has come from the insurers, such as in the area of diag-nostic tests. The reimbursement models introduced in the late 1990s were also designed to induce a new cost consciousness on the part of hospital management and, in response, managers had the option of engaging with clinicians in order to influence their behaviour. The literature shows that a network characterised by weak ties is associated with exploratory search and innovation (Gilsing and Nooteboom, 2005; Pavlovich, 2003). The study also supports Nooteboom's (1999) work on how weak ties help bridge 'cognitive distance' as well as Granovetter's (1973) work on the benefit of 'weak ties' in promoting access to a greater variety of information.

The study found that the network was, and still is, characterised by a high degree of centrality. This is manifested in the financial dependency of providers on the insurer and the ability of the mar-ket leader, a focal actor, to influence the strategy of providers. The market leader's success is based on its ability to control healthcare costs and provide its subscribers with what they demand. A dense network helped spread institutional norms of behaviour, notably hospital length-of-stay guidelines, and it also facilitated the transfer

of information on procedural pricing. The literature offers criticisms of dense structures in that they tend to reinforce inertia and can be hostile to innovation (Sabatier and Jenkins-Smith, 1993). Cost efficiency was a key outcome, with the result that coverage for new insurance benefits was slow to emerge, funds for medical innovation were not easily won and information on new reimbursement models and clinical quality was not widely diffused throughout the network.

This study found that the insurer–provider relationship is akin to a pure market relationship. The relationship is defined by conflict and the coercive use of power, which is detrimental to the formation of trust. While there is some evidence of dialogue, the contractual process tends to produce attitudes and behaviours that are at odds with the notion of cooperation and partnership. The work by Zaghloul and Hartman (2003) on construction contracts shows how mistrust is detrimental to the achievement of both parties' goals. Likewise, Berry et al. (2006), in a study of the US health regime, argue that physicians, employers and insurers need to restructure their working relationships, which tend to be adversarial and distant.

The literature shows that there needs to be an optimal portfolio of both strong and weak ties, in that together they enable information exchange, knowledge-building and innovation. This paper acknowledges the work of Tsai (2002) and Tsai and Ghoshal (1998) on social capital (see also Putnam, 1994). They show how knowledge-sharing in intra-organisational networks is facilitated by social interaction and by shared values. They draw on the concept of 'co-opetiton' (Brandenburger and Nalebuff, 1997) to emphasise simultaneously cooperative and competitive behaviour amongst organisations. This research is interesting as it suggests that inter-organisational networks in healthcare and insurance could benefit from more social interaction and stronger ties (i.e. greater time and emotional investment). This paper brings to mind the recent study by Porter and Teisberg (2004, 2006) of the US health system, in which they not only argued for competition between providers in terms of treating disease but also cooperation and dialogue between insurers, hospital managers and clinicians as a means of improving medical outcomes (i.e. reduction in hospitalisation rates, waste and

inefficiency, and rates of clinical errors). The literature shows that networks are not based on harmonious, utopian relationships alone, but comprise trust, power asymmetries and insecurity (Alter and Hage, 1993; Axelsson and Easton, 1992). Despite the cultural differences between insurers, consultants and hospital managers, they share common goals – the provision of first-class service and quality healthcare at affordable cost – and all parties have something to offer and something to gain.

LIMITATIONS AND FUTURE RESEARCH

This paper adds to our understanding of the evolution and transformation of networks and makes a contribution to the literature on healthcare management. Amongst the drawbacks of this study are the limited number of interviews conducted and the subjective nature of the data; this raises questions about validity and the findings do not generalise to other samples. In the main, the participants had a business background, with the result that the view of the clinician was underrepresented. A quantitative study, which gathers international data on premium levels, funding rates of medical innovation, providers' costs and medical outcomes, is essential. The implication of quality initiatives on the way healthcare is purchased and provided has been the subject of recent academic research (Porter and Teisberg, 2004, 2006; Bowie and Adams, 2004). Future studies need to focus on the benefits and drawbacks of various reimbursement models and whether current models sufficiently reward, and discriminate between, providers who deliver high quality care and cost savings. Simultaneously, there is a need to explore the nature of the relationship between hospital managers and clinicians in the context of its impact on efficiency.

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[1] The key features of the Irish PHI system: community-rated premiums refer to the absence of discrimination in premium calculations on the basis of age, gender, health status, claims history or other factors. Open enrolment: insurers are compelled to accept all applicants for PHI; the insured is able to leave one insurer and join another; however, certain waiting restrictions apply. Minimum benefit: insurers cannot provide health insurance below a minimum level. Lifetime cover refers to guaranteed renewal, as individuals get older

their health may deteriorate, but insurers cannot deny individuals the right to renew cover from one year to the next.

2 MRI scanning (magnetic resonance imaging) has become an increasingly important tool in early and accurate detection and diagnosis of brain, spine, disc and bone diseases, diseases affecting bone marrow and muscles, and sport injuries.

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Managing 'Balance' in a Tourism Context

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A U D R E Y   G I L M O R E *
D A V I D   C A R S O N *
M Á R I O   A S C E N Ç Ã O * *
L Y N   F A W C E T T * * *

ABSTRACT

While tourism is one of the fastest growing industries in the world, its development has often been in conflict with maintaining the beauty of a region. Much tourist development is marketing-led and marketing techniques play a major role in attracting tourists to a region. This paper argues that if a tourist region is to exist and be economically viable, it needs to embrace economic and social objectives to achieve growth and market development, and at the same time incorporate environmental perspectives to sustain the unique and attractive qualities of the region. Although this ideal can be accepted at a theoretical level, it is very difficult to achieve in practice. This paper discusses the findings from a comparative study of the recent development of two small regions in Europe with many distinctive similarities: Northern Cyprus and Northern Ireland. The study finds that there are some conflicts between marketing-led tourist development and sustainable maintenance of the natural environment in both the regions.

