Understanding union strategic choice to multinational firm-level restructuring in Europe.

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Abstract

A range of literature has attempted to reconceptualise union agenda for workplace restructuring by identifying variety in local union responses. Drawing from six cases of firm-level restructuring highlighting workforce reduction in the Netherlands, Italy and Ireland, this article explores the conditions under which local unions respond strategically to company change. Two distinct types of union strategies are identified: confrontation based on ‘protecting jobs’; cooperation based on ‘job transitions’. Evidence suggests that different combinations of structural and socio-political firm-level conditions cultivate the choice of a specific union strategy. Understanding the nature and the interactions among firm-level contextual factors, within the broader institutional setting, is important in providing a fuller explanation of the variety of strategic choices local unions face.

Key words: comparative industrial relations, multinationals, union strategy, restructuring.

Introduction

This article explores union responses to restructuring at the firm level. Through a comparative case study perspective, the development of union strategies while negotiating changes at the workplace is traced and understood. Understanding union responses to workplace restructuring has been at the centre of a wide debate within social scientists. This has been dictated mostly by the fact that over the last decades trade unions have operated in an environment increasingly characterised by industrial and labour market restructuring. Therefore, there has been much discussion over the development of strategies for addressing the challenges unions face. Much of the prevailing debate within industrial and employment relations literature has highlighted variation among local unions in the level of control over workplace changes (Eaton, 1990). Therefore, union responses to workplace restructuring are
expected to vary considerably (Frost, 2000) leading to heterogeneous and internally dynamic models of industrial relations (Meardi et al., 2009). Understanding variation has become a crucial research task over the past number of decades. Some commentators have used strategic choice theory to explain the variation in managerial (Kochan et al., 1986) and trade union behaviour in situations of change (Frost, 2001; Katz et al., 2003). When applied to industrial and employment relations studies the term ‘strategy’ has been used in a way which has not underestimated the influences that the surrounding set of economic and political institutions on one hand and market pressures and corporate structure of the company on the other hand may be important predictors of strategic choice by increasingly restricting or enabling the options available to both managers and unions locally (Thompson, 2003; Cooke and Meyer, 1990). This is an important point because, for example, managers themselves often claim they have little choice and competitive global market forces force them to relocate overseas (Bacon, 2008). On the other hand, unions develop “histories of action” within particular national institutional environments (Frege and Kelly, 2004: 38). The strategies that trade unions form are influenced by a range of critical factors related to structure, traditions and internal politics (Heery, 2005; Hyman, 1994). Hence, some scholars have suggested that understanding the relationship between both the ideological orientations and strategic actions of unions is important to explain the impact of workplace restructuring and the union responses to it (Bacon and Blyton, 2004).

Whereas these studies seem to suggest that the way in which management and unions engage with change at the workplace level reflects strategic choices shaping the processes and the outcomes of restructuring in a more or less positive way (Bacon and Turnbull, 2004; Frost, 2001, Martinez and Lucio and Weston, 1992), this argument underestimate the nature, and more importantly the interaction of the forces creating the form of union engagement. The article demonstrate that this is crucial, yet neglected, element in understanding the diversity in union strategic choice under company change. As this article points out, the way in which firm-level socio-political and structural conditions interact to each other contribute to shaping different patterns of union strategies in companies undergoing adjustment. In so doing, the article originally highlights the need for analytically integrating the literature on strategic choice with a more nuanced view on the nature of the factors whose interaction contribute to shape union strategic choices in situations of restructuring. In other words, it is argued that it is the interactions between contextual firm-level factors which influence variant patterns of union strategic responses (‘collaborative-job transition’ and ‘confrontational-job protection’) to restructuring. Thus, the way in which interactions between specific firm-level structural and socio-political factors
occurs influences the choice of union strategy as confrontational or collaborative. The article builds on previous work in industrial relations concerned with rational social action (Crouch, 1982) and ideological orientations (Kelly, 1996) as ways of explaining diversity in local union strategic responses to restructuring (Locke, 1992; Frost, 2000, 2001). However, it extends this analysis to local unions in such a way as to capture the nature and the combinations of those socio-political (internal) and structural (external) firm conditions which contribute to the shaping of the agency of union responses under restructuring. Thus, the empirical work presented here addresses the following questions: given the variation in union strategies towards restructuring how can such variety be explained? What are the combinations of firm-level factors accounting for such variety and what is their significance across national (and company) cases?

The first section evaluates current debates on the variety of union strategic responses to restructuring. The methodology and an overview of the case studies are then presented. The analysis is developed which accounts for the high degree of between (and within) country diversity with regard to union strategies.

