

**TRACING THE IMPACTS OF GLOBAL SOURCING ON LOCAL COMMUNITIES:
A HISTORICAL ANALYSIS OF EMPLOYMENT RELATIONS IN QUEENSLAND'S
BEEF PROCESSING SECTOR**

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ABSTRACT

By focusing on firm-specific drivers the literature on global sourcing overlooks many of the wider impacts on host communities. In particular, impacts on the dynamic employment relationship have consequences for local governments and workers as well as MNEs engaged in global sourcing. Using historical methods this paper analyses the development of Queensland's beef processing sector to identify patterns in global sourcing behaviour and the impacts on employment relations in local communities. The evidence reveals a pattern of inward FDI motivated by MNEs' resource seeking objectives encouraged by government incentives. Whereas early global sourcing practices were sporadic they became more strategic. Cost minimisation was the enduring driver of this MNE activity. This ethos tempered relations between meat workers and employers and limited the direct and indirect benefits associated with job creation in Queensland's regional host communities.

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INTRODUCTION

Use of production offshoring by companies headquartered in high cost industrialised nations has reinvigorated debate on the roles and impacts of corporations in society. Multinational enterprises (MNE) are targeted given their dominance in host regions. While a MNE's home economy may experience job losses, employment creation is a major benefit that communities receive. Jones (2005: 92) explains that 'such outcomes are irrelevant positive externalities from the perspective of these institutions'. FDI and less capital intensive forms of sourcing are part of MNEs' procurement strategies to provide stable sources of raw inputs for further value adding (Bozarth, Handfield, & Das, 1998). Once alternative sources are found MNEs relocate. Impacts of their sudden entry and exit are disturbing for host communities as they are major employers. Analysis of the role and impact of MNEs' FDI activity and trade on regional development has been confined to trade in final goods with a focus on economic impacts. This is surprising given the record of developed nations importing inputs from less developed ones. With exception of Litvin's (2003) historical study of a few notable MNEs little is known of the wider impacts of global sourcing behaviour on local communities.

Many commentators and researchers emphasise the power imbalance between MNEs, host governments and local communities (eg Barnett & Müeller, 1974). Contrary evidence suggests that in spite of their size and power MNEs do not always act strategically when interacting with local communities. Litvin (2003) argues that MNEs have 'exercised their

power in unplanned, unsophisticated or self-defeating ways'. Companies' exit power relative to government actions to control MNEs' activities has also been critiqued (Tullberg, 2004). This contention supports the need to identify patterns in MNE global sourcing and its impacts on local communities. To gain a critical understanding of this influence and the countervailing forces scholars must first explore the 'types of public roles' MNEs play and 'the scope and magnitude of their impacts' (Rondinelli, 2002: 410). Queensland's beef processing sector is a theoretically rich case to explore this problem. Foreign-owned MNEs have sourced Queensland beef since the late 1800s. Motives driving these firms to locate Queensland's localities as supply bases vary in space and time moulding their economic vitality. Labour is a major input in meat processing and the sector is often the main employer in regional towns (Productivity Commission, 1998). The objective of this paper is two-fold. First, it aims to identify patterns in MNE global sourcing behaviour. Second, it aims to link these patterns to dynamics in employment relations where the impacts are immediate and enduring.

LITERATURE REVIEW

Research into global sourcing seeks to explain the growth in intra-industry trade from the firm's perspective. Contemporary conceptions of global sourcing emerged in the 1980s in strategic management and concern the integration of domestic and international sourcing to achieve competitive advantage (Barlett & Ghoshal, 1998, Hefler, 1981, Kotabe & Murray, 1990). Global sourcing is portrayed as a proactive strategy of MNEs and is distinguished from international sourcing which is confined to suppliers located outside the firm's home country. By seeking resource inputs from various locations on the basis of their comparative advantage, these global enterprises integrate diffuse links in their supply chains (Bozarth, Handfield, & Das, 1998). Low value adding functions are moved offshore, while higher value

