

Reforming Unions for Governance of the New Economy

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Introduction

Transformation to post-Fordism, intensified globalization, volatile markets, seeming individualization and consumerism are among the many factors complicating life for unions, whose membership rates, political power and ability to set the agenda in corporatist discourses are declining. Current transformations may, paradoxically, lead to undesirable outcomes, such as inequality and unemployment, exactly if unions are incapable of ‘civilizing’ globalization and present forms of governance.

Industrial Relations (IR) analysts are, in general, pessimistic about both the situation of unions and the probable course of capitalist development. The opinion is widely-held that only a strong union movement will be capable of recapturing the former roles of unions in economic governance (by setting wage and work-standards through centralized bargaining and participating in negotiations over public budgets and income re-distribution under a Keynesian welfare state). In many countries, unions have engaged in numerous strategies to halt or reverse their decline, e.g. merged with other unions and developed new services to become attractive to potential members (see Frege and Kelly, 2003 and 2004; Heery et al., 2003; Baccaro et al., 2003). They have also increased transnational engagement, often in the hope of regaining the lost Keynesian governance regime at levels such as the EU or other transnational institutions. However, unions seem not to have realized that what is undergoing crisis is the old model of unionism, related to Fordism and Keynesianism – as pointed out by Hyman (1999) – and solving the crisis requires carving out a set of new roles for themselves.

This article aims to point out in detail how unions may take on a set of new roles to create a union model that may make them active co-constructors of the emerging society and, not least, gradually learn to exert a civilizing influence on globalization and participate in its governance. Though our proposal for a new role-matrix for unions emerges from studying firms, employees, shop stewards and convenors¹ engaged in experimental search and redefinition of roles and competencies of new

¹ In Danish companies, also foreign owned, workers elect within each union a number of shop stewards, which in turn elect a convenor, who often negotiates on behalf of all workers.

organizational forms and reforms of local labour markets, our proposal is utopian. These experimental changes are not guided by unions why members and local activists feel isolated and left to themselves. Our studies include interviews with numerous Danish convenors from subsidiaries of MNCs (Kristensen, 2003) and comprehensive case-studies of the games subsidiaries can play within the framework of MNCs (Kristensen and Zeitlin, 2005; Rocha, 2003). Our proposal is based on ongoing studies of how workplace re-organization may take different forms, effect various problems that influence the community of interests that either divide or unify employees – and for that matter managers and employees (Lotz and Kristensen, 2005). Though these reforms are highly dependent on the national context in which they are implemented, we think that it is exactly in societies with strong union representation – such as in Denmark and in the Netherlands (see Spithoven, 2002) – that we can study the germs for new offensive union roles in the governance of the new economy. Our understanding of governance takes departure from a stakeholder approach, in which corporate governance focuses on “entire network of formal and informal relations which determines how control is exercised within corporations and how the risks and returns are distributed between various stakeholders” (Lane, 2003:82). As we shall see this means that a number of societal and international levels become of focal interest to unions, and it is by aligning together new roles across this multiplicity of levels that unions may achieve a new coherent strategy.

During our studies, we discovered that current corporate governance suffers from serious defects, which unions should address. The experimental process of transformations reveals how this can be done. Firm level partnerships between management and union representatives, in particular in subsidiaries of multinational corporations, pose a number of challenges and forms of action making clear a web of novel tasks for unions to undertake. These start from reforms of the workplace and re-organization of firm level governance, move towards finding new ways of developing local labour markets, become directed towards reforming corporate governance of entire (multinational) corporations and are, finally, encouraging unions and employers’ associations to take on new roles advocating for continuous reforms of institutions at national and transnational level (e.g. EU).

The Current Art of Governance and Its Defects

In the same manner as Keynesianism and centralized bargaining under e.g. the New Deal created a corrective to the pure market economy before the 1930s, the governance regime that followed in the wake of the neo-liberal turn was seen to resolve some of the defects of Keynesianism. For instance, many welfare states of the late 1970s were moving towards fiscal crisis as states tried creating peace among contesting groupings by distributing resources financed by deficit spending. New publics emerged that saw society as being taken hostage by the ‘tyranny of institutions’ and professionals. In the same way, others criticized corporate executives for having changed corporations from engines of profit for their owners to engines of growth of their own power – politically and economically (Lazonic and O’Sullivan, 2000). Unions were not just part of this complex, but were also blamed for undermining competitiveness by excessive wage-increases and restrictive working rules. Positioned as victims of a post-WWII governance system were taxpayers, suffering from constantly increasing taxes, consumers, confronted with immense stagflation and sky-high interests rates, and pension-fund-savers, seeing inflation undermining their future prospects. Thus significant players, not least in the financial community of the UK and the US, succeeded in raising a global public against selfish unions, managers, public servants and bureaucrats, and demanded a return to the ‘market’ for the benefit of taxpayers, consumers, pensioners and shareholders. Feminists added in complex ways to this turn by fighting the dominance of male breadwinners in the family, education, social security, public services, careers, and unions. The post-war regime was a figuration of self-doubt at many levels.

Supplied with the potentialities of a burgeoning Eurodollar-market, liberated by deregulation and being in high demand from budget deficits of states and corporations, financial institutions - lead by the City of London and Wall Street, and aided by international organizations (IMF, the World Bank) - moved in and created a new regulatory regime that offered to civilize both states and enterprises by the ‘whip’ of the ‘market’. In their new position they possessed the power to punish states for deficit spending and established a ‘market for corporate governance’ that could punish managers for not creating sufficient shareholder-value (Froud *et al .*, 2000). Thus financial markets limited the scope of union influence both over state budgets, income redistribution and in distributive negotiations towards enterprises.

