Value chain restructuring and industrial relations

The role of workplace representation in changing conditions of employment and work

Pamela Meil, Per Tengblad & Peter Docherty

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1   Introduction

It is generally agreed that major upheavals are taking place in the organisation of work as corporate structures are transformed in the context of economic globalisation and rapid technological change. But how can these changes be understood? And what are the impacts on social institutions and on workers? The 'Work organisation and restructuring in the knowledge society (WORKS)' project was funded by the European Commission in 2005 under its 6th Framework Programme to investigate these questions. With partners in seventeen different institutions in fourteen EU Member States, this ambitious research project has combined theoretical work and a detailed analysis of a wide range of statistics with in-depth case studies to analyse the forces that bring about these changes, including global value chain restructuring and the policy environment.

One of the underlying assumptions of the WORKS project is that the reorganisation of work can only be understood fully in the context of a global restructuring of value chains, entailing a simultaneous decomposition and recomposition of sectors, organisations, labour processes and skills. However, the considerable heterogeneity within Europe of skill supply, levels of employment, welfare systems, and economic sectors makes it especially difficult to disentangle the causes and effects of such processes and to isolate the primary drivers of change. Yet it is particularly important for Europe both to understand the factors that will enable firms to sustain their competitive edge, to ensure a future supply of jobs that is satisfactory both quantitatively and quality and to examine the impact of these changes on the quality of life. At the heart of this is a single issue: how are employment practices adapting to change and with what effect? If we can answer this more effectively on a Europe-wide basis we will be able to propose practical solutions to real problems.

Starting in June 2005, the WORKS consortium, involving partners from seventeen different institutes across fourteen EU Member States, carried out an ambitious programme of theoretical and empirical work. These were carried out under five main pillars: 'theories and concepts', 'quantitative research', 'policy', 'qualitative research on organisations' and 'qualitative research on individuals'. The work of these pillars is summarised more fully below.

This is one of eleven thematic reports that brings together the results of all five pillars to deepen our insights into the topic of workers representation and participation in the framework of industrial relations and social dialogue.

The other reports will focus on the topics of: value chain restructuring in Europe in a global economy; strategies to reach flexibility in the organisation; skills and qualification policies and HRM; new career trajectories and biographies; changing gender and ethnic relations in the workplace; working time, gender and work-life balance; change processes and future perspectives; changes in work in transitional economies; health, safety and the

quality of working life; and employers' use of technology and the impact on organisational structure.

The material on which this report draws is summarised below.

1.1   Theories and concepts

In the first stage of its work the WORKS partners collectively carried out a review of the very large body of literature with relevance to the project's research questions, in order to map the field, formulate hypotheses to be tested in the empirical work and develop a clear conceptual framework for the research. This was no easy task. There are many lenses through which one can view the restructuring of work in a global knowledge economy. There are the lenses of different academic disciplines, for instance the sociology of work, economic geography, organisational theory, social psychology, ethnography, gender studies, industrial relations or political science. Then there are the lenses of different social perspectives, for instance those of international development agencies, of national governments in developed and developing countries, of technology providers, of statisticians, of employers, of trade unions, of educators, of civil society, of skilled professional workers who are may be beneficiaries of change, and of those groups that are potential losers. There are also differences deriving from different national research traditions, different ideological approaches and many other variables. In each of these many fields, a body of literature has grown up, trying to make sense of the changes taking place and supplying fragments of evidence. Piecing all this evidence together was a major challenge. The very disparity of the origins of this literature means that it is difficult to find a common frame of reference. Even when the same terms are used, they may be used with different meanings and the lack of commonly-agreed definitions can make the refracted pieces of evidence difficult to compare, often giving them a contradictory and anecdotal character.

Nevertheless, in its first six months, the project managed to bring together in a single report (Huws, 2006) a remarkably comprehensive overview of the available evidence, thanks to the large collective efforts of the interdisciplinary WORKS team. This evidence was carefully sifted with the aim of distilling insights that could help to produce a clear conceptual framework in order to develop hypotheses and research questions to guide the empirical research to be undertaken by the WORKS project. This programme of work was, however, highly ambitious, encompassing the aims of: improving our understanding of the major changes in work in the knowledge-based society, taking account both of global forces and of the regional diversity within Europe; investigating the evolving division of labour within and between companies and the related changes at the workplace; exploring the implications for the use of skills and knowledge, for flexibility and for the quality of working life; and examining the impact on occupational identities; time use and learning; as well as the impact on the social dialogue and the varieties of institutional shaping. Balancing the need to take account of these many dimensions whilst still retaining a focus on clear research questions that could be addressed feasibly within a coherent research design in a relatively short space of time was a major challenge, and we begin by presenting the methodology that was adopted to achieve this.

The first task was to achieve a division of labour that on the one hand took full advantage of the specialist subject expertise of partners whilst also recognising the diversity of national research traditions across Europe and the need to take account of the literature in

all major European languages. Once topics had been assigned to partners, in a second stage, these partners were asked to produce a list of 'key concepts' for inclusion in a glossary.[1] The purpose of the glossary was to ensure that all partners could share a common understanding and make visible any differences of interpretation or definition of key terms so that they could be discussed and agreed, in a process whereby, in its contribution to the cohesion of the whole group, the dialogue involved in producing the entries was as valuable as the end result. The next stage involved the production of draft reports covering the main concepts and the associated literature. Despite the authors' broad knowledge of their chosen topics, and the fact that each report included inputs from institutes in more than one country, it was felt that the only way to ensure that each report covered the full range of relevant European scholarship was to add a further, vital stage in the work. This involved circulating each draft report as it was completed to all the other WORKS partners, including those who had not been involved in the actual process of report-writing. In this stage, partners were asked to draw on their knowledge of the literature in their own language or national setting, as well as their specific subject knowledge, to comment on the reports, point to issues that might be regarded as contentious and add references to relevant sources. This process of peer review enriched and refined the report which was then used by all partners as an input to the development of research questions, methodologies and research instruments for the empirical research.

1.2   Quantitative research

The 'quantitative research' pillar of the WORKS project studied the changes in work in Europe on the basis of comparative analyses of data from existing organisation and individual surveys. In a first step, major European organisation surveys and individual and household surveys relevant for changes in work were mapped and benchmarked in order to assess their relevance and their strengths and weaknesses for comparative analyses on changes in work. Next, and more important for the thematic reports, the research focused on the secondary analysis of the results of the organisation and individual/household surveys. For the organisation surveys, a thematical analysis of thirteen major national and international organisation surveys, focusing on the major results with respect to the key issues of the WORKS project, resulted in an overview report 'Comparative analysis of organisation surveys in Europe' (Ramioul & Huys, 2007). The key issues addressed in this report are:
- new forms of work organisation, organisational and technological innovation, changes in work. Here in particular some findings with respect to skill-biased organisational change and the role of employee involvement and participation are relevant;
- changes in skills and qualification and vocational training policies at establishment level;
- work-life balance and working time arrangements. Here conclusions from EU wide research on working time arrangements and flexibility policies are of particular interest;
- quality of the working life as measured in organisation surveys.

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[1]   Available online on http://www.worksproject.be/Glos_and_defint.htm.

For each of these issues, the most relevant conclusions from the organisation surveys were summarised, thus leading to a comprehensive overview of organisational changes in Europe based on this particular data source.

For individual surveys, three major sources of individual and household data made it possible to carry out longitudinal and EU comparative analysis on the issues relevant for the WORKS project: the Community Labour Force Survey (CLFS); the European Working Conditions Survey (EWCS) and the European Community Household Panel (ECHP). Based on these three key data sources, four different reports were published, each focusing on the EU comparative analysis and on the identification of trends with respect to key WORKS issues. The reports focused on the following issues:

- tracing employment in business functions: a sectoral and occupational approach: in this report an innovative method was used to measure changes in employment related to value chain restructuring (Geurts, Coppin & Ramioul, 2007);
- trends in work organisation and working conditions. For this report, three waves of the EWCS were analysed in a longitudinal and EU comparative perspective, shedding light on changes in task complexity, autonomy, working time independency, health and safety issues and working conditions (Greenan, Kalugina & Walkowiak, 2007);
- work flexibility in Europe: a sectoral and occupational description of trends in work hours, part-time work, temporary work, and self-employment was carried out based on the CLFS (Birindelli & Rustichelli, 2007);
- occupational change in Europe: based on longitudinal data, aspects of work satisfaction, occupational mobility and overqualification were investigated (Brynin & Longhi, 2007).

1.3 Qualitative research on organisations

The organisational case studies within the WORKS project covered a number of generic business functions that represent a wide variety of activities and labour processes in the 'knowledge society' ranging from highly-skilled 'knowledge work' to semi-skilled manual tasks. The research also aimed to focus on those business functions that feature prominently in the external restructuring of companies and thus in the restructuring of global value chains. The selected business functions were: research and development; production; logistics; customer service; and information technology.

To study the restructuring of value chains these business functions need to be located in specific sectors. The selection of sectors reflected the emergence of global value chains in different historical stages: sectors where vertical disintegration and internationalisation is already a rather old fact, and sectors where these have developed only very recently. The sectors under study were:

The *clothing industry* is an example of an 'old' industry where restructuring of global commodity chains was already an issue in the 1970s. Recently, the integration of Central and Eastern Europe in pan-European production networks and the phasing out of the Multi-Fibre Arrangement and the WTO Agreement on Textiles and Clothing considerably changed the trade regimes and resulted in a new wave of restructuring mainly affecting production in Southern Europe and the CEE countries. This sector also provides interesting examples of 'head and tail' companies which concentrate high-skilled work within Europe but carry out the rest elsewhere.

The *food industry* is the largest manufacturing sector in terms of employment in the EU. It was subject to major restructuring after the completion of the single market in the European Union in the early 1990s which allowed companies to replace their country-by-country organisation with a pan-European structure. In contrast with parts of the clothing industry, food production is by and large highly-automated. Both industries are interesting as examples of buyer-centred value chains in which the demands of the retail trade play a pivotal role.

The *IT industry* is a growing industry that saw a major wave of restructuring during and after the boom years in the late 1990s and around 2000, partly associated with off-shoring. Internationally, this has contributed to the emergence of a 'new breed of TNCs', global companies that supply services to other companies. To a large extent the IT service provider companies have grown through large outsourcing contracts that include the transfer of personnel from their public or private sector client organisations, a tendency highly relevant for the research questions of WORKS.

Public sector organisations and *services of general interest* are currently subject to far-reaching restructuring because of liberalisation and privatisation policies and budgetary constraints. In these sectors the lengthening of value chains through large scale outsourcing is a very recent phenomenon. The consequences for the quality of work are highly-influenced by traditional differences in the regulation of work between the public and private sectors.

Each business function located in a particular sector was studied in a range of countries with diverse employment and welfare regimes (liberal, conservative, socio-democratic *etc.*). This made it possible to analyse the influence of institutional frameworks on the consequences of restructuring. Overall, 58 case studies were conducted in fourteen countries. The following overview shows the distribution of case studies.

Table 1.1   Sample of case studies

	R&D/design	Production	Logistics	Customer service	IT
Textiles/clothing	BE; FR; DE; PT; IT	BE; IT; PT; HU; GR	FR; DE; NL; PT; HU		
Food		GR; BG; IT; NO; DK; UK	BE; NO; BG; GR; UK		
IT	DE; AT; UK; BE; FR; NO	DE; AT; HU; BG; SW			
Public sector administration				AT; BE; BG; HU; IT; UK; SW	BE; NL; UK; FR; DE; NO; SW; PT
Services of general interest: post and rail				DE; AT; SW; NL; GR	

For each case study, eight to ten interviews with management, key employees, and shop stewards (in the selected business functions) were conducted. The interviews were complemented by company documents and other material that made it possible to produce a comprehensive picture. Researchers in the respective countries synthesised the individual case studies from the interview data. On the basis of the individual case study reports,

comprehensive comparative analyses were carried out to compose this report. The authors of the report are deeply indebted to the researchers who carried out the case studies in the various countries and to the respondents who devoted their time to our research and helped us to understand the developments in their companies and sectors. For the presentation in this report, all company names have been changed to assure anonymity.

1.4   Qualitative research on individuals

The organisational case studies were complemented by case studies designed to investigate the impacts of changes at work on individuals and their households. Thirty of these occupational case studies were achieved in fourteen countries, between June 2006 and May 2007; in total 246 in-depth individual interviews were carried out, according to common interview guidelines elaborated in May 2006.

These occupational case studies are closely related to the organisational case studies that were carried out in a selected number of business functions, during the same time span. In the WORKS project, the concept of the 'business function' lies at the core of the qualitative empirical research, since these business functions provide the most useful unit of analysis for studying value chain restructuring and changes in work. In order to study changes in work at the individual level, individual workers were selected within specific occupational groups linked to key business functions.

Six occupational groups were selected: designers in the clothing industry; researchers in information and communication technology; IT professionals in software services; production workers in food or clothing; logistics workers in food or clothing; front office employees in customer relationships in public services. In each occupational group, three to seven case studies were conducted in different countries, covering a variety of socio-economic and institutional contexts. Each case study relied on seven to nine in-depth individual interviews, including a biographical dimension.

The analysis of the interviews was structured around five themes that grouped together the WORKS research questions. These were: career trajectory, occupational identity, quality of work, knowledge and learning, and work-life balance.

Particular attention was paid to gender issues. Gender was treated as a transversal theme in the analysis of changes in work at the individual level. The principle of gender mainstreaming (*i.e.* taking systematically into account the differentiated experiences of men and women in all items of data collection and analysis), formed one of the basic guidelines for the individual interviews.

1.5   The policy pillar

A central task in WORKS is to examine what effect policy initiatives and regulation at various levels - international, European, national, regional, sectoral and company - actually have on work life and work experience. Especially relevant in this regard is the role of institutions in the determination, implementation and enforcement of policy. We began with the question: Can we expect divergences in the ability to regulate changes in work due to restructuring according to different types of production or employment regimes,

different types of industrial relations models, diverse institutional frameworks? Toward this end, all of the organisational case studies included a section on industrial relations and regulation of work. Within each company that was investigated, data was collected on the forms that worker representation took, which issues were negotiated, the role of workplace representation in restructuring (information, consultation, active intervention), the impact of European or national regulations, and the pressures on regulations and institutions due to restructuring. Additional interviews with trade union representatives and works councillors were carried out where possible.

The research agenda motivating this line of inquiry was to examine what role the institutions and actors of industrial relations play in restructuring across value chain in diverse settings and across diverse institutional contexts. A further issue is what role workers' representatives have in tempering the effects at the workplace that result from this restructuring, including the terms and conditions of employment, fragmentation and segmentation, gender equality, training and skilling, and quality of work life. Existing studies have shown that there are major challenges for existing institutions and forms of social dialogue to deal with current trends in restructuring and changes at work. Therefore, the case studies also investigated the impact of restructuring on the strategies or effectiveness of workers' representation and workers' voice.

2 Industrial relations and restructuring: introduction to our theme

This thematic report of the WORKS project investigates the way in which workers are being represented and can participate in restructuring processes through social dialogue and the industrial relations systems that regulate it in European organisations. The way in which workers participate and make their voice heard in working life, particularly in periods of change, is an important part of the EU social agenda. This has resulted in different directives envisaging that employees should be informed and consulted in all European undertakings (EU directive 2002/14/EC, EU directive 94/45/EC).

2.1 The research issues

WORKS addresses the effects on various aspects of work and working life as a result of value chain restructuring. The task of this paper is to examine the role that workplace representatives and institutionalised systems of industrial relations plays in this process. Restructuring induces a number of both direct and indirect effects on employment conditions and work organisation that would be of concern to both unions and company based forms of interest representation. Moreover the threat of restructuring in the form of outsourcing and relocation impacts on the bargaining position of industrial relations actors, leading to forms of concession bargaining, flexible work practices, *etc.* The empirical data in WORKS makes it possible to look inside the workplace to see what involvement actors of workplace representation have in restructuring decisions and the employment consequences of restructuring. When examining this issue, different national and sectoral traditions have to be taken into account. Thus one area of investigation is whether divergences in the ability to regulate changes in work vary by institutional framework or national context. Another task is to look at what role institutions have in the determination, implementation and enforcement of policy. Do policy initiatives actually have their intended impact on work life and work experience (Meil & Tengblad, 2006)? A major research agenda is examining how public policies and industrial relations systems influence changes in work organisation in particular national or regional contexts, and conversely, how dynamics of restructuring impact on social dialogue and policymaking?

2.2 Concepts of representation and industrial relations

2.2.1 Forms of participation

Workplace representation can take place through direct forms of participation, for instance, individual consultation, group consultation and delegation (European Foundation,

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2000) and, indirect forms, for example through unions and works councils. These institutions exist in a framework of an industrial relations system. Traditionally, industrial relations (IR) models or regimes have been strongly nationally embedded, even if developments both on the European level as well as on a company level are evident.