A review of debates

The debate over the development of strategies for addressing the challenges unions face under circumstances of firm-level restructuring has grown in the light of a longstanding tradition in employment and industrial relations studies which considers management as a strategic actor (Kochan et al., 1986). However, among the others, Ann Frost’s (2001) found out that the process by which unions engage with management over workplace restructuring is equally critical and in her comparative work on local union responses in the North American steel industry she classifies union responses as ‘interventionist’ and ‘pragmatic’ according to union actions, including at which stage they strategically become involved with management. Likewise, for Katz et al.’s (2003) union strategies which adapt to the new environment allow for better responses to the complexities and uncertainties of restructuring. In similar vein, Sako and Jackson (2006), highlight that centralisation or decentralisation of company HR functions in the context of restructuring is contingent on union strategies. Thus, union strategic decisions influence variant patterns of change. Other studies of union response to restructuring further indicate that it is the interaction of ideology and strategy, and not strategy per se, which is considered important in understanding how and why trade unions react differently to workplace change (Bacon and Blyton, 2004). At the base of such argument is that the orientation
of a union and the trade union actions in the negotiation process under company
adjustment are equally important. Unions may use traditional adversarial collective
bargaining (Geary and Roche, 2003) or cooperate with managers on tactical issues
depending on their different ideological orientations. The latter are composed of
beliefs and attitudes that comprise militant and moderate ideologies central to the
Marxist sociology of trade unions (Hyman, 1975; Kelly, 1998). Thus, the limitations
for trade unions of engagement through firm-level cooperative (partnership)
approaches (Kelly, 1996) and the dangers of eliciting ‘distributive bargaining’
techniques for the apportion of jointly created ‘gains’ (Walton and McKersie, 1965)
have been widely discussed as have the advantages of a confrontation agenda,
whereby unions do not seek to exact concessions but rather engage in ‘active forms of
unionism’ (Fairbrother, 2000). In other words, cooperative or conflictual union
strategies to workplace change represent a rational choice between actions following a
calculation of “how best to maximise their interests” (Crouch, 1982). They also reflect
an ideological orientation indicating historical relationships within workgroups about
the employment relationship. Elsewhere, Frost (2001) has challenged the idea of a
straightforward trade-off between cooperative and confrontational union approaches.
More especially, it can be argued that restructuring processes always result from
struggles between employers and workers and that, therefore, labour is always an
active agent in the conflicts over the future shape of the capitalist economy (Bieler
and Lindberg, 2011). In another register, Levesque and Murray (2005) develop the
debate on local union strategic responses to restructuring by providing a more
nuanced analysis of union power. A focus is placed more on what empowers unions
to engage in restructuring than on ‘what unions do’. Hence, diversity in union
strategies to change is closely linked to the strategic capacity of a local union to use
different power resources, which typically are locally embedded. Specifically,
Levesque and Murray (2010) distinguish four critical sources of union power: internal
solidarity, the mechanism ensuring collective cohesion and deliberative political
vitality; network embeddedness (or external solidarity) where unions have vertical
links with other unions and with community groups and social movements; narrative
resources are the stock of stories that frame understanding and union actions;
infrastructural resources covering the material and immaterial resources and their
allocation through processes, policies and programmes. According to this theoretical
framework the kind of power resources unions mobilise to act strategically while
opposing (militancy) or accommodating (cooperation) change is crucially important
and conveys both rational social actors making choices and union political identities
and ideologies in pursuit actions during negotiation.
Our analytical perspective emerges from the school of labour studies (Crouch, 1982; Kelly, 1998) which had concerns for frameworks of actions and ideology while assessing workers’ attitudes. Accordingly, union responses are not conflated to either ‘what do unions do’ as rational actors or/and ‘union ideology’. Trade unions and members make rational choices within a constrained context that includes the structure of relations between management and labour (Bacon and Blyton, 2004). Reviews of trade union structure and strategies regularly note that unions are located within a network of actors and the strategies they form are influenced by a range of factors expressed through the behaviour of the actors in this network and through wider economic and socio-political influences. Thus, Martinez Lucio and Stuart (2004) emphasise the relevance of context as important in avoiding catch-all generalisation on the nature of union strategies. Moreover, unions act as mediating organisations between employers and workers while being embedded in this wider context. Particularly, in playing this mediating role unions are engaged with wider economic and socio-political forces. Notably, McKenzie (2009) illustrates how political and economic context influenced Irish union responses to restructuring in the Irish telecommunication sector. Likewise Ramirez et al. (2007) study on union engagement with the introduction of new working practices in the telecommunication sector in UK and US points to the importance of environment in shaping union strategy. Departing from a strategic choice union approach in industrial relations, the article distinctively and empirically illustrates that the forces the unions engage with while trying to strategically defend the interests of their own members they do not exclusively operate at the level of the society (Levesque and Murray, 2002), not only at the level of the employer-employee individual interactions but at the level of the firm. Specifically, the article illustrates the way how union strategic choice under company adjustments are inevitably shaped by firm-level characteristics and, most importantly the interactions between those. Therefore, the study presented here agrees with that research assessing the necessity to understand both the micro-political processes and micro-level structural factors contributing to shape strategic choices or decisions made by unions in their engagement with company restructuring. Sensitivity to contextual firm-level features and processes shaping union decisions in their engagement with enterprise-level restructuring is brought into sharp relief in this article in order to explain variation in union strategic responses to contemporary restructuring in Europe. MacKenzie (2009) illustrated that the trade unions’ choices over the level and nature of engagement with processes of local restructuring need to be located and consequently explained within the broader strategic challenges of coping with industrial restructuring. As this article will illustrate they are not only
specific of industries (Arrowsmith, 2003) but also of the interaction of firm-related features.