Key Words: Managing tourism; Tourism service dimensions; Northern Ireland; Northern Cyprus.

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INTRODUCTION

For many years now governments and public authorities have been attempting to oversee tourism development within their jurisdictions. Often stringent planning restrictions are imposed in an attempt to 'manage' the extent of tourism-related building development. In the case of established regions, redevelopment is now guided by planning requirements designed to ensure that a region's culture and custom are not undermined. However, the tourism industry is notoriously difficult to manage and coordinate given its fragmented, multi-sectoral and independent nature (Bramwell and Lane, 2000; Fyall and Garrod, 2005; Wilson-Youlden, 2006).

Although tourism is well established in Europe, there are two small regions in Europe that are only now emerging as modern tourist destinations: Northern Cyprus and Northern Ireland. They are both geographically small and relatively remote in the context of mainstream Europe. Both are now trying to develop tourism after experiencing considerable political strife that impacted upon their economic and social well-being. More recently, relative stability has returned to these regions along with a growing confidence that long-term political and social solutions are emerging. In tandem with this stability, foreign tourists have begun to arrive in increasing numbers. More tourists, indeed mass tourism, leads to economic wealth, but too many tourists and too much development threatens to spoil the scenic beauty of the regions they visit (Butler, 1992; Croall, 1997; Drost, 1996; WTO, 2004).

This paper focuses on the examination and comparison of marketing-related tourism activities in Northern Cyprus and Northern Ireland. To investigate how the emerging regions prepare for potential mass tourism, the research focused on the key tourist sites in both regions in terms of their tourism market offerings and how they were managed for long-term environmental, social and economic sustainability.

MANAGING AND MARKETING TOURISM

Many countries rely on tourism to help improve their economy (Thorsell and Sigaty, 2001; Bramwell and Lane, 1993; Butler, 1992). Consideration of economic, social and environmental initiatives is vital to the long-term sustainable development of tourism

(Brundtland Report, 1987; Witt, 1991; Klemm, 1992; May, 2001) in any economy where tourism is the key to economic growth. Currently world tourism marketing focuses almost exclusively on promoting attractions with much less emphasis on how to manage a region's resources for long-term sustainability.

Economic and social perspectives of tourism focus on encouraging more tourists to visit and to promote the growth of tourist value. The aim is to achieve revenue return, create employment and develop local engagement and interaction with tourists (Witt, 1991). The environmental focus of tourism is at a different end of the spectrum to the economic and social perspectives. The core aim is to protect and to conserve both the culture and the environment (as both are inextricably linked). However, in practice there is often conflict between social and economic perspectives and environmental perspectives of tourism (Li, 2003). For example, the environmental focus is on conservation and protection, often translating into restriction in the use of particular tourist sites, whereas economic and social perspectives are about encouraging more visitors and widening access to facilities and attractions.

Academic discussion (Thorsell and Sigaty, 2001; Bramwell and Lane, 1993; Butler, 1992; Witt, 1991; Klemm, 1992; May, 2001) acknowledges the importance of trying to achieve economic, social and environmental objectives in a tourism region. However in practice, commercial organisations such as tour operators and indeed public bodies responsible for tourism focus on promotion to attract visitors and often pay only peripheral attention to social and environmental issues (Gilmore et al., 2007). On the other hand, environmental related organisations, such as public bodies, government agencies and special interest groups, give emphasis to environmental issues, and pay only peripheral attention to economic and social well-being (Gilmore et al., 2007). Therefore, initiatives to manage tourism in many regions are not balanced. They either focus on conservation and protection *or* revenue generation and social benefits for the region, but not both.

In addition tourism organisations, especially large organisations and public bodies, focus on tourism planning and initiatives, but fail to implement them properly because of a lack of coordination and integration (Jaffe and Nebenzahl, 2001). This leads to poor, deficient

services and service delivery. Although this problem is well recognised in tourism industry practice, little attention has been offered in the academic literature in relation to how to overcome these complexities and deficiencies.

MANAGING INTEGRATION AND COLLABORATION

Interaction and collaboration between organisations and stakeholders in the same industry is important for effective tourism management and planning, especially between global and regional operators, transport companies, intermediaries such as hotels, entertainment facilities, other local services and specific attractions, and where relevant with cross-sector organisations, the government and the voluntary sector. In addition to achieving a more holistic approach to tourism planning and management, they can also achieve synergy in the use of resources. For example, stakeholders at national, regional and local level have the potential to participate in joint advertising, and print and public relations initiatives. In this way organisations with budgets that are often too small individually to have any significant impact on prospective visitors can achieve synergy. Stakeholder involvement and participation help to provide legitimacy and support for the marketing management of tourism services (Henderson, 2000), although it is difficult to achieve in practice as multiple stakeholders often have different agendas and priorities (Jaffe and Nebenzahl, 2001).

To overcome these complexities and deficiencies managers in tourism contexts need to focus on integrative, holistic approaches to tourism service planning and management within their specific industry and regional contexts.

TWO EMERGING TOURISM REGIONS

Both Northern Cyprus and Northern Ireland have economies that have been severely damaged by political problems. The political environment has a huge impact on the tourism industry in any region (Altinay et al., 2002; Scott, 1998; Hall, 1994; Clements and Georgiou, 1998), and understandably tourism is very sensitive to political instability. As these regions emerge into the modern world their respective governments are vigorously promoting economic development. One industry that has a large potential for economic growth is tourism.