The current financial crisis has made it evident that the financial system is not functioning as an ideal centre of gravitation for governance and that its efficiency is suffering from a set of socio-political power-games. Tony Goldings (2001), for instance, terms it 'the Institutional Equity Nexus' and reveals the opportunistic processes of this 'sub-field' and its place in the emerging figuration of new economic systems. To Golding, the Institutional Equity Nexus operates in such a way that it pays a premium to stocks that are issued on a large scale so that they are liquid in the eyes of portfolio managers, who operate with a very short-term horizon. In itself this creates rivalry among corporations to grow fast by mergers and acquisitions either to become or maintain a position as a liquid stock, which again determines whether a corporation becomes victim or the beneficiary of hostile take-overs. The rules of the game of maintaining comparable high stock prices are not just dependent on running a corporation in an efficient way. Rather the Institutional Equity Nexus has become a discursive community that develops continuously new ideas for what constitutes efficient firms and good managers. Thus states, corporations and managers are benchmarked according to how well they fit into shifting images of what it takes to move towards these shifting ideals. Years back corporations with a wide portfolio of divisions and able to stabilize cash flows were awarded, while later for focussing on core competencies. Formerly position was measured by number of employees; later reducing head-counts was awarded, etc.

In effect, corporate headquarters (HQs) of MNCs are constantly under pressure to adopt new and shifting benchmarks in their strategies, translate them to be imposed on subsidiaries, partly to enable a reporting that fits with the current discourse of the Institutional Equity Nexus. Thus subsidiaries receive from HQs a stream of novel and shifting performance benchmarks, which in turn are translated into new demands on suppliers and own workers. In this way a new governance system, based on the Institutional Equity Nexus, is able to impose shifting norms of rationality and organizational forms throughout the system pushing responsibilities for performance and improvements down to operative teams working within so-called High Performance Work Organizations (HPWO).

On the the surface, this figuration seems extremely rational as new concepts of best practices are rapidly spreading. It creates, so to speak, a form of governance that complements and effectively exploits the potential of globalization. HQs of MNCs (and states) compete with each other over acquiring cheap financial resources. Subsidiaries (and public institutions) contest each other to achieve new investments and larger mandates. Suppliers compete over contracts and continuous improvements, etc.

Industrial relations analysts (Mueller and Purcell, 1992; Mueller 1996) have shown how this investment bargaining in some sectors has led to concession bargaining and regime shopping by which workers and unions in one country give up former agreements to compete better with foreign workers, opening up for a race to the bottom. Such mechanisms have probably played a major part in rescuing capitalism from the profit squeeze of the 1970s and helped generate a system benefitting shareholders and top-managers (Boltansky and Chiapello, 2007:Prologue; Fligstein, 2005).

The implication of this scenario is that unions must develop international strategies that can halt regime shopping. Either by establishing institutions for centralized bargaining at supra-national levels or by establishing mechanisms by which workers can collectively and cross-nationally negotiate with managers in multinationals, for instance through the European Works Councils (EWCs). These councils have attracted much attention, both the agreement establishing them (Streeck, 1997) and their development as organizations (Lecher et al., 2002). Discussions divide basically into three different positions. First, some are supportive seeing EWCs as intervening with corporate governance in that they create new structures of regulation by involving worker representation in decision-making (Jensen et al., 1999; Lecher et al., 1999). Others, so-called Euro-pessimists (Waddington, 2003), point out the greater possibilities of companies to opt out of already limited requirements often leading to voluntary arrangements (Falkner, 1998) and trade unions have insufficient resources to generate cohesive policies and activities across Europe (Keller, 1995). Taking a radical position, Streeck (1997) points out that EWCs are neither European nor works councils and 'will certainly assist [multi]national companies (MNCs) in building company-centred and management-driven industrial relations or human resource

regimes' (1997: 325, 333). Hancké (2000) sees EWCs as a body where MNC managers can actually exercise processes of concession bargaining and regime shopping and play off workers against each other. Though the ability of unions to organize transnational collaboration differs among sectors, the general impression is that local trade unionists will fight 'to retain existing jobs, thereby accepting the logic of worker-to-worker competition' (Anner et al. 2006:22).

Apparently the 'market' for corporate governance has achieved its goals and 'civilized' the behavior of employees, unions and managers. Yet, different observers gradually discover an increasing number of defects. The Enron-case opened a window for what processes talking up stock prices may involve. Less spectacular is a number of historical and ethnographic studies (Kristensen and Zeitlin, 2005; Jackall, 1988; Freeland, 2001; Chandler, 1994) revealing that the finance based governance system gives rise to new forms of opportunism and shirking. Summarized these studies indicate a very different pattern within the current figuration and its governance:

Because executive officers of (multinational) corporate HQs talk up stock prices in the beginning of the year, and make over-optimistic promises, they frequently fail to meet objectives by the end of the year. The ceremonial way of apologizing for this is to fire a few HQ executives, restructure the organization, and add new benchmarks to show prudence and use the occasion as a new chance to talk up stock prices. The consequence is a constant drop in seniority and recruitment of financial HQ executives (Kristensen and Zeitlin, 2005). In effect top managers with experience from subsidiaries are few (Osterman, 1996), and top executives possess very little substantial knowledge about the global corporation they are managing; issuing streams of novel performance benchmarks that may be poorly adopted for their actual businesses. Numbers become the name of the game (Chandler, 1994; Freeland, 2001). As numbers are easy to manipulate, if not assessed by people with substantial business knowledge, the corporation suffers from producing abundant failures and lacks a system for tracing responsibilities (Jackall, 1988). 'Blame-time' becomes an important aspect of life in corporations, and a game to escape from failures and blaming weak underlings becomes institutionalized. Managers cope by producing short-term advances in benchmarks – even at the cost of long-term disadvantages of the organizational unit they manage – to get promoted away from positions of blame.

Being promoted so fast that one can fire a successor for the mistakes that one made to achieve the promotional benchmarks demonstrates agility. Kristensen and Zeitlin (2005) use such games to explain why collaboration among units of a MNC suffers and limits the development potential of both subsidiaries and corporation. Mergers and acquisitions can be used, in part, as remedies for concealing from shareholders these failures. As MNCs control an increasing part of the world economy, it may have serious consequences if such pervasions of governance continues. Other things being equal, this might lead to a serious collapse of global prosperity.