Hence, to understand diversity in union strategic responses in relation to specific cases of change, the article claims that it is necessary but insufficient to refer only to the typology of union power resources and capacities (see, Levesque and Murray, 2010: 339). Both enterprise-level partnership (‘collaborative-job transition’) approaches and more militant (‘confrontational-job protection’) union strategies (Kelly, 1996) need to be assessed within the environment where these strategies are formed. Thus, what is required is a closer examination of the context in which opportunities (resources) are generated. This means, initially, a focus on firm-level (local) context together with an assessment of structural (exogenous) and socio-political (endogenous) conditions fostering the production of such power resources. It also, more importantly, calls for an examination of the ways in which these different conditions interact. This represents the originality of this study. To understand the extent to which the features of the firm can provide a favourable context in which local unions can mediate specific strategic management choices it is crucial to explore the way these features are dynamically interrelated. The research hypothesis at the base of this article is that the interactions between internal and external firm-related factors contribute to shape the strategic choices made by local unions under workplace restructuring. These features are identified as structural (i.e. the composition of the workforce, the financial health of the plant, the nature of company-level restructuring and strategies of internationalisation) and socio-political (i.e. the more or less confrontational nature of labour-management relationship). The study suggests that these conditions must be seen in combination in order to fully understand union strategic responses to the management of change in enterprises in Europe. Hence, management international strategies of cost-focused restructuring combined with adversarial management-labour relationship in firms with a predominantly young workforce affected by financial and economic difficulties may encourage strategies of ‘job protection’ where unions initially oppose collective redundancies. Conversely, in circumstances of company change not necessarily driven by a logic of cost-reduction, and where management-labour relations are cooperative, and where the firm does not face economic or financial difficulties or possess a relatively aged workforce, unions often follow a cooperative ‘job transition’ strategy. The latter is associated with a context in which unions do not initially resist redundancies but rather negotiate long-medium term re-employment solutions. The article offers support to the view that workers and unions can provide variant strategic responses to the challenges of management and international capitalism (Kelly, 1996). Understanding this variety means to regard the strategic choices given by the unions
about the management of change as contingent upon external and internal conditions which are primarily, although not exclusively, related to the context of the firm.

**Methodology and research design**

Data are drawn from an empirical study on the processes of firm restructuring in different national settings in Europe. Research began in 2006 and concluded at the beginning of 2008 when the effects of the global financial crisis were not so widely developed. Restructuring refers to changes in the companies between 2005 and 2007. The Netherlands, Italy and Ireland are the countries selected for analysis. The country selection is distinctive, in respect of their internal complexity and variant labour market and industrial relations settings including trade union approaches to restructuring. Introducing greater degrees of difference into the research design by including distinct countries has the advantage of avoiding the danger of “systematically bias(ing) research by favouring some forms of explanation at the expenses of others” (Wailes, 1999: 1024). Since 1987 Ireland’s form of institutionalised ‘social partnership’ (Hannon et al., 2011) developed in the context of a liberal (market) economy. At the same time, Ireland’s ‘voluntarist’ institutional tradition has on occasion created difficulties for employers and employees to construct and maintain workplace-level cooperation (Dobbins, 2010) and this especially holds during periods of company restructuring (see notably the work by MacKenzie (2009) on the telecommunication sector). On their side, Irish trade unions have responded to restructuring in different ways, sometimes moving from a policy of exclusion and action towards one of engagement with management (MacKenzie, 2009). Conversely, in the Netherlands collective employee relations are historically characterised by a longer and stronger tradition of consensus-based social dialogue (the ‘Polder Model’) which takes place at the sector-level under the auspices of the Labour Foundation. Enterprise level social dialogue is well developed in the Netherlands through formal structures for employee representation (work councils) espousing legal rights in the areas of information, consultation and decision making. Social dialogue at company-level, which foresees rights of information, consultation and veto power for works councils nurtures Dutch unions in adopting a collaborative approach to restructuring (van Klaveren and Sprengen, 2004). Finally, in Italy ‘micro-concertation’ (Regini, 1995) leads employers and employees to achieve accommodation pragmatically at enterprise-level via company-level bargaining where
Italian unions are potential agents of social re-regulation. On the other hand, it can be argued that micro-social regulation is the mechanism Italian employers like to use as a means of accommodating social conflict during change.

The study is based on a sample of six large (>500 employees) firms in the Netherlands, Ireland and Italy (see Table 1) that have undertaken significant processes of restructuring in four sectors (manufacturing, telecommunications, transport, food). All cases selected are similar with respect to change insofar as restructuring leads to significant workforce reduction. Moreover, cases in each country are considered ‘best practice’ of union responses to restructuring. As such they were recommended by the European and national social partners directing the project. Three basic steps comprise the research design. First, the study sought comparative common outcomes, such as firm-level union strategies (‘cooperative-job transitions’ and ‘confrontational-job protection’) in relation to restructuring across different countries. Thus, case selection followed the principle of distilling from diverse countries, the set of common firm-level factors (independent variables) that possess the greatest explanatory power (Mahoney, 2004). Second the similarities identified in the independent variables are causally relevant. Thirdly, on the basis of the similarities identified, a general explanation is formulated.

