

**New Roles for Unions
In the Governance of the New Economy**

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Introduction

Transformation to post-Fordism, intensified globalization (both economically and politically) and volatile markets together with growing individualization, consumerism and disengagement from political parties are among the many factors that have helped complicate the life of the union movement in different countries. For those who see this as an outcome of ideological battles, the neo-liberal turn since the 1980s really has had compelling effects. Unions are in decline both in terms of membership and of political power, seemingly unable to set the agenda in corporatist discourses and increasingly unable to formulate the interests of the mass as it transformed into a “multitude” (Hardt and Negri, 2000). The paradox seems to be that all the mentioned transformations might only lead to desirable outcomes if a strong union movement is able to “civilize” globalization and the new form of managerialism that is involved in these transformations. Current union weaknesses, then, is evoking pessimism over general capitalist evolution by a large group of Industrial Relations analysts, as there have been few promising imaginary analyses of how unions in an effective way may participate in the governance of the new global economy.

Against this pessimistic view, our aim is to point out in more detail how unions may define a new role for themselves. By taking on this new role, unions could become active co-constructors of the emerging society and, not least, gradually learn to exert a civilizing influence on globalization and participate in its governance.

Our argument runs as follows. By carefully studying the experimental evolution of firm level partnerships between management and union representatives, in particular in subsidiaries of multinational corporations, it is possible to induce a number of novel roles, which unions could cultivate and potentially use to reform their position in western societies. The evolution of local partnerships starts from reforms of the workplace and the re-organization of firm level governance, propels towards finding new ways of making use of local labor markets, becomes directed towards the reform of corporate governance of (multinational) corporations and is, finally, begging unions and employers’ associations to take on new roles supportive of the continuous

experimentation of local partnerships. Investigating the problems and challenges that actors are facing in taking such evolutionary steps at local levels reveals a number of pressing needs pointing towards new roles unions and employers associations could develop. This again suggest a new role in working with institutional reforms at European and National level.

Our study has been carried out in the distinct national context of the Danish Business and Industrial Relations System (Kristensen(2003) and Due et al. (1994); etc.), has focused on the games subsidiaries can play within the framework of multinational corporations (MNCs) (Kristensen and Zeitlin, 2005; Rocha, 2003), and on how shop stewards and convenors¹ can act to influence these games (Kristensen, 2003). It is furthermore rooted in an ongoing project, studying how workplace re-organization may take different forms, effect various organizational problems, the resolution to which will highly influence the community of interests that either divides or unifies 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 claim that it is exactly in societies with strong union representation – as in Denmark – that we can study new offensive union roles that may be used to inspire union reforms in other countries.

Positioning our Contribution

Debates on union reforms have been intensive over the last decade². Though our contribution can easily be placed within one of the various positions of this debate, it simultaneously relates to other positions in complicated ways. We share with Hyman (1999) the belief that a particular model of trade unionism (related to Fordism and Keynesianism) is undergoing a crisis, and when and if that particular model manages to give birth to a new model, the crisis may be surmounted. However, models do not transform without human agency. The whole problem of “union revitalization and – strategies” (Frege and Kelly, 2003, 2004; Baccaro et al. 2003) and its distinct institutional foundations in distinct societies moves to the forefront, not least pointing

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

² Heery et al. (2003) elegantly summarizes this debate.

out that courses of action and strategy will differ depending on how social and economic change effect distinct societies, their institutional context (particularly the Industrial Relations System), union structure, how other actors (state and employers) strategize and how unions frame this process and search for a new identity (Frege and Kelly, 2003:13). Within this framework, a new “wave of labor scholarship” has emerged 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). This potential differs among societies, and it is clear that when focusing on Denmark, we are considering a situation much closer to Germany and Sweden, said to belong to the so-called Coordinated Market Economies (CMEs), in which Unions traditionally have played a much stronger role in governing the economy and the workplace (Hall and Soskice, 2001), than in either the USA and the UK (Liberal Market Economies, (LMEs)) or in Italy and Spain (the Mediterranean model).

In a recent, very illuminating article Piore and Safford (2006) argue that a regime shift from the old New Deal central bargaining system to one of substantive employment rights has indeed already taken place in the US, but without the participation by and a future role for unions. They argue

“...that the emergence of the new regime has been driven, not by the neo-liberal ideology, but rather by a shift in the axes of social mobilization from mobilization around economic identities associated with class, industry, occupation and enterprise to mobilization around identities rooted outside the workplace: sex, race, ethnicity, age, disability, and sexual orientation.” (Ibid p. 300).

We think that this shift could take place without really involving the unions in the US, because unions have been only marginally involved in the governance of the New Deal regime at lower levels. They have primarily being engaged in centralized negotiations and not really holding corporatist territory on a number of levels from the firm to the state level. Yet Piore and Safford remind us that a regime shift could take place, and a new multilevel governance system come in place with no significant role for unions.

In Denmark, as in Germany, the position of unions is highly institutionalized through bargaining institutions at many levels of society. Though unions corporatist position towards the state, and their say in governing the size of budgets has weakened significantly since the 1980s, union representatives on lower levels, such as municipal and regional levels, have been able to increase influence. Moreover until recently unions in Denmark used to be highly involved in a “Ghent” system of unemployment insurance (Western, 1997), which gave them an important part to play in the governance of labor markets. Though this has lately been reformed reinforcing a decline in number of members and membership rates, networks among shop stewards and convenors have tended to counteract its effects (Kristensen, 2003). Unions in Denmark have perhaps created a unique profile by being strongly involved in the governance and reform of vocational and further training institutions, which are important parts of the institutional flexicurity nexus. Paradoxically, however, blue-collar unions fall victims to their own policies in continuous training, which tends to increase the social mobility of the members to the extent that they leave their original unions. Consequently, Danish unions also see a model undergoing a crisis. Therefore they have been pursuing almost the entire repertoire of revitalization known from the Anglo-Saxon debate to counteract drops in membership. Such measures have included acquisition of new members by providing new services for them as consumers, mergers and internal re-organization, action towards the political system, international links and partnerships with employers (Frege and Kelly, 2003, 2004).

However, it is obvious that so far unions have preferred a market- or society-oriented (Hyman, 2001) strategy, seeing compromises with employers and the state as the only and best trajectory. This trajectory is one of social pacts, partnerships, etc., which in Denmark has been further emphasized by decentralizing collective agreements, to sectoral and company levels (European Commission, 2004, p. 38-40). In many ways this path has been to defend, protect and capture positions that were associated with the Fordist/Keynesian epoch, only half-heartedly inventing new policies and searching for new roles to play.

The questions are: Is a new promising model for unions possible to cultivate from such a defensive path? What may the new model look like, and what roles for unions to play in a new system of multilevel governance?

Industrial relations analysts do not agree that a strategy of social partnering is the right choice. Our position, however, follows essentially the adherents of the *partnership thesis* (Heery et al., 2003), which see the change to post-Fordism as benign to workers, if unions manage to develop a new role. If this becomes the case, unions may ensure workers improved employment relations in emerging high performance organizations (Osterman, 1999:96), turn the new HRM practices into their advantage (Bacon and Storey, 2000) and may make the new types of firms work in such a way that profits become shared in various ways. In this vision distributive bargaining gives place for integrative bargaining (Thomas and Wallis 1998; Sisson and Marginson, 2000), where employees are much more involved in the governance of firms, while unions might move away from a system of centralized to one of coordinated bargaining (Sisson and Marginson, 2000). Few have been able to draw a line from these levels to what role unions should play at state and EU-level, but we think that the reaffirmed local role should be combined with roles as institutional entrepreneurs and innovators at these levels.