adding functions are retained in the MNE's home market (UNCTAD, 2002). In doing so, MNEs encourage their suppliers to specialise in producing goods for which they have a comparative advantage (Balassa, 1967, Hummels, Rapoport, & Yi, 1998). MNEs derive a competitive advantage based on their ability to coordinate resource flows. They also typically possess marketing capabilities superior to local firms so are better placed to export products to their home and third country markets. As such they combine disperse locational advantages with their resource-based capabilities for competitive advantage (Kotabe, 1998). In the case of inward FDI MNEs seek to reduce costs of coordinating links in supply chains by vertically integrating them (Dunning, 1988) and enjoy the reputation effects from brand ownership. Despite the widely supported view that firms benefit from global sourcing activities, studies investigating performance outcomes are inconclusive (Mol, van Tulder, & Beige, 2002). Empirical research on global sourcing is dominated by functional issues related to production, management, finance, accounting, operations, marketing and technology transfer. Impacts other than on the firm are less understood. In particular, the way a firm relates to the source of inputs - the locality - and how they in turn relate to the firm as a major employer is unclear.

Regional Development and Local Employment Relations

Management's ways of relating to their workforce through programs and policies affects the quality of their human resources. Driven by 'mixed-motives' that surface as tensions workers and managers constantly reshape their relationships at the local level (Cutcher-Gershenfeld, 1991). Like the employment relationship at the enterprise-level regional development is an evolving process of negotiation involving multiple agents (Elsner, 2001). Governments can offer a range of incentives to foreign investors to accelerate regional growth. Short-term inducements such as cheap land are ill-conceived if 'footloose' firms relocate as soon as

alternative sources of inputs are found. Unlike management cadre, who are relatively mobile, local workers are less able and/or willing to transfer their skills across regions or industries. This creates casualties of roaming MNEs – dislocated workers and local communities (Herod, 2001, 1991). This relative lack of embeddedness is destabilising for localities in the short-term. In the long-term, firms may exit and re-enter the locality. A firm's prior actions colour communities' willingness to support their future operations (Peck, 1996). Companies with poor employment relations records experience difficulties recruiting and retaining workers.

Fickle resource-seeking motives of MNEs are often at odds with the creation of lasting linkages that withstand temporary fluctuations in overseas markets. MNE supply chains and their value adding components become disaggregated spatially and temporally (Jones, 2005). Consequently, the indirect benefits that can accrue to localities are lost. By enclosing supply chains indigenous firms are unable to learn from or leverage MNE knowledge like innovative ways of managing human resources. Evidence from the US auto industry shows Japanese MNEs' reluctance to invest in R&D or innovative HR practices (Adler, Kochan, MacDuffie, & Rubenstein, 1997, Milkman, 1991, Pauly & Reich, 1997). Yet, studies of employment relations in Australian firms demonstrate that subsidiaries of MNEs are most likely to adopt new practices (Lansbury & Kitay, 1997, Wright, 1995). Diffusion of new practices varies across regions, industries and enterprises (Lansbury & Kitay, 1997). A holistic, historical approach to global sourcing focusing on the impacts on employment relations is necessary due to the dynamic interdependencies between MNEs and localities. The questions to be addressed here are: 1) how do local conditions influence MNE global sourcing behaviour? 2) what impacts do patterns of global sourcing behaviour have on local employment relations?