After mapping company population in the sectors which showed higher levels of job loss attributable to corporate restructuring processes during the time-frame of the analysis (EMCC, 2008), and controlling for size and unionization rate, the sample was constructed according to theoretical significance rather than statistical representativeness.

In-depth case studies were carried out. Each case study relied upon interviews as well as documentary analysis. 45 interviews were conducted with national-and European-level representatives from employers and trade unions, local managers, local trade unions representatives, employee representatives and, in some cases, some employees. Additionally, focus groups with the main actors were organized. To retain anonymity companies are indicated by a letter denoting country (N: the Netherlands; IR: Ireland; I: Italy) accompanied by a number indicating the company.

Local union strategies towards multinational restructuring

The six company cases studied in detail, two from each country, represented different union strategies to negotiating restructuring. At the Dutch subsidiary (Leeuwarden in
Northern Holland) of a French-based multinational operating in the chemical sector (N2), historically relatively moderated union branches, such as ABVAKABO-FNV (Federatie Nederlandse Vakbeweging) and CNV (Christelijk Nationaal Vakverbond), resisted collective redundancies by attempting to find short-term solutions to protect those jobs at risk. Confrontational-job protection union response followed the rejection made twice by corporate-central management to both the works councils and the local management’s request of a social plan to address employee mobility for those at risk of dismissal. As a manager from the HR department in the Headquarter explained restructuring at the Leeuwarden plant was the result of an economic necessity for the corporate

“to recuperate international competitiveness by increasing profits while following a strategy based on cutting costs not only in the Netherlands but also in other regions/countries. In France, for example, job cuts has already affected 36% of the total workforce”

Similarly, at the Italian production site of an American multinational’s subsidiary in the North of Savona (Liguria region) (I1) operating in the imaging-technology-based products, local unions rejected the company plan for compulsory redundancies by forcing management to commit itself to income protection for all workers at risk of dismissals. This followed the company’s threat to cut costs through redundancies in order to better compete internationally and re-stimulate product demand by restructuring. When management announced restructuring the local unions:

“... went hand-in-hand with a range of meetings and discussion days in the local community dramatizing the social effects plant closure would have created regionally. Clearly the plant closure would have had serious consequences for employment in a heavily industrialised area (Valle Bormida) with a highly skilled and relatively young labour force, and where almost 30% of employment in other small and medium size enterprises (as suppliers) in the region dependent directly from [name of the company].”

The management of the Irish plant Ir2 - an Irish-based company operating in the aviation sector in Ireland - provided also reasons related to serious financial difficulties and loss of competitiveness to justify the significant restructuring plan with job losses (30% of the total workforce) and wage reduction which took place in 2007-2008. The restructuring plan was launched following privatisation in the sector. When the adjustment took place the unions with a majority of representation in the
company, such as the Services, Industrial, Professional and Technical Union (SIPTU) and the Public Sector Trade Union (IMPACT) both rejected the restructuring plan because of its quantitative (redundancies) and qualitative (changes in practices and work culture for existing employees) repercussions. Accordingly, they refused to negotiate on the proposed company change. A union representative explained the branch had decided to resist restructuring by following a confrontational approach entailing to the protection of all the jobs at risk of dismissal because the unions saw no other solution:

“The company wanted to close down simply to follow a strategy of cutting labour costs, this is something we could not accept, it was something against the workers, we had to react”