This does not mean that we disagree with those that see the risk of degradation of work under post-Fordism. But rather than fighting against this through a new form of union militancy, we believe unions are in a much better position provided that they are able to become competent negotiators that can contribute, in many ways and on many levels, to the ongoing experimental process that is constructing what the post-Fordist future is all about. In our view this future is much less teleological given than was the combination of Fordism and Keynesianism after WW2. An important dimension in constructing the new production regime is to enable and to create new types of work careers as bureaucratic hierarchies are broken up and routine work becomes much less of a rule. We agree with Heery (1996) that unions must provide their members with tools for “navigating” in the new labor markets. However, rather than seeing this as an individualization project, we think the need is great for unions to institutionalize new career paths and especially to construct “rites of passage” for people in critical moments of life or for people in general disadvantaged positions. Renewal in this direction is less likely to come from leadership within unions, than from their rank and file, and not necessarily because union leadership is more conservative. However, neither union leaders nor their bureaucracies are highly

informed of ongoing transformations and experiments in distinct localities, with the many novel forms of work organization being tested and with the highly various situations that individual members enters into or construct. Unions – organized as mass-movements and protecting standardized rights - can neither see the problems nor the chances that emerge with novel situations arising from the continuous experiments. This is why unions as organizations easily risk becoming only loosely coupled to ongoing transformations, which, on the other hand, play a focal role both for their members and especially for local activists, shop stewards, and convenors. And yet, the rank and file is in need of the union as a reflective community in which they can think jointly, discuss and formulate their interests and positions towards this stream of novel situations arising with organizational and institutional experimentation that comes with the constant search for identifying new roles for firms in highly developed countries in an international system that constantly and rapidly re-organize global value chains. Otherwise, neither unions, members nor activists can actively deliberate on the direction of these experiments, which will be basically directed by managers and employers and dependent on their local capacities for joint action. These considerations motivate our questions: How can unions take on this new role that enables continuously the formation of new publics and provides the ranks and files with impulses and inspiration that make them active partners in shaping high performance organizations, often operating within multinational corporations? And how can they do this, while also trying to influence politics, institutionalize new forms of corporatism at state and European level to better negotiate institutional reforms that re-enforce reforms at workplaces and local labor markets?

Partnership as Agency

There is no doubt that much of the new emphasis of creating partnerships between labor and capital originates from new HRM practices at firm level that have been introduced primarily in the US and the UK. This practice is seen to constitute important elements in the move towards a new regime of or instead of industrial relations which focus on centralized bargaining (Ackers and Wilkinson, 2003; Piore and Safford, 2006). Union observers – both within these countries and union strong societies, such as Germany and the Nordic countries – have seen these shifts as ways for managers to pressure workers to collaborate from a weak position and being

simultaneously motivated to give up unions (Bacon and Blyton, 2004). Given this framing of firm level collaboration in the general debate, it is no wonder that unions in union-strong countries have been very skeptical, when their own members, shop stewards and convenors embarked on comparative collaborative experiments with managers, even in cases where union density at the shop level was very high.

In cases, we have studied, domination of managers was not very obvious. Rather it could and would be seen as mutual dependence of potential equals, which for the purpose of mastering problems, collaboratively created a gradual manager/convenor partnership – often in an informal way and yet with implications that surpassed former forms of collaboration. As we were primarily investigating Danish subsidiaries of multinationals, we observed local managers that faced pressures from HQ-top-managers. This stimulated them to join forces with workers and local union activists to jointly fight for the survival and possible growth of the firm to be better their position in the investment bargaining game that has become institutionalized by many a headquarters (HQ) (Mueller, 1996; Mueller and Purcell, 1992). However, as we shall see, such partnerships, building on employee and union strength, also place unions in awkward situations that call for major reforms.

Thus partnerships between employees and employers have become an important topic across countries with different systems of industrial relations (Ackers and Wilkinson, 2003). Its potentials, pitfalls, advantages and implications for the different actors have been discussed intensely, not least in Britain and USA, where its potential for coping with loss of jobs to NICs or to countries where economic actors have been involved in some kinds of partnership relations for a long time (e.g. German traditions for co-determination; Japanese forms of enterprise unions together with life long employment) constitute an important element in industrial restructuring.

Proponents of partnerships see a great potential as the partners can support each other in achieving more effectively their respective objectives, which may enable them to transform radically the organizational structure, work systems and division of labor of firms, by compelling people to think in new ways (Appelbaum et al., 2000). This view is re-enforced when we take into consideration that the search for novel forms of work organization is not simply a matter of going from one comparatively static situation

(e.g. Fordism) to a new one (e.g. Lean). Rather it is a question of opening up for constantly searching and redefining organization (Sabel, 2006) that can combine a heterogeneity of organizational building blocks (as in the Stark (2001) meaning of heterarchy). Partnerships are thus potentially not only about mutual participation of the given partners in governing the firm to their mutual interests. 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 the participants. Therefore it is no wonder that Ackers and Payne (1998) argue that partnership combines seductive rhetoric with ambiguous and shifting meaning. 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 in particular, as their job as aggregators of interests on behalf of their membership becomes much more complex. Therefore it is interesting that Ackers and Payne are quite unambiguous, when defending partnerships' potentials for trade union revitalization. Partnership "*offers British trade unions a strategy that is not only capable of moving with the times and accommodating new political developments, but, also allows them a hand in shaping their own destiny*" (ibid: 529)³.

For managers in MNC subsidiaries the attraction of partnerships is that it may offer a shortcut to improved performance on a whole number of score-cards and 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 (Walton et al., 2000). With

³ Need we say that by focusing on partnerships that are able to reshape continuously the company, work systems and interests and identities, unions undermine the old governance system in which centralized bargaining tries reaching standard demands for unitary interest to secure that similar rules can be applied in all covered companies. Previous industrial relation systems tried to define "best practises" centrally – among the bureaucracies of unions and employers associations – to diffuse and impose these on individual companies. In this emerging system company partnerships search for solutions to problems that are often unknown to the social partners.

strong management engagement in these issues, on the other hand, 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 would increasingly understand and engage in the pursuit of solutions to the business problems of the enterprise making it easier to improve on organizational performance. Marginson and Sisson (2006) identify a number of negotiating activities at the company level which they named 'Pacts for employment and competitiveness' (PECs) which are very similar to partnership. Kelly (2004) shows that partnership firms can better adapt to variation in the market and create more rapidly jobs than non-partnership firms.

An important issue of partnership is related to power configurations among the distinct actors. As partnerships are formed across employee/employer divides they cannot be symmetric. Therefore, some observers hold the view that they may turn into mechanisms of domination and control from the stronger or better positioned partner at the expense of the weaker one(s) (Benson, 1975). Kelly (2004) argues that the balance of power among the partners in a partnership arrangement vary in the same way as employment relations. Therefore special attention must be paid to the configuration of power among employers, managers, unions and employees when analyzing partnership agreements and their dynamic outcomes.