Both regions possess large areas of scenic beauty, including unspoilt mountains and coastlines. More recently, development in the scenic areas of both economies has been fuelled by a growth in demand for holiday homes as weekend and summer retreats. This demand has resulted in developments of villas and apartments, sometimes replacing existing buildings and sometimes building in greenfield sites.

In very recent times foreign tourists have begun to arrive in ever-increasing numbers. This has occurred because tourists are aware of the return to political stability and because the tourist industry is developing the travel infrastructure to enable them to do so. Both regions now have flight connections from international departure points. In addition, the southern regions of Cyprus and Ireland are established mass tourist destinations, and tourists from these regions are now visiting the northern regions in increasing numbers.

As a consequence of the political conflict, Northern Cyprus is not recognised internationally, so it has been difficult for the region to promote its tourism industry worldwide, particularly in Europe. Currently only Turkey officially recognises the state and therefore it is Northern Cyprus's only opening to the rest of the world (Altinay, 2000). The lack of recognition and the political embargo imposed are the key source of problems regarding the ongoing economic development of the region. It has been difficult to develop transportation links, as aviation agencies cannot gain membership, and air flights are required to touch down in Turkey before going to Northern Cyprus, thus lengthening the flight time. Direct flights would provide more competitive prices with other destinations, such as Spain, Greece and Turkey (Altinay, 2000).

In Northern Ireland there has been a slow and gradual development of tourism in the region over the past years since a peace process began. There is no explicit infrastructural development for tourism, and tourism appears not to be a particular priority in the future development of Northern Ireland. This may be due to the existence of differing perspectives of decision-makers regarding social, economic and environmental issues and are manifested in the different government initiatives and local public and private sector initiatives.

A major question that has yet to be resolved is to what extent tourism development is allowed to progress. The danger of the mistakes of the past in other regions is real. This challenge is best led by tourism planning and marketing activities focused on communication and education programmes aimed at the mass tourist market. Inherent in this local activity is the real need for revenue-generating activities. This is vital for both the long-term and short-term future of tourist regions.

To summarise, a review of the relevant literature reveals that although marketing is practised by many bodies within the tourist industry, balanced tourism marketing taking account of the three perspectives (economic, social and environmental) is very difficult to achieve in practice.

THE NATURE OF THE TOURISM SERVICE OFFERING

There are many studies investigating the different perspectives and complexity of tourist requirements (Galani-Moutafi, 2000; Theroux, 1995; Storace, 1996) and the inherent challenges for tourism management. In the interests of maintaining a management perspective regarding issues in a tourist service delivery context this discussion relates to the generic mass market tourists' fundamental requirements. These can be identified from both the services and tourism literatures. The importance of creating an appropriate infrastructure for tourists and ensuring that tourism can be sustainable in terms of environmental, social and economic issues is well recognised in the tourism literature (Smith and Eadington, 1992; Witt, 1991; Gunce, 2003). In addition, the services literature recognises the importance of delivering appropriate services to suit the specific industry context and the importance of providing service facilities (such as accommodation, catering and entertainment), and communication for visitors as part of tourist management (Gilmore, 2003). Both the services and tourism literatures recognise the inherent need for revenue-earning activities and its importance in relation to the achievement of economic, social and environmental goals (Smith and Eadington, 1992; Gilmore, 2003).

From a socio-economic perspective a tourist region needs visitors and revenue from visitors to help contribute to the local economy, to improve social conditions and as an opportunity for locals to

engage with and play host to visitors. From an environmental per-spective, adequate facilities need to be available for the numbers of visitors arriving and these visitors need to be managed carefully, so that they do not 'crowd' the local region.

Tourism Service Dimensions and Their Contribution to Environmental, Social and Economic Perspectives

An infrastructure for tourism requires efficient and effective travel and transport services, and accommodation and catering facilities in addition to more specific attractions, site facilities and amenities. Revenue-generating activities are needed in the short term to sup-port a local region's social development and in the long term to provide local economic sustainability. Revenue from tourism can directly contribute to the local community's wealth and sustainabil-ity. This is vitally important as many developing tourism regions are remote and have few other sources of wealth (Wheeller, 1991; Smith and Eadington, 1992; Palmer, 2001). Given the scope and range of tourism service products, there is a considerable manage-rial role implied in coordinating this service delivery.

Communicating to the general public and press within a region or internationally is a large challenge. There can be conflicting mes-sages for visitors of sites. Many tour operators use famous tourist sites to advertise an area (Buckley, 2004). In the case of Northern Ireland, pictures of and reference to the Giant's Causeway have been used to promote tourism for many years. At the other extreme, there can be an inward, product-centred focus of tourism manage-ment in some contexts (e.g. some World Heritage Sites and National Parks) where managers are reluctant to recognise the global phe-nomenon tourism has become, and attention is drawn away from the needs of tourists regarding communication and facilities (Gilmore, 2005). However, on-site communication is of vital importance for tourist management. Tourism sites need to provide guidance signs and directional information to help inform visitors regarding the site's features and the services available.