Conversely to the above examined cases, the Dutch N1, the Italian I2 and the Irish Ir1 ones illustrate that similar unions did not immediately resist collective redundancies though they seek to negotiate on medium-long term employment solutions as a response to restructuring. ‘Collaborative-job transition’ strategy here indicates local union engagement in the management of restructuring whereby workforce reduction in the short-term will not necessarily be resisted (as in the case of ‘confrontational-job protection’) though the union will push for employment alternatives in the medium to long term to protect workers’ interests. Specifically, this means, for example, negotiation with local management on dismissals while at the same time engaging in developing measures enabling requalification and retraining programmes facilitating employment transitions. Specifically, at N1 - one of the major Dutch companies in the telecommunications sector – the Christelijk Nationaal Vakverbond (CNV) supported the management’s idea of investment in retraining programmes for the announced several plans of job cuts including 3,000 out of 32,000 full-time and 1,300 part-time jobs in 1998, followed by further 4,800 jobs in 2001 and 2,250 in 2004 respectively. On 13 January 2005 a new collective agreement called Mobiliteitsakkoord (Agreement on Mobility) was reached between company management and the central works council. In particular, company and trade unions considered themselves primarily and jointly responsible for the development of a work-to-work programme aimed at retraining staff in order to fill alternative functions within (and outside) the company, the idea being to act in advance to minimise the effects of restructuring. A package comprising active labour market policy, including re-training, outplacement and employability measures (or facilities) so as to allow collective redundancies while at the same time stimulating job transitions in the medium-long term was developed. The company committed extra financial support enhancing employee education and
retraining programmes within (and across) different sectors. Likewise, at the Italian subsidiary of a large Italian-based multinational operating in the mechanical engineering sector (I2) in the North of Italy, militant union branch, such as FIOM-CGIL (Federazione Italiana Operai Metalmeccanici) was interested in accommodating restructuring by trying to minimise the collective redundancies which would have affected a relatively young workforce (average age of 35) present in the plant. A union-management joint approach for restructuring was therefore initiated to safeguard jobs at risk (via mobility). The local unions responded positively to the management call and did not resist forced redundancies. They entered negotiations with corporate management aimed at searching for appropriate measures to re-employ and retrain those at risk of dismissal. Income security via the mechanism of the unemployment fund or Cassa Integrazione Guadagni was guaranteed to all the workers under the threat of dismissal. A plan to safeguard employment in the territory was also agreed. It consisted in a revitalisation plan based on the creation of an industrial consortium clustering the pre-existing businesses and attracting new ones. When it was asked to a manager in I2 if he could identify some challenges the unions were responsible for during the period of the negotiation he replied:

“The major challenge were not the unions but it was to further develop the competencies of the employees for the skill requirements of new businesses interested in entering the consortium. Actually the unions were quite collaborative in the sense that they used their training schemes to support workers requiring retraining. Thus they used their capacities and infrastructure to facilitate job transitions. New opportunities for training were also offered and financed directly by the corporate, the new company interested in guaranteeing a presence in the consortium and the local authorities”

In the same vein, the AMICUS and the Technical Engineering and Electrical Union (TEEU) branches at the Irish subsidiary of one of the world’s largest Irish-based confectionery companies (Ir1), the local unions negotiated on redundancies as the result of downsizing. Restructuring did not seem to be a difficult exercise for the Irish unions due to the plant’s strong economic performance and the capacity of the unions to strategically manipulate this while letting management accounting seniority in determining redundancies. As the local management at Ir1 suggested the corporate had no intention to close the plant:

“Despite the economic losses of the previous years Ir1 has always been regarded as an excellent plant by both management and workers, due of its high productivity and
pay rates and the atmosphere of social partnership relations between management and labour”

Both confrontational-job protection and collaborative-job transition strategies appear logical because they present local union with few tactical dilemmas between integrative and distributive bargaining (Walton and McKersie, 1965). Studies of union responses to workplace restructuring have already argued around both forms of union engagement vis-à-vis workplace restructuring. It reproduces the distinction between opposing restructuring or co-operating with management to negotiate change (see Katz, 1988; Bacon et al., 1996; Frost, 2000). The case studies seem to support this conclusion albeit in different institutional and company-based contexts. Specifically, the case studies seem to confirm the hypothesis that active national labour market policies for retraining, the employment relations tradition of social dialogue and the existence of institutional sub-national structures fostering active engagement of local authorities in collective bargaining at the territorial level can facilitate job mobility and transitions. Hence, it seems to be an appealing pathway between nationally grounded features and the extent to which union can use these institutional resources to negotiate on job losses. An HR manager in the Netherlands N2 explained that the tradition of partnership which characterises Dutch employee relations had influenced the attitude of the local unions towards the management programme of work-to-work mobility as a way to negotiate on collective redundancies:

“the positive and proactive attitude of the Dutch trade unions was very important for us in order to find concrete joint solutions for the people affected by collective redundancies”.

Likewise, in Italy I2 the existence of a territorial dimension for bargaining became vital for unions in securing a rapid solution for workers threatened with redundancy. Bargaining, with the support of the local community, was crucial in obtaining industry support as well as public funding for reconversion. A union representative explained that both measures helped to retain local employment under a phase of company adjustment in Italy:

“The territorial-level agreement which was signed in April 2006 between [all the players] constitutes a big achievement for the workers because it consists of the wider plan for the revitalisation of the company and the take-off of new industrial activities and logistic services within the territory to save jobs [...]”
However, not in parallel with the literature on ‘varieties of capitalism’ (Hall and Soskice, 2001), case studies clearly illustrate that local labour strategies are also highly heterogeneous and that patterns of convergence in union response can be identified across countries, irrespective of the differences in the surrounding set of socio-economic and political institutions. For example in N1 in the Netherlands, I2 in Italy and Ir1 in Ireland local unions did not oppose collective redundancies. Conversely, they engaged in negotiation. In this instance they willingly adopted management’s rhetoric which projects redundancies as a ‘natural’ consequence of restructuring while sometimes proactively playing an important role in the development of employability programmes for retraining and occupational development aside with corporate.