GLOBAL SOURCING IN A LOCAL CONTEXT: QUEENSLAND'S BEEF SECTOR

A Taste of Things to Come (1870-1920)

Much of the sector's early development was driven by the need to gain a return for surplus and diseased stock which the local market could not absorb. Concentration of processing plants in Brisbane, Rockhampton and Townsville was moulded by the sector's colonial origins. Facing limited local demand producer-processor groups sought 'fickle' overseas markets for which their product was ill suited. These local entrepreneurs established the first meat preserving works for canning and freezing beef for export. Few concerns were able to make a profit; changing ownership and closures were frequent. The Lakes Creek works at Rockhampton was typical - low cattle prices saw the plant change ownership four times during its first 30 years of operation (McDonald, 1988). Initial growth, led by these unlikely, under-resourced entrepreneurs, was also fuelled by misreading distant markets and inapt government policy. Eager to develop processing capacity, the State government offered low-interest, long-term loans under the *Meat and Dairy Encouragement Act 1893* (May, 1984). This produced unsustainable expansion. Facilities were poorly positioned, frequently closing during harsh seasons or selling to foreign interests. English speculators purchased works for short-term gain. Infamous speculator Sir Charles Nicholson founded the Central Queensland Meat Preserving Company. Just two years after opening in 1871, the company's Lakes Creek works closed due to severe mismanagement, overcapitalisation and processing delays.

Frozen beef offered greater returns than canned. However technology and transport capable of delivering it in a reasonable state was slow to develop. In 1883 the first attempt to ship frozen meat from Queensland failed, leaving the new, local owners of the Lakes Creek works and its new freezing plant – Central Queensland Meat Export Company (CQME), in deficit before

winding up in 1885. Subsequent owners continued to trade under the name CQME when operations resumed in 1886. By 1895 there were 18 meatworks in the colony. Few were viable and the great drought at the turn of the century brought rationalisation. In 1901 London interests acquired CQME, registering it in London. Ten years later, Swift Ltd, an American consortium entered the sector constructing a meatworks at Cannon Hill and acquiring and expanding works at Alligator Creek, Townsville. Spurred by orders from the Imperial Government for the Allied forces Townsville became Australia's primary beef exporting town in 1916 (May, 1984). As power to control labour supply in the North shifted from the union to employers by the end of 1918 until September 1919 the town's two works were embroiled in a major strike (Cutler, 1973, Hunt, 1983). The Australasian Meat Industry Employee Union's (AMIEU) direct action to oppose employers' moves towards arbitration proved less effective than its 'on the job tactics' (Stewart, 2002). Leading up to the strike employers cooperated through the short-lived Queensland Meat Exporters' Committee (Jerrard, 2000, O'Leary, 1999). As O'Leary (1999) argues, such employer associations enjoyed solidarity during strikes and other industrial crises and were amenable to government intervention to break and curb union power. Differences in negotiation of pay and work conditions emerged. Employers favoured a State system of arbitration. Whereas the AMIEU favoured direct negotiation with employers on a regional basis due to prior success (Jerrard, 2000).

A Depressed Industry (1921-1934)

Throughout the 1920s and 30s, the majority of Australian beef was consumed locally as cattle numbers fell. The trigger for the fall was the virtual closure of the UK market for Australian beef due to the superiority of Argentine supplies and the Vestey family's control of the London beef trade. With substantial pastoral and processing holdings worldwide as well as

ownership of cold storage facilities, shipping lines, wholesale and retail outlets, Vesteys was integrated throughout the global beef chain. Within Australia Vesteys was the single largest landholder and wielded the resources to selectively build, expand and close plants to deter competitors and maintain leadership (Knightley, 1981). Vesteys' dominance was blamed for suspension of the industry in the early 1920s when cattle consignment peaked. CQME was among the worst affected. William Mackay, manager of the Lakes Creeks works, attributed the impasse to the powerful family, stating that they: 'underpaid their labour in Argentina, produced very cheap beef as a consequence, and by organizing a monopoly in Europe, froze Australian producers out of the market' (McDonald, 1988: 144). The sector was so depressed that Lakes Creek closed in 1923 (McDonald, 1988). By 1927 the company was desperate to find a buyer. William Angliss & Co, who finally bought into the plant in 1928, did so to gain the Fitzroy Vale cattle properties. Angliss joined FJ Walker as owners until 1934.