'Several categorisation schemes have been developed to differentiate industrial relations systems. A number of different dimensions such as degree of centralisation of bargaining, the types of institutions involved, the role of the state, the relations between social partners (co-operative, conflictual), degrees of regulation, *etc.* all contribute to the particular configuration of industrial relations models, each of which has developed in a particular historical context. The systems of the EU differ substantially in their main characteristics such as legal frameworks, co-ordination methods, state intervention, policy concertation and institutional structures. The specifics of these models are often linked to welfare state types. Although there is general agreement that a simple convergence of models is not taking place, nonetheless, the increasing role of globalisation and the development of global value chains, the role of European level policies, market driven strategies, *etc.* are causing a shift in existing models.' (WORKS Glossary)[2]

2.2.2   Social dialogue

Closely linked to industrial relations is the concept of social dialogue. Social dialogue constitutes a meeting between two actors with both common and different interests. Each actor can choose different strategies which strongly influences the outcome of the dialogue.

The actors in IR are mainly the social partners. 'The term "social partners" refers to the institutional representatives of workers on the one side and employers on the other who engage in dialogue to represent the interests of their particular constituency, but following regulations and norms for co-operation and finding solutions to conflict' (WORKS Glossary).

Huzzard, Gregor and Scott (2004) use the metaphor 'boxing and dancing' to describe different types of dialogue, especially on the company level. In a project on new trade unions, they present cases from different countries and sectors which build their discussion on the possibilities and opportunities for both labour and management of a social dialogue taking the form of social partnerships. The social partnership takes its point of origin from the joint interests of the parties (dancing) like competitiveness as a means for both profitability and job security and development for the employees. While the traditional struggle between labour and capital on wages *etc.* is more suitable for conflict based relations (boxing). The concept of social partnership can be seen as a 'dynamic strategy for union renewal' (Huzzard *et al.*, 2004: 16) and at the same time encompasses possibilities for management in getting more 'peaceful and constructive relations'.

On the European level two important initiatives have had (or might have) impact on social dialogue on restructuring. The first one is the directive (1996) on European works councils where there are direct statements on information and consultation on relocation between countries. The second one is the 2002 directive on minimum standards for information and consultation with a specific focus on restructuring. The TUPE directive, which

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2   Available online on http://www.worksproject.be/Glos_and_defint.htm.

regulates the transfer of employees to new employment relationships and is meant to be incorporated in national legislation, is also an important aspect of a European strategy on restructuring.

One of the research agendas of WORKS is to examine at the level of workplace exactly what role EU laws and initiatives play in mitigating or governing restructuring and their outcomes for employees and explaining the role of workplace representation, either indirect or direct, in using these laws and policies.

2.3 Positions on value chain restructuring and industrial relations

2.3.1 Disintegration of industrial relations as a result of restructuring

Analyses on the consequences of globalisation often begin with a look at how existing formal systems of industrial relations influence, shape, or respond to challenges that derive from globalisation (Marginson & Sisson, 1996) since these institutionalised forms of labour representation are seen to have the most potential to counter globalisation effects. Differences in the ability to respond to various challenges of globalisation are often seen to be influenced by the nature of the regulatory regime and the institutional framework in which the relationship between employment and the economy occurs (Hollingsworth, 1998; Schmierl, 1998; Crouch, 2001). Given that increasing economic globalisation is usually linked to an accompanying weakening of national level forms of regulation (Beck, 1998; Streeck, 1998), the logical consequence is that industrial relations in its present form can also no longer effectively respond or act as a governance form (Ferner & Hyman, 1998).

Outsourcing and offshoring lead to a vertical disintegration of functions in companies and these forms of globalisation are particularly linked to negative effects for the unions' influential possibilities as they have been developed over the years. Research in this area suggests that restructuring and the reorganisation of the value chain weakens labour and destabilises institutions of industrial relations (Huws, Flecker & Dahlmann, 2004). For one, this is so because industrial relations institutions have developed and are embedded in national and regional contexts. They are also closely linked to Fordistic productions systems, and geared to large firms with lifelong employment (Meil, 2008). Another reason is that outsourcing to very small firms or to different countries accelerates tendencies of deregulation and decentralisation of bargaining when suppliers or service partners are no longer covered by sector or national collective agreements. Moreover, threats of relocation and regime shopping can be used as a leverage for concession bargaining and thus change the power relations between employers and labour (Hendrix, Abendroth & Wachtler, 2003; Flecker & Meil, 2007).

Another issue is that vertical disintegration induces a fragmentation of labour by utilising non-core workers, who often have more precarious and flexible employment conditions. Thus vertical disintegration can be used to circumvent labour regulations. In their research on Germany, for example, Doellgast and Greer confirmed negative trends for labour as a result of vertical disintegration: 'All of the companies we examined successfully cut costs across their production chain through outsourcing work, spinning off subsidiaries or contracting with temporary agencies. In the automotive industry most small suppliers, service providers and temporary agencies were not covered by the metal

working agreement, call centre vendors typically had weaker and more divided works councils than telecommunications firms.' (Doellgast & Greer, 2007: 16).

2.3.2 Research at the European level

In an overview of the positions taken by the social partners on relocation (offshoring) (European Foundation, 2006b) management positions are characterised as seeing relocation as inevitable and creating opportunities to strengthen the company's competitiveness - which in the long run is also advantageous for the employees and their jobs. The decisions should be left to the firms. Alternatives to relocation are often wage moderation and/or increased flexibility.

In a project conducted by ETUI (TRACE, 2006) and a number of national unions in Europe an action plan was set up for unions to anticipate and deal with restructuring. The plan encompasses the following steps:

1. getting the necessary information on company development, markets, economy, *etc.*;
2. anticipation - looking into socio-economic and technological change often with a specific sector;
3. building alliances - with regional/local stakeholders and cross-union/country;
4. influencing the decision process;
5. getting into action (making proposals, building trust, different kinds of collective action if this seems fruitful);
6. reflection - learning and changing union action along the way.

The European project MIRE gives a number of examples on innovative management strategies in restructuring. Among other things they conclude that restructuring and redeployment strategies develop over time, through internal learning processes inside companies. They also find a strong linkage with national and local settings where industrial relations and labour law shapes the way in which redundancy is dealt with (Bergström & Dietrich, 2006).

These studies often have workplace representatives and industrial relations experts as their data sources. Also examples of best practice are targeted in which unions or works councils were involved in the restructuring process or European level actions could be identified. In WORKS it will be examined to what extent these strategies and plans can be found and what determines which strategy is selected.

Many studies on union strategies reveal that, especially on firm level, unions are oriented to finding motives for and alternatives to restructuring, especially relocation. However, often the union is forced to accept the competitive situation of the company and the management prerogative. This leads to acceptance of the change and where possible, on being part of the information and consultation process mostly with the goal of negotiating a decent social plan for the change.

2.3.3 The role of European works councils in restructuring

European works councils (EWC) were established through the EU directive of 1994 for companies with operations employing more than thousand employees in more than two European countries. The purpose of the EWC is for management to inform on transna

tional company matters. With respect to restructuring, EWCs are the way in which employee representatives are supposed to be given the opportunity of consultation with management on cross-border relocations. Studies on the experiences of building and using EWCs (Weiler, 2004; European Foundation, 2006a) have found that:

- restructuring decisions are mainly taken on a transnational level, while the effects, such as social consequences, are dealt with on the national level according to the national IR system;
- information from management on restructuring is given, but there is some debate on the contents and depth of the information on a specific relocation decision;
- the consultation process differs between companies and is dependent on benevolent employers and/or active trade unions;
- consultation on restructuring normally comes too late in the process when the decision is made and the EWC is not really considered a forum for decision.

2.4   Overview of data on union development in Europe

2.4.1   Membership and density

Over the last twenty years unions have lost strength both in terms of membership and density as well as political and negotiable influence. Between 1995 and 2004, membership density in EU-25 dropped from 35 *per cent* to 25 *per cent* on average (ETUI-REHS, 2006), with the largest drops in some of the NMCs (Hungary, Czeckia, Slovakia, Poland).

For the transitional economies of the NMC in EU-27, two different tracks for union organising have been identified - one following the neoliberal model as a fast lane to a market economy and seeing unions and collective action as one of the trademarks of the old communist regime, and one more 'social democratic' strategy by reforming old or building new unions. Lafourcière and Magnusson argue (in Magnusson & Stråth, 2007) that the former strategy might contain a threat to the European Social Model based on strong social partners.

The figure below compares four aspects of workplace representation for the WORKS case study countries; trade union density, the coverage of collective agreements, coverage of workplace representation and finally the coverage of employers' organisations. The figure indicates that there is no clear correlation between trade union density and the other forms of regulation.

We can identify some similar characteristics for some groups of countries - the Nordic countries together with Belgium and Austria score relatively highly on all four quantitative aspects of industrial relations institutions. The Netherlands and France together with Italy, Portugal and Greece have a fairly high coverage, especially on collective bargaining and employer organisations. Hungary and the UK have relative low shares in all aspects.

Figure 2.1 Four aspects of social dialogue in the participating countries*
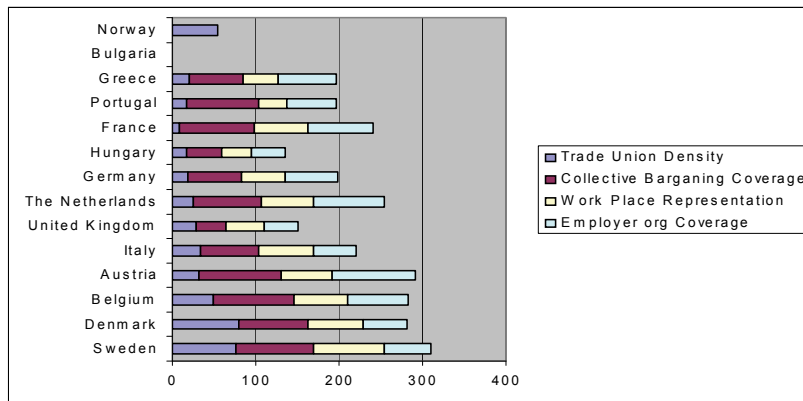
* Complete data for Norway and Bulgaria are not available.

Source: European Foundation, 2007

The results from WORKS reveal from data at the level of the workplace and input from each national context what lies behind trade union density figures and collective bargaining coverage and what role they play in having a voice at the workplace. Also the different forms of workplace representation and their role in restructuring in various sectors is examined in detail.

2.4.2 National organisational surveys

The analysis of the quantitative pillar in WORKS on national organisational surveys reveals a mixed role for workplace representation with regard to changes in work organisation and organisational practice. The DISKO data from Denmark (Nielsen, 2003; cited in Ramioul & Huys, 2007) look at the importance of employment involvement and representation, both direct and indirect, in organisational change. Indirect participation refers to participation through union representation and institutions, while direct involvement refers to co-operative relations between management and employees. The analysis shows that direct involvement forms are commonly used in organisational changes, and the indirect participation forms are under pressure (Ramioul & Huys, 2007: 22).

An analysis of French REPONSE and British WERS data was undertaken by Lorenz, Michie & Wilkinson (2003) which looked at complementarities between organisational practices, including the role of employee representation. They conclude that the existence of formal systems of employee representation 'can increase employees' confidence that disputes around the design or operation of the pay and promotion system' and implicit guarantees around employment security will be resolved in a way that respects their interests. They did find differences between France and the UK given the different framework conditions in which representation takes place. 'In the UK case, the study finds strong support for the view that systems of employee representation are not only complementary to new organisational practices, but also are a precondition for realising the benefits associated with the use of these practices' (Ramioul & Huys, 2007: 24). Unlike

the UK, in France there is no evidence that employee representation is a precondition for reaping these system benefits. Lorenz *et al.* (2003) suggest that the greater role of formal systems in the UK can be linked back to its relatively deregulated labour market. They argue that the very willingness of employers to negotiate in the absence of laws that require it, have a large significance for UK workers which is not present in the highly-regulated French context.

Coutrot's analysis of the REPONSE data (2000) finds that the expected positive effects for organisations in terms of flexibility, autonomy, job enlargement and teamwork at the production level, with a resulting departure from Fordist models of work organisation could not be confirmed (Ramioul & Huys, 2007: 14). 'As a possible cause, the author points to the introduction of corporate governance under the pressure of globalised financial markets that allows less and less space for idiosyncratic compromise between labour and capital and has disruptive effects on national industrial relations systems' (*ibid.*: 14).

The analyses carried out in WORKS from the national organisational surveys as well as the individual country reports based on the survey data (see for instance Huys, 2008) show that the different regulations between countries have an apparent impact on explaining international comparisons, but make it difficult to make general conclusions on particular restructuring undertakings. Companies may opt for a response due to their particular regulatory context which may not be possible or desirable for others. For instance, in contexts in which dismissal is not restricted, permanent contracts may be quite prevalent with fewer fragmented work contexts. However, easy dismissal in a context with strong support for workers on the labour market and good benefits is not the same regulation as easy dismissal without these provisions. Another problem with general indicators, for instance when comparing dismissal legislation (see OECD, 2004) is that it is sometimes not clear how well the legislation is enforced, how many loopholes exist, and what the actual effects for work and work life quality are. The challenge for investigations at the workplace level is then to reveal the actual effects of extensive labour regulations on work processes and quality of working life in practice. How difficult or easy is it to bypass legislation? What are the protections to prevent companies from bypassing existing legislation? These are questions that are addressed in this study.

2.5 Formal actors and institutions in social dialogue and restructuring at the company level: interests and strategies

Looking at industrial relations on company and workplace levels, we can distinguish between participation through chosen committee representatives (works councils, OHS committees) and representation through unions. The latter could be union representatives in the companies (shop stewards) organised through local union structures or union representatives from outside the company (union officials). The system of works councils and OHS committees normally exist parallel to industrial relations based on collective bargaining between unions and employers organisations. The division of responsibility in these cases is normally that collective bargaining and agreements are between unions and employer organisations on the sectoral level on issues concerning wages, working time and terms of employment in general. Company issues such as work organisation, wage systems, occupational health and safety are dealt with through the works council system. The vast majority of the European countries uses the works council model, with the

exception of the Scandinavian countries, and to some extent UK and Ireland, in which union representation operates also on company internal matters. It remains to be seen if further European integration built on the EWC directives or the directive 2002/14/EC on information and consultation will change this (see also Figure 3.1).

At company level, social dialogue can be looked upon - be it national or cross national - as the organised dialogue between management and employee representatives in the form of unions or works councils. For restructuring, this theoretically involves information and consultation and sometimes negotiation on the organisational change and its effects.

Employer positions in the social dialogue are shaped through what can be described as human resource strategies. The concept of human resource management (HRM) stresses a managerial position in relation to the employees and their conditions directly through the hierarchical structure of the organisation. HRM is defined as 'the formal structure within an organisation responsible for all the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people' (http://www.shrm.org/hrresources/hrglossary_published/). The HRM concept is sometimes looked upon as contrary to the industrial relation (IR) model, where the terms and conditions are decided through negotiations and collective agreements.

The Federation of European Employers (http://www.fedee.com/hrtrends) describes the following current trends in European HRM strategies. Out of about 25 issues, only one dealt with social dialogue - collective agreements, works council relations, *etc.* - and this was under the heading of legal and ethnic compliance:

- a first focus is on personnel cost saving through the use of redundancies, pay cuts, outsourcing, relocation, *etc.*;
- operational flexibility is another important part of the HR strategy. Different forms of flexibility are used - job, pay and functional flexibility as well as the use of freelance and temporary staff);
- from a HRM perspective, personnel is often looked upon as capital in need of maintenance. Human capital development includes actions on lifelong learning, knowledge management, promoting older workers, equal opportunities, health and fitness;
- performance effectiveness through quality circles, incentive systems, performance appraisal, improvement of recruitment, reduction of absenteeism are all HR measures oriented towards the individual with instruments supporting line managers;
- HR strategies also include activities concerning corporate cultures which support work-life balance, childcare, flexible working arrangements, corporate governance, and general employee welfare;
- HR departments are of course also involved in measures that follow legal and ethnic regulations such as safety, employment, corporate social responsibility, *etc.*

On the *employee side,* representation often takes the form of works councils and/or unions. Union strategies have different forms depending on the tradition and character of the union as well as the membership structure. Phelan (2007) distinguishes between:

- business unions, organising occupational groups with a basic negotiation strategy for reaching collective agreements;
- welfare unions, organising from a class perspective often with political ambitions and affiliations building on social mobilisation;

- social partner unionism with ambitions not only to represent members in traditional negotiations but also reaching tripartite agreements and in this influencing national politics.

These distinctions are mostly applicable for the western countries (US and Europe in particular). For the southern part of the world (South America, Africa and Asia), the way in which the state acts towards unions shapes the character of the union structure - either through state corporatism (integrating the unions in the state - which was the strategy in the former east European regimes) or through exclusionary authoritarianism (Phelan, 2007: 13) that is, through active suppression of independent trade unions.

Phelan (2007) distinguishes between three different ways or strategies in which unions have reacted to meet the decline - organising, coalition building and restructuring. The organisation strategy means, among other things, shifting focus from getting service to present members to recruit new members. Coalition building is a strategy to meet the challenges of globalisation or new technology by establishing a broader circle of collective action through the co-operation with other social organisations (NGOs, consumer organisations, environmental organisations, *etc.*). Restructuring has been a strategy of strengthening the unions through mergers and take advantage of scale of operations, but also to meet the changes formed by global value chain restructuring.