In other words more variety was found within the Dutch, the Italian and the Irish contexts. It highlights that institutions represent a necessary though insufficient condition when accounting for union strategic responses. For example, in Dutch N2 local unions opposed collective redundancies right at the beginning by attempting to oppose - in the short-term - all redundancies. The reactive union responses to restructuring were positively correlated with the intensity of the Dutch union mobilisation capacity against management. Here the local works councils, and union leaders responded to the aggressive strategy of plant closure by organising a nineteen-day strike action. This was supported by the EWC (European Works Councils) who coordinated a one-day protest at European level in solidarity with Dutch workers at the Leeuwarden plant. Likewise at both the Italian and the Irish Ir2 case, local unions mobilised against the rationalisation plan which would have led to the immediate closure of the plant. Hence, it seems that independently from the institutional socio-economic and political context unions can follow a confrontational or a cooperative strategy when confronted with similar issues including job cuts. In line with previous research (e.g. Locke, 1992) findings illustrate that the same trade union within the same institutional context can present divergent patterns of behaviour and strategy regarding workplace restructuring. In both cases, the aim is to seek to broaden the scope of the union influence on the company’s unilateral agenda. It can be argued that unions with strong membership ties can potentially leverage greater influence and power and therefore select a specific strategy. However, the generation of union power reflects a complex relationship between actors and its interaction with each context (Dufour and Hege, 2002). Therefore, a more detailed examination of the contextual elements contributing to create the scope for union strategic choices when influencing the management of change is required. This implies an in-depth examination of the different firm-level conditions accounting for specific union strategies. It is argued that these conditions should be regarded as synergic and
contingent on both the socio-political (internal) and structural (external) context of the firm. They enable specific local union strategies. How do different firm-level contextual factors impact across the cases studies? What, if any, is the relationship between them?

Explaining variety in union strategies to restructuring

Company cases of restructuring in three different national institutional contexts, (Netherland, Italy and Ireland) have highlighted diversity in local union strategic responses to the common challenge of workforce reduction following restructuring. While institutions play an important role in narrowing choice, empirical evidence illustrates that union orientations to workplace restructuring are also contingent on the combination of structural and socio-political firm-level conditions. This explanation runs counter to mainstream comparative industrial relations analysis where the focus on national systems assumes a degree of internal homogeneity (Frege and Godard, 2010). Diversity in industrial relations patterns, according to the latter, exists either between nations, due to their various institutional arrangements, or across sectors with different markets and technologies.

The article argues that clusters of structural and socio-political firm-level factors contribute to shaping different union strategies in restructuring firms. Hence, inter-union mobilisation of diverse strategies depends on the manner in which different firm-level features are integrated and combined. Specifically, previous studies pointed out that local union respond according to different forms of management initiated change (Levesque and Murray, 2005; Frost, 2000; 2001; Kelly, 1996). Contributing to the existing debate, research presented here suggests that a broader understanding of the combinations of firm-level contextual features is equally important in exposing variety in the strategic choices of ‘confrontational-job protection’ and ‘collaborative-job transition’ strategies available to unions in a restructuring context.