Encouraged by a stable market for exports and realizing the need for rationalisation in processing capacity, foreign multinational companies (MNEs) assumed an increasing role (Beever, 1967). Three firms dominated – the English firms Borthwicks and Vesteys, and the American company Swifts. Even though these firms held significant influence in the sector, Queensland's Moore government purposely removed Swifts from the local Brisbane market by persuading Angliss to sell the unviable works at Redbank to Swifts, before buying it out and closing the works. The government's purchase of the Cannon Hill abattoir in Brisbane from Swifts in 1930, with dedicated export facilities, was designed to facilitate more regular and consistent supply of beef. But Queensland still could not compete with Argentina, which supplied 31.8 per cent of all beef imports to the UK in 1931-32. Australian beef and mutton held 7.9 per cent of imports which were relegated to the bottom-tier market (McDonald, 1988). Vesteys' purchase of the whole of the Angliss operations in 1934 marked the end of

major Australian ownership of export meatworks. In the same year, Swifts purchased the Gladstone Meatworks (McDonald, 1988). Timing of this first wave of restructuring coincided with economic depression rendering Australian industry, government and labour amenable to increased FDI. Vestey's and Swifts were attracted to Central Queensland by the need to install expensive technology for the emerging chilled trade. Vestey's' move was also driven by the Ottawa Agreement which granted dominions preferential access to the UK market.

Dislocation of Control: Food for the Forces (1935-1955)

Up until the Second World War Australia's beef industry was marginal compared to rivals Argentina. Entry into long-term contracts with the UK government from 1939 until 1954 to purchase the meat surplus elevated dependency on export markets (Butlin & Schedvin, 1955). Exports of canned meat dominated; chilled product was eliminated. Large processors like Vestey's concentrated on supplying canned and boxed, de-boned beef to troops in the Pacific. Most of the seven main processors operating in 1945 along Queensland's coast filled overseas markets. Despite industrial disturbances production levels were fairly constant until 1956 (McDonald, 1988). Once the UK decontrolled meat supply a glut of frozen beef caused prices to fall giving the sector a jolt. Due to the unhealthy reliance on overseas markets foreign investors were sought to finance upgrades. In doing so they gained control of export returns.

A Marriage of Convenience: Industry Expansion (1956-1974)

Lulled into a false security by the long-term exclusive purchase agreement with the UK, the sector entered a 'moribund state' (Queensland Royal Commission on Abattoirs & Meatworks, 1945). This attitude changed after 1956. Through a blend of chance and coincidence the sector was granted its niche when the US boneless meat or hamburger trade opened. In a

reversal of fortune, South American producers were denied access as FMD was found in a consignment of lightly salted beef. Market access was formalised in an orderly marketing agreement signed in 1964 which protected American producer interests and cemented Australia as a supply base for low-grade, high volume hamburger beef (Bolton, 1990). Low grade beef exported to the US increased from 5 000 tonnes in 1957-58 to 218 000 tons in 1963-64. Again, rather than actively develop this new market, the sector forged a marriage of convenience with US interests. However, licences to supply the market required adherence to strict hygiene standards above those imposed in the US. Many smaller regional works that did not meet the grade either closed or had their export licenses suspended. Facing significant capital expenditure larger operators sold their plant or upgraded capacity (McDonald, 1988).

Single-minded in their ambition to open up and develop Queensland's vast inland the State Government encouraged inward FDI offering a range of incentives (eg tax concessions, cheap land leasing arrangements). While the government was grateful for foreign investment, the AMIEU questioned the motives of the 'Big Three' foreign monopolies, pointing to their vast network of overseas processing plants and distribution outlets. Vesteys owned the Blue Star Line shipping company and operated 6 500 butcher shops under the *Dewhurst the Butchers* chain in the UK. Their influence at London's Smithfield wholesale market was strong.