Thus this complementary description reveals that there is a strong need for agencies that can start civilizing managerial and financial games of the current figuration of finance-led governance. This is where we see the new challenge and role of unions.

Just as the evolution of centralized wage bargaining, corporatist participation in the development of welfare states and works councils in firms created a multilevel governance system in the past that protected capitalism against its self-destruction and made possible general prosperity, unions should be searching for ways to overcome some of the defects of the new economy and help generate a social dynamic in accordance with current aspirations of citizens that they help organize.

Six Steps to a New Ecology of Governance – in a Nutshell

Unions are currently seen to be forced into a competitive game of giving concessions to capital while we suggest that they instead start a cross national competition over searching for promising ways of constructing desirable outcomes in the organization of work, in restructuring labour markets and institutional reforms that help their members gain new strengths. This strategy involves six interdependent steps in which unions should assist:

1. Engaging managers of local subsidiaries in tight partnerships with shop stewards and convenors by using current institutions (e.g. WCs) to create a new agency better able to counterweigh and translate strategies, benchmarks, etc., that triple down from corporate HQs into a strategy for local development. Partnership may limit the scope of upstream career opportunism

of managers and help orient them towards joint search for long-term development of local subsidiaries.

2. Creating a negotiating regime in current high performance work organization (HPWO) that can work on the unsolvable problems that these organizations come with. Unions and employers' associations might take on a new role of jointly searching for varieties of HPWOs and institutional contexts that are most beneficial for their constituents.
3. Reforming local labour markets in which these HPWOs are embedded so that they develop skills and career patterns that make the new work arrangements sustainable and provide for lucrative forms of specialization within the global division of skills and knowledge. Searching for new forms of labour markets is not only a defensive step, at the very core it explores new paths for human growth and provides for offensive measures related to the subsequent steps 4-6 below.
4. Make it possible to negotiate much more vigorously towards MNC HQs about which activities to allocate to which localities. Such negotiations can be linked to the institutional skill-development that is being planned in different localities. Regime shopping can thus be turned the other way as unions would only help such MNC investments and activities to become profitable if they are supporting preferred local labour market developments. A game in which local union representatives reject some investments would enable a much more informed, critical and management contesting dialogue among different national EWC representatives and their unions. MNC investments would become vehicles for deliberated local development projects.
5. Comparing local experimental development of labour markets to arm them with knowledge of the comparative advantages of different institutional arrangements that could supply evidence of and arguments for continuous nation-wide institutional reforms. This would give unions and employers' associations an entirely new role in corporatist negotiations with the state providing national frameworks for furthering local reforms that enable the creation of new working careers and quasi-professions.
6. Make institutional reforms of labour markets an important avenue for highly developed countries to carve out a place for themselves globally; unions could compete internationally over and compare different institutional solutions so

as to enable each national union to suggest the most promising temporary solutions in national negotiations. Unions could use their international associations as forums of comparisons and generate knowledge useful in negotiations in EWCs, in different nation states and not least allow them a very active role towards the EU in the open method of coordination and in the European Employment Strategy.

Clearly, the connectivity of the six steps helps create a new holistic role where activities at one level help reinforce activities at other levels. This connectivity, or interdependence, is what strongly distinguishes this approach from former contributions to union reforms.

Obviously, unions are already active and discussing each of the steps suggested above, but most often they see them as challenging their existent role-matrix imagined from the post-WWII-regime. By taking a holistic position, we think it possible to contribute with important inputs to a new 'wave of labour scholarship' that *'examines the potential for unions to serve as proactive organizers and system builders, grappling with and shaping the challenges they face'* (Baccaro et al. 2003: 127).

Our contribution may be seen as supportive of the *partnership thesis* (Heery et al., 2003), that considers post-Fordism as benign to workers, if unions develop a new role that ensures workers improved employment relations (Osterman, 1999:96), turn new HRM practices to their advantage (Bacon and Storey, 2000), and find ways of sharing profits. In this vision distributive bargaining makes room for integrative bargaining (Thomas and Wallis 1998; Sisson and Marginson, 2000), employees become heavily involved in governing firms, while unions move from centralized to coordinated bargaining that may propel out from firm level right up to the European level as sketched in the six steps.

Partnership as Agency

The new emphasis on partnership between labour and capital is connected to HRM practices introduced primarily in the US and the UK (Ackers and Wilkinson, 2003; Piore and Safford, 2006). Union observers have often seen these as ways of managers

to make weak workers' collaborative and turn them away from unions (Bacon and Blyton, 2004). Thus the road to partnership is paved with scepticism. Proponents, however, see a great potential as partners can support each other in achieving more effectively their respective objectives, by enabling radical transformations of organizational structure, work systems and division of labour of firms, by compelling people to think in new ways (Appelbaum et al., 2000). Teague (2005) argues that enterprise partnership may be seen as an exercise in deliberative democracy where the distinct actors are expected to collaborate inside a decision-making forum that allows for a gradual redefinition of both identities and interests of participants. Partnerships initiate processes of redefining identities and interests that will feedback to redefine the content and form of the partnership itself. This poses a great challenge to unions as their jobs as aggregators of interests become much more complex – but perhaps also more timely?

For managers in MNC subsidiaries the attraction of partnership is that it may offer a shortcut to improved performance on a wide number of benchmarks on which their individual career prospects depend. Employees, on the other hand, have seen it as a way to protect jobs from being lost to competitive subsidiaries or from outsourcing. Often, however, by pursuing their initial interests, both parties discover that they may achieve joint interests by respecting simultaneously the interests of their partners and former opponents. In search of improving products and processes, managers are driven to a simultaneous search for good standards of employment and decent treatment of employees, as a way to build and sustain partnership, trust and high organizational performance. With strong management engagement in these issues employees are likely to share information and knowledge about the practical aspects of business operations, and how these can be improved and actively participate in purposeful problem solving (Walton et al., 2000). The construction of partnerships thus may encourage both parties to change their perception of each other as adversarial actors, facilitating the search for common goals and new areas of interest. Employees increasingly understand and engage in the pursuit of solutions to the business problems of the enterprise making it easier to improve on organizational performance (Kelly, 2004).