For example, the literature shows that the presence of worker representatives in European Work Councils 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). The idea is that employee representatives are allowed into a game that is totally defined by their opponents, a game that managers are trained to play and employees not, and in which their partners always play the upper hand. We are critical of this line of argument. It misses the dynamic potential of partnerships, which is actually dependent on what the actors do within its frame. If managers work eagerly

to turn it into a body of domination they might simultaneously miss the opportunities that it opens up for them. But these opportunities are also dependent on how well the employees play their hands and change the game to their advantage. 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 back up their members.

The implications of partnership for the trade union movement and for the representatives at the shop floor level have been widely discussed in the UK. Ackers and Payne (1998), as mentioned, advocate that trade unions should engage positively in the potentials offered by partnership, while Kelly (2004) contrarily suggests that partnership agreements are unlikely to contribute significantly to union revitalization. Marks et al. (1998) argue a thought provoking position by stating that “*the paradox of mutual gains workplace is that it extends the scope of union influence inside corporate decision-making processes as it renders the authority of the shop-floor union delegate more precarious*” (1998:220). A more Marxist critic of partnership arrangements points out that unions through their support favor 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).

Instead of being a foregone conclusion, all these outcomes are, in our view, possible. However, which will prevail depend on the wider scope of unions' transformation, their support of changes in the roles of “shop floor union delegates”, how well trained these are and the unions' potential impact on managers and employers' associations.

Danish pre-conditions for Partnerships

To us it seems possible to develop a virtuous circle that creates agency at the level of local union representatives. In the Danish case a “widespread system of worker representation”⁴ at the firm and locality level, high union membership, a peculiar strong and protected position for shop stewards and convenors have implied that decentralization of collective bargaining and agreements have strengthened the actual 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.

In Denmark the shop steward is traditionally responsible for negotiating a wide range of agreements between workers and management, among different groupings of workers, between workers and vocational institutions, and with other shop stewards. By playing a role in the negotiations between managers and workers, involving different occupational and gender groupings, etc., the shop steward tries to reduce direct confrontations among them, collectively constituting a body of interest representation. This position enables him/her as a collective to negotiate with the management all changes in the organization of work. Not because the law prescribes it (on the contrary, the Danish labor market law gives sovereignty to management to manage in exchange for workers right to organize), but because all involved assume that negotiation is anybody’s right, and necessary for conducting changes and resolving problems. In this way, the Danish system of workshop governance is continually evolving through negotiations and agreements among the different groupings. Playing a crucial role in negotiations, the shop steward is in this way co-responsible for the continuous improvement of the organization. Not only to protect workers from any kind of downgrading of working conditions, but also to achieve agreements where the organization is able to support the process of skill-upgrading and higher productivity. When the factory faces market problems, the shop steward is called to negotiate possible solutions with the workers. This may, for example, imply sending workers on training-courses, or negotiating a list of lay offs.

Our research shows, furthermore, that in a number of cases the agency of shop stewards and convenors has, under the pressure of globalization, become radically expanded by fighting for the Danish firm’s position as a subsidiary. Typically, this expansion follows a quite distinct evolutionary dynamic. Shop stewards start the

⁴ Andersen 2005 gives a very useful overview of both formal and informal modes of participation in the Danish system.

emerging partnership with local managers by engaging themselves in work place transformations. They continue with mutual negotiation of training policies, start worrying about the potential loss of managerial partners, negotiate themselves into selection committees for coming managerial recruitment, build up their local reputation to a global one by assisting in resolving significant “crises” at corporate levels. This gives them access to distant HQs, which they can use to alter the organizational framework conditions (transfer prices, budgetary constraints, benchmarks) in favor of the gradual evolution of the local plant. This evolution may pursue quite unexpected strategies for improving work arrangements and being socially responsible (by recruiting disabled and emigrants). Following this virtuous circle of partnering, union shop floor representatives may become the architects of benchmarking factories, the principle of which becomes transferred to foreign countries by a process in which many blue collar workers act 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. Currently, this change is typically into a very confused state in which schizophrenic divisions prevail between a managerial hierarchy and team-based organizational forms at shop floor and in R&D, and between the remnants of the old hierarchy. In this new negotiated order among teams and hierarchy, union representatives function as trouble-shooters for, in principle, unsolvable problems in order to secure the holistic working of an emerging high-performance organization, searching for a more robust structuring or ordering. Located in these positions employee representatives seem at least to be in a similar powerful role in defining the future as are their partners on the managerial side (Kristensen 2003; Kristensen and Zeitlin, 2005; Lotz and Kristensen, 2005). They share the fate of travelling into an unknown future.

One of the strengths, which union representatives carry into this partnership, is their knowledge of and relations to the wider welfare institutions in the Danish society. 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 in turn this organization’s relations to institutions, shop stewards and convenors are able to make the larger society work in tandem with changes in their home firm. Vocational institutions can be addressed to solve problems that enable employees to adapt to new work arrangements, job specifications and projects through courses – tailored or

standard – to a high degree financed by the state. New employees can be recruited in collaboration with the Job Center, unemployment funds, technical schools and other training centers (see more on this in Kristensen, 1994; 2003 and Kristensen and Zeitlin, 2005). Shop floor union representatives may also use this network to influence authorities at municipal level, so that favorable schemes for both the firm and the authorities can be created to the benefit of disabled, immigrants and other potentially marginalized groups⁵. But the dynamic also works in the opposite direction. As the new high performance forms of organization are very stressful for employee groups down the line and may easily lead to burn outs, different forms of abuse, broken families, etc. To cope with that, some firms have created advisory boards at the firm level that can link up employees in trouble with a network of various public authorities and institutions before a personal crisis becomes manifest and turns an employee into a formal client. Having firm representatives (shop stewards and HR-managers) address these institutions instead of the individual, facilitates the structuring of a tailor-made “system of action” through which the firm and various institutions collaborate to bring the individual back on her feet in a quicker way than in the past. These are but a few examples of how union representatives may assist the firm in turning the institutions of the Danish welfare society into very supportive resources that enable the firm to do more far reaching and risky experiments with its organizational form and employees to contest their personal and professional limitations in search of new working careers.

It is apparent that union representatives in these examples are engaging in activities for which they are not prepared and educated. It is highly unlikely that they have been trained in issues such as head hunting the right managers, principles of budgetary discretion, transfer-prices and other important principles for governing the workings of an organization. Neither are they prepared to actually set the direction of strategic nor organizational change processes as they have hardly studied the ongoing streams of texts that usually inspire managers, consultants and business school students. One might invoke that it is the duty of managers to carry this form of knowledge and inspiration into the experimental laboratory of such subsidiary firms, which also

⁵ In this way union representatives at firm level do not only contain but are often activists in introducing the regulations at the workplace that Piore and Safford (2006) see as foundational for the shift in workplace governance.

constantly receive a stream of novel impulses, demands and suggestions from their HQs, which again is receiving similar “inspirations” from consultants, financial institutions and –analysts.