Parallel to this a tendency is perceptible, especially among unions organising more qualified or highly-educated employees, of shifting the balance between a representative collective bargaining approach and a more service oriented strategy, based on individual needs of the members.

Restructuring in general, and across value chains in particular, challenges the ways in which employees can make their voices heard and participate in organisational change. It also challenges the given structure for their representation through unions and works councils and other arenas (OHS committees, *etc.*). Social dialogue, *i.e.* information, consultation and negotiation between employers (and their organisations) and employees (through their representatives on different levels) takes its starting point in a national context and traditions. This is especially true in the shaping of the infrastructure of social dialogue through national laws on industrial relations, co-determination, *etc.*

3 Methods, instruments and levels of analysis

Industrial relations and workplace representation takes place at a number of different levels. In this study an attempt is made to consider the effects on participation that derive from the following levels and institutions:
- supranational/EU level (EWC, directive on information and consultation);
- national level (different IR regimes);
- company level (works councils, OHS committees and other forms of representation, HR systems).

Also the diverse *actors* (mainly trade unions and employers/employer associations), *processes* (collective bargaining, industrial action, information and consultation processes), and *outcomes* (relates to the results of the process between the actors) - wages, working time arrangements, terms of employment, job security, skill formation, *etc.* have to be taken into account (European Foundation, 2007b).

3.1 Instruments

WORKS has utilised a number of methodological instruments to investigate its research questions. For the issue of industrial relations, information from national organisational surveys can provide background information and a framework for understanding the role of different systems on changes in work brought about by restructuring. Occupational and individual level analyses can help us understand the attitude of particular occupational groups or worker types towards organised interest representation or the motivation behind individual *versus* collective orientations. In the end, workplace representation and industrial relations are strongly embedded in national, sectoral, and company structures which are best seen in the organisations in which work is taking place. Therefore, the organisational case studies provide the main basis for the analysis presented here.

The case studies examined here have been carried out in a variety of different European countries, in different economic sectors, in different business functions within those sectors and among different occupational groups. Although the sample is not representative, the description of processes is very detailed and the same set of issues and research questions were investigated along the various dimensions of country, sector, business function and occupational group. Thus a main goal of the analysis is to see how much variation can be explained by these levels, which level seems to have the greatest impact on industrial relations and the role of workplace representation, and what interactive effects are apparent.

Given that the organisational case studies are carried out at company level, another dimension that will be considered in the analysis is whether different organisational set-

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tings, work organisations, and the management of human resources, can be identified that have divergent effects on the role that industrial relations plays in value chain restructuring processes and on regulating work and employment.

In the following section, the defining attributes of each level are briefly discussed. This raises the question of what kinds of effects can be expected from these various levels of analysis.

3.1.1   Country effects

It is possible to identify similarities between countries in the EU in their policy outcomes and issues being negotiated with regard to changes in work. Nonetheless, there are still marked differences in the institutional configuration and types of response that different countries display to the challenges arising due to changes in work. The figure below shows the relationship between representation coverage and types of representation in different European countries.

Figure 3.1   The relations between representation density and type of representation between different EU countries (based on European Foundation, 2007a)
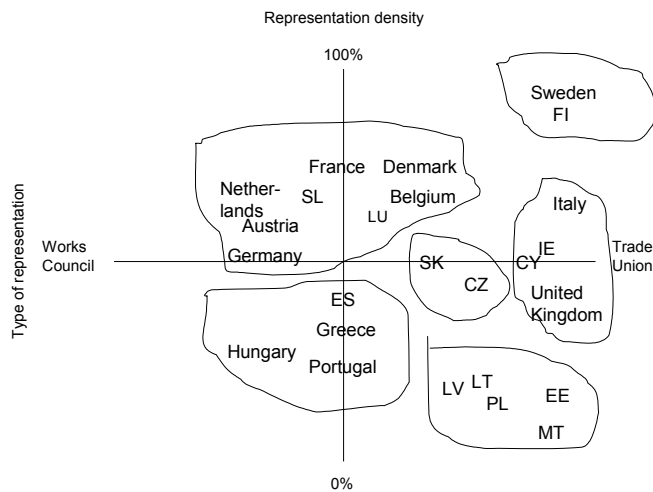
Taking the country level into account, both within an EU framework as well as individual national contexts, is important because the state has an important role as a regulator, enforcer and provider of infrastructures. This involvement also becomes visible in the formation of labour market intermediaries, social security systems, *etc*. The levels of intervention can have large effects on the ability of industrial relations actors to respond to restructuring challenges and on options for response.

One approach to analyse policy response and social dialogue is to identify regional types (Central Europe, Southern Europe, Anglo-Saxon, Eastern Europe, Scandinavia) to grasp the different responses characterising different institutional contexts. However, there is still quite a bit of divergence within region (for instance, between the countries of

Eastern Europe which have quite different levels of economic development, as well as between the countries of central Europe), given the differing trajectories of their institutional development). Another approach is to identify regime types in order to understand different orientations for policy paradigms at a general level (for instance, liberal *versus* corporatist *versus* social-democratic approaches). Most classification schemes make a distinction between levels of interest representation, for instance national *versus* local dimensions, the level of institutionalisation, the level at which bargaining takes place and the extent of its coverage. The general line of argumentation in these frameworks is the greater the level of institutionalisation, the more potential for reaction on the part of industrial relations actors.

Undertaking a comparison between country and institutional setting makes it possible to consider the role of institutional context in shaping the outcomes and changes in work in the cases under investigation here. Different regulation regimes and industrial relations types have traditionally been used as a major variable in explaining differences in organisations of work, determinations of working time and job security, skilling strategies, *etc.* The general line of argumentation in studies which classify different trajectories of institutional regulation is that the greater the level of co-ordination between institutions, the greater the potential protection for workers (Hall & Soskice, 2001; Gallie, 2007). The literature on country differences and regime types, both production and employment, tends to examine response to challenges in the economy through globalisation or restructuring at an institutional level. In looking specifically at the nexus between work or employment and interest representation, the analysis is often quantitative, identifying overall trends in employment and worker characteristics and then linking these results to different welfare state models or industrial relations models. When the analysis is qualitative, the empirical work often looks at one national case. Cross-national studies of industrial relations often take a meso level approach and thus it is the institutions of industrial relations themselves that are the object of investigation. The problem with such analyses is that they don't reveal very much about the actual effects of laws or institutional configurations or new institutional forms at the level of the work process itself, particularly under conditions of change such as restructuring across value chains. Company level studies and institutional level analyses, particularly of industrial relations, tend to exist in parallel, non-tangential worlds.

3.1.2 Sector effects

Different sectors have different traditions regarding the role of organised labour and unionisation. This sometimes also differs between countries, but there are also effects that are cross-national. The coverage of representative systems is greater in the public sector than in industry and service (ETUI-REHS, 2007). The same goes for union density. Traditional industries with large shares of male, core workers on permanent contracts have generally revealed high shares of union involvement. The automobile and metal working industries are often-cited examples. There are thus marked differences between sectors with high union density in the public sector, large companies and old industries as compared to low density in the private sector, SMEs and new industries.

In WORKS, the food industry can be characterised as the most traditional sector in terms of traditional divisions of labour and a high share of blue-collar workers. In tradi-

tional production industries in the private sector, the trade union density has seen decreases in most EU countries, with the exception of the Scandinavian countries (Visser, 2006). Partly this is due to the overall decreases in employment in these sectors. Nonetheless the food industry is one of the most organised among the WORKS cases and reveals interesting variation between country and to other sectors.

The clothing industry is an example of a sector that has experienced extreme losses of employment across Europe, a process of outsourcing that for low-skilled jobs in the textile industry had already reached a peak in the 1970s in the Northern and Central European countries and can currently be observed in Southern and Eastern Europe.

In the IT and private services industries, collective organisation in traditional labour institutions has not been very widespread. Again there are exceptions to this in Scandinavia and in some Belgium companies, mostly on account of the practice of having unemployment and insurance benefits be administered by labour institutions (Gallie, 2007). One reason often given for this lack of participation in organised labour is the high level of skills of employees who therefore have leverage in individual bargaining. Another argument is that traditional negotiation issues and priorities of union bargaining strategies, *i.e.* wages and working time arrangements, are less salient for this group. Other issues of bargaining may be of interest - such as work-life balance, working time flexibility rules, further training opportunities, careers in flat hierarchies, travel assignment regulation, *etc.* - which are not areas of consolidated union bargaining. Also the sector is quite diverse and the type of IT work and the organisation in which it is carried out can vary greatly, from small research units to large multinational IT systems providers, from applying standardised software to developing state of the art software systems. Some organisations are quite small and they often work in service and delivery relationships with larger client firms, which can lead to employment relationships within these firms that are often based on short-term fixed contracts, freelance status, *etc.* This diversity also makes sectoral organising difficult.

In WORKS, the public sector is examined in public administration services and in services of general interest such as the post and railways. It also plays a role in IT services through the examination of restructuring of IT service provision in the public sector. The public sector has enjoyed high levels of union density across countries, and unlike the private sector, has generally been able to maintain its membership levels.

3.1.3 Business function/occupational group

Business functions are generic processes that apply across a number of industries. They were a special focus in WORKS because restructuring involves a decomposition and recomposition of tasks that can occur within a company or sector. Thus the unit of company or sector may not be affected as such by restructuring across a value chain, external restructuring or offshoring practices, but what is actually carried out within a certain site or work organisation can change drastically. In WORKS we looked at the business functions of design, logistics, and production in the clothing sector, logistics and production in the food sector, R&D, software production and service provision to the public sector in IT, customer service in the public sector and services of general interest (post and rail). These divisions clearly show how differently work, restructuring activities and quality of work life can be organised along business functions within a particular sector.

Linked with the differences across business functions is also the various occupational groups within a sector which interact and intersect with the category of business function. Naturally, neither occupational groups nor business functions are homogeneous: differences in work task, employment conditions, skill level, *etc.* exist within these categories. Some groups tend to be quite diverse; for instance, logistics workers can vary from blue-collar warehouse worker to office workers negotiating with international customers who are responsible for worldwide product distribution. Both groups are affected when the business function gets restructured. With regard to industrial relations, the role for different occupational groups within a business function can, of course, vary strongly. These differences have a large impact on industrial relations because some business functions and occupational groups have a stronger tradition of participation in organised, institutionalised industrial relations than others. Some occupations, those in which employees with scarce, high-level skills or those in management level positions predominate, tend to participate less in institutionalised industrial relations. This observation has led to the argument that there is a growing trend towards individualisation in labour relations. Whether or not this is the case, or what the causes are, requires closer examination of the role of occupational group and business function in industrial relations. Occupational groups also differ in terms of status on the labour market (shortage *versus* surplus, highly-trained *versus* low levels of education). This also affects their participation in industrial relations as well as the leverage that particular groups have *vis-à-vis* employers.

3.1.4   Organisational settings

A final consideration of what explains the role of industrial relations in restructuring across the value chain is what we call organisational settings. One aspect behind the formation of organisational settings is the role of HRM systems, a topic that gained ground in the 1990s to explain working conditions in companies. The industrial relations system is built on collective action between organised labour and employers, sometimes supported by legislation, all being carried out on national and/or sectoral levels, while the HRM system builds on individual solutions based on company operations, business strategy and size. Labour issues such as wages, working hours, *etc.* are set between three parties (unions, employer organisations and the state) on a central level in the IR system while it is set between two parties (management and the employee) on the local level.

Another one of the simplest differentiation characteristics between companies is size. Yet, this can have a major impact on the role that industrial relations or individual company based policies play. Smaller companies tend to be less organised than large ones. A different style of personnel policy might be practiced in small companies and a different way of negotiating and carrying out interests. Further, specific company effects can be hypothesised: for instance, the particular history or tradition of a company regarding human resource practices or ties to a region, the role of the owner in formulating work and employment policy, *etc.* Most likely, organisational settings that make up specific company regimes interact with other levels of explanation such as sector, region or country.

Case studies cannot offer a representative view of country impacts or institutional effects of industrial relations. They can only place a particular case in a particular context and reveal to what extent the institutional framework or industrial relations systems affect

working conditions and quality of work life. Together they provide a window into how macro and meso level institutional configurations actually are operating and are felt at the micro level. This level of analysis also makes it possible to see alternative forms of mobilisation or protest that may be occurring outside of established institutions and systems. In particular this involves the role of social networks and occupational ties that may constitute a response to restructuring taking place outside of traditional systems, with different issues or methods. The information from the case studies are presented by sector and, if applicable, by sector and business function because this is the easiest way of organising the presentation of material. For sectors with clear institutionalised industrial relations organisations and actors, the material is also presented by country.

4 Participation and representation at the workplace: sectoral findings

4.1 The clothing industry

This sector study is based on fifteen case studies from eight countries in the European Union. The three business functions covered: design, logistics and production, usually resulted in case studies from the same organisation or a unit in its value chain. Practical considerations (business function did not exist or problems with access) resulted in slight deviations. The case studies provide sufficient data to form a picture in broad brushstrokes of the direction and characteristic developments in the industry. Where possible these trends are corroborated with recent results from other related studies. The clothing industry in Europe has been subject to extensive and extended restructuring during the past 60-70 years and is a textbook example of the development of globalisation. It started with radical changes in the textile industries when the producers of natural fibres began weaving textiles themselves. The impact of Indian cotton mills on the British textile industry is probably the most dramatic example. Pressure on textiles and on to the clothing industries continued. It is the complete closure of companies together with the outsourcing and offshoring over national boundaries that account for the radical shrinking of the sector in many European countries.

The clothing industry has been, is, and will continue to be facing difficult challenges. To what extent are the stakeholders in clothing companies managing to pull together to realise their possibilities to maintain a sustainable position in the market place? Are the social partners working together for optimal long-term solutions or focusing on their own interests, thereby suboptimising their solutions? What role can workplace representatives play in protecting work and employment under economically challenging conditions? Our cases show that national contexts and company features play important roles here, though the weak position of the clothing sector in the commercial and labour markets puts the unions on the defensive and leaves them with little room for manoeuvre.

4.1.1 Social partners tackling problems together or alone?

Many companies have closed, but many new have been formed. Some have become well-established outside their homelands, for example Benetton, Boss, H&M and Zara. Our cases indicate that companies tend to act independently of the unions in accordance with the (Friedmann, 1970) maxim 'the business of business is business'. A general principle is

to focus on those steps in the value chain that generate the most value-added.[3] In clothing, the high value added steps in the value chain are design, quality control, logistics and retailing. There is a greater concentration of people with academic and professional training in these functions, with a more individual approach to their work and a lower level of unionisation. Focusing on key steps leads to the outsourcing and offshoring of production functions that are usually staffed by workers with less formal training, a more collective approach to their work and a higher level of unionisation.

Design is a key function that all the clothing companies studied prioritise, although as a basis for different strategies. Some companies have narrowed their market, usually by focusing on the high end of the market. Others have successively divided the market into key niches, for example, by customers' age, size, or income. Some have kept to the 'two season' tradition (spring and autumn collections), others have systematically worked towards a 'seasonless' market in which new products are introduced continually.

Companies with design departments usually have their own retail chain or several main customers. These produce 'design prototype' clothes for their customers. This has led to the development of *prototype departments* - an important innovation in some companies, which are manned by expert cutters and seamstresses. This personnel has been specially trained and selected from their ordinary seamstresses. Thus in one case an ordinary seamstress does one or two sowing operations, whereas a prototype seamstress does more than fifty.

The *quality control* function gained added importance as the production function was outsourced or offshored. Its importance had been underlined by experience from the manufacturing industry and from the shoemaking sector. Quality control must ensure that the production staff fully understand and master what they have to do and to monitor that the work is carried out as and when it should be. This function was either new or extended in most of the cases studied.

The *logistics* function took on a new character in most companies. As with quality control, the function is expanded to meet the extended production network following outsourcing and offshoring. Here there are two main types of systems: production-oriented systems and distribution-oriented systems. The former allow for the assisted planning and execution of the cutting of material for efficient utilisation of resources and for preparing sowing kits for seamstresses. The latter is made up of two types of distribution-oriented systems. The one is for conducting the production process between the head office and the network of production facilities in different countries. The other concerns the delivery functions to the network of customers or retail outlets in the company in question. This function is highly dependent on the use of information and communications technology (ICT). Companies for which these logistic systems are of a sensitive commercial nature do not rely on standard systems but develop tailor-made systems for their particular needs (Docherty, 1997). Thus the prioritising of logistics often requires marked developments in companies ICT capabilities requiring heavy investments in personnel, technology, software and training as well as developing new routines and work organisations.

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[3]   This principle is also often used in the food sector. For example, in coffee production today, 94 *per cent* of coffee beans are still green when they are exported from producers. Beans are first treated by importers in industrial countries (Román, 2008).