Sustainable maintenance includes the care of features, exhibits and physical places at key attractions. Such maintenance requires careful management at different levels. For example, adequate serv-ice staff or wardens are needed to look after the physical attributes,

Figure 1: Managing a Tourism Balance

Promoting regions and sustainability

Environmental, social and economic goals
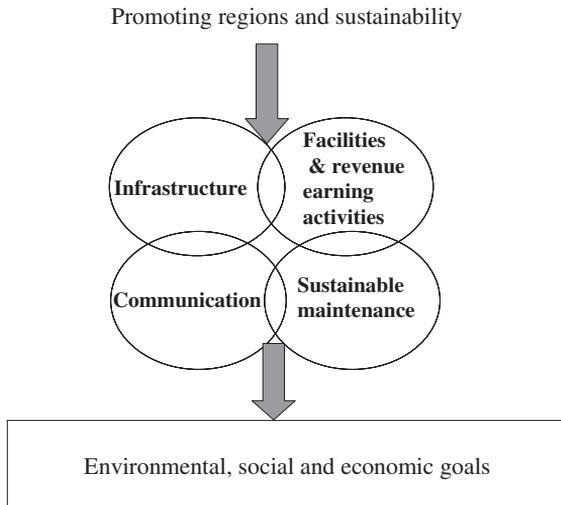
while written and verbal guidance and communication needs to be provided for visitors so that they behave in a 'sustainable' manner.

Figure 1 brings together the key tourism management issues, by illustrating the need for promoting both attractions and sustainability using the key tourism dimensions of infrastructure, facilities and revenue-earning activities, communication and sustainable maintenance, all of which will contribute to the achievement of environmental, social and economic goals.

METHODOLOGY

The aim of this study was to examine and compare two emerging regions of tourism development. The study sought to investigate how the regions are prepared for growing mass tourism in terms of their infrastructure, facilities for tourists, revenue-earning activities, communication and sustainable maintenance.

In addressing these issues, empirical research was carried out by researcher observation studies, extensive record-taking and immersion as tourists in tourist regions, and by in-depth interviews with individuals involved in tourism planning and decision-making.

Observation studies using a detailed observation protocol were carried out along with photographic evidence of key aspects of the

tourist attractions, services available and other aspects relating to sustainable tourism service management. Notes were taken to elaborate on the photographic evidence in addition to the completion of detailed observation documents. These data were substantiated with information gleaned from content analysis of tourism brochures and official reports regarding tourism sites available from different tourism and marketing bodies.

In relation to each specific tourist region, observations were used to gather data regarding infrastructure, facilities and revenue-earning activities, communication and sustainable maintenance. The sites visited in Northern Cyprus were Kyrenia Castle, St. Hilarion Castle, Bellapais Abbey, Othello Tower and the Salamis ruins. The sites visited in Northern Ireland were the Giant's Causeway and Causeway coast, Carrick-a-Rede rope bridge, Fermanagh lakelands and the Mourne Mountains. The sites chosen had scenic, geological and/or historic and cultural interest. The cities within the regions were not included in the study as these were difficult to compare. In Northern Ireland, Belfast and Derry have become increasingly sophisticated in promoting themselves to tourists. In Northern Cyprus, the main cities of Lefkosa (Nicosia) and Gazimagusa (Famagusta) are divided by the border separating north from south and in parts are reminiscent of a war zone, rather than a tourist attraction.

In addition, eight in-depth interviews were carried out with key decision-makers (four in each region). These were managers from public bodies such as government departments and agencies with specific responsibilities for tourism within the region and specific sites. These discussions focused on the nature and extent of social, economic and environmental priorities within the region and how these were manifested in tourism plans and activities.

Observations and interviews were carried out during a one-week visit to Northern Cyprus in March 2005 that included visits to the key tourist attractions within the region. The observations of tourism in Northern Ireland were carried out from May to July 2005. These were carried out by a team of four researchers in each region independently and followed by extensive data recording. The data collection and analysis approach incorporated several recommended guidelines for theory construction through qualitative

research (Belk et al., 1988; Thompson et al., 1989; Zeithaml et al., 1993). At the conclusion of site observations the researchers discussed their impressions about the key themes at each site to identify the emerging issues and findings for verification in subsequent observations. This practice is known as 'memoing' and is seminally documented in Belk et al.'s study (1988: 450).

   The analysis focused on the overall tourism offerings regarding infrastructure, facilities and revenue-earning activities, communication and sustainable maintenance, and how these impacted upon environmental, social and economic perspectives. For example,

- Infrastructure was analysed according to the extent of transport options, choice and availability for visitors and overall capacity for tourists and its overall effect on environmental, social and economic needs.
- Facilities were evaluated according to the range and extent of facilities in terms of tangible offerings, style of operations to suit different customer needs and overall impact upon environmental, social and economic needs. Potential for revenue-earning activities were evaluated by looking at the opportunities to attract revenue from tourism activities and sites such as accommodation, food and entertainment and from site entrance fees.
- Communication was analysed according to the range and variety of formal and informal communication offered to visitors. For example, leaflets, brochures and maps provided for the region, directional signage and evidence of interactive guidance by staff at key sites.
- Sustainable maintenance was evaluated according to how well-maintained the features, exhibits and paths were, taking into account evidence of the extent of erosion, neglect, litter or graffiti, and the overall effect on environmental, social and economic needs.

EVALUATION OF TOURISM SERVICE MANAGEMENT IN BOTH DEVELOPING REGIONS

In both regions, the respective governments are vigorously promoting economic development. Indeed both governments have recently been involved in creating a number of 'masterplans' for development

through tourism. Each region's tourism activity is described using the evaluation criteria described in the methodology section, followed by a comparison of the two regions.

Northern Cyprus Tourism

In Northern Cyprus the government is actively encouraging development of the region through tourism. In-depth interviews with key people in the government agencies responsible for tourism indicated that tourism has been accepted at government level to be a most important activity and is fundamental to the development and future prosperity of the state. The Ministry of Economy and Tourism is responsible for tourism promotion and marketing. During interviews with key people within this department, it emerged that they have created a tourism masterplan for the region. The plan involves increasing the overall impact of tourism in Northern Cyprus. For example, increasing the bed capacity within the region, increasing the number of employees in the tourist sector, increasing revenues, increasing the share of foreign tourists, increasing the length of stay, entering foreign markets, promoting group tourism, and introducing incentives for local and foreign investments and for regional tourism activities. The directors and managers interviewed indicated that the masterplan provided their template for tourism development. They did not have any comment on the development of apartments and casinos that were not part of the overall masterplan and were beyond their remit.