Two groups of key firm-level conditions are identified, whose different way to interact account for variety in union strategies towards restructuring. On one hand, empirical findings point out the importance of structural characteristics of the firm, such as the internationalisation logic of the company deriving from the desire to exploit resources associated with the nature of restructuring; the workforce composition; and the company financial vitality. On the other hand there are socio-political factors as the firm’s management-union relationships. This article illustrates that ‘confrontational-job protection’ union strategy to change is associated to cases
characterised by international logic of cost-focused restructuring where the nature of union-management relationship is adversarial, and the firm faces economic difficulties and/or has a relatively young workforce. These cases are identified specific of those firms which base their strategies of internationalisation on the expansion of profit prevalently through programmes of costs reduction, in particular labour costs. As Ruigrok and Van Tulder (1995) argue the way how strategies of internationalisation of companies are designed and implemented reflect major changes in companies’ organisational structures and the technologies they use. This means that firm restructuring is influenced by the internationalisation logic in firms. For example, firms may primarily choose to achieve financial economies from autonomous sets of operating units or to realise synergistic benefits from integrating their operations across borders. Concerning the former, financial economies can take many forms and may arise from what Ghemawat (2007) refers to ‘arbitrage’ which he defines as a way of companies exploiting differences across countries, treating these as opportunities not as constraints. Literature refers to multinational firms as increasingly using cross-border differences through ‘regime shopping’ particularly concerning labour costs, and to inform and shape local bargaining agendas on working time, work organisation and performance based on these differences (Arrowsmith and Marginson, 2006). Greater market pressure may be associated with a greater pressure for firms to choose strategies of ‘regime shopping’ to improve performance by increasing flexibility. Evidence presented in this article illustrates that greater (lesser) choose for cost-focussed restructuring, which is conform to internationalisation strategies based on ‘regime shopping’, is associated with a greater (lesser) need to choose an aggressive and adversarial labour relations strategy under situation of firm adjustment. Particularly, empirical findings illustrate that in enterprises characterised by an enhanced incentive to exploit local specialisation and labour cost differentials across borders, management tend in the first instance to choose union avoidance over collaboration. Confronted with aggressive management strategy of labour relations, local unions tend to be reactive in opposing change by means of ‘job protection’. This is more likely the case in situation of company financial difficulty generated by market pressure. In particular, as the case N2, Ir2 and I1 illustrate chronic conflict with unions more likely generates from unilateral management decisions to restructure by drastically and aggressively pursuing cost-cutting restructuring to regain and/or improve competitiveness in the international market. Thereby, the management’s choice to restructure influences union responses in the sense that a firm’s agenda of aggressive cost-cutting restructuring can initially foster local union opposition and resistance to compulsory redundancies. As Cooke (1990) illustrated company-based management-union relationships can influence the
nature and effectiveness of local union responses in circumstances of change. Therefore, different patterns of workplace labour-management relationships have an influence on local actors’ responses to change (Frenkel and Royal, 1998). Evidence presented here supports this claim. Moreover, it is often argued that multinational firms which are segmented in terms of having each unit performing a distinct part of the production or service provision in a vertically integrated chain are those that are often criticised for exploiting vulnerable workforces (Edwards, 2011). The Dutch N2 and the Italian I1 cases seem to point out in this direction. Both company cases indicate firms which are part of a supply chain where they deliver a semi-finished product. However, the study also adds to existing research that the nature of the relationship can be influenced by the firm choice of restructuring which reflects the internationalisation logic pursued by the firm under specific market circumstances. Moreover, it claims that when firm restructuring is driven by a radical cost-cutting agenda - ‘to preserve company profitability while expanding internationally’ - in companies suffering economic and financial stability, and with a relatively young workforce, which needs to be guaranteed against the risk of employment insecurity, unions are left with little choice but to oppose change to halt job losses. In other words, greater (lesser) is the firm suffering of profitability problems and less (more) aged is the firm’s workforce, then greater (lesser) is the probability that unions try to protect jobs. This is because for younger workers in economically and financially weak companies unions have less scope to negotiate both high severance payments for those who voluntary will leave the company and/or better working conditions for those remaining. Hence they are left with no other option than save jobs as the best way to reduce the social effects of restructuring. For example, in Ir2 company economic difficulties exacerbated already difficult workplace employment relations. This were influenced by the firm’s interest to drive through a new change programme, PCI-07 (Programme for Continuous Improvement) which anticipated significant changes to the terms of employment including changes to pay and grading structures, overtime working, shift allowances and annual leave which were advanced by management as part of the reorganisation. When the restructuring took place the unions adopted a defensive position of job protection for the relatively young workforce and consequently opposed the restructuring plan. Accordingly, they refused to negotiate on the proposed PCI-07. The company announced it would unilaterally implement the changes and proceeded to employ some new staff under the new terms while introducing revised conditions for existing workers. Similarly, in I1 unions followed a job protection strategy. Here the surrounding company crisis and its social consequences for the territory are indicated as the main factor explaining the union response. When it was asked to a union representative in I1 to identify the main
achievements of the negotiation with management and local authorities regarding the plan for business reconversion he replied:

“We felt as we have got all what we wanted that is saving the jobs in the plant. People may think that young people have more chance to find a job in case they lose their own but this is only partially true especially in situation of economic crisis.”

Conversely in cases where unions were confronted with a ‘moderate’ rationalisation programme of company restructuring, within financially strong firm environment as well as traditionally jointly regulated employee contexts (i.e. N1, I2), with a predominantly (but not exclusively) aging workforce (i.e. Ir1), unions engaged proactively with management on jobs transition. The latter is associated with a situation where unions do not initially resist redundancies but rather negotiate with management long-medium term re-employment solutions for the redundant workers. These solutions may include training schemes or other ways of ensuring employment mobility. The study illustrates that the incentive for ‘collaborative-job transition’ union strategy is greater when firms internationalise by creating synergies across borders which are not prevalently driven by logic of ‘regime shopping’ and labour cost-reduction, but aimed prevalently at meeting the need of the corporate to grow by expanding to foreign markets. In these cases restructuring becomes functional to a strategy of firm expansion to new and more profitable markets, which do not necessarily imply to follow an international logic which derives from the desire to primarily exploit labour costs differences. The study illustrates that this more often contribute for unions and management to choose for a collaborative labour relations. In addition, evidence illustrates that this is more likely to happen in companies which are economically and financially healthy and where the workforce is mostly elderly. This is because unions are able to capitalise on the firm’s commitment not to go for a cost cutting agenda as a way to restructure and so to leverage the company’s good economic performance to obtain generous voluntary severance terms for the aging workforce. Particularly, unions tend to be actively engaged with management in negotiating a transition-to-retirement programme for aging-workforce. The example of Ir1 is indicative in this respect. Here, the union was able to manoeuvre into a position of influence by ensuring the process of restructuring was subject to joint regulation, and in such a way that job insecurity did not become income insecurity for the redundant workforce.

[Table 2 here]
Hence, this study demonstrates that firm level characteristics and behaviours do not operate in isolation from each other. It is the combined effect of firm-level structural and socio-political features which needs to be captured fully if the variety in union strategies is to be properly assessed. In all cases local unions needed to develop strategies for dealing with worker redundancies resulting from changes in international company context of organisation and structure. Thus, both types of union strategies (confrontational-‘job protection’/cooperative-‘job transitions’) need to be seen as ways to challenge the social effects associated with restructuring threats.