If unions and their shop floor representatives, however, accept this division of labor among them and managers, they obviously become “captured by an agenda imposed by employers” as a Marxist critique have pointed out. But if this division of labour is not accepted it puts an enormous amount of new demands on unions. Visser (2005:302) sees this clearly: *“The Danish case shows that there may be a trade-off, with both sides winning something; though even here, with high union membership, this puts much pressure on the national unions since they must provide adequate services to local representatives and redirect resources and staff from the centre.”*

If unions are unable to support shop floor union representatives and their members in taking on the partnership entrepreneurial role of learning from experiments and experiences, both the firm and its members risk becoming victimized in more than one respect 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 as they continuously will provide unions and representatives with new windows of opportunities, impulses for doubt, reflections and for reformulating their own more systematic search for better alternatives and better practices. Such a situation could then indeed turn partnerships into governance regimes of experimentation and continuous improvements with a novel division of labor among the partners. Deliberation within the framework of deliberate democracy would change and so would the nature of partnerships, which could easily become a crucial node also for generating institutional change.

As we see partnerships as dynamic forms of organization, constantly in a state of experimental change and search for improvements, it is less useful to make typologies dependent on the current stage of dominance/equality among partners (e.g. Guest and Pecci, 2001; Teague, 2005). We take for granted that if a partner takes on a new role in a successful way, this partner may temporarily dominate the agenda until its opponent/partner redefines its own respective roles and thus condition its “opponent” to do the same in an unending chain. Thus, partnerships should be assessed on

whether they open up for such experimental and mutual redefinition, which is more dependent on which rules they follow in their mutual games than on their position at a specific point in time. What matters is, for instance, “transparency, scope and depth of issues, credibility of the partners engagement in each others problems, degree of commitment, the incorporation of external stakeholders and evaluation procedures”, as has been pointed out by Kochan (1999). This raises difficult methodological questions on how to research partnerships. Assuming that they are initiated at a certain point in time and develop principles/rules of operation, what become of focal interest is their logic of evolution and how this may be influenced by the larger societal context. Thus, partnerships should not simply be evaluated on their constellation at a specific point in time, but for their ability to improve over time (Coulson, 2005:151) and for their future potential. For this reason, we pay special attention to the narratives that our respondents tell us about their experiences over the time with partnership on various organizational levels and among shifting actors. This indicates a very chaotic process with periods of surprising progress alternating with dramatic setbacks. In MNCs, subsidiary managers in some places are frequently shifting names, while union shop floor representatives in Denmark may not be reelected. At a stage where such partnerships are often established dependent on the gradual construction of personal trust and informal rules of the game, they tend to become highly volatile. And yet they seem able to become cumulative over time, primarily because their track records become narrated by the participants’ joint authorship. The participants, on the other hand, use these narratives as reflections of good and bad experiences, thereby creating a readiness for initiating novel experiments.

To make them more robust would, however, take the active involvement from organized interests and developing new modes of aligning partnerships with the larger institutional structure within a society so that partnerships could more offensively benefit from constructed complementarities between the societal and firm level. Before we look into this, we will go a step deeper into processes of internal firm reform.

High performance work systems

The end of Fordism has been seen as a shift to a radically different way of arranging work and of organizing. Whereas Fordism could be fairly well described, it is much less so with the emerging forms of organizing and of arranging work and jobs. Whereas Fordism emphasized routinization and automatization, the emerging paradigm is in favour of flexibility, quality, lean operational procedures, just-in-time and continuous improvement and innovation, i.e. high performance towards customers (quality), shareholders (profitability), etc.

The literature on high-performance work systems (HPWS) can broadly be divided in three streams. First, there are those who are quite positive and see important changes in this new way of organizing industrial relations also in relation to workers and other employees. For those authors, empowerment, participation in decision making, reintegration of conception and execution, increasing control over tasks allocation, and continuous skill improvements of employees are some of the characteristics that follow in the wake of HPWSs. High-performance work systems are said also to be replacing the hierarchical structure associated with traditional forms of work organization, 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 employees outside their work groups (Appelbaum et al. 2000; Whitfield and Pole, 1997). In short, HPWS uproots at a very fundamental level previous governance systems.

Huselid (1995) evaluated the links between systems of High Performance Work Practices and firm performance, including labor turnover, sales per employee and an indicator of financial performance. He interpreted his results as showing strong positive effects between HPWP and performance, concluding that a range of innovative human resource management practices, when combined, can have synergetic effects through an interactive and mutually reinforcing positive impact on performance. Other studies have shown similar results in distinct sectors and industries (Ichniowski et al. 1998, MacDuffie 1995; Berg et al. 1996). By the end of the last decade, a number of studies have held the view that as different changes in

work systems accumulate they form complementarities (Ichniowski et al. 1997). These in many ways function as circles of reinforcement, implying that the efficiency of one measure is propelled by the efficiency of another and vice versa.

Rubinstein and Kochan (2001) argue that the implementation of HPWS creates opportunities for union renewal. In many ways such work systems comply with many of the non-salary issues, which unions for years have been advocating. Therefore unions could see these changes as an invitation to abandon their traditional, adversarial role in favor of a new, collaborative one. Godard and Delaney (2000) explore the differences between HRM-advocates and the proponents of HPWS. They argue that the latter is more supportive of unions, as unions enhance the benefits associated with new work arrangements and HRM practices and ensure that employers do not revert to traditional arrangements and ways of making decisions. In this way, partnerships and HPWS can be seen as a way of expanding the participation of trade unions in the governance of firms, in subsidiaries of MNCs and through EWCs of entire MNCs. Unions are necessary as they might stimulate workers' participation, that again enable organizational learning, that leads to improvements in performance, work conditions and working life so that a mutual beneficial system come into being.

A second strand of more skeptical researchers is critical to the organizational and institutional effects of HPWS. Harley argues that HPWS can be used to undermine labor. Management might have seen the weakened position of labor as an opportunity to de-unionize their organizations, by utilizing participation to gain employee compliance and reduce employee reliance on unions as a means of influencing outcomes (Harley, 2005:51; see also Fiority et al. 1987: 124-5)). In this perspective HPWS is used to separate employees from their unions by an offer, which the employees cannot reject. Others are skeptical as to whether the offer itself is so beneficial to employees. Ramsay et al. (2000), for instance, find that employees enjoy some benefits (e.g. higher discretion) in HPWS. But these benefits are frequently far outweighed by work intensification, insecurity and stress (see also Sewell and Wilkinson, 1992). To these observers many scholars have accepted far too uncritically the promises of positive employee outcomes of HPWS. 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). Support of this view comes from a camp that sees HPWS as a strategy developed against unions, as it might be difficult for unions to deal with these novel management techniques, which do not use cash exchange relationship over which unions usually bargain. Wood (1999: 391, 403–4) has blamed proponents of HPWS for having highlighted findings supporting the high-performance paradigm while forgetting findings that do not.

A third stream sees the changes in a more contextual perspective. Martinez Lucio and Stuart (2002) look at the meaning and significance of the partnership strategies for trade unions in England, and show the changing meaning of the concept for the trade union and the problems related to the identity and union purpose related to it. They 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 HPWS are likely to be greater in liberal market economies than in co-ordinated market economies. In liberal market economies HPWSs may even be less effective than traditional personnel practices (2004: 370).