An important issue, however, is related to the power held by the parties. Partnerships may turn into mechanisms of domination and control from the stronger or better positioned partner at the expense of the weaker (Benson, 1975). For example, literature shows that the presence of worker representatives in EWCs is intrinsically problematic. In many cases representatives are barred from being involved in key decisions due to lack of training, difficulties in dealing with foreign languages and cultures, and refusal to place on the agendas items of importance to local subsidiaries (Keller, 1995; Streeck, 1997; Hancke, 2000 and Waddington, 2003). Thus employee representatives are accepted into a game that is totally defined by their opponents. A Marxist critic of partnership arrangements points out that through their support unions favour an ideology of common interests, contribute to limit their own independence, and find themselves captured by an agenda imposed by employers (Taylor and Ramsey, 1998).

This view misses the dynamic potential of partnerships, which is actually dependent on what the actors do within its framework. The partners may mutually civilize each other and open up for actions that none of them had envisaged. And this mutual learning effect is not independent of how unions and employers' associations are able to support their members. It seems possible to develop a virtuous circle that creates agency out of local union representatives, dependent on existing forms of worker representation at firm level. In Denmark - as in Scandinavia, Germany and the Netherlands - a 'widespread system of worker representation'² at firm and locality level, relatively high rate of union membership, a particular strong and protected position for shop stewards and convenors have implied that decentralization of collective bargaining and agreements has strengthened influence on the local level. The more agreements they negotiate, the more union-education they receive and the more they can establish themselves as a (paid) 'office', the more actual influence they will get (Scheuer, 2003). Thus it takes strong union support to enable local level activists to become a local agency that may participate in local partnerships.

Playing a crucial role in negotiations, shop stewards and convenors take on part of the responsibility for the continuous improvement of the organization. Not only to

² Andersen 2005 gives a useful overview of formal and informal modes of participation in Denmark.

protect workers from any kind of downgrading working conditions, but also to achieve agreements where the organization is able to support the process of skill-upgrading and higher productivity. Our research shows that in a number of cases the agency of shop stewards and convenors has radically expanded by fighting for a subsidiary's space within a MNC. This expansion follows an interesting dynamic. Shop stewards start the emerging partnership with local managers by engaging themselves in workplace transformations. They continue by negotiating training policies, start worrying about the potential loss of managerial partners, and negotiate themselves into selection committees for managerial recruitment, build up their local reputation to a global one by assisting in resolving significant corporate-wide 'crises'. This gives them access to distant HQs, which they can use to alter the organizational framework conditions (transfer prices, budgetary constraints, benchmarks) in favour of the gradual evolution of the local plant. Following this virtuous circle of partnering, union shop floor representatives may become the architects of benchmarking factories, the principle of which becomes transferred to other countries engaging even blue-collar workers as international consultants. Thus, both the hierarchical structure of the subsidiary, the identities and roles of its agents and their mutual relations are changing in radical ways.

One of the strengths, which union representatives carry into this partnership, is their knowledge of and relations to the wider welfare institutions. In many ways local union representatives connect firms and institutions in a dynamic and situational way. Through the network to the wider union organization and its relations to institutions, shop stewards and convenors are able to make the larger society work in tandem with changes in their home firm. Shop floor union representatives may also use this network to influence authorities at municipal level, so that schemes favourable to both the firm and the authorities can be created to the benefit of disabled, immigrants and other potentially marginalized groups.

Obviously, there is a risk that unions and their shop floor representatives become 'captured by an agenda imposed by employers' and simply solve problems for employers. If unions are unable to support shop floor union representatives and members in taking on the partnership role, they risk becoming victimized by the

restless fashion industry of post-modern management. On the other hand, if unions and their local representatives are able to navigate and set a direction, they might highly benefit from these restless shifts, which continuously provide new windows of opportunities, impulses for doubt, reflections and reformulations of their own search for better alternatives and better practices.

The Co-construction of High Performance Work Systems

Whereas Fordism is fairly well described, it is much less so with the emerging forms of organizing and arranging work and jobs. Whereas Fordism emphasized routinization and automation, the emerging paradigm favours flexibility, quality, lean operational procedures, just-in-time and continuous improvement and innovation. But the organizational form is less than clear. In our cases, many responsibilities have been located to teams, though the responsibility of the total performance of the organization still rests with a 'lean' hierarchy at the very top. This creates a lasting tension between two principles and poles, permanently at the risk of undermining collaboration in much the same way as that between HQs and subsidiaries. In our view, there is no way of resolving these tensions structurally, rather 'the' organization must constantly be re-negotiated to allow for unpredictable role-redefinitions towards other firms externally and internal re-figurations of teams and their ways of cooperating internally. By taking on a new role in this constant experimental process, worker representatives and unions may gain an influence that is much wider in scope than any role seen so far (Rubinstein and Kochan, 2001), and itself be constitutive for HPWOs. Rather than being negotiated orders, HPWOs become negotiating re-orderings.

The literature reflects this and may be divided into three streams. First, some see important changes following in the wake of HPWOs (e.g. empowerment, participation in decision-making, reintegration of conception and execution, increasing control over tasks allocation, and continuous skill improvements) as they require workers to have autonomy over their job tasks, to participate in self-directed teams, to be part of problem-solving and other offline teams, and to regularly communicate with outsiders (Appelbaum et al. 2000; Whitfeld and Pole, 1997), while simultaneously improving performance (Huselid 1995; Ichniowski et al., 1998, MacDuffie, 1995; Berg et al.,

1996). As different changes in work systems accumulate they form complementarities (Ichniowski et al., 1997), which create circles of reinforcement, implying that the efficiency of one measure is propelled by the efficiency of another and vice versa. Obviously in the search for such complementarities, unions and their representatives could play a crucial role.