AMIEU members alleged that firms like Vesteys sold meat at a loss from their Australian works to themselves as Smithfield importers to pick up the profits overseas. They claimed: 'by doing so, they can pretend that meat exporting in Australia is not a very profitable undertaking, and cry a poor-mouth when wage increases are demanded' (Anon, 1957: 12).

In spite of expanded capacity, introduction of the 'revolutionary' Can Pak beef slaughtering system in 1959 and adoption of shift-work following the 'Yankee pattern', Australia's meat

processors were less productive than foreign rivals. Continuing conflict between workers and employers accounted for a large part of this. By 1968, over 77 per cent of beef exports were shipped to the US. To meet this demand the number of works grew from 10 in 1956 to 37 by the end of the 1970s (McDonald, 1988). This period was marked by poor industrial relations which eroded price competitiveness. Ill-prepared for the beef crash in 1974 many smaller abattoirs shut-down. Even larger export works that could not finance reconstructions to meet stringent US and Japanese standards either closed or were acquired by foreign interests.

Global Instability, Diversification, and Rationalisation (1975-1990)

Excess capacity began to erode the profitability of Queensland's 'big six' meat processing companies in 1975 (McDonald, 1988). Export works' profit margins were tight since they required longer lag times for drafting cattle and were more sensitive to fluctuations on world markets. Drawing upon vast financial assets Vestey's began a \$9 million expansion of Lakes Creek in 1979 (McDonald, 1988). However most processors operated in a climate of fierce competition, restricted from overseas markets by prohibitive import barriers. Many were forced to exit the sector as capacity from expansion during the 1960s and boom of the early 1970s became redundant and cattle scarce, creating an oversupply of labour (O'Leary, 1999). New, sporadic markets in the Middle East and South-East Asia were sought. Consolidation and restructuring, triggered by the beef crash, continued into the 1980s. A major phase of rationalisation occurred from 1984 to 1988, a time when domestic consumption continued to decline. Formation of Australian Meat Holdings (AMH) consortium, the merger of four meat processing companies, marked the beginning of this phase. Elders IXL bought out the other three partners – Tancred Brothers, Metro Meat and SCI Meat in 1988. Between 1984 and 1986 AMH closed 5 of the 11 plants initially owned by the consortium. AMH also purchased

Borthwick's Mackay and Bowen plants in 1986, although a Trade Practices action forced its divestment to Japanese conglomerate Nippon Meats (Rolfe & Reynolds, 1999).

Coinciding with the continuing rationalisation the imminent liberalisation of the Japanese market stimulated a third wave of FDI. Japanese MNEs led this wave chased by American rivals (Francis, 1992, Ufkes, 1993). By 1990 Australian Meat Holdings (AMH) emerged leader, followed by Metro Meat. At this time Japanese investment in total cattle-slaughter volume was 15 per cent (Weeks, 1990). Their interests included joint ventures and wholly-owned subsidiaries including R J Gilbertson, 40 per cent owned by Japanese Itoman Corp, a joint venture between Nippon Meat Packers Australia Pty Ltd and Borthwick & Sons, and the Mid-coast Meat Co jointly owned by Mitsubishi Corp and Mitsubishi Australia (Australian Meat and Livestock Corporation, 1991). Eager to secure capacity and an export base to capture growing demand for 'everyday quality' beef in Japan two of America's largest agri-food companies, ConAgra and Cargill, increased their FDI in Australia from 1990. ConAgra formed a joint venture with Sydney-based firm DR Johnson and acquired a 50 per cent stake in AMH, jointly owned by Elders (45 per cent) and DR Johnson (5 per cent). This gave them a major stake in processing since AMH controlled 20 per cent of exports (Ufkes, 1993).