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Conclusion (Paul to do: in line with what Mark says in his comments see Item 1 Overall Argument) + to insert some reflections for variety of capitalism approach (what VoC can learn from our study ? = our research illustrates cross (and within) country variation in practices and union responses – one possible reflection may be that VoC should engage properly in understanding and assessing the interaction of firm strategies and union responses, so this should be part of the VoC debate.

A number of previous studies point to the variety in local union strategies faced with workplace restructuring. Yet, these studies frequently do not assess the extent to which variety in dealing with the management of change is also contingent upon a company’s configuration. In particular, the article identifies a combination of internal (socio-political) and external (structural) factors at firm level impacting upon local union strategic responses. For us it is local union strategy and not the type of local union that significantly shapes the process of workplace restructuring. Therefore, to understand those factors shaping union strategy in terms of restructuring across (and within) different institutional settings, it is crucial to return to the issue of context and its relation to union influence.

Findings indicate high within-country variation in local union strategies towards company change. This allows us to go beyond macro-level (national) context to combine specific union approaches with company characteristics in accounting for variation. In particular, key contextual external (structural) and internal (socio-political) factors, which are contingent upon the level of the firm, are considered
crucial in explaining the existence of key strategic union choices. ‘Job transition’ is
typical of company cases characterised by moderate rationalisation restructuring
programmes, cooperative management-union relationships, and companies not facing
economic difficulties and/or a relatively older workforce. Central to this strategy is a
proactive union policy that seeks to steer the firm towards deals ensuring that
membership is sustained and meaningful as individuals move to another job, and
therefore income security is maintained. It can be argued that this provides the
platform upon which unions may develop new alternative strategic responses to
restructuring, such as investment in training and re-employment activities.
Conversely ‘job protection’ is illustrated as typical of companies characterised by
aggressive internationalisation logic at the firm level. Such enterprises would be
characterised by cost-focused restructuring, adversarial union-management
relationships and a relatively young workforce. Under these conditions unions may
facilitate job security while avoiding attacks on working conditions. Significantly, the
comparative research presented here illustrates that the extent to which local unions
can be creative actors in negotiating firm-level restructuring is contingent upon the
manner in which companies structure and configure themselves.

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Table 1: Case studies

<table>
<thead>
<tr>
<th>Country</th>
<th>Company name (sector)</th>
<th>Ownership and size</th>
<th>Nature of restructuring and restructuring phases</th>
<th>Union strategy response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N2 (Manufacturing/Chemical)</td>
<td>French-based MNC, 125,000 employees globally</td>
<td>Closure by end 2005</td>
<td>Confrontational: opposition for Job protection</td>
</tr>
<tr>
<td>Italy</td>
<td>I1 (Manufacturing/Imaging technology)</td>
<td>US-based MNC, 154,000 employees globally</td>
<td>Progressive workforce reduction between 2000-2005 with the threat of closure by end 2005</td>
<td>Confrontational: Opposition for job protection</td>
</tr>
<tr>
<td></td>
<td>I2 (Manufacturing/Mechanical engineering)</td>
<td>Italian-based MNC, 105,000 employees globally</td>
<td>Reduction of 25% of the workforce</td>
<td>Cooperative: Negotiation Job transition</td>
</tr>
<tr>
<td>Ireland</td>
<td>Ir1 (Food)</td>
<td>Irish-MNC, 66,702 employee globally</td>
<td>Outsourcing resulting from global off-shoring program in 2002-2006</td>
<td>Cooperative: negotiation for Job transition</td>
</tr>
<tr>
<td></td>
<td>Ir2 (Transport/Aviation)</td>
<td>13,700 employee globally</td>
<td>Internal rationalization and continuous improvement with significant 30% job losses and worsening of the working conditions</td>
<td>Confrontational: opposition for Job protection</td>
</tr>
</tbody>
</table>
Table 2: Union strategies and firm-level conditions

<table>
<thead>
<tr>
<th>Conditions</th>
<th>Job protection</th>
<th>Job transition</th>
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<tbody>
<tr>
<td>Logic of internationalisation and the nature of restructuring</td>
<td>Cost-focussed restructuring</td>
<td>Restructuring driven by logic of market expansion</td>
</tr>
<tr>
<td>Management-union relationships</td>
<td>Adversarial labour-management relationship</td>
<td>Cooperative labour-management relationship</td>
</tr>
<tr>
<td>Economic and organisational internal features</td>
<td>Financial difficulties and/or relative young workforce</td>
<td>Good financial health and economic position and/or elderly workforce</td>
</tr>
</tbody>
</table>

1 The study is part of a research financed by the European Commission and supported by the ETUC, Business Europe, CEEP and UAPME.

2 The difficulties experienced because of the financial crisis have brought to a critical assessment of social partnership (see e.g. Doherty, 2011)