A second strand of more sceptical researchers is critical and argues that HPWOs may undermine labour. Management might use them to offer employees some promising benefits (Ramsay et al. 2000) by which they reduce employee reliance on unions (Fiority et al., 1987: 124-5) and then use the open field for work intensification, insecurity and stress (Sewell and Wilkinson, 1992). Proponents of this view think we are in need of a novel form of union militancy that can fight back, rather than go into partnerships to develop them further (Voos, 1997). Wood (1999) has blamed proponents of HPWOs for having highlighted the benefits while forgotten the negative consequences.

A third stream sees the changes in a more contextual perspective. Martinez-Lucio and Stuart (2002) argue that the limited nature of involvement in decision-making and the lack of investment in training and education of the workforce in Britain may have had a negative impact on the development of partnership relations. Godard (2004) argues that the limitations to HPWOs are likely to be greater in liberal market economies than in co-ordinated market economies. To us this testifies to the fact that life in HPWOs is dependent on the political influence of unions, both at corporate and institutional level. Edwards et al. (2006) confirm this, showing that cases might be sorted out as different outcomes in terms of control and developmental concerns for labour compared to capital, and the number of different possible outcomes is large for both parties. Vallas (2003) sees the novel citizen rights, participatory democracy and empowerment (i.e. 'normative' dimensions), and increasing emphasis on surveillance, performance improvements, market relations, flexibility, etc. (the 'rational' dimension) as both entering into the new managerial regimes simultaneously, creating a tension in practice, so that there is no stable outcome but rather a continuous process of aligning and re-aligning different dimensions of this 'regime'. In our view this means that the outcome highly depends on how parties are negotiating re-ordering.

This may explain why ‘despite proven efficacy ..., they [HPWSs] have failed to diffuse; institutional isomorphism has been blocked’ (Piore and Safford, 2006:316), or that the ‘..theoretical virtues of workplace transformation have so rarely been achieved in practice’ (Vallas, 2003: 226). Simultaneously, it seems as if the move away from Fordist practices has been significant. Lorenz and Valeyre (2003:13) found that in 2000 on average in the EU-15 countries only 13.6% of employees said they were working under conditions that could be characterized as Taylorist, while 28.2% worked under lean- and 39.1% under a learning form of work organization.). Thus a way out of this paradox is to suggest that former forms of work arrangements are breaking up, but they seem not to settle around a new consistent model.

Our own observations of work place reform in a number of factories owned by MNCs in Denmark show great variability, which the usual dichotomy of ‘lean’ and ‘socio-technical’ work arrangements (Lotz and Kristensen, 2005; Hodson, 2001) or as benefiting either capital or labour does not capture. Though teams are often important, they are created in very different ways. Some are initiated by employees, others by managers. In some factories top managers appoint team leaders, and in others team members elect them. In yet others, the team leader position simply rotates among team members. In one factory, the board of the enterprise union-club appoints team leaders among members. Thus in some enterprises the new forms of work organization is an extension of old hierarchical principles, while in others it is an extension of the shop steward system. And these constitutional choices may have important effects on the dynamic of micro-politics and –reflexivity in firms.

In all studied firms, teams coexist with remnants of the old hierarchical administration. In some, the entire hierarchy down to foremen is maintained, but instead of directing individual workstations, foremen are now expected to coach the autonomous or semi-autonomous teams. In other firms, the only parts of the administrative hierarchy left are upper positions as technical- and production-managers and supporting HR-managerial services with which team leaders are communicating directly. In most cases, shop stewards and convenors have gained greater importance. In some, shop stewards and convenors are seen as a force in horizontal coordination, supplementing and complementing day to day hierarchical control of the managerial hierarchy. In this system ‘partnership’ and ‘hierarchy’ as

organizational principle are invariably contesting each other in search of competitive solutions to new problems. Finally, of course, in some of our cases neither shop stewards nor convenors play such an active direct role, but rather monitor that reforms, practices and their administration are not developing in ways contradicting, breaking, or obscuring central or local agreements between employer and employees or their associations.

Firms that have maintained a hierarchical structure above a HPWS based on decentralized responsibility for performance improvement discover that, managers at the top are often holding obsolete information about what is going on in teams; technical staff is overtaken by the technical competence of teams, etc. In effect the legitimacy of the hierarchy is questioned. But firms that have considered the alternative to simply let 'market forces' decide face a new dilemma. For instance, if decisions about the size of different managerial and staff functions in an organization were handed over to the teams' demands for managerial and technical services, only immediate demands and the actually well-performing teams would be determining what survives and what does not. The organization then becomes extremely short-termed and unable to develop a vision for long-term growth. Emergent novel teams with less well defined work tasks, the benefits of which have not yet become clear for the surrounding organization, will face less demand and therefore become de-selected before having demonstrated their potentials for innovative development.

Consequently, work-, managerial-, sales- and R&D-teams must instead join in mutual negotiation procedures giving each team the opportunity to explain and compare both current performance and perceived future promises. Such negotiation procedures would not only allow them to reveal future aspirations and find ways to benchmark their possible contributions to the future performance of the firm and other teams. They would also allow them to become informed about the possible services that other teams could help supply in the future. This would institutionalize within a regime of short-term competitive rivalry a procedure for long-term cooperation and search for complementarities that would continually pressurize partners to reflect on developmental goals and to rationalize on how these comply with larger societal changes. Such considerations point towards a constitutional ordering of the enterprise, which breaks with both market and hierarchy, and towards a network form of

organization, calling for a deliberative democracy (Sabel, 1997), a principle that could be repeated among subsidiaries of a MNC (Kristensen and Zeitlin, 2005).