In developments in the French clothing industry in the past fifty years, 40 *per cent* of the market has been taken by firms establishing their own *retail chains* (Muchnik, 2007c). Such developments entail adding a new business function to the company with, for example, new real estate acquisition, business capabilities in sales, marketing, advertising and HRM, new personnel, new technology. In other cases, clothing retailers have acquired production facilities, for example their former key suppliers (Makó, Illéssy, Csizmadia & Mazsu, 2007). However, the integration of *marketing and sales* with design and production has an important element in business strategy, whether as forward or backward integration. Thus, in summary, management has faced the market challenges on the premise that 'the business of business is business'. The challenges are issues that can best be addressed by management, keeping the unions informed on a need to know basis.

4.1.2 Business strategy impacts on management: staff relations in the clothing industry

The European Commission aims to ensure sustainable growth. Sustainability entails a triple bottom line: economic, social and ecological. The stakeholders focused in the cases are the investors (represented by management) and the employees and their unions. Even, if in the best of worlds, all stakeholders have a balanced view of the triple bottom line, most prioritise their specific interests. Thus management have economic sustainability as their primary goal, while the employees and their unions have social sustainability as their primary goal. Table 4.1 presents management's efforts to ensure sustainable business through their restructuring strategy, and their dialogue with personnel and their representatives on these issues.

Considering the companies' measures taken, it is meaningful to view personnel as grouped in two broad categories according to their tasks, namely 'non-routine' and 'routine' (van Eijnatten, Shani & Leary, 2008). The classifying dimension here is primarily the individual's discretion or degrees of freedom, though in many cases this relates to their education and experience. Thus prototype seamstresses are non-routine workers, whereas line seamstresses would be routine. Similarly, carmakers at Volvo Uddevallaverken were non-routine workers who individually assembled entire cars, while they were still manual workers. The former include people working with design, quality control, logistics, and ICT. The latter include the majority of production personnel. In many of the companies such non-routine personnel were not unionised. They tended to be more oriented to their profession than to the company that employs them. For example, designers appear to have a more individual than collective conception of their work and do not regard joint agreements as relevant. In Portugal, designers solved conflicts with management directly through the courts. Non-routine work is, however, becoming more subject to cost constraints, imparting the work with wider tasks and new skill demands with new ICT applications in design work and new language demands in international markets (Brödner, 2008).

Table 4.1 Clothing and textiles: restructuring and interest representation

Country	Size	Restructuring type	Institutional forms of representation
Belgium	1,482 employees	Offshore China and Rumania, Hungary and Tunisia, Conversion of stitching unit into prototype department by enlarging the design unit	Trade union membership
France	400 employees	Strategic reorienting from production to strong presence in distribution (logistics as a key business function)	Workers council with officially 10 seats (fewer are occupied)
Germany 1	144 employees	Partial verticalisation: concentration on core competencies (design, marketing, ICT based logistics), outsourcing of production	Works council with 7 members
Germany 2	745 Germany (150 logistics) 600 Rumania	ICT and retailing 'shop in shop'; outsourcing plus subcontracting	Germany: part of clothing union - class
Germany 3	240 employees	Takeover in 2001 by Europe's largest department store, organisational restructuring and a loss of economic independence	Works council with 9 members
Greece	260 employees	Opening a plant in neighbouring Rumania and more outsourcing to Bulgaria, control of subcontractors	All production employees are represented by the union (branch union confederation)
Hungary	800 employees	Buy-out by marketing firm, transregional outsourcing of the production process and support activities, only hi-end in Hungary	A trade union and a collective bargaining agreement at the company level
Italy	1,215 employees	Outsource manufacturing of first samples and offshoring of manufacturing, stores/sales network	Workers' representatives organisation
Netherlands	Plant in NL 400 employees, plant in Ghana 8,000 employees	Outsourcing of cloth production and some printing, insourcing of distribution, market research and marketing, flagship stores marketing	Dutch labour law requires the establishment of works committee for 50+ workers, election for reps
Portugal 1	12 employees	Inclusion of organic garments, outsourcing to Rumania, decrease of production by moving the entire lingerie activities to other areas, 75% outsourced	None
Portugal 2	At group level 250 employees, individual level 40 employees	Establishment of new products and services new technologies in logistics and warehousing, insourcing of ICT, take-overs, transport outsourced	No works council at the group level, team leaders represent the teams
Portugal 3	24 employees	Moving towards general consultant to other cos. in value added functions (R&D, samples), outsourcing of chemical lab tests and pattern-making	None

Table 4.1 Clothing and textiles: restructuring and interest representation. Continued

Country	Size	Formal arenas	Nature of dialogue
Belgium	1,482 employees	All legally prescribed arenas as works council (formal info.) SA 8,000 certification No EWC (no EU role)	Info. via company magazine, biannual meetings, staff well-informed
France	400 employees	Works council, infrequent shop steward meetings	Mgt. unconcerned by union action, workers informed responsible and loyal
Germany 1	144 employees	Works council meets less often than legally required	Good relations, regular negotiations - no EU role
Germany 2		Works council, logistics only bargaining function, EU no role	Union influence lower, but still good relations
Germany 3	240 employees	Sustainability policy still pushed, works council still internal influence, EU no role	Long-term participation, constructive meetings with mgt. info. & news
Greece	260 employees	Mgt. consciously pragmatic, union demand support for small cos.	Practice better than national average, good severance agreement
Hungary	800 employees	Liquidation regulations go before all else	No warning of layoffs, union takes no initiative, jobs go before all
Italy	1,215 employees	All legally required bodies exist: high social responsibility	Information, not consultation or negotiation
Netherlands	Plant in NL 400 employees, plant in Ghana 8,000 employees	Good union/management relationship, works council	Negotiations led to a social plan for redundant workers (early pension, job transfer)
Portugal 1	12 employees	No formal union info, works forum appointed by mgt.	Unions only allowed for production
Portugal 2	At group level 250 employees, individual level 40 employees	None	No unions in the company, no negotiations, team managers workers' spokesmen
Portugal 3	24 employees	Open door to owners, annual general meetings - free discussions	SME with no unions ongoing dialogue between managers and employees

How has the focus on value-added functions impacted the social dialogue and representation? Some managements do not regard unions as relevant in non-routine departments, though logistics experts retained bargaining rights in a German company in this study (Nierling, Bechmann & Krings, 2007). Thus the personnel were not simply entitled to information on conditions of employment and conditions of work, but could even negotiate on certain issues. Differences are apparent in the management's treatment of routine and non-routine workers. While there are formal personnel development programmes for non-routine workers, routine workers learn on-the-job, by being placed beside a more experienced worker. Personnel functions for routine workers may well be limited to wage administration. Their probable future in companies is being phased out through closures, rationalisations and downsizing.

In the 1960s and 1970s, union activities could be roughly grouped into two broad categories concerning 'conditions of employment' (job security, working times, wages, health and safety and sick benefits) and 'conditions of work' (work organisation, competence development, participation and production development). In the 1980s and 1990s turbulence on the labour market has left the unions little room and resources to address issues of 'conditions of work'. The main focus has been 'conditions of employment' and, more often, simply 'saving jobs'. Several cases reveal how far this has gone:

- exploitative, non-transparent HR practices, or simply, no HR procedures (Muchnik, 2007b);
- wage levels not revised over several years (Makó, Illéssy, Csizmadia & Bácsi, 2007; Muchnik, 2007b);
- lack of information regarding decisions on layoffs, outsourcing and offshoring (Makó, Illéssy, Csizmadia & Bácsi, 2007).

The usual reason for outsourcing and offshoring was to reduce costs, but in some cases, to come nearer to customers to ensure better and more timely service to customers, or to circumvent current or potential protectionist regulation in attractive markets (Vasconcelos da Silva, Woll & Moniz, 2007). In the case of Geisha, a foreign subsidiary of a Dutch firm, for example, the business strategy was active and innovative to protect an established foreign market (Hoogenboom, Bannink & Trommel, 2007).

The unions in the European clothing market have little room for manoeuvre. The threat of closures is clear to all, and often silences union representatives, an example of 'learned helplessness' (Lennerlöf, 1986). Even managers in companies studied refer to radically different understandings of the concept of 'social justice' at different levels in their corporations (Krings, Bechmann & Nierling, 2007b). Unions abstain from taking initiatives and employees 'reporting sick' becomes a means of registering protest (Makó, Illéssy, Csizmadia & Bácsi, 2007). Work councils have become arenas for receiving management information. Consultation and negotiation are seldom, if ever, on the agenda. New arenas for information are formed by management, who appoint all members. As yet there is no sign of the impact of the considerable regulatory activity of the European Commission in this sector. For example, European works councils were not relevant or realised in these cases.

4.1.3   Summary of workplace representation in the clothing industry

The social dialogue in the clothing industry is glaringly marked by its absence. Little interest in the unions is shown by management or by the knowledge-based professional personnel in leading business functions. The unions are the only alternative that the production workers have to collectively present their needs, grievances and ambitions. However their position in most countries is very weak. They have few ideas, seldom take initiatives and do not feel they are capable of formally challenging management on any issue. However, the resources and manoeuvrability of the unions may well have been eroded by previous waves of relocation and outsourcing, aggravated by the shift in the international division of labour. Work councils, in those cases where they function, are arenas for information and limited discussions, not for proactive consultation or negotiation.

In terms of social sustainability, the broad majority of the companies in the study are, at best, stalled on the starting line, namely, their managements have come no further than at best to comply with the thresholds for representation and influence spelt out in legislation, government regulations and joint agreements. Thus the picture is somewhat better in, for example Germany and Scandinavia, where considerable legislation exists and joint agreements that both provide a meaningful platform for union action, and couple influence and representation to broader concepts of efficiency, effectiveness and sustainability, easing management misgivings. This forms a platform for 'win-win' solutions, guaranteeing benefits for all stakeholders, shareholders as well as employees. Thus, the German company, Eco-clothing, had an integrated economic-ecological-social sustainability strategy when it was acquired by a larger corporation that had not given that issue priority. However, the corporation allowed Eco-clothing to continue its sustainability programme on the condition that the projects launched were economically viable, *i.e.* showed a net benefit for the company.

Eco-clothing had the advantage of working in a societal context providing broad support for the social dialogue between management and unions in the company. In addition senior management were committed to the stakeholder, as distinct from the shareholder, perspective and valued having employees as a partner, formulating a social dimension in the company strategy. Company B in Greece was yet another example of a company with an SME founder/owner who had a stakeholder relation with his personnel, taking up initiatives from the company union, agreeing, for example, on wages and severance benefits clearly above those stipulated in the national agreements (Gavroglou, 2007a). These cases underline the importance of values, norms and policies in senior management that respect and strengthen the role of the employees and their unions and the social dialogue in the company. The Greek union was also exceptional in this sector study in maintaining that government action should be directed to helping SMEs master their difficulties, rather than focusing solely on measures for unemployed laid off from such companies.

4.2 Food sector: logistics and production

Table 4.2 Food sector restructuring and workplace representation

Country	Size	Restructuring type	Institutional forms of representation	Actors in/ nature of dialogue	Arenas of negotiation
Belgium	80,000 worldwide; 7 in logistics export dept.	Offshoring of export logistics dept. to E. Eur.; reorganisation of logistics	High *per cent* in trade union; national, sector agreements; works councils	Union-employer nat'l level agreements; sector agreements; works councils	Wages and benefits Working time, benefits, training; info/consultation, company conditions
Bulgaria	607 in Bulgarian sites (reduced from 1,200); logistics, 70	Takeover by multinational; reorganisation of prod. and centralisation of logistics	About 70% in 3 unions	Workers reps and comp. management agreement; individual forms of redress	Adoption of collective labour agreement; bonus, social benefits
Denmark	25,000 total; 1,450 in new plant	Centralisation of slaughterhouse work; outsourcing of some activities	Over 90% in trade union; works council in plant	Safety reps; union agreements with co. management	Safety; flexible working time arrangements, access to retraining
Greece	100 in Greece; 35 in E. European site	Offshoring to E. Europe	100% in 'independent' union	General collective labour agreement; in E. Eur. plant level	Wages, benefits; E. Euro plant; special provisions of clothing and food
Italy	2,400 in main site; 52 in outsourced site	Outsourcing to site in southern Italy	60-70% union membership; national and sector agreements	National & sector agreement; workers reps at plant level	Flexible working time arrangements; safety
Norway	1,100 worldwide; 140 in sales and distribution unit	Transfer of employment to new employer; buy-out	15-20% in trade union	Management and labour consensus	Wages, benefits
UK	80,000 worldwide; 2,500 in UK, Scotland and Ireland	Take-over by multinational; reorganisation of production and logistics	Company level union participation in the production/warehouse area was high, but diverse across plant, so no exact numbers are available	Trade unions and plant management	Wages, job content, flexible working time arrangements

The food industry as a sector and production workers as a group within it have high levels of participation in organised industrial relations institutions. This is reflected in the union density levels of the cases from the food sector in WORKS. Among the cases for which data is available, the percentages within the companies can be found in the table above.

What the percentages of union density in the plants do not reveal is the actual role of the unions and the large variation of their embeddedness in larger institutional contexts. This will be discussed in the summary of the sector.

There were similarities in the issues that were negotiated by the unions or works councils in the different plants in different countries. The bargaining centred on topics of working time, wages, safety and health issues (such as work with chemicals or physical stress), *etc.* Working time arrangements were a major topic for the food sector cases. This was due in part to seasonal fluctuation both in the availability of raw materials and resources as well as customer demands which led companies to seek high levels of flexibility in time use and led employees to seek ways to regulate time use and protect wage levels.

None of the cases revealed active involvement of industrial relations actors or workplace representatives in the restructuring process beyond being critical of restructuring or in trying to deal with its after-effects. It should also be pointed out that for many workers, their actual work or employment conditions in terms of time, pay, or content did not change dramatically from pre-restructuring conditions. When there were effects, they usually derived from the fact that the remaining workers were the survivors of redundancy waves. This led at times to feelings of job insecurity, mistrust of management and defensive forms of interest representation. In the food industry, restructuring often involved a segmentation of working conditions between core workers and the use of less skilled (and poorly paid) precarious or seasonal workers both within countries and across national boundaries. In the following, the cases are described by country in more detail.

4.2.1 Denmark: centralisation of slaughterhouse work

In the Danish case, over 90 *per cent* of the workers in food production were unionised. Traditionally the union - company relationship tended to be quite contentious in which strikes were not uncommon in bargaining disputes. The union was a strong negotiator for traditional issues of maintaining wages and normal working time arrangements. 'Slaughterhouse workers are mainly represented by the shop steward from the Danish food and Allied Workers Union. The new plant has one full-time working shop steward and one person responsible for time studies' (Gorm Hansen, 2007: 17).

4.2.1.1 *Issues and consequences for work*

One major issue for workplace representatives in the plant is safety. The safety representatives meet once a month with line managers and once every six months in a larger group which includes a top manager and the shop steward. The communication within the plant between worker representatives and management was described as good and prevented small grievances or problems from becoming large conflicts. 'In addition to the works council, the new plant established smaller department councils … to solve acute,

local problems or disagreements' (p. 17). This structure 'works as some kind of organisational safety valve in a culture with long traditions of conflict and strikes' (p. 17).

Nonetheless, the union was seeing its position weakened by the wave of redundancies that had occurred, the company's use of outsourcing, and the existence of the 'potential threat' of relocation and ongoing automation. This was the case despite the company's position that the high level of quality required for customers and the strict regulations for transporting animals made outsourcing of the main slaughterhouse tasks difficult and unlikely. Union strength on traditional issues was reflected in regulations on time use. Although the company demanded flexibility in time use to increase capacity utilisation of its expensive automated lines, it entered an agreement with the union that added a shift, but which resulted in a working time regulation that was actually more beneficial to workers, since it gave them more vacation time in the course of the working year. This case contained an example in which differences in regulation between countries did trigger outsourcing: certain labour intensive work tasks were outsourced to Germany where the subcontractor was using non-unionised Polish workers with much poorer terms of employment than their Danish counterparts. There was no mechanism for cross-national organising on these employer strategies. Characteristic of traditional production sectors, the Danish union concentrated on protections and regulations for its core work force.

Union activities that reflect the more proactive and broad based orientation of the Nordic countries was the pursuit of a strategy to improve access to retraining, apprenticeship and skilling for production workers given the fears of more job loss due to relocation or other forms of restructuring. The union position was that prioritising future employability of the workers was more important than obtaining short-term wage gains.

4.2.2   Italy: production and packaging of frozen food

The Italian core plant has a union density of 60 to 80 *per cent*. The union and the management of the main, core company (ND) were reported to have a good co-operative relationship, with the company reputedly practicing good personnel and employment policies. Participation in trade union initiatives is reported as high except that the rates are lower among younger workers and among non-EU immigrant workers. The restructuring involved the outsourcing of some packing functions to a plant in another, less regulated, part of Italy. Both enterprises in the case study have workers' representative groups. However, the outsourced site has worse working conditions (less pay and more working hours) than the main plant. In general, 'current legislation in Italy lays down few restrictions on [options of restructuring] especially if these do not entail job cuts or transfers' (p. 17). There was criticism from the unions on the decision to outsource, with the charge that the company was trying to use the less favourable labour regulations in southern Italy to cut costs and undermine labour conditions. 'According to trade unions … there is a will to exit a territory that is more thoroughly regulated. Over the past few years … there has been "an all-out assault" on the industry-wide provincial agreement' (Pedaci, 2007a: 7).