This phase of FDI was more pervasive than previous as it penetrated livestock production. Aligned with investments in processing, their feedlots supplied grain-fed cattle to produce marbled beef preferred by Japanese consumers. In 1991 Japanese ownership of Australian feedlot capacity was about 24 per cent and ConAgra controlled 15 to 20 per cent (Ufkes, 1993). Another key link in Japanese export systems was their trading and marketing divisions which were highly adept at penetrating their home wholesale and retail outlets. Their skills in distribution and promotion also put wholly-owned Australian exporters at a disadvantage

(Anon, 1992, Australian Meat and Livestock Policy Council, 1991). Consolidation provoked action by the AMIEU to oppose plant closures. The climate of employment relations became 'even more strained' (IRM, 1991, Jerrard, 2000). Shortly after its formation in 1986 AMH took a confrontational stance at Fitzroy River. This led to a plant-wide strike over dismissals that escalated to firing the entire workforce to remove militant unionists (O'Leary, 1999).

A Brave, Newly Liberalised World (1991 and Beyond)

In repetitive fashion foreign investors secured Australia as a secure low-cost supply base. At the same time, the sector entered a new era of employment relations following the October 1991 decision to allow enterprise agreements (Commissioner Harrison, 1992). Although, the move to enterprise bargaining was slow. AMH, Queensland's largest meat processor and employer led the way (Jerrard, 2000). Following the company's takeover by ConAgra, AMH donned 'an American-style, anti-union industrial relations policy' (O'Leary, 1999). The company left MAFTA in 1994 and tried to thwart the unionised workforce by reducing tallies to a minimum. The latter action provoked a strike at the Fitzroy River plant in May 1995. This stance was a departure from traditional workplace conditions. Greater permanency of employment, extended work hours, removal of tallies, lower wage rates and changed ordinary work hours were introduced (O'Leary, 1999). Management had altered the plant's workforce composition and trialled new work arrangements before formalising them (Stewart, 2002). Other export processors worked through MAFTA and later the National Meat Association. They adopted a gradual and consensual approach to shift traditional workplace cultures. Like AMH, they sought to remove the tally system and other restrictive work practices to raise efficiency via negotiated agreements and to speed up award restructuring and simplification. AMH sought to tailor agreements at the enterprise-level. The AMIEU pushed for sector-wide

bargaining given the relative uniformity of prior award conditions across plants. This approach suited smaller operators that found it difficult to compete with large players (Jerrard, 2000). In a climate of decentralisation, the AMIEU adopted the role of bargaining agent to advance existing award conditions for its members. According to Jerrard (2000), the AMIEU perceived that employers viewed negotiated agreements as a way to minimise costs and not a two-way process to achieve productivity gains. Expectedly, the regional, highly unionised processing workforce remains focused on work conditions and pay.

DISCUSSION

Three distinct waves of inward FDI were identified in analysing the overall patterns of global sourcing behaviour. These waves peaked in the 1930s, 1960s, and 1990s. A common feature of each was the resource seeking motives of MNEs to secure low cost beef. With each new wave of investment firms became more strategic in their sourcing approaches, moving from opportunistic sourcing to strategic investment for global sourcing and market access reasons. The first wave in the early 1930s was precipitated by stable preferential market access to the UK, the world's largest beef importer at that time. The second wave from the mid 1950s was encouraged by unquenchable US demand for lean manufacturing beef. The third in the 1990s was driven by strategic motives of Asian and US agri-food MNEs to secure a share of newly liberalised markets. This cycle of low cost, strategic sourcing of livestock products soured employment relations in Queensland's regional beef processing centres.

Despite the positive economic contributions from employment creation, market instability and fluctuating capacity at plants produced job insecurity and seasonality of employment. Labour management policies were not intended to improve employee skills, security or satisfaction.