Infrastructure

There is a developing infrastructure for tourism, including a new airport terminal and new dual carriageways from the airport and new roads along the coastline. Also, the roads over the mountains to the coastal resort of Girne (Kyrenia), the main northern tourist town, are currently being enhanced.

   In the past two years, a good road system has been created in the key areas that have tourism potential, particularly around Girne and the northern coastline. The roads between the airport and main towns and the coastal road in the east have been enhanced. Accessibility from the airport is within thirty minutes to Girne and one hour drive to more remote areas. Although there has been major

expenditure for upgrading the road system, there is very poor and confusing signposting from the airport to the main tourist regions. Public transport exists in the form of 'Dolmus' mini-buses between the capital, Lefkosa, and Girne (the main tourist region).

Currently most infrastructure investments in Northern Cyprus are financed by Turkey, including the building of highways, electricity plants and water supply. Many old, historical properties have been refurbished by new residents, but much of this is not compatible with local style and tradition.

Facilities and Revenue-Earning Activities
In-depth interviews with government decision-makers indicated that government support for building development focuses on hotels rather than apartments. However, development of the road infrastructure has led the way for the apparently random development of apartments and villas along the coastal routes. In particular villa and apartment development is evident in the main coastal regions and in an extended coastal strip around and beyond Girne. These are built by property developers, many of whom are using an international, global marketing initiative to sell these properties to tourists as second homes.

Along with the development of resort-type hotels, villas and apartments, casinos are in construction. There appears to be little building control throughout, consequently construction companies continue to build apartments in seemingly haphazard ways and sometimes isolated areas.

The main revenue-earning activities include facilities such as restaurants and entertainment (especially casinos). These are found in the main tourist regions, such as Girne and in surrounding coastal locations. Historic and cultural sites are found throughout the region, the majority of these do not have tourist facilities (other than toilets), although they do charge a small entrance fee.

Communication
Useful information and communication for tourists is very sparse and inconsistent. Brochures are distributed at the airport to all arriving tourists. These brochures illustrate the key tourist areas very professionally. The messages focus on tourist facilities and on selling

apartment properties in the region. All printed materials are of a good quality. However, this material is mostly funded by property developers and so the nature of the content regarding tourist communication is limited. There are no messages about the sustainability of the region or how tourists should behave in relation to the environment. Within the region and at key sites there is no interactive guidance or proactive management of visitors.

Sustainable Maintenance
Northern Cyprus has a number of sites that have historical, cultural and unique attractions for tourists: Kyrenia Castle, St. Hillarion Castle, Bellapais Abbey, Othello Tower and the Salamis ruins. These are all operated by the Department of Antiquities and Museums. A small entrance fee is charged to visit the site; this money is used by the department for the upkeep of the sites. Although these sites are of historical and cultural interest, some maintenance activities have been carried out in a rather unsympathetic manner, and because of the limited management of the sites and services offered, they do not offer a very inspiring tourist experience. The key observations at all of these sites are outlined below:

- There are no displays, interpretation or interaction of any kind, no proactive guidance of any kind and no supervision of visitors.
- There is evidence of neglect, litter (on most sites), lack of maintenance and in some sites there is little attempt to preserve and protect original site features.
- Barriers in and around the sites are made from scaffold pole safety barriers that are not sympathetic to the style and age of the sites. Also any recent facings and paths are unsympathetic to the age and architectural style of the buildings.

Northern Ireland Tourism
There has been a slow and gradual development of tourism in Northern Ireland over the past ten years. However, there is evidence of differing perspectives regarding economic, social and environmental issues from different government initiatives. For example, a number of 'masterplans' (*Giant's Causeway and Causeway Coast World Heritage Site Management Plan for UNESCO* (Environment

and Heritage Service, 2005); *Causeway Coast and Glens Tourism Masterplan 2004–13* (Department of Enterprise, Trade and Investment, 2004)) have been produced for regions within Northern Ireland in the past few years. Each of these has subtle and sometimes significantly different perspectives, particularly in relation to environmental and economic issues. However, the predominant focus of these plans is on environmental protection with opportunities for economic development within specific tourist regions being suppressed.

Infrastructure

There is no explicit infrastructural development for tourism, and tourism is not specifically planned to be part of the future development of Northern Ireland's economy. Although a number of 'masterplans' have been created by various government departments, the majority of themes presented in these focus on environmental issues.

The road system in Northern Ireland is good but because of the growth in traffic in recent years more dual carriageways to key tourist sites are needed. Signage for main routes is very good but is less so for key historical, geological and cultural tourist sites. Signage directing visitors to the tourist areas and key sites is poor from both airports and seaports. Different government departments are involved in signs for tourist sites, and signage is poorly coordinated in some areas.

Facilities and Revenue-Earning Activities

In key tourist areas such as the north coast, south and west of the region, villas and apartments are being built by local, private developers. In the main, the indigenous population purchase these as second homes. Although the number of hotels recently built or in construction in Northern Ireland has increased substantially over the past ten years, growth in hotel accommodation remains limited in the actual tourist regions. Overall, there is insufficient hotel accommodation in the major coastal tourist regions. There are planning restrictions in many of these areas.

Revenue-generating facilities such as restaurants, coffee shops and pubs are found in the main tourist regions, particularly in small

towns around the coast. Entertainment is also found in the main sea-side resorts and cities. However, the key historic and cultural sites throughout the region have limited tourist facilities in terms of retailing and catering options.