The debates about the characteristics and the effects of HPWS are thus unresolved. The different and in many ways divergent theoretical as well as ideological positions reflect quite distinct ways of interpreting and analyzing HPWS, its effects, and potentials. Edwards et al. (2006) in a highly interesting article resolves, in a way, this debate by showing how cases might be sorted out as different outcomes in terms of control and developmental concerns for labor compared to capital. Theoretically, the number of different possible outcomes is large and they demonstrate how different cases can have very different outcomes both for capital and labor and be shifting over time.

Vallas (2005: 7 cont.) suggests a different way of interpreting the debate. He sees the tension between novel citizen rights, participatory democracy and empowerment (i.e. “normative” dimensions) on the one hand, 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 teleological “**syyable** state” outcome but rather

a continuous process of aligning and re-aligning different dimensions of this “regime”.

This may explain why “despite proven efficacy ..., they [HPWS] 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). However, this conclusion seems only to hold if we expect from diffusion the total implementation of an entire system of practices or the spread of these new forms to the entire organization (e.g. group work, see Benders et al. 2002). If instead we measure how many are still working under Taylorist/Fordist work arrangements, the move toward other forms of organization seems to have been highly dramatic. For instance, 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. Against all theoretical expectations, work teams and job rotation were not associated with the learning form (ibid, p 6). 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 purpose here, thus is not to advocate the advantages of HPWS, but to investigate whether and how these models are being or can be translated, negotiated and reconstructed among organizational groups in such a way that they offer viable organizational forms, enabling participants to cope with globalization and volatile economic situations to their mutual benefit. We will focus, in particular, on the role shop stewards and convenors are playing in negotiating these systems, and from this discuss the potential new role that trade unions could play in supporting convenors in such negotiations.

Negotiating and experimenting with HPWS in Denmark: Discovering the germs of new principles of firm level governance and the role of unions

Our observations of work place reform in a number of factories owned by MNCs, in a small and quite coherent society as Denmark, bear evidence to a pattern of great variability of very different forms of HPWS (as also Edwards et al. (2006) suggest). This variability is far from captured by the usual dichotomy of “lean” and “socio-technical” work arrangements (Lotz and Kristensen, 2005; Hodson, 2001)), a duality

that sees them either as benefiting capital or labor. Though teams are often important in such work arrangements, teams have been created in very different ways. Sometimes employees and shop stewards have taken the initiative, other times they have been initiated by reform-eager managers. In some top managers appoint team leaders, and in others team members elect them. In many places, the team leader position simply is rotated among the team members. We have even observed a factory in which it was the board of the enterprise union-club that appointed team leaders among union members. Thus in some arrangements the new forms of work organization could be seen as an extension of the old hierarchical principles, in others it could be seen as an extension of the shop steward system and a great increase in the autonomy of the worker collective vis-à-vis management. A compulsory “rotation rule” seems, from our preliminary findings, to be a principle by which the teams are able to develop the highest form of reflective internal community, mutual understanding and ability to share commitment. The other forms seem easily to re-install hierarchy and some form of dominance combined with less responsible “subordinates”. Thus, what happens at this micro-level is decisive for workers to become so self-reflective that they take on the former role of managers to continuously improve quality, productivity, etc.

In all studied firms, teams coexisted with remnants of the old hierarchical administration. In some, the entire hierarchy down to foremen was maintained, but instead of directing individual workstations, foremen were now expected to coach the autonomous or semi-autonomous teams. In other firms, the only parts of the administrative hierarchy left, were upper positions as technical- and production-managers and supporting HR-managerial services with which team leaders would communicate directly. In most cases, shop stewards and convenors had gained greater importance. Most notably, one company had grown from a small plant of 35 employees to 450 without hiring a single foreman, but had expanded the number of union representatives from 1 to 35, being essentially responsible for personal administration, control of performance, coordination among teams, hiring and firing, planning of holidays, circulation of personnel in case of sickness, etc. In another firm, shop stewards and convenors were seen as a force for horizontal coordination, supplementing and being complementary to day to day hierarchical control of the managerial corpse. In this system “partnership” and “hierarchy” as organizational

principle were constantly contesting each other in search of competitive solutions to pressurizing problems. In a third firm, shop stewards and convenors would, in close collaboration with a production manager, take on the role to monitor that lower level managerial responsibilities were handled after the principles of partnership and team and employee discretion. Union representatives had deliberately become the forces that would safeguard the cultivation of the new “regime”. Finally, of course, in some of our cases neither shop stewards nor convenors played such an active direct role, but rather monitored that reforms, practices and their administration were not developing in ways contradicting, breaking, or obscuring central or local agreements between employer and employees or their associations.

Only the latter type of behavior is in keeping with the traditional roles of union representatives. In the three other cases, shop stewards and convenors are embarking on role-definitions that surpass any scope that unions have imagined or been preparing their activists for. Thus unions are in need of policies for how to evolve enterprises towards a favored version of the new economy, how to gradually formalize new forms of influence and how to train activists to take on new roles. But if in place, it is very difficult to see the limits to this participatory dynamic. As indicated above the organizational level between the apex and teams is an entirely unsettled terrain, wherein unions and convenors could help shape business organization beyond the magnitude of previous experience.

We think that this historical chance is distinctive for a number of the small universalist welfare states. Drawing on the third European Survey on Working Conditions undertaken in the 15 member nations of the European Union in 2000, Lorenz and Valeyre (2003: 13) find that Denmark, the Netherlands, Sweden, Austria and Finland have a very strong overrepresentation of the “learning” form of work organization (compared to the “traditional”, “Taylorist” and “lean” forms). The learning form *“is characterized by the over-representation of the variables measuring autonomy and task complexity, learning and problem solving and to a lesser degree by an overrepresentation of the variable measuring individual responsibility for quality management. The variables reflecting monotony, repetitiveness and work rate constraints are under-represented.”* (Ibid:6).

Whereas the "lean" form (as in the case of "Taylorism") is characterized by a number of managerial principles (teams, job rotation, and quantitative production norms), these seem to be absent in the "learning" form. This could indicate that "workers control" concerning development concerns are at least not as impossible to imagine as Edwards et al. (2006: 132) suggest.

Ironically, our findings seem to indicate that in learning forms of enterprises, though owned by foreign multinationals, workers are actually, through their elected representatives, most concerned with how to secure and guarantee the long-term development of "their" plant. And they are intensively discussing with managers the incoherence of current governance principles. This is one source of constantly re-negotiating work arrangements. Another springs from the fact that it is difficult to leave old habits and forms of governance (see also Vallas, 2003). Given that the remnants of the old hierarchy continuously produces streams of problems as managers sometimes slip into old habits, workers freeze in old routines, and turn down representatives, who are found to have learned to act in partnership with managers in a way too favorable to the latter. Thus there is always good reasons for anticipating the current governance to be undergoing crisis. Thirdly, HQs are constantly formulating new measures and benchmarks for performance, asking for introduction of novel HRM practices, etc., so that the plant organization and its governance is constantly in flux and under negotiation (Kristensen and Zeitlin, 2005).

HQ- and subsidiary managers are often guided by theoretical templates in such negotiations, while worker representatives have not cultivated their own which leave them, at best, with a critical attitude to but always framed by the theoretical constructs of their opponents or partners.