'The outsourcing of a portion of the production of vegetables has not so far entailed staff transfers or redundancies… The decision to outsource was motivated by insufficient productive capacity… Initially, the firm asked workers and trade unions to change (loosen) regulations governing working hours and overtime… Trade unions firmly

rejected the proposal and ND thus relied on outsourcing… Outsourcing strategies are rarely discussed with workers' representatives' (*ibid.:* 11). Although the outsourcing did not negatively affect working conditions in the main plant, either in terms of working time, pay, or job loss, 'outsourcing seems to have undermined the company's relations with the local territory as well as with workers and their trade union representatives' (*ibid.:* 7).

Italy is a case in which large regional differences in worker protection exist. The food sector case reflected this split between the main plant, located in northern Italy and a large enterprise, *versus* the smaller outsourcing site, located in the south. This is possible because of the complex varieties of levels at which collective agreements get negotiated. There is a national collective sector contract as well as a second level of bargaining at the enterprise or territorial level. Furthermore, bargaining is not only horizontally organised by sector, but also vertically by company type: large, SME, crafts and co-operatives. In the end, this leads to a high coverage level of basic regulation through national sector agreements, but a large differentiation in the actual protection or regulation of working conditions by region and company type. The two plants in this case study clearly reflect these differences. Besides the minimum standards on information and consultation, environmental issues, workplace health and safety and working hours, the local level agreement at ND additionally sets minimum standards on issues relating to pay.

The plant negotiates its collective agreement as part of the agriculture sector, although it is an industrial enterprise because of its links to the food harvest. This sector has negotiated unusual working time arrangements based on an overall annual working time to meet demands of seasonal fluctuations. 'Workers at both the main and outsourced plant have an industry-wide agreement for agricultural co-operation' (p. 9). The contract makes them formally fixed-term workers: their contract expires on December 31st and is renewed on January 2nd with a fixed number of days to work.

4.2.3 Norway: take-over of a fishing operation

The Norwegian case study is an exception to the food sector's usually strong industrial relations tradition as well as Norway's high levels of unionisation. Employees in the fish industry have a union (Norsk Naerings-og Nytelsesmiddelarbeiderforbund). However, at the new company FC, the percentage of union membership lies only at 15 to 20 *per cent* in fish farming and only 10 *per cent* in the more industrialised and lower-skilled process of filleting and packing. The human resources manager reported that 'union representatives are surprised when they visit us and learn about these low numbers' (Saetermo, Torvatn & Dahl-Jørgenson, 2007: 28). The restructuring described in the case study mainly involved a formal transfer of personnel to a new employer in a buy-out transaction. 'When the sale was agreed upon, negotiations of issues concerning the AS Marine (the original company) employees focused on wage scales, retirement benefits, *etc.*' (Saetermo, *et al.*, 2007: 28). The employees actually gained economically from the merger because the new company had slightly better contractual conditions. Although the workers' involved in the restructuring were now part of a much larger (but still Norwegian-owned) value chain encompassing fish farming, processing, packing and international distribution, their work situations only changed marginally. The company was a family-owned locally embedded enterprise that was known for its paternalistic personnel policy. This is appar-

ently not an unusual situation for the Norwegian fish industry. Informal communication dominates the interaction and negotiation between labour and management. In fact, the management were involved in negotiations on regulating work conditions for the transferred workers.

One consequence of restructuring for informal communication in the company is that increasing work intensification, especially for management under the new ownership and restructuring arrangements, is leading to more formalised and organised forms of communication since there is less time and opportunity for informal, face to face encounters.

The case study authors point out that traditionally the fish industry in Norway was in the hands of small local owners, a condition that was supported by government policies of favouring local actors when granting fishing licenses. Increasingly, the industry is characterised by a concentration in ownership so that larger companies are increasingly listed on the stock exchange and thus of interest to foreign investors. To stem uncontrolled merging, the creation of huge companies, and the destruction of local owners, there is a regulation that prevents companies from owning more than 15 *per cent* of the fishing licenses. This case reflects conditions in the relatively small-scale operations characterising the industry in the past. In this regard it is a contrast to the larger conglomerates in the sector. The lack of union presence, the use of local Norwegian labour on regular contracts are rare in a sector in which ethnic labour on temporary contracts is used for the lowest skilled labour in processing or in which the fish is sent to sites in Asia to be processed offshore. It is an example of a company that is strongly embedded in a local community and whose policies for the local work force reflect this.

4.2.4   Greece: outsourcing frozen food production

The Greek frozen food production plant workers are all represented by an independent union. 'The union is rather distinct from most other unions in that it is not affiliated with any political party or sector union confederation' (Gavroglou, 2007b). The technicians, however, do belong to the national union of technicians. The restructuring in the plant involved the acquisition of a plant in Bulgaria to secure the source of raw materials. Additionally, some of the processing and packing activities were also outsourced to the Bulgarian site. There was a complete lack of institutionalised, informational or consultative procedures between the workers and management regarding the restructuring. Workers were informed after the fact. The union was not informed of the restructuring plans. However, the workers' representatives did play a central role in reassuring the work force that their jobs were not being threatened by the restructuring and this was indeed the case in the first stages of the process. However, the workers have no formal protection that this will continue in the future, since no contractual guarantees were made. Negotiations on work, supported by the general collective labour agreement, tend to concentrate solely on wages and benefits. 'There are no institutionalised information and consultation rights other than the general ones applying to all unions under the national General Collective Labour Agreement' (*ibid.:* 14). At the Bulgarian site of the company, the workers' demands to management focussed on the provision of more reduced-price food and work clothes. The Bulgarian site has benefited from the outsourcing through the introduction of European standards for health and safety. There was no contact reported between worker representatives in the two sites.

4.2.5 Bulgaria: integration in a multinational beer operation

The trade union density at the Bulgarian beer brewery investigated in WORKS is reported to be at 70 *per cent*. Three trade union organisations are present in the plant: the confederation of independent unions, the association of democratic trade unions (ADTU), and a union called 'Podkrepa'. Workers' commitment to union association is nonetheless portrayed as being *very tenuous*. Some workers suggested that high union membership can be attributed to rumours that 'if they do not become members of the union, they will not receive benefits'. Others reported that they 'did not remember' why they joined, or remarked that 'unions dues are not high' (Stoeva, 2007: 18). The ADTU union representative pointed out that the other trade unions are 'pro-governmental at national level and pro-management at the level of the brewery' (Stoeva, 2007: 18). Another form of representation is the committee for working conditions, which was formed in response to a clause in the collective labour agreement. However, in this plant it had not met for over a year.

Expectations of the workers' representatives on issues such as job protection, influencing restructuring, or negotiating terms and conditions of employment seemed low. The only, but from the employees, highly-welcomed, outcome of negotiations between workers' representatives and the company management was the adoption of the collective labour agreement which included a package of bonuses and social benefits.

The trade union leaders criticise the workers lack of interest in participating in forms of collective organisation. Workers are reported to seek an individual solution to conflicts, either by speaking directly to management, or when necessary, by pursuing legal channels. This keeps the role of workers' representatives weak. Although now belonging to a large multinational corporation, the union representatives see little opportunity of being involved in collective activity at a European level because 'access and information is difficult to obtain'.

Restructuring, which involved the take-over by a multinational company, the concentration of activities at specific sites and the closure of some units, did lead to job loss. For the core workers remaining, there was no impact on work contracts. Beer AD does make use of a precarious work force through a subcontracting company that hires low-skilled, low-paid workers to cover seasonal demand, who are not covered under the sector agreement. Workers' representatives have no say on this issue.

Within the logistics department (the warehouse workers), the work and employment situation is similar to the production department, including the role of worker representation. However, management and workers do seem to regularly communicate at an informal level.

4.2.6 Belgium: logistics in a multinational beer operation

Occupying the logistics business function and being a case study on office workers, makes the Belgian case unique among the food sector reports. The case involves a large multinational brewery that had undergone a number of restructurings in the last years: buyouts of breweries across Europe, the take-over by an international beverage corporation, the introduction of a centralised logistics system. This case study dealt specifically with the

reorganisation of the logistics function in the corporation and the offshoring of administrative functions to new sites in Eastern Europe.

The background with regard to industrial relations is the membership of most employees in a trade union. Moreover, the Belgian company is anchored in a regulation context that involves the national, sectoral and company levels. National level agreements frame the basic conditions for wages and benefits, the sectoral level cover more detailed agreements on working time, wages, and training. Works councils at company level should have informational and consultation rights for issues such as restructurings. Also, all employees should be regularly informed of company conditions, plans, *etc.*

In Benelux the formal regulations regarding restructuring that could not be bypassed were implemented. This meant in practice that employees with seniority could not simply be made redundant. However, the options pursued by the company were strong pressure for early retirement for workers over fifty and the relocation for the remaining employees in other areas of the company, so that employment per se was protected, but not the 'job'. It led often in practice to the content of work and the use of qualifications being downgraded which led to dissatisfaction. The unions had no power to rectify this situation because the letter of the law had been observed. At the company level, there appeared to be little recourse when the management did not meet their obligations to employee representatives, for instance in establishing European works councils or engaging in a dialogue on the options for dealing with restructuring.

In the larger regulation framework, conditions for active core employees are protected, redundancies are costly and institutional roles and relationships are well-defined. Nonetheless, redundancies and job degradation were both outcomes of the restructuring process. The company simply had to follow formal regulatory guidelines and be willing to outlay the money to achieve their goals.

4.2.7   UK: production and logistics in beer operations

The case in the food sector covered workers in the production and logistics function of a multinational brewery. The plant was part of a large global network of beverage producers and the restructuring involved the take-over of the brewery by a large multinational in 2004 and the subsequent introduction of various change programs. The UK is generally characterised as the prototypical case of a 'liberal' market-based regime having little institutionalised employment protection mechanisms and low influence of worker representation. In fact, although exact numbers are not available, the plant and the sector in general were described as being strongly unionised. For the restructuring process this meant that, 'changes in terms and conditions took place in negotiation with trade union representatives and officers' (Dahlmann, 2007b). Thus at least for traditional issues of negotiation, union participation was mandatory. Wage levels were maintained, and the jobs did not change dramatically in the production area, except in the demand to be responsible for more than one machine/task and to work toward performance targets. However, there were also rounds of 'voluntary' redundancies and implicit threats from management that not working under the new procedures and flexibility requirements would have negative consequences.

In the logistic case study, which covered blue-collar workers in the warehouse, the picture is similar. One difference is the annual working time arrangement (as in Italy)

rather than regular weekly hours to deal with seasonal fluctuation. The overall working time amount does not change, but in peak times there can be very long working days which are compensated by time-off in slow periods.

Basically the overall labour relation with management in the UK plant appears distrustful and somewhat contentious. Workers strive to defend the working arrangements and terms and conditions that they have achieved, partly due to a fundamental mistrust towards the management and its objectives.

4.2.8   Analysis of work representation and restructuring in the food industry

Although there are differences between country in the institutional structure of industrial relations and differences in the role of industrial relations institutions in determining working conditions in the food industry, the categorisation in existing typologies is less obvious. The Norwegian food company had low levels of participation and a 'family' type company structure, although the union density in Norway is high and laws supporting collective bargaining and union participation are highly-developed. The Italian companies revealed regional differences and effects of company size within a general system of strong regulation for traditional topics: the setting of wages and working time for core workers. Yet, informal 'trust' relations between workers and management in the main plant were also emphasized as defining industrial relations in the Italian case. The Danish company existed within a framework of strong national regulation and a national union organisation thinking strategically about an industry that was affected by globalisation and had already experienced rationalisation and staff cuts. They were doing this by trying to push for EU regulation that would strengthen laws on food security and quality, thereby giving high quality (expensive) food production an advantage over purely low cost strategies, and by setting the improvement of the educational and qualification level of employees as a priority in negotiations. At the plant level, the orientation was to protect core workers and secure their existing work and employment conditions in mainly traditional areas (wages, time).

Most of the countries in this sample had national level agreements for the traditionally organised food sector. These agreements set very general frameworks for wages and working time. At the level of the plants, the agreements became more detailed, especially in cases which had formal workplace representatives. Yet overall, there was a marked lack of voice or influence in restructuring. Existing institutional arrangements and regulations were ineffective in this regard. Furthermore, an overreaching finding for the food industry was the tendency for regulation to protect core work forces, thus fostering a dualistic system of protection. Precarious workers and workers who were losers in the redundancy waves had little leverage in this framework. Moreover, even given the integration in ever longer and more global value chains, the orientation of industrial relations remained strongly national, if not regional or even company centred. Thus, there were several examples of companies with a protected core work force outsourcing 'bad' jobs and working conditions to other countries, regardless of the coherence of the institutional structure in their own country. Two examples are Denmark's outsourcing to unprotected Polish workers in Germany, or Bulgaria's and Greece's use of precarious work forces (Roma workers in Bulgaria) to deal with seasonal fluctuation in harvesting food.

Our cases involve mainly multinational companies with a worldwide distribution of products, although the individual sites are sometimes small, the remains of previously independent producers. The cases reveal that the production sites are strongly embedded in regional and local contexts. If workers are not directly affected by redundancies, the local actors often do not experience major changes in their actual working and employment conditions due to restructuring across the value chain. This tendency is strengthened in cases in which worker representatives are active in a sector which, in general, displays a high level of organised industrial relations across the country spectrum presented here.

4.3   IT sector

The IT sector is a diverse array of companies that greatly range in size and in the spectrum of IT functions that are carried out. Moreover, IT is often a function that is integrated in other industrial sectors. The IT sector is generally not very well-represented institutionally in industrial relations, partly a result of its diversity, integration in other industries, and the knowledge workers characterising its work force. In WORKS we divided the IT sector into three different business functions for selecting our case studies. The way in which tasks are divided across the value chain varies by business function, the organisation in which the business functions are anchored also differ, as well as the type and level of work that is carried out. This should also be reflected in the organisation and institutionalisation of workers' representation and thus it is useful to look at the business functions separately.

4.3.1   The business function of IT R&D

In our sample, there were generally low levels of participation or representation in formal structures of industrial relations. Of the six cases in this business function, only three had formalised systems of industrial relations and in these three, there was very little active participation in any type of collective representation. Part of the reason was the size of the companies in this business function: except for the French firm, which was the R&D department of a privatised telecommunications company, the companies were all spin-offs or start-ups of previously university laboratories. Although potentially part of larger multinational enterprises (Norway, Austria and the UK), the companies on the whole retained a small unit research atmosphere and were also quite autonomous in day to day research activities.

Table 4.3   IT R&D restructuring and interest representation

Country	Institutional form of interest representation	No. of workers	Restructuring	Actors in/nature of dialogue	Arenas of negotiation
Austria	Yes	65	Creation of new R&D units between univ. and industry	National collective agreement; company level agreements	Wages, seniority; protection of overall working conditions
Germany	No	16	Spin-off of univ. lab; new company formed after bankruptcy and withdrawal of private investors	Individual employee-management agreements; labour law	Wages, working time; working time frameworks
Belgium	No	25	Univ. spin-off; privatisation	Individual employee-management agreements	Wages; performance
Norway	Yes	30-35 in research unit (11,000 worldwide)	Takeover by large US company	Labour law; local worker reps and central company management	Working time arrangements, parental leave
France	Yes	4,000 in R&D	Privatisation; centralisation of R&D	National agreements	Wages, working time
UK	No	16 in UK lab	Offshore unit of Japanese company; decentralisation; redistribution of R&D functions across value chain	NA	NA

The three cases with institutionalised worker representation

In Austria, collective agreements exist for non-university research centres as well as for the IT sector which regulate wages and seniority rules. Given the non-uniform, diverse character of the IT sector, this is unusual and certainly a large victory for the national level unions. In practice, the collective agreements provide a framework and a 'bottom-line' of protection, but there are a number of contradictions and exceptions for the employees involved in the R&D unit who have both a works council and a union negotiated collective agreement. For one, a number of employees are students with quasi-freelance contracts who work part-time and are not covered by the collective agreement. 'This configuration offers specific opportunities for employers. Students represent a skilled labour force, bring skills and knowledge to the job that are not certified yet, and are likely to accept more flexible contracts' (Holtgrewe, 2007: 21). For another, the lab was created to bring a dynamism and flexibility for rapid technology transfer that was seen to be missing in larger, more bureaucratic research environments. 'This is somewhat at odds with the provisions of a collective agreement that has been negotiated for larger research organisations' (*ibid.*: 22). Thus workers tend to have widely flexible hours, sometimes working through the night, and look for interest representation to protect their overall working conditions rather than regulating specific aspects of their tasks. Moreover, the works council is not located on the premises, so that 'the works council is not perceived as much of a presence in the labs' (*ibid.*: 20) and has to be specially invited when problems or conflicts arise. Another problem is that 'the works council's power to regulate contractual issues is effectively limited by the individualised situation of negotiating contracts and pay rises with the professor' (*ibid.*: 21).