Communication
There are many brochures published about Northern Ireland by the various organisations involved in tourism (both public and private). These brochures predominantly focus on promoting specific regions and sites. Some have information about safety at key sites (often overemphasising the dangers of walking near coastal regions or mountains rather than promoting the features of the site). However, at key tourist sites there is little marketing-led communication of any kind to stimulate visitor interest in the site and virtually no information on preservation and conservation.

Sustainable Maintenance
Northern Ireland has a number of sites that have historical, cultural and unique attractions for tourists. These include the Giant's Causeway, Carrick-a-Rede rope bridge, the walled city of Derry, the Mourne Mountains and the Fermanagh lakeland areas. At some sites there are interpretative displays and visitor centres. However, these sites are not proactively managed from a marketing-led viewpoint, and visitors are not guided or directed in terms of the sustainability of the environment. For example, at the Giant's Causeway there is relatively poor site maintenance, with evidence of path erosion and deterioration, neglect (mud and litter) and van-dalism (graffiti and chipping) on the stones.

   Entrance to most of these tourist sites is either free or there is a small fee, depending on ownership and the time of year. The fees charged do not necessarily go towards the upkeep of the specific site.

Comparisons between the Two Regions

Infrastructure
The Northern Cyprus government has a mindset for developing tourism, whereas Northern Ireland administrators do not seem to be

so focused. The government in Northern Cyprus is encouraging development of the region through tourism and the infrastructure is being created. In this region tourism would seem to be central to a major economic thrust. In Northern Ireland there is little explicit infrastructural development for tourism, and tourism does not appear to be the leading industry, or planned explicitly as part of the future development of the economy.

In Northern Ireland, tourism information centres are better organised than those in Northern Cyprus where there is a wider range of information and more understanding of tourist needs. Signage to key regions and sites is more thorough. Cross-border access is easier and not so reminiscent of political discord on the island, as in Northern Cyprus, where parts of the two key cities, Lefkosa (Nicosia) and Gazimagosa (Famagusta) still look like war zones.

Overall transport infrastructure is good in both the regions. However, signage and directions for visitors are poor in Northern Cyprus. In Northern Ireland single carriageway roads from Belfast and the Derry region to the main tourist sites are congested during most of the summer season, but roads are gradually being upgraded. Overall Northern Ireland is better prepared than Northern Cyprus for mass tourism in terms of its infrastructure and road system. However, visitor management at most key tourist sites is poor or non-existent.

Facilities and Revenue-Earning Activities
Tourist accommodation is developing much more quickly in Northern Cyprus than that in Northern Ireland, but it seems to be out of control in the main tourist areas. Accommodation infrastructure in Northern Ireland is relatively poor (with the exception of Belfast) and developing slowly in terms of hotel development at key tourist sites.

Both regions are poor at providing opportunities for visitors to spend money and stay longer at sites. Overall there are few marketing opportunities, facilities or services available to enhance the visitor experience and length of stay at key tourist sites. However, Northern Cyprus's growing range of hotel and apartment accommodation in the north and the east (promoted to visitors and people

outside Cyprus) and casinos will contribute to revenue-earning activities.

Communication

The overall marketing messages contained in the literature of Northern Cyprus tourism material are much more professional, and more focused on the key sites and holiday property for sale than those of Northern Ireland's marketing material.

Northern Ireland tourist sites are more culturally sophisticated in how they relate to tourists; locals and people in the tourism industry have more experience of tourism, and even in the remote parts of the country people are more experienced in communicating with tourists. This is not the case in Northern Cyprus.

Sustainable Maintenance

At key sites in both the regions there is evidence of a lack of maintenance: for example, graffiti, litter and broken features. Many of these emphasise that although tourism decision-makers may have all the three perspectives (economic, social and environmental) in mind, in practice different priorities occur. In Northern Ireland the managers of tourist sites focus on superficial conservation only. Providing facilities for visitors or revenue-earning activities come as a poor second priority. For example, the site manager of one of Northern Ireland's most visited sites said that, 'my only job is only to conserve the environment'. This illustrates the emphasis at many sites (in Northern Ireland) where conservationists are part of the management and often social and economic goals are neglected. In Northern Cyprus, although the government is focused on sustainable tourism it is not in control of the recent building expansion by property developers. The managers in the Ministry of Economy and Tourism talk about sustainable tourism but recognise that in this region economic perspectives may take priority over social and environmental goals at this time. Currently their focus is on 'increasing numbers of visitors and revenues'.

There is clear evidence of unsustainable activity in Northern Cyprus. It is in danger of overdevelopment around the Girne area in the north and in the coastal region in the east, particularly

in relation to apartments and villas. The unsustainable activity in Northern Ireland exists in terms of not managing tourist sites proactively and instead allowing tourists to wander (either by car or on foot) undirected and unattended. This occurs because although the site managers have conservation as their priority, they are not hands-on managers and do not interact with visitors.

In both these developing tourist regions there is no clear tourism policy designed to balance economic, social and environmental well-being. Although a tourism infrastructure is being created (especially in Northern Cyprus) that will inherently improve sustainable development, there are many tourism management issues that are not being addressed. In particular, there is little evidence of managing visitors and the on-site visitors' experience more proactively. In both regions there would appear to be little consideration given to the provision of revenue-earning services and how to keep visitors within a region for longer periods and so increase the overall contribution to the local economy.

DISCUSSION: SUSTAINABLE TOURISM MANAGEMENT IN PRACTICE

Tourism is a very important industry for many developing regions. However, if tourism is to exist and be economically viable, it needs to address economic, social and environmental objectives in order to achieve growth and market development while sustaining the unique and attractive qualities of a region. The tourist dimensions highlighted in Figure 1 provide a framework and starting point for tourist managers trying to plan and manage tourism in an evolving region.