Whereas there has been the utopian vision of "autonomous work groups" to put against the "lean and mean", visions for how to structure the learning organization have been basically absent (Sabel, 2006). The closets we have come to a vision of how to overcome the remnants of hierarchy was in an interview with a CEO (sic) of a subsidiary, which was also managing a Strategic Business Unit of 22 enterprises internationally. He suggested - given that teams were evaluated according to their performance in a system of benchmarks and their contributions to the subsidiary's

profit - that the different management functions in turn should be measured according to their ability to assist the teams in achieving improvements in performance and innovation. This could be done by making it voluntary for individual teams to demand “managerial services” from their own organization or from external subcontractors. The turn from hierarchy to marketrelations where the demands of work teams for managerial services shape the size and groupings of managerial functions/teams, could eventually also be used to radically reform relations between subsidiaries and headquarters of a MNC.

The great advantage of such a suggestion is that it helps rethinking the possibilities for new forms of organization. However, the alternative, organizing by a radical use of market principles, simultaneously allows us to see some new possible defects of this utopia. In such an organization, only teams, sections, etc., that “deliver” according to benchmarks will survive. This means that the whole organization becomes very short-term oriented. 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. The firm would lose any long-term capabilities for innovative development.

Consequently, work-, managerial-, sales- and R&D-teams should instead be joined together in a mutual negotiation procedure giving each team the opportunity to explain and compare both current performance and perceived future promises. Such a negotiation procedure 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. It would also allow them to become informed about the possible services that other teams could help supply in their process of achieving agreed upon aims and benchmarks. Obviously, this would institutionalize within a regime of short-term competitive rivalry a procedure for long-term cooperation that would pressurize partners continually to reflect on developmental goals and to rationalize on how these comply with larger societal changes. Obviously, these considerations point towards a constitutional ordering of the enterprise, which breaks with both markets and hierarchies, and towards what has been called a networked form of organization, which needs to be formed through a deliberate democracy (Sabel, 1997). It should be

immediately evident that the same form of governance may be applied in negotiating the division of labour, allocation of investments – now and in the future – among subsidiaries of a MNC (Kristensen and Zeitlin, 2005).

Having said that, it becomes apparent that shop stewards and convenors (together with representative bodies such as Work Councils, employee representatives on boards, European Work Councils, etc.) represents as much the emergent future governance regime as they owe their position to the old industrial relations regime. Acting in concert with old habits they have unconsciously worked to foster a more extensive deliberative democracy that gradually show us the traces of a new future in some countries. In some of our interviews in Danish MNC subsidiaries, the formal organization chart was so incomprehensible that we kept pushing our respondents to explain how and by whom a series of cross-team problems would be solved. Finally, it was revealed that in an abundance of ad hoc committees employees and managers from different parts of the company were discussing joint problems and new issues. One company of approximate 100 employees had 18 such ad hoc committees in operation, each negotiating and searching for solutions to overriding problems. But before we asked, neither managers nor convenor were aware that such a “negotiating order” was negotiating bits and pieces of the ordering and change of the company. In other companies “negotiating orders” have been created by assigning different managerial tasks to individuals within teams besides their ordinary jobs, such as responsibility for internal or external logistics, work environment and health, quality level, etc. Across primary teams the relevant persons meet regularly in committees to discuss common concerns and to compare improvements across teams (Lotz and Kristensen, 2005). Employee in such a negotiating order can influence outcomes very efficiently both by having a say in existing committees and by suggesting new. The committees in our cases sometimes were dealing with issues concerning novel performance standards passed down from the “absent owner” in foreign HQs, others came from customers (e.g. annual reductions in prize, bringing down failure rates), a third stream came from employees (re-numeration schemes, safety and health goals, reduction of stress and sickness figures, etc.), and yet others originated from unions and employers’ associations and from the larger society (e.g. issues of Corporate Social responsibility, hiring of disabled, ethnic groups, etc.).

Consequently important elements for forming a deliberative democracy that could govern the constant experimental search for improved innovative and operative performance is often already in the making in Danish firms, but lack coherence, monitoring and procedures and standards for reporting. Firms, at different levels of aggregation, need to strike a balance among the many performance demands, and it is apparent that such balances will greatly influence future development both of the firm, the customers it relates to and its employees' skills and bargaining powers on the labor market. The volatility and potential opportunism of managers at all levels (Kristensen and Zeitlin, 2005) makes it hazardous to assign this task to a managerial position in the hierarchy. One option in Denmark would be to re-evoke the work councils to take on the role of negotiating on top of the negotiating committees or secondary teams of the work organization in subsidiaries (and to the European Work Councils to do the same at the level of the MNC). This would reflect that the new organization is indeed shaped through the opposing claims of capital and labor, customers and society and that the constant re-figuration of the organization is by principle dependent on constant deliberation of a multiplicity of concerns, in constant need of search for novel compromises.

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 ad hocacies of committees and secondary teams). Thus WCs hold the potential to become the monitoring center for how to improve the ability for continuous improvements on which the whole firm depends, both in terms of its attractiveness to workers and to shareholders. Thirdly, 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, compare and develop meta-order benchmarks that allow for learning across firma. 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 within a country. Unions would simultaneously create a very valuable asset to promote their future role by holding comparative knowledge of practices across the different actors in a country. In multinationals, especially if EWCs take on the mentioned reformed role, subsidiary practices become compared cross-nationally that often call for justifications and/or suggestions for new responses from employee representatives in distinct countries. According to the literature on EWC, employee representatives have often felt unable and isolated in EWC-negotiations. If national unions processed the mentioned knowledge, such representatives could call for very valuable help in solving their problems.

EWCs and the orientation of the European unions

This, of course, makes it very important to consider how unions might be able to civilize and make more fair how MNC HQs select among the favorable and less-favorable subsidiaries (and countries) in their overarching strategies and budgetary dispositions. In principle, it could be an option for unions to try influence these political processes through European Work Councils.

Over the last decade EWC has been discussed extensively, both the agreement establishing them (Streeck,1997) and their development as organizations (Lecher et al., 2002). The literature is quite divergent on the analysis of the impact of EWCs on different institutions. There are basically three different positions. First, some authors are quite supportive of this new institution and see it as a form of intervention into corporate governance: the directive creates new structures of regulation by involving worker representation in decision-making (Jensen et al., 1999; Lecher et al., 1999). Others, the so-called Euro-pessimists (Waddington, 2003) are quite critical, pointing out that the possibilities for companies to opt out of already limited requirements are large and the flexibility of the directive leads to neo-voluntarist arrangements (Falkner, 1998), which in turn leads to the erosion of the national industrial relations standards, once the EWCs are separated from national structures of representation (Streeck, 1997) and trade unions have insufficient resources to generate cohesive policies and to articulate activity across Europe (Keller, 1995). The potential for a European industrial citizenship is just as much of an illusion, because the directive can be used to limit employee participation as it may simply be used to distribute

information (Streeck, 1997). Taking a radical position in a highly quoted article, Streeck (1997) points out that EWCs are neither European nor works councils' and 'will certainly assist [multi]national companies (MNCs) in building company-centered and management-driven industrial relations or human resource regimes' (1997b: 325, 333). Hancké (2000) takes the full step and sees EWCs as a body where MNC managers can actually exercise regime-shopping and play out subsidiaries mutually in investment bargaining.