In Norway, labour law regulates working time and parental leave and is applicable also to small companies such as the IT R&D case. This sets down a 37.5 hour workweek and five weeks of vacation. The actual practice of time use is described as highly flexible, with some employees working at night. Many of the employees are members of the trade union for engineers and scientists, although this might be due to the management of unemployment and social security benefits through the unions. Two examples demonstrate the uniqueness of the Norwegian case, which can be linked back to the particular configurations of the Norwegian institutional framework. Norwegian law stipulates that parents receive one year of paid leave divided between them as they wish. However, the State only pays up to a certain limit which is often lower than the average male wage. At the company under investigation, the company pays the difference between the social security contribution for parental leave and the actual wage. On the other hand, the company is not a member of an employer confederation, and so no bargaining of regular wage negotiations takes place between the union and the company. Negotiations are carried out in conjunction with procedures set down by the US owner company.

In the French company, which encompassed more than the R&D departments, there was a union, part of the legacy of its public sector past. Before privatisation, shop stewards were assigned to the company by the national union, but privatisation made the introduction of works councils obligatory. The six main French unions were involved in this process in which a central works council and twenty additional regional units were instituted. The problem is that the institutionalised workers' representation at least for the R&D departments appears to be a formal structure without real participation or bargaining power. One indication of this was the difficulty in convincing enough employees to

run for election to the works councils. Also the employees did not seem to use the union or works council to address the issues that concerned them regarding restructuring.

The cases without formal representation

In the Belgian case, the reason given for not having workers' representation was a formal one: the size of the lab was under the threshold for requiring works councils and union delegates. In this case, salaries were fixed by experience and the position held by the employee. In Germany, size was also a factor. The close relationship between the employees and the collegial atmosphere made for an open, communicative environment. Nonetheless, the employees who had experienced the previous company's bankruptcy did not exclude the possibility of having a works council. They did differentiate, however, between union representation, which interested them less, and works council, which they perceived as being more appropriate for dealing with their everyday working situation. In the UK the union representative responsible for the sector remarked, '[the] union represents large numbers of IT professionals including many companies that carry out R&D for software development. However, the workers they represent tend to be involved in routine software development, maintenance and IT support. [He] was not aware of any company in the UK where the union actually represented R&D staff.' (Gosper, 2007: 21)

4.3.1.1   Analysis of workplace representation and restructuring in IT R&D

Overall jobs in this sector and business function appear to be good ones, perhaps explaining the lack of active interest in institutionalised or formal forms of workers' representation. There were indications of some potentially precarious work situations in the cases in IT R&D: job loss for the satellite sites in the French case, lack of perspective for older workers in the German case, the looming threat of job loss for unsuccessful labs in Austria, and work intensification in Belgium. On the whole, however, the restructuring examples in this sector and business function did not result in redundancies or a worsening of working conditions. The sites did experience work intensification and high levels of commercialisation as a result of restructuring. However, as units possessing high levels of knowledge and special competency in their value chains, they still exercised a certain amount of power even against large global actors (as the cases in Norway and the UK showed, see Torvatn, Anthun & Dahl-Jørgensen, 2007; Gosper, 2007).

Occupational group and organisational settings (mainly size and the start-up character of these units) have strong effects on the character of workers' representation in the cases in IT R&D. The working conditions in the companies are remarkably similar in the companies in Norway, Germany and the UK despite different framework conditions or existence of representation. In general, there is very little participation in and use of institutionalised forms of industrial relations even in the cases in which it formally exists. Certainly the favourable bargaining position of these knowledge workers with regard to working and employment conditions due to their high levels of qualification and expertise in specialised fields makes it easier for them to engage in individualised forms of negotiation with their employers.

Often individualisation is used as a characterisation for worker orientations in knowledge intensive occupations, especially in contrast to collectivist orientations of workers in

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production or blue-collar occupations. It is unclear if this is a useful contrast. Certainly one problem for industrial relations institutions to organise amongst these employees is that many of the issues traditionally negotiated at union level have less relevance for these workers. For instance, the wage levels for these researchers are higher than those set in most union negotiated collective agreements. Moreover, fixed and regulated working times (as in constant 38 hour workweeks and regulated start and end times) are not a high priority among this occupational group (Holtgrewe & Meil, 2007a).

4.3.2   IT sector: software development and production

IT software development as a business function differs from R&D in several ways. Companies tend to be larger and involved in complex international value chains. Moreover, employees possess less of a high knowledge competency niche which might make them more vulnerable in restructuring moves and more susceptible to worsening working conditions, for instance through standardisation and formalisation. Thus it could be assumed that industrial relations would play a larger role than in the business function of R&D. However, in fact, this business function also revealed low levels of participation in organised forms of workers' representation.

In both Austria and Germany, the companies formed works councils, both in the very recent past. Works councils are company centred and it is indeed characteristic of this sector and business function that this form of local representation, designed to protect individual employees, is the one with the highest acceptance. The role and use of the works council in the two countries is however, quite different. In Austria, the employees specifically mobilised to form a works council after the 'take-over' by the US firm. Although the take-over was friendly, the employees nonetheless felt that they needed the protection of a works council given the new ownership constellation. In Germany, the formation of the works council was apparently more contentious and ambivalent. Many employees felt that a works council was superfluous given the good and co-operative relations between labour and management. Workers' representation occurred through a company internal 'committee of representation' which also had seats on the management advisory board in line with laws on co-determination for stock listed companies. However, there was a group of employees, who with union support, fought for the establishment of a works council. In the end, the works council was formed although there are estimates that up to 90 *per cent* of the work force were against it. The constitution of the works council was basically identical with the already existing 'committee of representatives'. Another difference between the two central European countries is the existence of a collective agreement for the IT sector in Austria, although the company in the sample actually was covered by a different collective agreement for historical reasons. In Germany, there is no sector agreement for IT. Labour laws exist in both countries that regulate working hours and, in theory, restructuring, particularly when it involves redundancies. In practice, it turns out to be difficult to prevent redundancies, although there are costs involved in dismissing large numbers of employees.

Table 4.4 IT sector software development and production: restructuring and interest representation

Country	Restructuring	Size	Representation	Actors in/nature of dialogue	Arenas of negotiation
Austria	Take-over by/merger with US company; offshoring to site in Croatia	1,100 worldwide 220 Austria 15 Croatia	In AT: union collective agreement; works council In CR: none	Workplace representatives; works council	Job protection, wages, flexible working arrangements
Bulgaria	Offshoring to Vietnam and new site in Bulgaria	200 worldwide 20 in Vietnam 10 in 2nd BG site	None	Individual workers and management	Working time; wages
Germany	Offshoring to India; upgrading of international sites	35,000 worldwide 10,000 in Germany; about 1/3 in software production	Works council and participation on company advisory board	Company level agreements; co-determination; works council/committee	Wages, working time flexibility, reorganisation
Hungary	Upgrading in multinational value chain; new sites in E. Eur.	850 in Hungarian site	None	Individual workers and management	Performance targets, wages
Sweden	Merger with US company Closure Indian site; offshore to Philippine site	200 Sweden 150 in India but declining 10 in Philippines and increasing	50% in workplace org, or 2 prof. orgs. Labour law requires negotiation with union on restructuring	Unions and company management	Generous settlement packages for redundant workers

Sweden was the other case with institutionalised types of workers' representation in this business function. Workplace or professional organisations were present in the company. The Swedish company experienced the most severe effects of restructuring in the business function. Redundancies due to jobs being moved to Asia and a formalisation in personnel and evaluation procedures linked to the new US management were changes brought about by restructuring processes. The laws require that management negotiates with the union on restructuring, particularly in light of the job losses and this was fulfilled. However, the protections seemed to operate at a very formalistic level. The unions were co-operative with the management and their main concern was to obtain good settlements for the employees losing their jobs. These settlements were quite generous and above what would be required by the job security law and job security agreements. Issues on working conditions for the remaining employees except those in line with labour laws were not negotiated. In general, employee membership in the unions appeared quite formalistic, to be mainly linked back to laws on union management of unemployment and social security benefits. There was little mobilisation at the local level since no agreement for regulation existed at this level, a point of critique by the union.

When looking at the Swedish case in a broader context, the activities relating to restructuring on the part of workers' representatives fit into the overall strategy of organised industrial relations towards reorienting on the labour market rather than protecting individual jobs. Particularly for this group of knowledge workers, the labour market is good. With generous settlement packages and availability of retraining, this reorientation on the labour market is apparently quite accepted among the employees rather than using regulation to retain jobs at all costs. Thus the role of workers' representation in restructuring processes has to be understood in the context of industrial relations strategies in Sweden and its orientation to adaptation strategies and perspectives rather than resistance.

The new member states on the other hand, in this case Hungary and Bulgaria, display very different approaches to workers' representation than in the other European cases. As in the other cases in the private sector, in IT software development, the new member states revealed no participation in institutionalised systems of industrial relations. In the Hungarian case, in which labour law actually stipulates that a works council should be formed in companies with more than fifty employees, there was none. The Bulgarian case could be characterised as a small dynamic company in an innovative sector, which often do not have formal industrial relations structures. The Hungarian company Domainsoft, however, is part of a large multinational with rather harsh economic and restructuring policies. In any case, for the new member states in general, the absence of participation in workers' representation is more the rule than the exception. Moreover, employment conditions are particularly precarious because the larger institutional environment does not compensate for this gap. The case studies indicate that existing labour laws are easy to bypass, particularly for small firms.

It should be pointed out that the employees in the economic environments in this sector and business function are not experiencing their work situations as negative or poorly regulated. Certainly in the Hungarian case, which is competing with other units in its value chain, work intensification, including travel and weekend work, is taking place. However, they see their company on an upswing, moving up the value chain and taking on more and more complex tasks, thereby paving the way for a more secure future. In

contrast, the Bulgarian employees appear to demand more regulated working conditions and actually refuse travel assignments. The jobs in the Bulgarian software developer are paid above average and the sector is growing. The absence of institutions for labour regulation is not a relevant aspect of working life experience in the context in which their work is taking place. The previous role of workers' representation in state socialist societies and the mistrust with which it is viewed makes a renewal of institutionalised industrial relations and participation in forms of workers' representation difficult in the new member states.

4.3.2.1   Analysis of workplace representation and restructuring in IT software development

Restructuring did not lead to very dramatic changes in work for the employees in this business function and sector. The only redundancies occurred in the most regulated policy environment - Sweden. In this case, the regulation for the redundancies that occurred due to the restructuring 'went smoothly related to labour law and the existing industrial relations' (Tengblad & Sternälv, 2007a). The changes that derived from restructuring involved mainly work intensification and some standardisation, but the employees either accepted these changes or dealt with them in direct contact with management or in informal ways. One change that emerged in the majority of the cases, but that was rarely made explicit, was an increasing competition between sites through the lengthening of value chains. In the Hungarian case it was perhaps expressed most clearly both in terms of Domainsoft's advantages *vis-à-vis* their Austrian counterparts and their cost disadvantages *vis-à-vis* new sites in Eastern Europe. However, it was also evident in the German case and, of course, the Swedish case in which jobs were then lost. The potential threat linked to this competition was generally communicated very neutrally by the respective employees. Thus the companies did not openly use offshoring as a means to gain concessions.

Generally this sector and business function has to be characterised as having low levels of participation in workers' representation. Employees' interest in institutionalised forms of industrial relations tends to concentrate at the company level rather than the sector or national level. Finally, although the framework conditions of the cases were quite different, the effects in work outcomes and changes due to restructuring were quite similar.

4.4   Public administration

4.4.1   IT service provision for the public sector

The cases in this sector and business function provide the unique opportunity to examine the role of institutional settings across both the public and private sector. As we have seen in the previous sectors and/or business functions, the public sector reveals comparatively higher levels of participation in institutionalised industrial relations across national boundaries. The private sector, in contrast, and most particularly the IT sector, displays low levels of participation in organised forms of workers' representation. This led to the configuration that the public sector administrations involved in the IT service provision

all had workplace representation and the great majority of private sector IT providers did not.

In the IT service provider cases, the main change in work resulted from a restructuring that revolved around a task previously carried out by a public sector organisation, involving the use of IT, being outsourced or contracted out to a private sector IT company. This potentially involved a form of personnel transfer of the public employees, a purely contractually based relation with the private company to carry out the work, or the development and installation of a product or system from the private IT provider to the public user. Only in the Norwegian case, was the initial plan to transfer IT services in the health sector to a private company changed in favour of the establishment of a new public sector unit to undertake the IT services for the health administration. The official reason given for rejecting the private sector solution was the 'need for health knowledge' in the provision of IT services.

There are two major difficulties in making an informed determination of the effects of workplace representation and industrial relations contexts in this sector and business function. One is that 'reorganisation processes differ in scope, content and employment consequences' (Flecker, 2008). The other is that the case studies differ in their window on the restructuring process itself: some from a more private sector view (France, Belgium and Portugal); others from a more public sector view (the UK, the Dutch, the Norwegian); and others from both sides (the German and to some extent Swedish cases). Basically one can say that the public sector, whether it is health services, municipal local or state governments, a national post office, or a public employment service, has well-developed formal levels of institutionalised representation compared to the other business functions in the IT sector. This gave employees a strong voice in shaping the terms and conditions of restructuring in cases in which conflictual issues on changes in work arose, even in systems (notably in the UK) in which national systems of regulation and representation in the private sector are quite weak.

Table 4.5   IT Sector Service Providers for Public sector: restructuring and interest representation

Country	Form of restructuring	Public sector organisation/size	Private sector organisation/size
Belgium	Externalisation (development of IT based workflow system)	Government regional administration/ 40 employees directly involved	IT service provider/200 employees
Germany	Public private partnership - develop centralised database for training and information exchange for police	Regional government interior ministry, police departments/ 40,000 police employees and 20 public sector IT employees	Spin-off of large software and telecommunications company
France	Development of new organisational model and information system	Regional unemployment insurance offices/ 650 public sector employees	Large IT system and consultancy/ 150-200 employees from 61,000 employees worldwide
Netherlands	Business process outsourcing; develop and manage back-office database	Municipal government/50 employees in front office, 7 strategic management employees	IT service provider/5,100 total; 2,750 for public sector administrative work; 1,200 IT solutions for government
Portugal	Contracting medical equipment and IT solutions for hospital administration	Hospital administration/unknown number	Multinational for medical equipment and IT solutions/1,762 in Portuguese subsidiary; 100 in health care specifically
Norway	Centralisation of IT services to new unit; outsourcing of IT	Health services agencies/17,000 users	New public sector unit for IT health/170 employees
Sweden	Outsourcing of wage administration	National post office/35,000 employees total of which 60 in wage administration transferred to private sector company	Large private IT services and business process outsourcing company/8,400 employees in Europe; 5,000 in Sweden
United Kingdom	Outsourcing of IT services to private sector - transfer of public employees	City council/65 IT public sector employees transferred to private sector provider	Large IT service provider/61,000 in 30 countries

Table 4.5 IT Sector Service Providers for Public sector: restructuring and interest representation. Continued

Country	Workers representation	Actors in/nature of dialogue	Arenas of negotiation
Belgium	Trade union for public administration; legal rules for public admin.	Laws for public employees	Time use, wages, job protection
Germany	Trade union for civil servants; works council for public administration; private company works council	Public sector works council and regional admin; private company works council and management negotiations	Work organisation, job content, employee protection; flexible working hours, data privacy
France	Unions and works councils in public administration; none in private company	NA	NA
Netherlands	National public sector labour unions. No labour agreement in private sector company	Public administration and public sector workers union; works council, gov't admin and private company	Wages, collective agreement; organisational changes and training
Portugal	No worker representation in private sector	NA	NA
Norway	2 unions in health services administration	Unions and public sector admin.	Establishment of public sector IT provider; wages, overtime, working time
Sweden	Union for civil servants for post office. Union for private sector white-collar workers in technical occupations and union for those with academic backgrounds	Management of private sector and union of public sector	Job functions and conditions, retention of terms of employment
United Kingdom	Public sector trade union; no workers' representation in private sector	Public sector union and private service company negotiations; strike	Maintaining public unit (not achieved); maintenance of previous terms and conditions of employment; union recognition; national level agreement on wages