In such a system unions would take on a new and very crucial role. First, unions should constantly help firm level worker representatives to formulate their goals in benchmarks, furnish them with alternative ways of organizing, search for solutions to organizational dilemmas, etc., which could make the role of convenors and shop stewards much more active in proposing alternatives in negotiations on company reforms. Second, they should constantly find ways to elaborate the formal institutions of collaboration (the role of convenors and shop stewards, the formal authority of WCs vis-à-vis both normal managerial hierarchies and the adhocracies of committees and secondary teams). Thus WCs hold the potential to become the monitoring centre for how to improve the ability to continuous improvements on which the whole firm depends, both in terms of its attractiveness to workers and to shareholders. Third, unions should take on a very new and unusual role. As the search for new experimental solutions to the problems of the new constitutional ordering goes on in individual firms, unions could be the body that monitors individual firms' experiments and compare and develop meta-order benchmarks that allow for learning across firms. Without taking on this role, it is indeed difficult to see how and by whom experience gets stored, compared and 'best practices' diffused among enterprises in a country. But capturing and developing such a knowledge base would also allow unions to take part in setting the agenda for organizational reforms instead of just simply responding to the agenda of capital.

Labour Markets as Challenges to and Power-bases of Unions

Globalization, regime shopping and investment bargaining, transition to lean forms of organization, decentralization of responsibilities, outsourcing, etc., have not only changed the organizational life of firms and corporations, but have also effected labour markets and working careers just as dramatically, and put institutions for employment protection under extensive pressure, such as in e.g. Germany, France and Japan. In Anglo-Saxon countries, in particular, the new organizational forms have undermined working careers oriented towards vertical promotion within a single company, and instead a new pattern of horizontal mobility among firms is in the

making, with job-hopping being a normal phenomenon (Florida, 2002). The coming of such labour markets has been an important explanatory variable for the success of radically innovative clusters such as Silicon Valley. Flexible labour markets, often with individual contractors working on fixed term contracts, constitute a new modus for creating the dynamics and fast learning associated with high innovativeness in the new economy. These transformations have had dramatic repercussions for unions, almost modelled to serve the interest of different professional groupings who have established themselves in specific positions within bureaucracies. Integrating planning and execution, maintenance and operation, continuous improvements and innovation, and computerization of offices and factories have made numerous job demarcations difficult to defend for unions, which often find themselves engaged in fighting each other rather than employers, alienating members trying to enrich jobs by abolishing old separations of tasks.

During the 1980s and the 1990s these transformations came with high unemployment, stagnant or declining wages so that weak bargaining positions made it easy to conclude that in the new regime capital plays the upper hand (Rifkin, 1995), and workers accept to work longer hours, under stressing conditions which undermined their private lives. Ironically, however, Barley and Kunda (2004) find that becoming an individual contractor is as much an ‘unlikely rebellion’ against organizational politics under the guise of ill-informed, opportunistic and frequently changing managers as a search for egoistic ends. Thus the break-up of old labour markets has many different causes and may have very diverse outcomes.

What has happened among itinerant expert contractors in Silicon Valley may teach unions a very important lesson as contractors opted for a strategy of offensive skill-acquisition in such a way that they always tried accumulate skills that made employers compete for their services and accept hiring them at salaries beyond normal levels. In order to live with this game, the contractors have created dense personal networks in which they can develop, mutually recognize skills and exchange information on possible future jobs. Barley and Kunda (op. cit.) demonstrate how such contractors develop personal networks, the magnitude of which is much larger than those of employees in permanent employment. These networks constitute “clusters of domain-specific knowledge’ (Florida, 2002: Ch. 6) that can develop in

very offensive ways, serving as a mutual insurance against skills becoming obsolete. To a certain degree they allow participants to combat the regime-shopping of capital by job-hopping of professionals. In the US this strategy has been reserved for certain professionals, but unions engaged in institutional reform might be able to transfer this to lower skill groups?

Danish flexicurity (Madsen, 2006) combining labour market flexibility and social security not only makes hiring and firing easier for employers. Welfare benefits are used not only for proportioning social equality, but an important, if not the most important, effect of the welfare regime is the possibility of workers to upgrade skills through continuous training, not only during unemployment periods but also at different stages in their work careers. The combination of high mobility and continuous skill upgrading produces a labour force that frequently moves among employers and builds work careers across many firms and therefore accumulate many social ties. Employees see mobility as an important means to skill enlargement and security against unemployment. Rather than being fired, the main reason for workers to change jobs is their search for new challenges, and in this way they simultaneously increase their bargaining power vis-à-vis employers.

Once workers improve their skills by using the welfare schemes and keep high levels of mobility, they improve their employability as well as reduce the possibility of downward mobility, since firms need to compete mutually to recruit the best employees by offering good wages, challenging work and good working conditions (Kristensen, 1996). A high level of workforce mobility also creates a virtuous circle, which improves and boosts the formation of networks among firms. By keeping good relationships to former colleagues and employers, Danish workers help firms building strong ties of collaboration and information sharing. High internal skill levels and rich access to external skills in other firms make firms look for challenges beyond current routines. In this way skills become self-propelling.

Traditionally this gave craft workers highly open careers, e.g. becoming entrepreneurs or high level managers (Byrkjeflot, 2000) which they achieved by frequent job shifts, moving across firms and making use of a dense further training system. Today, with new HPWSs, employees are moving in highly individualized horizontal ways through

positions and training, effecting an experimental transformation of both firms and working population. In this mutual redefinition process, union activists may play a crucial role in enabling different groups to engage in continuous redefinition of professional identities. This is done by constantly broadening the scope of these institutions and sophisticating the levels and range of courses offered. In this way, they might create a ladder that brings the majority of the population in contact with the networks of innovative cooperation that globalization offers (Unger, 2006). To create, monitor and change institutions that allow for this could be the primary important societal role of unions. The task is not simple. First, it consists in aligning former professional specializations with emerging new forms of work organization, which will partly oppose and partly be shaped by professions as they transform to occupy new organizational roles as team-workers, leaders, coaches, benchmark designers, organizers of procedural justice and negotiating bodies, etc.. Second, as professions decompose to 'clusters of domain specific knowledge', to organize settings where members can meet, develop their knowledge and tie up with international communities, and finally, continuously cultivate the knowledge and skill base then they need an agency that make account of how the distinct labour market forms a distinct identity in the international division of labour.