Others, however, see the EWCs in a more contingent and contextual perspective. Marginson and Sisson (2006) argue that EWCs represent a potentially vital resource for organizing cross-border exchanges of information for representatives, but it seems confined to relatively few instances with a uneven pattern across sectors. Waddington (2003) shows that the form and character of EWCs are likely to be strongly influenced by the national IR traditions in the company's country of origin (see also Muller and Hoffmann, 2001). Gold and Hall (1992) show differences in format between the joint management-employee EWCs in French-based companies and the employee-only EWCs in some German-based companies, which would reflect national works council institutions in the two countries (see also Rehfeldt (1998) for the French-based). American and British companies have resisted the adoption of the directive (Gold and Hall, 1992) and are still resistant to the possible changes in the governance of the firm that the EWCs can bring about. Knudsen and Bruun (1998) reveal that the tradition of Nordic trade unionism (decentralized approach to company-specific issues) implies that agreements are negotiated by employee-representatives, which limits the involvement of trade union officials in the EWCs'. Marginson et al. (1998) find that agreements in Anglo-Irish and non-European MNCs show stronger signs of management-dominated procedures than do agreements in continental European MNCs.

In spite of that, the literature is largely silent on the impact of EWCs on the process and outcome of management's decision-making process (Muller and Hoffman, 2001; Marginson et al., 2004) and whether it may represent for trade unions a challenge or a threat to its revitalization. Waddington (2003) adds that EWCs are at different stages of development, thus they can not be assumed to pertain to a single category, as both Euro-optimists and Euro-pessimists tend to do (Waddington, 2003:323). In Denmark,

as in other Nordic countries, with its history of co-operative industrial relations, our research shows how the employee-representatives are making use of this new institution to negotiate their local problems and to get access to the headquarters and thus initiate a dialogue of mutual recognition and understanding (Kristensen, 2003). It might be the case that the behavior of the Danish representatives can influence the perception and the actions of other representatives, who are more skeptical towards partnership arrangements. They may even be even able to change the ways in which EWCs can be used as an effective tool for cooperation among not only representatives within the multinational companies but also for trade unions across national boundaries. How far this can go seems rather dependent on the competence, imagination and strategies of employee representatives than on any other issue (Knudsen and Sørensen, 2000). Again the question is: How may unions assist employee representatives in taking on agency?

In the Danish case, this flows from our arguments so far. Danish employee representatives are likely to be convenors and members of national work councils. Obviously, if they have engaged themselves in the overarching discussion on how to balance between top-down and bottom-up concerns in strategies and the composition of benchmarks, they will be equipped with tools for initiating negotiations with HQ executives on these topics. The more this proves successful in investment bargaining, the more it will force representatives from other countries to do the same. If representatives' capacities for influencing management decisions become the benchmark for assessing their effectiveness as representatives, the effect may be the spreading of a stronger solidarity among representatives in order to create a system through which they can strengthen their joint capacities. This has the potential to turn EWCs into a forum in which the parties actually reveal as much as possible what are the current situation and future potential of their plants, so that a discussion may evolve on how they may best strike a balance between the developments of subsidiaries. This could lead to better-informed decisions on how to select projects and destinies among subsidiaries. It might also open the floor for the subsidiaries to ask HQs as to how they see their role as being a service to subsidiaries, eventually educating subsidiaries in the art of managing financial assets, investors and shareholders, etc.

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 EWC-representatives and how to become advanced negotiators capable of influencing and catering to 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).

However, unions have not had their eyes directed towards assisting such a major transformation of governance at the firm level. Instead unions have seen Europeanization and globalization as carrying the promises of a neo-liberal turn, which they tried oppose through ETUC and associated bodies by attempts to establish a pan-European corporatism in which they could repeat the previous success of Keynesian corporatism in such countries as Germany, the Netherlands and Scandinavia. Ideally they have aspired for a system that could prevent “a race to the bottom” by setting up European bodies, where the social partners together with EU could bargain over level and conditions of employment, wage levels etc. (Waddington, 2005). But as Marginson and Sisson (2006) argue, we are presently very far from a system of centralized bargaining or of pan-European Keynesianism. Rather in country after country, we have witnessed a turn to decentralized and local bargaining, reflecting partly the turn in enterprise restructuring, as reported above.

The current orientation of unions, however means not only that increasing resources are directed towards lobbying at the European level, it means simultaneously that unions at national levels to a high degree orient their bureaucracies towards the EU-bureaucracy, and make the European-wide technocratic dialogue set their national agenda. To our surprise, we found that many of the “demands” formulated by unions and employers associations in preparation of Danish national centralized bargaining, reflected European wide social dialogues – though it was not revealed as stemming from the EU. We would expect that a careful comparison of EU legislation (see e.g. EU, 2004: Chapter 4) and recent demands raised in centralized bargaining among the

social partners in many countries reveal that these partners raise to a high degree demands that stem from EU legislation⁶.

Obviously, these European-wide issues may only arbitrarily reflect the needs, challenges and opportunities that activists and members experience from engagements in local partnerships, the evolution of high performance work systems, the fight for the survival of a subsidiary within a MNC or the reconstruction of a EWC towards an international deliberative democracy. To local union activists, it seems as if union-bureaucracies have focused their attention in a highly erroneous direction.

We think that 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 focussed on local experiments in order to find ways of civilizing and codifying these, so that a direction towards a gradually improving society is negotiated. This will involve – as we have seen – ways to empower and build up the capability of local activists and make unions experts on the evolution of enterprises. Obviously, with the path now chosen, unions cannot march in both directions without facing a basic crisis of direction, especially given that they are increasingly facing a serious financial crisis with the gradual loss of members – even in such countries as Denmark.

We think that a way out of this dilemma is for the unions to focus their interest not so much on centralized bargaining institutions, wage- and employment levels. A solution to the future direction of unions is already suggested above, but from this focus it is easy to widen the scope to the labor market, its institutions and related welfare institutions. Enterprise partnerships, we mentioned in passing, have in many cases been acting as institutional entrepreneurs at local levels. Also in this case, society is in need of mediators that collect knowledge of such institutional innovations, interpret and benchmark it for national and institutional diffusion. Here, we find lies the germ of new role for unions both at the national and the European level, that is, building up complex institutions that can help shape a labor market that assists individual employees in undertaking complex careers at work, which gradually heighten their

⁶ It lies beyond the scope of our inquiry to document this in this article. We have discussed the issue

bargaining power and support shop stewards and convenors with a powerful constituency that reproduces their respective power in partnerships, enterprise-restructuring, etc. It is exactly in the Danish labor market that we may find the reasons for shop stewards and convenors having been able to play a powerful role in such partnerships, despite the fact that the Danish unions, for a while, misdirected their attention.

