

BOOK REVIEW

Working for McDonald's in Europe: The Unequal Struggle, Tony Royle. (London: Routledge, 2000, 248 pp., \$100.00 (hardback), \$32.95 (paperback))

reviewed by Greg Bamber†

In Scotland, the clans McDonald and Campbell have feuded for centuries. In more recent years, there has been conflict between the McDonald's Corporation and an assortment of interests including anti-globalization protestors, environmentalists and unions. For McDonald's is one of the most famous international brand names and is often seen as an icon of American culture and capitalism.

There has long been much controversy about the roles of multinational corporations (MNCs). Do they primarily promote the common good, being a benign source of investment, technology transfer and means of upgrading workforces?¹ Or do they provide a means whereby exploitative practices are disseminated around the world?² These debates broadly reflect the Right versus the Left and Liberalism versus Collectivism in economic and political terms.

It is against the background of such debates that Tony Royle locates his study of McDonald's. He sees McDonald's as representing the driving force for economic liberalism, while European industrial relations systems are still based on collectivist aspirations. Royle considers to what extent such MNCs can operate independently of host countries' regulatory frameworks for industrial relations.

The book presents an analysis of the mighty McDonald's, the largest food-service system in the world. The author discusses its remarkable history and international expansion. He has a particular focus on the United Kingdom, Germany and other western European countries, but also includes McDonald's birthplace, the United States, as well as touching on such other countries as Canada and Russia.

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1. J. DUNNING, *MULTI-NATIONAL ENTERPRISES IN A GLOBAL ECONOMY* (1993).
2. J. PILGER, *HIDDEN AGENDAS* (1998).

Royle offers an interesting analysis of franchising. He argues, "to all intents and purposes, franchisees are little more than subsidiaries of the corporation." Nonetheless, because they are legally independent of the MNC, franchisees can often slip through legal loopholes in national regulatory regimes. He contends that "the separation between McDonald's and its franchise is a legal, rather than an economic, distinction" (p. 197).

The book's core examines McDonald's systems of management, work organization, employment relations and its corporate culture with particular regard to its employees. Royle holds that McDonald's tries to operate without unions and collective bargaining where that is possible and to use its preferred form of employee relations policies around the world, irrespective of national labor laws. This could probably be observed about most MNCs, especially American and Japanese ones.

In countries where unions have fought McDonald's, this has precipitated bad publicity for the company. Nevertheless, even where unions have won collective recognition, the density of membership at McDonald's is less than the national norms. Equally, in certain European countries, collective agreements have been imposed on McDonald's by law, though this has not always had a large impact on McDonald's, or on the pay and conditions of the workers.

Royle goes on to contrast statutory forms of worker participation with what he calls "McParticipation," which is favored by the Corporation. He argues that in Germany, for example, despite the stringent legal framework, McDonald's has been able to minimize the impact of statutory works councils through "avoidance strategies." Similarly, in Spain, McDonald's has used legislative loopholes to organize works council election processes that more or less remove all union involvement.

Royle analyzes the relative value of McDonald's starting pay with national average wages—even including comparison of relative purchasing power in terms of the cost of a Big Mac! He concludes (not surprisingly) that this is a low pay industry. Moreover, workers are paid less in countries where McDonald's does not recognize unions or where statutory minimum wages are low (e.g., the United States, United Kingdom and Ireland). Furthermore, conditions such as holidays and extra pay for unsociable hours also tend to be better in countries where there are collective bargaining arrangements at McDonald's (e.g. Norway, Denmark and Sweden). We might have expected relatively high pay levels also in Austria and Germany, though Royle finds that the workforce characteristics there tend to

have a detrimental effect on pay levels: In Austria and Germany, the workforce includes a large proportion of foreigners. These elements together lead Royle to suggest that “Surely now is the time to regulate the multinationals more effectively, to rethink the mantra of free trade and unfettered markets and sing the praises of the collectivist ideals that are still in contention in Europe” (p. 214).

The book also examines the impact of the European Works Council (EWC) directive. In doing so, it highlights the weaknesses inherent in European-level legislation based on such a “menu-driven” approach to social policy development. Royle submits that, first, EWCs were established in a questionable way. Second, unions have been kept out of EWC election processes. Third, in most cases, the elected “employee representatives” have been salaried managers, rather than hourly-paid or part-time workers, even though these latter categories constitute more than 90% of the workforce. Fourth, employee pre-meetings are, in effect, banned on the grounds of cost. Fifth, the directive does not cover about two-thirds of McDonald’s European workers as they are employed in franchise restaurants. This leads Royle to observe that the EWC “is little more than a talking shop for a management-sponsored agenda.”

While examining these employment conditions, Royle cites a German union representative on the seeming paradox of why long-term German employees appear to be both reasonably satisfied and loyal: “. . . compared to other employers in the hospitality industry, McDonald’s management are extraordinarily well-trained and instructed in Human Resource Management . . .” (p. 64). Royle continues: “Workers are encouraged to think of themselves as part of a team and managers are encouraged to equate restaurant management with coaching a team” (p. 65).

Royle concedes that working at McDonald’s may have positive aspects for those such as students who want flexible hours and that McDonald’s not only provides wages, but also useful work experience. Another study (conducted at Griffith University) finds that many of the young people who work in fast food see positive, as well as negative aspects to this form of work context (as with most other work contexts). For instance, among a sample of young Australian people, while some find aspects of the work distasteful, a significant proportion find the work interesting, socially rewarding, acquire valuable skills from work and are relatively positive about their managers.

Whilst other observers might have a more positive view of McDonald’s, in particular, and MNCs in general, this book is an

important contribution to the literature, not least because until recently, most internationally comparative employment-relations studies have tended to concentrate on manufacturing and mining, rather than the service sector. This is in spite of the service sector being increasingly the major source of job creation and fast food is one of the most rapidly growing elements of the service sector, especially with regard to the employment of young people.

This book is a significant and well-written contribution to international and comparative research in at least two ways. First, Royle includes an excellent Appendix on the research methods he used for this study. Many social researchers would benefit from reading this concise, but insightful reflection. Second, arguably there is increasing divergence within national systems. Royle concludes, however, that the strategic imperative of such powerful company-based employment practices is leading to further convergence across national borders. This is because there is considerable pressure for MNCs to standardize their HRM procedures internationally "to maintain internal consistency and to transmit 'best practice' to all their subsidiaries" (p. 210).