Likewise indigenous firms did not appear to benefit from spillover of best practice in work organisation. Access granted to MNEs by the Queensland government was not reciprocated in terms of access to their knowledge or innovative practices. Changes in work conditions and practices introduced by US MNEs in the last period were not perceived by local employees as desirable given the history of struggle and resistance to achieve basic rights of employment. As these firms channelled resources along enclosed, integrated supply lines to home markets creation of valuable linkages for indigenous industries and regional communities was limited. Local firms were not given greater access to overseas markets, especially for higher value items penalised by tariffs. Reinforced by MNEs' resource seeking motives the sector was locked into low-cost, mass production without the benefits of secure employment or training.

Queensland's government played a constant role in attracting FDI to stimulate development granting a variety of incentives ranging from low-interest loans for abattoir construction and expansion to operating publicly owned works. Each intervention contributed to the surplus capacity that MNEs could afford to absorb. Over the long term they gained from elevated economies of scale and market dominance. After securing market access the roll call of MNEs - Vestey's, Borthwick & Sons, Swifts, ConAgra and Nippon Meat Packers - sought resources to fill mass markets with inputs of cheap natural resources and treated labour as a commodity. Low flexibility in work organisation was shaped by Fordist organisation of production, intensified by adherence to a Taylorist management philosophy. To explain this propensity to become locked into rigid systems of production and work organisation Florida (1996: 330) suggests that government initiatives often lag behind 'the rise of new forms of production organisation and changes in government policy regimes and the broader regional business climate'. As foreign interests were focused on tapping into a supply of competitively priced livestock, rather than a skilled workforce, their investment in human resources was minimal.

Efficiency and cost minimisation dominated production decisions. If a plant was unviable it could easily be shutdown or operated unprofitably to minimise tax and exclude competition. Climatic and market volatilities sustained an adversarial employment relations environment. Since foreign MNEs had the resources to endure bad conditions they could consolidate capacity during contraction. In periods of market expansion when labour was in short supply workers gained power to dictate terms. However, as the cycle turned employers, particularly large foreign-owned firms, were able to introduce workplace conditions and practices like strictly defined work roles, working hours, systems and rates of pay long opposed by workers.

CONCLUSIONS

When assessing the impacts of MNE activity in host communities most attention is given to buyer-driven supply chains in textile, footwear and toy industries that outsource production to subcontractors with lower labour costs. Shifting away from this focus this paper demonstrates that global sourcing of beef in producer-driven supply chains sustained tensions in relations between employers and workers. Detection of patterns in MNE behaviour and employee's responses aids identification of the underlying reasons why problems in employment relations persist. Policy makers and politicians tend to focus on the immediate impacts of footloose MNEs – jobs creation and losses. Long-term implications like difficulties attracting workers and lowering turnover are frequently overlooked. In unpleasant occupations like slaughtering, boning and cutting, as a minimum, lucrative wages are offered to secure workers. Since these MNEs did not consider labour a strategically important resource minimal investment was made to enhance its quality. Employees responded by organising and concentrating their resources through unionisation to target the issues they could influence – pay and working

conditions. As documented in this case the MNEs were more able than low and unskilled workers to spread their risk and relocate when economic and market conditions changed.

The identity and headquarters of these foreign firms changed, but their original motives were simply refined. Over time MNE global sourcing behaviour became more strategic in its main objective – to procure a low cost ingredient. Yet, these firms did not give equal consideration to the long-term negative effects of their behaviour on employee relations and the mutual benefits that healthier relationships could offer. Furthermore, this case shows how operation of enclosed supply chains by well resourced agri-food MNEs locked Queensland into supply of a low value commodity. A vicious cycle of dependence on overseas markets and capital was created by inferior resources and a mass production value orientation. While MNEs' global sourcing behaviour supported this specialisation, the State government also encouraged FDI to achieve their economic and social development goals. Both parties used a range of tactics to achieve their objectives and level the balance of power. Likewise, the State's distributed meat processing workforce actively participated to secure their aims. This study focused on foreign-owned MNEs engaged in beef processing. Whether similar patterns occur in other sectors and for other types of impacts and relationships is an area for future research.

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