Labor markets as a challenge to and power-base of unions: Revisiting Danish Flexicurity and its recent institutional innovations

The Danish labour market has been characterized in the recent literature (Madsen, 2006) as a *flexicurity model*, which combines labor market flexibility and social security, that is, combines high welfare benefits with easy access for firms to hire and fire employees. In our view the system encompasses much more than that, presenting quite distinctive and interesting features, which benefit not only employers. One of the fascinating features of Danish flexicurity is a highly mobile labor force that, supported by welfare schemes, has the possibility to continuously upgrade skills so they can actively influence work organization, the formation of networks among firms and create a rivalry among firms over recruiting attractive workers.

In the Danish system the welfare benefits are used not only for proportioning high levels of social equality. 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 the work career. The combination of high mobility and continuous skills upgrading produces a labor force that frequently moves among employers and builds work careers across many firms and therefore accumulate many social ties.

During our interviews it was apparent that for a substantial number of employees remaining for more than two or three years with the same firm was not seen as a satisfactory alternative. Rather employees interpret their mobility as an important

with Danish union-officers, who shamefully admitted that this had increasingly been the case.

contribution to their skill enlargement and security against unemployment. Rather than being fired, the main reason for workers to shift job is the need for new challenges (). We think that this is the chief explanation of why Danish firms have become very oriented towards “learning modes of organizing” (Lorenz and Valeyre, 2003). These features contradict the vision of a flexible labor market, which is generally related to economic insecurity and degradation of workers rights in working life. Flexibility in the Danish case increases the bargaining power of workers vis-à-vis employers, as we shall see.

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 possibilities of downward mobility, since firms need to compete to recruit the best employees by offering good wages, challenging work and good working conditions (Kristensen, 1996). This 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 their former colleagues and employers, Danish workers help firms to build 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. Skills in this way become self-propelling.

From this perspective the active labor market strategies are not those which force workers to find jobs, but a set of interacting features which increases the bargaining power of the labor force, enabling it more actively to choose its own destiny. The right of the workers to desire, search for and create flexible skills is a powerful force, driving the move towards loosely coupled relationships between workers and firms, which in turn support experimentation, learning and performance improvement. In this sense, the Danish system has been quite successful in supporting the freedom of choice for workers in different stages of life. Instead of fighting for employment security for a privileged majority, the system supports security through personal development and consequently the improvement of employment capabilities. What is at stake in the Danish system is not the level of employment, which is as high as in Anglo Saxon economies. Security is a feature linked to and dependent of flexibility in the use and deployment of skills, which are in turn dependent on the patterns of skill formation, distribution and change. Contrary to other systems, where employment

security leads to highly specialized workers, who develop close connections and strong dependence on specific firms or sectors, flexibility leads to highly skilled workers with loose relations to firms and sectors, and who is able to adapt to changing competitive economic regimes.

The contrast seems great compared to Germany, where workers are more tied to firms in long term careers, making incentives for employees to invest in firm specific skills that fosters gradual innovation within narrow trajectories (Casper and Matraves, 2003). Probably, Denmark's labor market is less able than the US labor market to foster radical innovative firm practices (Casper and Whitley, 2003). But it has its strength in continuous improvements, making novel products and probably in radically transforming people within a life span

Recently the French government has tried, not successfully, to infuse more flexibility in the national labor market. These reforms were expected to produce a new virtuous circle of growth, creating more jobs and more employment. The means were quite different from the institutions, which prevail in the Danish labor market. The French government tried to make it more favorable for French employers to hire young people (who suffer a rate a 25% of unemployment) by withdrawing from this group the privileges that other, more old groupings holds. These reforms, had they been implemented, would have reduced the freedom of choice of unemployed young people, who would have been forced into work with reduced employment security and very low bargaining power. It is not a great position for cultivating the aspirations for a working career involving constantly changing demands for competencies and capabilities.

This would not have changed the French labor market in the direction of Denmark's. Whereas the French educational system is major supplier of relative firm group divisions with each their professional privileges and "rights" to jobs at certain, relatively well-defined hierarchical levels (Maurice et al., 1986; Crozier, 1964) in firms and public services, the pre-structuration of the Danish system of positions and roles is much more open. Traditionally this meant that Danish craft workers had very open possible careers, e.g. to become entrepreneurs or high level managers (Byrkjeflot, 2000). And they achieved this by frequent job-shifts, moving across firm

boundaries and making use of a dense and frequently redefining further training system.

Today, as Danish firms are rapidly changing their work organization and redrawing hierarchical positions and roles, employees are moving in highly individualized ways through positions and training, effecting an experimental transformation of both firms and working population, so that they can both search for new market positions (as firms) and new professional identities (as persons). It is in this mutual redefinition process that union activists at local levels take on a crucial role, as they both connect people with transitory training institutions, and enable employers with wide possibilities to search actively for better market positions by offering partnership that secures the partners' mutual benefits.

Obviously, one of the primary tasks for Danish unions is to develop and constantly modernize the system that enable all different groups to engage in this 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 the institutions that allow for this could be the foremost important societal role of unions.

A Radical perspective for Union politics in the EU

Our short comparison of the French, German and Danish labor market illustrates quite well what could be the task for unions at a European level. If focusing on what options for self-transformation that the different labor markets offer their populations, unions could start suggesting reforms to the benefit of people as well as of the firms that try come to terms with global challenges and opportunities. In this process, trade unions could, drawing on the Open Method of Coordination, use benchmarking of institutional innovations in different European Countries as a way of systematically searching for inspiration for improving regional and national labor markets. Once some countries have demonstrated that new and different political actions are possible, others can also try to adapt, adopt or at least attempt to implement them.

In the European Employment Strategy (EES), the Open Method of Coordination (OMC) has, until now, been used to create schemes that favor labor market flexibility to the benefit of employers short term interest in being capable of easily firing workers. As it has been seen, employers and unions may share interest in creating schemes that make workers much more skilled and attractive resources in helping change themselves and firms to take on increasingly advanced tasks.

Thus instead of longing for and searching for ways to realize the Social Democratic vision of a Keynesian Social Europe, trade unions in Europe through ETUC could mobilize the EU to choose the “high” instead of the “low road” to labor market flexibility.

As Taylor and Mathers (2004) show, the 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), the 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 so that they can force national governments to work with these issues. Fredman (2006) sees the Charter as important for imposing social concerns on decision makers in cases where they would risk being more attentive to purely economic concerns. Thus, it points potentially to a “third way” different both from the Social-Democratic and neo-liberal path. More so, we would add, as it provides local union activists in less favored countries than the Nordic with the rights and tools for creating the negotiating bodies that would enable the formation of partnership and winning power towards employers.

Furthermore, the ETUC does not need to wait for the EES OMC to take on a cross-country learning process on novel institutions in training and forms of work-organization that enable employee self-transformation so that they can master increasingly difficult challenges within the frame of globalization. This learning process could be organized within the ETUC itself as an internal OMC that is used to provide national unions a much more deep insight into different institutional

innovations in different countries and thus provide 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 labor markets favorable to workers and unions. Such an OMC organized within the framework of ETUC could also be directly used to inspire discussions on the comparative advantages of different subsidiaries' and their local labor markets within a MNC during EWC-meetings. In this way, ETUC could provide unions and enterprise activists with independent knowledge of successful organizational and institutional reforms that could inspire negotiations both at enterprise-, local labor market- and national level. This would serve to give a coordinated Industrial Relation Regime a similar importance at multi level as had in the past the Fordist, Keynesian and corporatist regimes.

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