EWCs and the Orientation of European Unions

Though the literature is pessimistic about the future role of EWCs, Marginson and Sisson (2006) argue that for representatives the EWCs represent a potentially vital body for cross-border exchange of information. With dynamic experimentation in subsidiaries and local labour markets, this information exchange could be vital for the ability of MNC HQs to make rational and timely decisions as it offers a corrective to the exchange of information within the managerial hierarchy, where voice will be influenced by opportunistic, individual career considerations.

Such a development will be complex as the EWCs reflect the variability of the contexts. For instance, they are influenced by the national IR traditions in the company's country of origin (Waddington, 2003; Muller and Hoffmann, 2001), and Gold and Hall (1992) emphasize differences in format between the joint management-employee in French and the employee-only German companies (see also Rehfeldt,

1998). American and British companies have resisted (Gold and Hall, 1992) possible changes in the governance of the firm that the EWCs can bring about, being more management dominated than continental MNCs (Marginson et al. 1998). Knudsen and Bruun (1998) reveal that the tradition in Scandinavia of a decentralized approach to company specific issues implies that employee representatives negotiate agreements, limiting the involvement of trade union officials.

However, if employee representatives form partnership with local management, engage in ongoing transitions of subsidiaries and related transformations in institutions of local labour markets, then they would bring considerable knowledge of future options for the multinational in different localities to negotiations in the EWCs. This knowledge would compensate for the lack of substantial knowledge among top-executives. Perhaps more importantly, such negotiations would make representatives discover that their own subsidiary could benefit from having others specialize in new skills different from their own and in this way discover possibilities for new collaborative ties. In this way, the EWCs could become important bodies for co-constructing global dynamic complementarities, in much the same way as in mutual negotiations among teams in local plants.

How may unions assist employee representatives in taking on agency and transforming the EWCs in this direction? As soon as this opposite way of doing investment bargaining has become initiated, unions might use their mutual transnational relations to educate each other, to the best of their abilities, in the art of supporting the EWC representatives in how to become advanced negotiators capable of influencing and catering for the respect of HQ-managers. As shown elsewhere this dynamic might simultaneously combine with a major transformation of the European Community, where citizens from different localities collaborate across country borders in reconstructing MNCs as international collaborative associations (Kristensen and Zeitlin, 2005). Whereas this possibility might have looked very utopian a few years ago, the financial crisis makes it much more likely that MNCs in the future will have to finance their expansion by a consortium of financial institutions from different countries so that the financial institutions also impose on MNCs a negotiating re-ordering.

However, unions have not focused attention towards such a transformation of corporate governance, but rather used bodies such as the European Trade Union Confederation (ETUC) to resist the neo-liberal turn and to establish a pan-European corporatism that could work towards a European Keynesianism and prevent “a race to the bottom’ (Waddington, 2005). But as Marginson and Sisson (2006) argue, they are far from having realized this vision. Rather in country after country, we are witnessing a turn to decentralized local bargaining, and rather than seeing this as a threat, unions should collaborate European wide to expand from within this bargaining pattern.

Today European-wide issues and local concerns only can be connected arbitrarily, and by pressing for abstract forms of regulations at European level, unions simply speak a language that cannot relate to concerns of local activists. To local union activists, it seems as if union bureaucracies have turned their attention in a highly erroneous direction. This illustrates very well the huge dilemma that unions and employers’ associations are facing in the age of globalization. They need both to work on an international scale with and within international organizations, and to be much more focused on local experiments in order to find ways of civilizing and codifying these, so as to negotiate a turn towards a gradually improving society. Obviously, with the path chosen so far, unions cannot move in both directions without facing a basic crisis of direction, especially given that they are facing a financial crisis with the gradual loss of members – even in such countries as Denmark.

We think that one way out of this dilemma would be for unions to focus less on centralized bargaining institutions, wage- and employment levels. If unions instead hold comparative knowledge about how new forms of work organization have progressed in different companies, how reforming labour markets are developing in different parts of a nation, etc., it will be much easier to help local representatives discover where they hold comparative advantages and disadvantages. In this way they could help representatives prepare for sophisticated negotiations suggesting solutions from which both multinationals and localities win.

As unions learn to assist local representatives in preparing for negotiations in the EWCs, they create a channel to negotiations that may supply information about possible shortcomings in local labour markets of their home nation. Where local

representatives are unable to achieve aspired for and desired outcomes from investment negotiations, important knowledge may be generated about defects in making local labour market competitive from a comparative perspective, and this constitute important knowledge for suggesting reforms in national corporatist negotiations. Working closely with EWC representatives, unions are building up knowledge that strengthens their capabilities for taking on new roles in national and European politics.

A Radical Perspective for Union Politics at National and EU levels

If focusing on comparative ways of transforming labour markets, and the advantages that they offer for their populations, unions could become experts in suggesting and engineering reforms that render it possible for populations to benefit from globalization. They would need participate actively in multiple levels of negotiation and engage wherever the EU Open Method of Coordination is set in motion to evoke institutional innovations of regional and national labour markets.

By invariably comparing how different localities through institutional reforms serve their constituencies differently in creating dynamic comparative advantages or disadvantages, unions simultaneously create the diagnostic knowledge that makes it possible to raise general questions and identify general needs for reform at national levels. In this way corporatist negotiations between the state and the social partners could become fundamentally substantiated, and the more unions consulted representatives at firm and local levels, the better they would be equipped for winning these negotiations. Simultaneously this would create significant resources for the state to maintain its comparative institutional competitiveness.

Offensively reforms might help foster and provide institutional support for the prospective evolution of clusters of domain specific ‘professions’ that can add dynamics and web local labour markets into global networks of innovation. Defensively it may mean engaging in joint actions to help repair labour markets that evolve into a stagnant or depressive state, i.e. to help welfare states transform from providing social help to enable dynamic adaptation.