In five of the eight cases on IT service provision, an active role of worker representation is evident although different in character and orientation. In Norway we can see the most dramatic result of intervention in the prevention of the outsourcing to a private sector company. The solution for the centralisation of IT services in the health administration favoured by the two unions involved in the negotiations was the establishment of a public sector IT service provider unit for all of the health administrations and this was in fact adopted. In the process of transfer from one public sector employer to another, a variety of issues were negotiated, such as wages, overtime rules, work presence and working time regulations. The process of transfer and negotiation proceeded smoothly (Dahl-Jørgensen & Torvatn, 2007). In Sweden the restructuring also involved a transfer of personnel and in this case the transfer from the public to private sector did take place. Although there was initially insecurity linked to the outsourcing, the employees basically retained the same job functions and location of work although they transferred employers. The management of the private company negotiated with their union counterparts of the public service (postal) union, with the union only having a supportive role. The agreement stipulated a permanent retention of the terms and conditions of employment for the transferred employees. The public sector employees of the wage administration did not resist the transfer to the private sector given that they perceived their role in the postal administration as quite marginal and the private sector in Sweden is well-regulated and has structures of representation. Thus the transfer process was described as being 'highly co-operative' (Tengblad & Sternläv, 2007b). The UK case provides a contrast to the Swedish co-operative transfer. There the union called an eight week strike when negotiations on the restructuring involving the transfer of employees in the IT division of the public administration to a private IT service provider broke down. The union fought to retain an in-house public sector unit for the provision of IT services, but was unable to achieve this goal. In the end, the transfer to the private sector provider occurred, but employees were able to maintain the terms and conditions of employment. Furthermore, the private sector company agreed to recognise the union and national level negotiation rights, including union negotiated wage increases. The European TUPE regulation was an important bargaining tool for the unions. A unique characteristic of the UK case was also the relevance of its regional embeddedness. Situated in Wales, a region with a strong national identity, history of trade unionism and political awareness, the willingness to resist the restructuring was strong. A union brochure on the approach to privatise public services writes (in Dahlmann, 2007a):

> *'The Welsh model of co-operation and collaboration is the right approach to improving public services. It reflects Wales' geography, our values and our sense of ownership in our public services. Competitive models offering the illusion of choice have no place in Wales. Instead we have a public service ethos driven by values of selflessness, integrity, objectivity, openness, accountability, competence and equality.'*

The Dutch and German cases did not involve a transfer of personnel. The restructuring in the Netherlands municipal authority did affect some aspects of work organisation and job functions for the employees, for instance changing the division of labour in the front office. For issues that involved effects on wages, the unions had a formal say since the changes impacted on the wage grading structure laid down in the collective agreement. In this case the social partners (the Dutch Association of Municipal Governments and the

public workers union) who were responsible for the collective agreement were involved. On issues involving organisational change, particularly when restructuring affects job content, the works council would be involved. This was not formally the case here. Nonetheless the works councils were still called in to give advice and support on issues regarding training for front-line office workers and organisational design due to the changes in work organisation caused by the restructuring (Bannink, Hoogenboom & Trommel, 2007). Thus the works council was perceived as a valuable partner with useful competencies. In Germany, the public sector works council was very active in the definition phase of the project and insisted on the signing of agreement on e-learning and data protection for the public sector employees before allowing the project to begin. Moreover, as civil servants the public sector employees enjoy high levels of job protection and nationally regulated wage and time agreements. This is one reason why it is very difficult to privatise the public sector and transfer personnel between the two sectors in Germany. The jobs and employment conditions of the private company's employees were not affected by the restructuring and thus the works council had no relevant grounds for intervention. In any case, the agreements covered by the works council tend to concentrate on company internal issues such as flexible working hours and data privacy (Meil, 2007b).

In the other three cases, France, Belgium and Portugal there was no active workers' representation in the restructuring process in IT service provision. In the French case the formal structure of representation existed in the public sector in the usual form of union delegates, works councils, and workers representation boards (Dufour & Hege, 2002). However, the project on a new organisational model undertaken by the private sector IT consultancy was apparently not a subject for negotiation or participation of industrial relations actors. In Belgium, there are also formal structures in place for workers' representation: in the public sector there are legal rules for public employees on time use and wages, and there are strict job protection rules for civil servants. In the private sector, there is a collective agreement for private IT employees, but its provisions regarding wages, for instance, were well below the compensation of the IT service provider company examined here. Seeing the formal levels of protection of their employees being upheld, the trade unions had no interest in the restructuring in the regional government administration. 'The trade union did not know anything about IT outsourcing at the public administration and did not see it as their problem' (Vandenbussche, Devos & Valenduc, 2007). The Portuguese case demonstrated the lowest level of workers' representation, with even formal levels of institutional governance nonexistent.

4.4.1.1 Analysis of workplace representation and restructuring in IT service provision

The public sector administrations in IT service provision revealed, as expected, high levels of either participation of workers' representation or, at least, formal structures of interest representation. The industrial relations actors were not able to prevent restructuring as such, but influenced the process and form it took in most cases. The most active forms of intervention of workers' representatives took place in cases of personnel transfer and attempted privatisation and these were in two highly-regulated frameworks, Sweden and Norway, and one low-regulated framework, the UK. In one of the so-called co-ordinated economies (Sweden) and one so-called liberal economy (the UK) the results in the out-

comes of personnel transfer were quite similar. However, what differentiated the Scandinavian cases from the UK case was the form that collective action took. In the former, the process was co-operative, in the latter conflictual. The cases from the Netherlands and Germany could be described as typical for corporatist forms of interest representation in that civil servant status was highly-protected and that the administration based works councils of these protected workers were very engaged in the organisational configurations of their jobs. On the other side of the restructuring process were private sector employees with weaker forms of worker representation and less say in the outcomes.

In the comparatively highly-regulated public sector, we see how differences in national industrial relations types affect the process and form of dealing with the restructuring process. The outcomes for workers may, in the end, look quite similar, however. The very fact that the services involved in these cases are public ones does give employees some increased leverage over other business functions. Although there is a push to privatise, there are still limits to outsourcing. The effects on the actual employment conditions were quite marginal in almost all of the cases here. The effects that occur in the content of work are often difficult to see in the initial negotiating process and thus outside the realm for worker's representatives unless there is a strong and active works council which can be activated later. For those systems with civil servants, privatisation is possible, but then tends to leads to fragmentation (those employees with civil servant status next to those without) rather than job loss.

4.4.2 Customer services

The common denominator of the organisational case studies concerning customer services in the public administration and services of general interest is that the operations have a strong tradition in public sector culture, managerial traditions and worker representation. At the same time there are clear differences between, for instance, railway operations and a municipal government. The case studies consist of the following countries, organisations and restructuring activities.

The development and restructuring of customer services, well-represented in our cases, follow three distinctive paths:
- using ICT solutions through call centre technology and/or the internet thus rationalising communications and/or transferring tasks to the customers;
- internal reorganising of the operations creating new, often decentralised or customer oriented structures and new professional roles;
- outsourcing of the customer service operations to private, semi-private or joint public/private operators.

Table 4.6 Customer service in public sector and services of general interest: restructuring and interest representation

Country	Size	Services type	Restructuring	Union density, representation
Austria	About 100	Postal services	Reorganisation and out sourcing to private partners	80 *per cent in postal services*
Austria	630 in city admin. 3 in customer serv. 160 in call centre	Municipal housing (CityLife)	Outsourcing customer service/call centre operations	80 *per cent*
Belgium	8,000 regional admin.; 21 EWA; 10 contact points	eGovernment/ federal adm. (EWA)	Establishing a public IT autonomous intermediary	Concertation committee in district government
Bulgaria	2,825	Labour market services (NEA)	Reorganisation and standardisation	
Germany	DB Station and Service 4,639 nation-wide; 120 in Munich; DB Sales 3,000 nationally, 165 Munich	Railway services	Splitting a large org. into smaller cos., building new service concepts while downsizing	70-80 *per cent*
Greece	600	Postal services	Establishing a subsidiary for courier services	High for postal workers, none for seasonal and temp.
Hungary	3,423	Labour market services (Intermed)	Modernisation of customer work, self-service	60 *per cent*
Italy	800 DVLA; 36 in call centre	Driver and licence admini-stration (DVLA)	The use of outsourced call centre operators	No specific call centre repre-sentation structure
Netherlands	DT has 28,000; CSN has 2,500	Dutch Telecom	In- and outsourcing of telephone-based customer services	
Sweden	35,000; 1,000-2,000 in customer ser-vice. ICA shops 5-50	Postal services	Reorganisation and out sourcing to private partners	
Sweden	110 Stockholm; 220 nationwide	Police	Developing in-house call centres	80 *per cent*
United Kingdom	850 at Customer - 125 public access; 350 Mid dist.; 100,000 in Global co.	Municipal services (cus-tomer)	Public/private partnership for single point of contacts for citizens	90 *per cent*

Public administration in general and its relations to its customers is going through major changes. Concepts such as 'new public management' and 'eGovernment' as well as introducing different forms of market structures either by turning public authorities into public companies or downright privatisation through outsourcing parts of or entire operations (European Foundation, 2007c) are on the rise. Reorganisation, outsourcing and use of IT is meant to make the operations more effective, transparent and accessible for the citizens. The political renewal strategies can either be neo-liberal, suggesting privatisation, or 'neo-social' suggesting more direct influence and involvement from the citizens.

Customer services in the public sector in particular are also primarily driven by finding cost effective solutions in performing the service, ICT solutions such as CRM and eGovernment and political ambitions in satisfying the needs of the citizens. In the renewal of the public administration it is not just a question of a satisfied customer but the provision of services should also be fair, just and equally distributed among the citizens. The reform of the two postal offices in Austria (Hermann, 2007; Schönauer, 2007) and Sweden (Tengblad & Sternälv, 2007c) illustrates the conflict between the mission given by the government in upholding service in all areas of the country, even the remote ones, and the mission of a company to be profitable.

Considering *customer services in the value chain of public administration* there is also the problem in defining customer services as a very special, delimited part of the operations. From the Austrian outsourcing case (Schönauer, 2007) this becomes very obvious where the call centre activities are broken out from the service centres who still have the face to face interaction. Traditionally the lines are drawn between back-office and front-office. Another important aspect of value chain restructuring in services is the participation of the customer in the service production itself thus making it an integrated part of the value chain. Net-services are the most evident example. A need for putting more resources into customer service has been met by rationalisation strategies and the use of ICT - the creation of call centres and call centre technologies being the most evident example. In the public sector, these strategies become very important when customer satisfaction becomes high on the political agendas, especially in deregulation and privatisation processes (Dunkel, 2007; Schönauer, 2007).

4.4.2.1   *Social dialogue, participation and union activities in the public sector*

Social dialogue and participation in the public sector and in its core operations are in the European countries in general characterised by the following:
- a high union density, often higher than in the private sector and often with disperse union structures;
- restricted rights on collective agreements and the right to strike;
- hierarchical and bureaucratic work organisations with centralised decision-making built on formal regulative systems;
- high job security and supportive internal labour markets with wide replacement possibilities - for certain groups formalised in highly secure undismissable civil servant positions with formal career paths (often in higher or specialised positions);
- a socially oriented employer based on the interest of the political 'owners' having to set high standards on working conditions and co-operation;
- social dialogue based on close co-operation and collective agreements.

These characteristics constitute in many ways a positive basis for the employees. On the other hand, the possibilities in influencing structural change are limited by the fact that the structural change is often initiated and driven at the political level where formal co-determination comes second to the political decision structure. If unions set out to influence these changes, they have to work through the political channels in more informal ways than through institutions such as works councils, *etc.*

Customer services in the public sector has traditionally been an integrated part of the public organisations. The representative and participative structure has normally been the same as in the sector as a whole. In the wake of a value chain restructuring of these functions you can identify the following basic changes:

1. 'caught between more demanding customers and managers': the customer gets a more powerful position in the relationship thus decreasing the scope of action for the employee. This coincides often with a more tight managerial system - economic restraints, customer-based performance appraisals. The opportunities in defining and influencing use of methods, when and where to perform the services for individual decreases;

2. 'from old hierarchical and unionised structures to new informal and unsecure situations': when restructuring through outsourcing of customer services such as call centres there is often a shift away from unionised and stable structures for employment and representation in the public sector tradition. In the new private operations unions have rarely been established. The management style is more informal and the terms of employment more flexible, *i.e.* unsecure.

4.4.2.2   *Participation and representation from a process point of view: findings from the cases*

Not all cases can be easily defined in a before and after situation - the change is ongoing over time. This in itself is a challenge for the representative structure, the social dialogue and those who manage it.

There are also a number of cases where the change process goes ten or twenty years back in time in order to see the full effect of the process - Telecom in the Netherlands, German railway, Swedish post, *etc.* Other organisations, such as EWA and the Regional Administration in Belgium is a recently established organisation with little history in it. Representation structures in cases over a longer period of time tend to change as well as the individual actors.

Before the change

Comparing the different cases in terms of participation, representation and social dialogue systems, we can very clearly identify the situation described above characterising the public sector - a working social dialogue in hierarchical organisations. Works councils (and similar systems adjusted to public service) as well as collective agreements have been the basis in most of the cases. Looking at it from a work organisation perspective, customer services were an integrative part of the operations as well as the tasks and skills of the employees. In other terms, front- and back-office were integrated. Customer services could then be seen as part of the general system of representation and social dialogue. If

we look closer at the cases we can identify specificities influenced by the labour market regimes in each country in general and in the public sector in particular.

Table 4.7 shows the different cases and that union density in the public sector normally is above general union density, with Belgium and Sweden being two exceptions.

Table 4.7   National rates of union density

Country	Union density public sector	Union density in general
Austria	55-70	36
Belgium	40-55	65
Bulgaria	25-40	18
Germany	40-55	20
Greece	High*	26
Hungary	25-40	20
Italy	40-55	35
Netherlands	25-40	24
Sweden	75-	77
United Kingdom	55-70	29

* Actual figures not available but estimated as high in the public sector.

Of the above mentioned countries there are differences in how large parts of the sector (in this case central government) has groups with special employment status. The existence of these groups with special employment security could of course influence both the motives for outsourcing and how it is carried out. A high proportion can both be a driving force for seeking private and more flexible employment solutions and be an obstacle in the process.

Social dialogue and infrastructure for co-operation are institutionalised through works councils and/or collective agreements in all countries. There are differences on which levels works councils or other forms of representative participation is arranged.

Shaping the change: acceptance of the new structure for job security

The change strategies in all cases, be it outsourcing of call centre activities or internal restructuring, has not been challenged in any active way by the unions. Information and consultations have been made based on the participative infrastructure in the concerned country or administration. In many cases this can be traced back to the fact that many of the basic decisions have been made at the highest political or managerial level - levels who are difficult to influence.

The information and consultations have not so much dealt with the issues of the strategy in itself but more under what terms it should be carried out.

The restructuring of the German railway (Dunkel, 2007) and the Swedish post (Tengblad & Sternälv, 2007c) are very clear examples on how the consultation process leads to an exchange of job security for accepting the change. The UK customer case (Dahlmann, 2007c) with its secondment model - that is hiring the employees to the new subcontractor - is another way of 'buying the acceptance' of the employees and its representatives. The Italian case shows another basis for unions being passive on the structural

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change or even considering it as a benefit - by outsourcing telephone calls from face to face service centres, the agents were freed for developing service tasks: Hence, no objection from the unions (Piersanti, 2007).

In order to get an overall view, the table below shows the different characteristics of the cases in terms of type of restructuring, degrees of information/consultation and specific job security measures.

Table 4.8   Restructuring, types of dialogue and negotiation

Country/operations	Restructuring	Information and consultation on change	Specific job security measures negotiated
AU postal services	Internal/external	Politically driven process	Company agreement internal replacements
AU municipal housing	External	Consensus	No redundancies
BE eGovernment	Internal	None	No redundancies
BU labour market services	Internal	Participation	Central collective agreement
GE railway services	Internal	Co-operative	Job security agreement Redeployment organisation
GR postal services	External	Consensus	No redundancies, voluntary transfer
HU labour market services	Internal	None	No redundancies
IT driver and licence adm.	External	No specific	Internal transfer
NL telecom	External	No specific	No redundancies
SW postal services	Internal/external	Politically driven Consensus managerial level	Internal transfer Redeployment organisation
SW police	Internal	Consensus	No redundancies
UK municipal services	External	Politically driven	Transfer through secondment

In some of the cases there has been a close co-operation between employers and employee representatives on the practical implementation of the change - in outsourcing cases at least from the mother company. There are a number of important reasons for this:
- high union densities and a tradition of co-operative social dialogue;
- large organisations with possibilities of dealing with redundancies through internal labour markets.

The Greek post (Gavroglou, 2007c), German railway (*ibid.*), Swedish post (*ibid.*), Austrian post (*ibid.*) and the Bulgarian Employment Agency (Jeleva, 2007) are all examples of this situation.

One decisive issue is the transfer of employees or not, especially in the external, outsourcing changes. Most cases are built on voluntary transfer. EWA (*ibid.*) and Customer (*ibid.*) and German railways (*ibid.*) are examples where job security lead to those who were transferred kept there employment in the old organisation, formally. The cases doesn't really tell us if these measures were a result of activities from the workers representatives

or as a conscious HR policy in order to keep necessary competence. In the Customer case there was also the reason of an ambition to avoid being under the ruling of the TUPE directive (*ibid.*).

Another representative issue in the externalisation or transferring process is the union structure. Transferring tasks and/or employees within the same union organising area, makes it easier for the unions to accept and to deal with the change, for instance, up-holding employment standards.

After the change

In almost all of the cases the situation from a participative point of view after the change has deteriorated. Many of the outsourcing cases leads to new sub contractors where the requirements for social dialogue differ from the old organisation.

We can identify two types of new situations from the cases:

The service partners working with Austrian Post are small companies with informal forms of participation. The number of employees is below the amount that would be required by law to elect representatives.