The comparison between these two developing regions using the framework model highlights some significant issues in relation to sustainable tourism marketing. Although the tourism literature advocates the importance of economic, social and environmental perspectives, in practice tourism marketing and management activities are unbalanced and inconsistent. A tourist region is promoted to the mass market, with both off-region and within-region promotional activities designed to stimulate

increased numbers of tourists. Such activity is unbalanced as it neglects promoting and ensuring protection and sustainability of the natural and environmental phenomenon, through appropriate communication and educational messages. On the other hand, the key employment activities in tourism markets are important given the contribution tourism can make to the economic and social well-being of an area. In some cases, these are in danger of being suppressed by an unbalanced focus on environmental objectives; for example, some overpowering special interest environmental groups can override any economic objectives in particular regions.

In addition, within regions (and on site), activity is fragmented. Although the tourism governing bodies such as local government departments and agencies may create plans that seek to address the economic, social and environmental well-being of a region, many plans are not put into practice. There appears to be considerable difficulty in the implementation of plans. In practice, there is little evidence of communication between the governing and planning bodies and the managers who operate the tourist sites. Therefore, the overall plans for a region may not have any real impact on the ground.

CONCLUSION

Currently both the regions are engaged in unbalanced tourism development that requires reflection and action from the key players involved in the development of tourism in Northern Ireland and Northern Cyprus. In particular, key tourism dimensions need to be delivered in a balanced way at each specific site and in so doing manage the needs of visitors in a sustainable manner. While much of the tourism development in terms of increased infrastructure and facilities are attracting significant numbers of new tourists, tourism decision-makers need to be aware of the longer-term impact of this growth and ensure that mechanisms are set in place to ensure sustainability, socially, environmentally and economically. In particular a clearer focus on more sophisticated planning and implementation of the integrated tourism offering in terms of infrastructure, facilities and revenue-earning activities, communication and sustainable

management needs to be achieved. Communication messages and marketing techniques need to be considered in the context of short- and long-term sustainable maintenance that will contribute to an overall balance of the economic, social and environmental well-being of the regions.

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Book Review and Commentary on Evidence-Based Management

Hard Facts, Dangerous Half-Truths and Total Nonsense:
Profiting from Evidence-Based Management
By Jeffrey Pfeffer and Robert I. Sutton
Boston, MA: Harvard Business School Press.

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B R I A N   H A R N E Y *

If doctors practiced medicine the way many companies practice management, there would be far more sick and dead patients, and many more doctors would be in jail.

Pfeffer and Sutton (2006: 5)

The above quote helps capture the central thesis underpinning Pfeffer and Sutton's most recent contribution to the stockpile of practitioner-focused texts. Pfeffer and Sutton argue that too often managerial decisions are determined by hope and fear, imitation, deeply held ideologies and path dependencies. Instead, drawing on the concept of *evidence-based management*, Pfeffer and Sutton advocate that leaders should 'face hard facts and act on

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the best scientific evidence' (p. 237), thereby promoting healthy scepticism about what is currently being flaunted as 'best managerial practice'. Given its roots in clinical medicine, utilising the vehicle of evidence-based management is perhaps particularly appropriate to cure the 'ills' of current managerial practice. Moreover, the ideas of evidence-based management have already penetrated into education and policy-making (e.g. Campbell, 2002). There has been a clarion call for a similar intervention in management; Cummings has recently stressed the imperative of 'scientific knowledge as the basis for managerial policy and decision making' (2007: 356). This logic suggests that practitioners might do well to heed the advice of Sherlock Holmes, who highlighted the importance of using hard data to inform theories; the alternative being that 'insensibly one begins to twist facts to suit theories, instead of theories to suit facts' (Conan Doyle, 1891: 163). So how well does Pfeffer and Sutton's contribution advance the argument for evidence-based management?

The book is neatly structured in three parts. The first part, 'setting the stage', contains two chapters: the first chapter sets the rationale for *why* organisations need evidence-based management and the second chapter indicates *how* to practice it. In building the rationale, Pfeffer and Sutton highlight the existing flaws in managerial decision-making. Three flaws in particular stand out for criticism: simply benchmarking what others have done, assuming the future will be like the past and following 'deeply held yet unexamined ideologies' (p. 10). While well argued, there is nothing novel here; however, Pfeffer and Sutton provide a way of moving beyond these issues by introducing the mindset of evidence-based management. This involves the dual criteria of 'putting aside belief and conventional wisdom' and 'committing to gather facts and information to make more informed decisions' (p. 14). It follows that a number of questions should be asked before introducing a new business idea: e.g. its underlying assumptions, whether these assumptions intuitively make sense and/or can be tested, and whether alternative solutions exist (p. 22).

The second chapter begins with Pfeffer's law: 'Instead of being interested in what is *new*, we ought to be interested in what is *true*'. While perhaps a little bit corny, the argument of the chapter serves

to exemplify this 'law' in action. Here it becomes apparent that this is not simply another addition to the jungle of prescriptive texts. For example, the table on p. 34 humorously compares the competing advice evident in the titles of leading business books (e.g. *Charisma* vs *Leading Quietly*, *Built to Last* vs *Corporate Failure by Design*) and sets the tone that at least this contribution is going to be critically engaging. The second half of this chapter lives up to this promise by presenting 'six standards for generating, evaluating, selling and applying business knowledge' (p. 41). Among these include 'treating old ideas like old ideas', 'being suspicious of breakthroughs', 'emphasising virtues and drawbacks of research and proposed practices' and 'taking a neutral and dispassionate approach to ideologies and theories'. Arguably, some of the six standards may overlap (e.g. the first two above); nonetheless, they offer a promising template to take forward the evidence-based management agenda.