But unions can make use of the same information and knowledge in a more international solidary way. Once some countries have demonstrated the possibility of new and different political actions, others can try adopting and translating promising solutions given the sufficient transnational exchange of information.

Thus instead of searching for ways of realizing the social democratic vision of a Keynesian social Europe, trade unions in Europe could, through the ETUC, mobilize the EU to choose 'high' instead of 'low' roads to labour market flexibility.

As Taylor and Mathers (2004) show, mobilization in the wake of the ETUC becoming engaged in the European Charter of Fundamental Rights was actually one of the most successful ones in the recent history of the ETUC. By granting all EU citizens access to education, vocational and further training (article 14), equal rights for men and women (Article 23), occupational integration of disabled persons (article 26) and securing a number of union solidarity and welfare rights (Article 27-36), unions may find ways to use articles to force national governments to work with the offensive transformation of labour markets. Fredman (2006) sees the Charter as important for imposing social concerns on decision-makers in cases where they would tend to be more attentive to purely economic concerns. Thus, it points potentially to a "third way" different both from the social democratic and neo-liberal path. All the articles come without standards, but nothing prevents unions from engaging actively in specifying high standards reflecting best practices among member states to monitor aspirations for reforms within them. In this way unions could help organizing a race towards the top in the EU.

Furthermore, the ETUC does not need to wait for the European Employment Strategy's (EES) Open Method of Coordination (OMC) to take on a cross-country learning process of novel institutional reforms and forms of work organization that enable employee self-transformation. This learning process could be organized within the ETUC itself as an internal OMC that is used to provide national unions with deeper insight into different institutional innovations in different countries and thus provide the ground for direct, concrete and profound critique of national policies. In this way, the ETUC and national unions could be actively engaged in suggesting the type of institutional reforms that would make enterprise partnerships, organizational forms of

firms and labour markets favourable to workers and unions. Such an ETUC-OMC can directly help inform discussions at enterprise-, local labour market- and national institutional levels. In the multi-level strategies proposed this would help unions set their own agenda in trying to civilize the current regime of corporate governance.

Conclusion

Underlying the arguments in this article is a quite strict argumentative structure circling around Elias' concept of "figuration". A figuration captures e.g. a distinct phase of capitalist development, where different social agencies are constituted in a historical distinct way that contributes to and integrates the character of these agencies into a distinct set of games with other agencies that add up to the reproduction of a certain system. This set of games also constitutes a certain pattern of governance that reproduces the traces of the figuration during its expansion. However, as a distinct figuration expands, a number of unintended social, economic and political effects evolve that may give impetus for some agencies or emergent new publics to take a new standing towards other agencies and pressure for civilizing these to cope with the unintended effects. Attempts to change the set and nature of games of the old figuration in this way may give rise to a change in the very figuration, creating a new figuration of e.g. capitalism.

Based on this general scheme we argued that unions have played a major role in civilizing the figuration of laissez-faire capitalism that existed before 1914, and succeeded in changing it into the figuration of Fordism/Keynesianism after WWII. During this latter figuration, unions have, with their central role in the games, played a major role in its governance in that these games have determined its growth pattern, e.g. by participating in centralized negotiations both over wages and state budgets (taxation, level and type of spending). At the time of the first oil crisis the post-WWII figuration developed a whole set of contradictory and unintended effects (such as autonomous, self-seeking managers, self-seeking professional groups within the state, fiscal crises, inflationary wage increases, etc. etc.) that evoked some sections of the figuration to take on new roles to civilize other players. In particular the financial community in societies where this community was strong, e.g. the UK and the US, took on a new and offensive role and brought together a new coalition of global

organizations, national adversary groupings to the former figuration, etc., and created a new neo-liberal wave that imposed changes – to a varying extent in different countries – in the games played among different constitutive actors. Since then we have witnessed the coming of a new economic figuration including ingredients such as a strong emphasis on financialization, new public management, marketisation of public services, global orientation of corporations, mergers and take-overs, investment bargaining and forcing unions and wage-earners into games of concession bargaining.

Seen from one angle this figuration of the new economy seems very market driven, and to impose a strong discipline of rationality fostered by global competition among its participants. From a number of new studies another picture, however, emerges in which opportunistic game-playing prospers, leading to short-termism, self-seeking managerial careers that undermine the long-term viability of corporations, fashion-driven allocation of financial resources, etc., that risk undermining the foundational strengths of the figuration. This situation becomes very clear in the dramatic consequences of the current financial crisis.

The very need for a new phase of civilizing the figuration of the new economy offers unions a new chance for entering the scene and capture a strong role in the governance and set of games that will bring about the next figuration of capitalism. This role starts from the need to create new partnership and agency among managers and shop-stewards of subsidiaries of (multinational) corporations so as to counteract the opportunistic careers of managers and simultaneously create a counterweight to the games played by HQs. But this partnership is simultaneously constituting a negotiating ordering by which subsidiaries themselves can experimentally explore and search for increasingly satisfying ways of organizing work in firms doing continuous improvement and innovation. Without direct involvement in this search, unions miss the chance for making working life an enormous source of human growth and up-skilling. However, this potential within firms may only be successfully accomplished if labour markets are organized in new ways, and if educational and vocational institutions are constantly able to offer workers a chance to create novel and attractive skills and make changes in their professional identities that make firms competing for the services of employees. Only with a strong union influence on local labour markets and on the processes in national politics that lead to institutional reform will such

transformations become possible and be in the interests of their constituencies. Nobody has the answer to how local labour markets can be transformed and how to run the reformed institutions in which the new labour markets are embedded. But unions have a chance to organize a search for answers to these questions by making transnational organizations the forum of search, where different national experiments can be comparatively assessed and eventually used to influence such processes as the EU employment strategy.

As we see it initiating steps to take on these new roles at a whole set of levels (local firm, local labour market, politics for forming new national institutions, and international search for and comparison of solutions to the problems of the former levels), unions may be able to establish a very strong position in the future governance of the coming figuration of capitalism. But these roles are systematically different from the roles unions played in the figuration of Fordism and Keynesianism.

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