The other examples are when telephone services are left to new private call centres with other management principles (closer HR-inspired management) and not formally based institutions such as works councils or collective agreements. Both Austrian and Italian cases and to some extent the Netherlands case (Bannink *et al.*, 2007) show also that this could be a part of a maturing process of the call centre industry. Even if this is a passing trend - some of the differences between participation in private *versus* public sectors might remain. Another possible effect of a more disperse division of work through the value chain might also in the long run make working conditions and participative structures more alike.

In the medium term we can see, for instance, from the Customer example (*ibid.*) worries that the first period of secondment solutions maintaining the participative structures will deteriorate in the future.

A more long-term effect is the development of new occupational identities in the development of specific call centre solutions influencing also the representative structure. The new outsourced call centre agents or service partners are not primarily part of the public service (be it the post or public housing) but part of the organisational identity per-forming the services (gas station man, call centre agent).

The Greek post (*ibid.*) is an interesting example on, in the externalisation process, keeping an advanced participative structure through representation in the board of directors and other measures. This has had a good effect on keeping up good physical OHS standards but hasn't stopped the new organisation from getting a more intense workload.

5 Conclusions

This paper set out to examine the role that workplace representation plays in the restructuring process: what structures exist to represent worker interests in the restructuring process, and what processes take place to steer and influence the restructuring process and outcomes? Are areas of negotiation shifting? Also given existing forms of institutional representation and employment regulation at national and EU levels, to see what actors of workplace representation can do to moderate the actual effects that restructuring has at the workplace. What role do institutional actors have in influencing the effects on work caused by value chain restructuring? An important part of the exercise was to see in what ways country regime, industrial relations models, sector, business function, and organisational settings, and interactions between them, explain workplace representation response.

The findings reveal that global value chain restructuring presents a challenge for the participation of institutional actors and worker representation. Restructuring in its various forms and the organisational change it imposes, was a management prerogative in the majority of the cases examined here. Union or works council response was generally passive or reactive and focused mainly on dealing with the employment consequences of restructuring rather than influencing the shape of the new structure. The change is often perceived as something inevitable by the employees and their representatives - a situation created by global competition which requires solutions of relocation or outsourcing. Exceptions are few: by striking, UK unions and their membership were able to influence the way privatisation was carried out, but not the decision of the change. Norwegian unions did manage to prevent a privatisation in the health service. This preventive action, basically unprecedented for the role of institutional actors of interest representation on restructuring, is indicative of a more general result: the Nordic countries revealed the strongest effect of country regime types on the role of workplace representation in restructuring. Here the 'implicit contract' between labour and management and the embeddedness of collective strategies in societal processes played a large role in the form that implementation of change and outcomes of negotiation took. In other countries, sector, occupational group and organisational setting had a strong mediating effect on the role of workplace representation. Although there were nuanced differences by national setting and the institutional frameworks linked to them, still in the other cases, the problems or complete lack of ability to deal specifically with the issues surrounding restructuring were more evident.

In the end, many of the case studies, validating the findings of other studies (ETUI, Phelan, *etc.*), confirm the marginal role of union representation on restructuring issues. This is enforced by restructuring processes that involve the relocation of production or services to areas (countries, labour markets, companies) with weaker forms of representation. Although there are some sectors in which union activity is still visible (the public

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sector and the food sector on traditional issues), the declining influence is apparent in the limited areas of negotiation in which the union or workplace representatives have a real voice. In restructuring, or in influencing the way work is divided along the value chain, there is a glaring lack of participation across the cases. Another development is that, even in regulated environments, there are several examples of employers aggressively attempting to bypass legislation, for instance with regard to plant closure, employee transfer, informing workplace representatives of impending restructuring plans, holding regular consultation meetings, *etc.*

5.1 The role of national settings, transnational actions and effects of European policies

Generally it has to be said that workplace representation is still much anchored in national and sectoral settings, influencing its structure, the types of issues that are negotiated, and the limits on its role in the restructuring process. This is underscored by differences in labour law and collective agreements on dealing with the effects of restructuring. All of the countries in the EU have some formal structures of industrial relations: laws regulating hours and wages, health and safety, the right to form unions and works councils. The question is the extent to which these regulations are enforced, how broadly they are implemented, or how easily they are bypassed. Another central question is whether representation exists that deals with issues surrounding restructuring for a broad spectrum of the working population. The WORKS data show a mixed picture on all of these issues with large differences between sectors, and country regimes. Nonetheless the overall picture is one of a general lack of influence in regulating restructuring. Also, the issues in social dialogue surrounding restructuring are dominated by mitigating its social effects (redundancy policies, wages, and working conditions) in the national context.

International networking in the form of European works councils or structures reaching beyond national boundary was not visible in the cases here. The weakness of EWCs in this regard has a number of explanations. For one, many of the undertakings were too small to fall under the directive. In other situations, the conditions for creating a EWC were given, but no council had been created. In other cases in which a EWC existed, the discussion remained national because the relocation involved a 'third world country' outside the EU.

The effects of European policy initiatives were rarely evident, for instance the directive on information and consultation. One exception was the TUPE regulation on worker transfer. Particularly in weaker systems of regulation such as the UK, instruments such as TUPE are important tools for workplace representatives. In other countries, the lack of explicit mention of TUPE could potentially be traced back to its incorporation in national level legislation. Yet, even in other contexts such instruments tend to serve as a benchmark. In stronger systems such as those in Scandinavia or the corporatist regimes, the target is then to surpass minimum TUPE requirements and provide more extensive compensation or protection.

5.2 The role of sector

The analysis of the data from WORKS reveals that national, sectoral, business function/occupational group and organisational setting all have effects on the character and extent of workplace representation. However, the largest impact is by sector, particularly the comparison between the private and public sector, and within the private sector, between the more traditional industrial branches and the newer service oriented IT branch. This is both because of the presence and traditions of representation and because of the restructuring possibilities in given sectors.

Union membership, as well as industrial relations and job security, are traditionally more developed in the public sector. Thus outsourcing and privatisation to less regulated sectors become an imminent threat for the employees and their representatives. In many cases, this led to the search for solutions to avoid outsourcing and redeployment based on the existing forms of social dialogue and compromise that differed by institutional and national context. In the private sector there is much less evidence of the use of social dialogue and redeployment measures.

Major differences between the more traditional clothing and food sector, on the one hand, and the new IT sector are the level of union density and representation traditions. In the clothing, and especially the food sector, collective agreements on the terms of employment exist, and unions and employees use them for protection where possible, although they are often less applicable for restructuring processes. In contrast, in the IT sector, union participation is rarely evident except in the form of general wage and time agreements at national or sector level in cases in which the national level institutional framework foresees such regulation (*i.e.* in Belgium and Austria). Works councils, in systems which have them, play a more central role for day-to-day issues in this sector. Characteristic of this sector is the example of a large German IT company in which employees are reluctant to support a union initiative on creating a works council, and are satisfied with the company's privately created representative system. This highlights a sector built on knowledge workers with low union traditions.

5.3 Response dimensions and types

In understanding the various responses by workplace representatives to restructuring in the diverse sectors and business functions examined in WORKS, it is necessary to differentiate both the dimensions in which response can occur as well as the potential response types. We can differentiate four dimensions of response:
- the actual restructuring - the process and form;
- the issues surrounding restructuring at the workplace:
  - (terms and conditions of employment such as redundancy, time use, wages);
  - skilling;
  - work organisation;
- the issues beyond the workplace:
  - effects at outsourced/offshored sites;
  - international networking across the value chain;
- issues for individual workers.

Institutionalised workplace representation concentrates on the first two dimensions. Stronger organisations can intervene in the process and form, but mostly after the fact. Terms and conditions of employment are often dealt with at the level of national or regional union representation when it exists; work organisation and skilling can be dealt with by company level representation when it exists. Issues beyond the workplace were not addressed in our cases. In fact there was a marked absence in a role for European works councils even in cases of multinational corporations with sites across Europe. Issues for individual workers are not the province of institutionalised workplace representatives. This dimension of response occurs in small companies as well as those with a paternalistic company styles or among highly-qualified knowledge workers such as in the IT R&D sector. We can then differentiate between types of response:

- prevention/resistance;
- socially responsible change;
- protection - formal rules and core workers;
- no response.

Basically there were no cases of actual *prevention of restructuring*. Restructuring very seldom involves the legally-based structures of works councils or OHS committees - both legally anchored in EU directives and national legislation. The normal situation is information on the decision, not consultation before the decision. Given the marginal role of workplace representation and industrial relations in the overall restructuring process across country regime and sector, this is not surprising. Some examples of information and consultation of the restructuring process exist, but the role of workplace representation is almost never proactive, but reactive: it does not deal with the process of restructuring, but rather its aftermath.

In dealing with consequences, there are generally two types of response and these do tend to differ by country regime. The first, *socially responsible change*, ensures that redundant workers receive high levels of compensation and retraining for the labour market, or that retained workers keep or improve their terms and conditions of employment and work content. Isolated examples of this strategy can be found in various sectors and countries, and sometimes in a mix with the third response of protection. For instance, in the highly-regulated public sector, this response in combination with *protection oriented* responses can be found in a number of cases, even in so-called 'liberal' regimes such as the UK. Here pockets of resistance in sectors in which more radical outsourcing strategies are not an option for employers, lead to uncharacteristically social outcomes for unionised employees. Nonetheless, it is characteristic of the Scandinavian cases. This is linked to the overall union strategies in the Nordic context: proactive and co-operative.

The second, *protection-oriented response*, is a defensive strategy which concentrates on maintaining formal rules on wages and time and the terms and conditions for core workers, even if others working in the same environment have worse conditions. This type of strategy is characteristic for the central European countries, in particular Belgium, and for the traditional food sector across many countries. Finally, there are many cases in which there is *no response* either because there is no workplace representation or because the representation is too weak. This lack of response characterises the new member states, but also Greece and Portugal. Also although France has fixed institutionalised structures, there was basically no evidence of active participation in the process or outcomes of

restructuring. France is a prime example of formal structures becoming disconnected from representation practice.

Very few (if any) examples of representation influence the change itself. The management prerogative in defining restructuring seems almost total. Globalisation and fear of job loss is hindering any active questioning of the need for change. Consultation, however, has in some cases been successful in developing social plans, redundancy management, terms of transfer, wages, *etc.* The rift between the traditional areas of negotiation in which workplace representatives have competency and influence and the issues arising in conjunction with value chain restructuring is widening. This continuously marginalises the role of workplace representatives even in cases where they have an institutional anchor.

5.4   Occupational differences in individual or collective response

The analysis of the data revealed that there are clear differences between occupational groups in their use of formal systems of representation. Looking at representation and participation from an occupational perspective, we can use the three clusters defined in the synthesis of the occupational case study (Valenduc *et al.*, 2007) and look at the differences between individual and collective strategies and how these are changed by the restructuring over value chains.

The knowledge workers: designers, IT researchers and developers, managers in logistics, often choose a strategy of individual participation for workplace representation on the basis of their high educations, highly-demanded resources on the labour market, and scarce skills and competencies. Careers are boundaryless and thus loyalty tends to centre on the individual career rather than the current employer/company. The collective involvement is professionally based in communities of practice. This might change as pressures from marketisation and increased global competition make collective strategies more attractive. In fact, many of the non-organised workers in the cases here, for instance, in IT R&D, either have already formed a works council (Austria, Germany) or did not rule out the possibility. Works councils and their links to company interests and contingencies often seem more attractive to these types of workers than traditional forms of interest representation, such as unions. This is partly the case because many traditional union issues such as wages and working time are not so salient for these employees. This presents a challenge for unions to develop new strategies and topics to mobilise these groups.

The production workers, especially in clothing and food, are firmly based in traditional collective strategies. Variations in this group occur through company size - union presence is much higher in large companies than SMEs. Ties to the company as employer are much more evident. To respond to cost and globalisation pressures, flexibility is the main human resource strategy - either through functional flexibility, keeping the production in-house or external through the use of subcontractors, or non-standard employment contracts and use of temp agents.

The representative situation for service workers is strongly influenced by which sector they belong to. In the public sector (railway, post, and citizen service), there is a strong collective tradition whereas in the private (call centres, service partners, *etc.*) there is more influence from HR strategies built on individual management-employee relations.

Table 5.1 Representation strategies for different worker clusters

Representation strategy	Occupational cluster		
	Knowledge workers	Production workers	Service workers
Individual	Basic strategy - free agents with boundaryless careers, direct participation and relation to first line manager or project leader	Increasing following outsourcing and keeping high value production in-house	Crashes between HRM systems based on individual solutions and 'old' IR expectations from transferred workers
Collective	Communities of practice, collective strategies to meet marketisation	Basic strategy - high union density, exposed to global competition, outsourcing, offshoring	Sector specific - high union density, lifelong employment in public sector, threatened by outsourcing and privatisation

Trends that were also evident in the WORKS findings, such as direct negotiation between management and labour, whether for Belgian academics or Bulgarian logistics workers, and the rising role of HRM strategies in companies to replace traditional representational forms, have led to the belief that a general decomposition of collective models of regulation is occurring. Value chain restructuring and an accompanying increase in economisation, flexibilisation, and individualisation are seen to strengthen this development. A question that has to be asked is whether increasing tendencies of individualisation in certain areas precludes any form of collectivism: are they mutually exclusive? In fact, traditional forms of collective action and representation were always meant to protect the interests of individuals. New forms of collective strategies which are more embedded in societal processes and less in company processes could potentially be less geared to the reproduction of the individual worker but in the end be more representative.

5.5   Consequences of value chain restructuring for participation

Value chain restructuring often entails involvement in networks and co-ordination and liaison work. One consequence is that hierarchical decisions in one organisation are replaced by service level agreements between two organisations. Another is that project organisations replace traditional line-based organisational structures. The production or development process thus becomes separated from the employer/employee relationship (Meil & Heidling, 2005). This changes both the relations between direct participation and representative participation in as much as it changes the way in which representation is structured and performed.

Furthermore, through decentralisation (public service, *etc.*), outsourcing to predominantly SMEs and the development of more competence based professions, direct participation structures (including teamwork, appraisal systems) have become increasingly more important for the employees' voice than the traditional representative structure.

In systems in which the emphasis is on protection of core workers, fragmentation in work structures often arise through the use of subcontracts, freelance workers, *etc.* In the public sector there are cases in which workers with permanent contracts work side by side with workers from the private sector under more precarious fixed-term contracts. Just as outsourcing and offshoring to less regulated areas can put pressure on unions and work-

place representatives to engage in concession bargaining, fragmentation of employment relations decreases the chances for collective action and weakens the position of collective actors.

6 Challenges for workplace representation under conditions of value chain restructuring

Global value chain restructuring changes has implications for the design of workplace representation. It changes the scope and role of social dialogue and the actors in this dialogue - unions, employers and politics - and thus the institutional framework in which social dialogue takes place.

6.1 Union strategies in meeting restructuring and fragmentation

Restructuring increases the fragmentation between companies across the value chain as well as between workers with standard and non standard contracts within a work setting. Unions have to be able to represent workers across the value chain as well as with different employment contracts. This is a challenge for decreasing union memberships and traditional structures, implying new organisational strategies (nor just organising the centre but also periphery workers and workers in SMEs) and structural change (following the value chain). An increasing individualisation in new sectors requires the development of service strategies - especially for unions organising emerging sectors and knowledge workers. This leads to new combinations of collective action and individual support.

The formal structures that were based on traditional organisational and work forms have become disconnected from actual work practice and thus obsolete. New forms of work organisation (project and process organisation) demand new structures for participation and representation. Outsourcing and service level agreements make new forms of dialogues between actors of workplace representation necessary.

Existing institutions for workplace representation along with European institutions have a strong challenge to design measures that allow a more proactive response on restructuring. Some recommendations exist (see the TRACE project, 2006). However, it is clear from the findings here that there is a large gap between existing policy and potential solutions and what is happening 'on the ground.' Of course, the large differences in national institutional context, sector and orientation of occupational groups make the challenge much greater. Moreover, value chain restructuring intensifies the power differences between labour and management by creating larger units, complex networks, and more remote contacts. European level initiatives are necessary to support nationally anchored representative systems.

6.2 Strengthening the implementation of systems for information and consultation

The directives at the EU level regarding the formation of EWCs and the minimum levels for information and consultation with interest representatives are especially oriented towards restructuring. Our cases together with other findings show that these directives are rarely visible in practice at the level of the workplace. The results reveal clear limits to the form and timing of information. Also, consultation does not lead to any changes in the restructuring itself in the majority of cases, but does in some cases lead to dealing with the consequences. Given the poor record in implementation, there is a need to strengthen the national systems for monitoring, evaluation and support for putting the EU directives in action at the company level - preferably on a tripartite platform.

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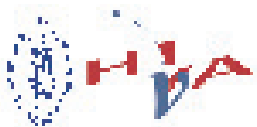
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Among the report's conclusions are:
* restructuring is a management prerogative;
* there are identifiable national differences;
* there are major differences between sectors;
* knowledge workers tend to use more individually based strategies; production workers draw on a tradition of collective action; service workers' strategies depend on whether they are in the public or private sector;
* use of European Works Councils or international networks is very rare;
* employers' use of outsourced and flexible workers often lead to strategies of protection rather than incorporation by core workers.

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