The second part of the book puts the flesh on the bones of these ideas by challenging 'six dangerous half-truths' about managing people and organisations. In this section there are six chapters that cover a range of issues, each framed by a question. At the more individual level they ask sequentially, 'is work fundamentally different from the rest of life and should it be?', 'do the best organisations have the best people?' and 'do financial incentives drive company performance?'. In each chapter the response involves a depiction of 'common convention' before this is debunked by a range of evidence and the virtue of alternatives presented. For example, in terms of the 'best people question' Pfeffer and Sutton are sceptical of the 'talent war' as individual talent is hard to predict, and performance can be extremely variable. Instead, they contend that while the best organisations may not have the best people, they certainly have the *best performing* people. In their terminology, 'the law of crappy systems trumps the law of crappy people' (p. 101). Moving to a more organisational level the next three chapters pose the following queries: 'strategy is destiny?', 'change or die?' and 'are leaders in control of their companies?'. The chapter on strategy is particularly interesting as it suggests that strategy is not the great determinant of performance that is typically depicted; indeed, strategy can lead to narrow focus, while detracting from the *how* of

implementation and requirements for adaptability. There is some irony (acknowledged by the authors) that the malaise of business schools is used to illustrate this point! Clearly, the centrepiece of the book, this section, may have benefited from a more rigorous and structured application of the six standards that were set out in Chapter 2, but nonetheless makes a stimulating read.

The final part of the book, 'evidence to action', points to the future by providing nine principles to facilitate organisations in profiting from evidence-based management. Among these are, 'treating your organisation as unfinished prototype' and 'examining your organisation from the perspective of an "outsider"'. Pfeffer and Sutton are clearly advocates of learning organisations and double-loop learning, best evidenced in their closing advice to leaders: 'leaders need to have the humility to be students and the confidence to be teachers' (p. 234).

Overall, this book is provocative and refreshing in its inquisitive tone. Drawing attention to the flaws of best practice and the key assumptions underpinning business ideas is a worthwhile project which will no doubt facilitate successful execution of strategy. Further, Pfeffer and Sutton use an armoury of anecdotes, cases and quotes which blend neatly together to make the text extremely readable and interesting. Yet here also lies the crux of the criticism that might be directed at this book. While the key message is one of critical reflection and a wealth of evidence (ranging from personal correspondence and experience to student cases, experiences of peers, academic journals and policy reports) is brought to bear upon each argument, one wonders if Pfeffer and Sutton's own examples would stand up to the rigorous scrutiny they prescribe. Quite simply, how does one decide what constitutes 'the *best* evidence available'? We cannot assume that diagnosis is as straightforward as in medical practice. Organisations are inherently political, and there is a multitude of perspectives impinging on every decision that is made, while information is very rarely freely available and consistent in the first place. The six standards suggested to evaluate knowledge and practices remain quite vague (e.g. take a neutral, dispassionate approach to ideologies and theories) and so are likely to be contested.

Further, an evidence-based management approach leaves little scope for the roles of intuition, chance, risk-taking and craftsmanship. The risk is that the art of strategy once again gets trapped in the straightjacket of science. It may also prove difficult to combine rigorous and time-consuming analysis with the adaptability necessary for competitive success. Moreover, even a series of trivial choices can generate unexpected consequences, while even in science the process of discovery can be characterised by accidents and determinism as much as by rational choice (for example, see De Rond and Thietart's account of the discovery of Viagra, 2007: 537–538). Evidence-based management also seems to privilege quantitative data at the expense of more qualitative and process-based understanding, while Pfeffer and Sutton's account is largely US-centric in both orientation and in the examples provided. Of equal concern is that a precondition for making business studies a science is often the explicit denial of any role for moral or ethical considerations in the practice of management (Ghoshal, 2005: 79).

Pfeffer and Sutton acknowledge that although managers actually *try* to act on the best evidence this is often impeded by certain obstacles which managerial enlightenment through evidence-based management can redress. Yet the late Sumantra Ghoshal (2005) argued forcefully that some of the problems might lie with the producers of education. Indeed, Pfeffer notes elsewhere, 'we ought to be both more explicit and more thoughtful about the values we are imparting by what we teach and how we teach it' (2005: 99). Thus the critical reflection that Pfeffer and Sutton so passionately promote is equally applicable to both the diffusers and the users of managerial ideas. At the same time, one must caution against accounts that depict managers as lemmings, continuously jumping onto one panacea after another. Institutional and political analysis might shed light on the 'managerial utility' provided best practice prescriptions.

In sum, *Hard Facts, Dangerous Half-Truths and Total Nonsense* must be welcomed for the critical, reflective and innovative thinking that it prompts. While largely aimed at practitioners, this book would be a welcome addition to any postgraduate or MBA course outline. There is no doubt that both academics and practitioners should devote more attention to making sure the knowledge they

use is more relevant and accurate. Pfeffer and Sutton frequently suggest that one fruitful avenue is exploring 'companies that fail and why they fail, not just those that succeed' (p. 37). Another is encouraging more active engagement and collaboration between academics and practitioners (Brannick and Coghlan, 2006). In this contribution, Pfeffer and Sutton have done much to advance the evidence-based management paradigm, but a number of questions remain. Nonetheless, Pfeffer and Sutton's quest for wisdom in management practice is a noble and timely one. The overall logic of their argument finds support in the words of Nobel Laurette, Andre Gide:

Believe those who search for truth. Doubt those who claim to have found it.

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