“Understanding Union Strategy to Firm-Level Restructuring in Europe”


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The convergence/divergence debate

- "Convergence" - Globalization and regional economic integration (Mueller, 1992; Sklair, 2001; Lane, 2003; and older lineages in social science going back to, inter alia, Kerr et al. and of course older 2nd international Marxism);

- "Divergence" (Variation) – National Institutions and National Business Systems (Resenzweig and Nohria, 1994)
  - "national level factors" (Edwards, 2004; Ferner et al., 2006)
  - social actors participate in the gradual redefining of institutional settings (Frost, 2000; Levesque and Murray, 2002, 2005; Ortiz, 1999....)
  - "do unions make a difference?" The combination of power resources, roles and interests for the creation of local strategies in cross-border alliances (Kumar and Murray, 2002; Bernaciak, 2010)
“Strategic choice” and the variation in management (Kochan et al, 1986) and trade union behaviour (Froist, 2001) in situation of change

The influences from the surrounding set of economic and political institutions, market pressures, corporate structures and ideologies
Research questions

- Under which conditions local unions respond?
- How can we explain variety in union strategy?
- Which factors (internal and external) shape a particular response? And HOW are THESE FORCES Interrelated?

- Internal resources and capabilities local union use depend on the different conditions under which unions negotiate (or not) with management over firm restructuring
- The way in which firm-level socio-political and structural conditions interact to each other contribute to shaping different patterns of union strategies
Argument

- The way in which interactions between specific firm-level structural and socio-political factors occurs influences the choice of union strategy and contribute to shape variant patterns of union responses as confrontational (job protection) or collaborative (job transitions)
Methodology


- 6 case study of corporate multinationals restructuring (2005-2007) in 3 different national contexts (i.e. The Netherlands, Italy, Ireland)

- Similar company features.

- Conducting case study: 45 semi-structured interviews with representatives of employers and trade unions and employees representatives,

- 3 country-based seminars (2007-2008)

- 1 final international conference (200 representatives from employers and employees’ side at both national and EU-levels)
<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>
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</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>
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<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>
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<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>
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<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/Aвиation)</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>
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Variety in union response to company restructuring

- Two patterns of local union’s engagement in the negotiation of company change: cooperative; confrontational
- Local union influence on the management of change (negotiating against forced redundancies):
  - “Jobs transition”: local union’s engagement to negotiate on redundancies - manage restructuring by promoting alternative for employment in the long-medium term
  - “Jobs protection”: local unions’ protection of jobs at risk – no negotiation on redundancies
“Jobs transition”

- Union’s engagement in the development of programme of training; re-employment, employability programme

“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 restructuring” (Interview with a HR manager N1).
“Jobs protection”

- Unions do not negotiate on redundancies

“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 hardly on it” and save the jobs” at risks. (Interview to union representative Ir2).
Beyond a “pre-deterministic” view of local union involvement in firm-level change

- Local unions can provide responses to the challenges of international capitalism

- Different patterns of within country unions’ response in accordance to patterns of confrontational/job protection and collaborative/job transitions

- Firm-level conditions interact with socio-political factors
The assessment of the patterns of union responses

- Structural characteristics of the firm
  - international logic of company restructuring
  - workforce composition, financial vitality

- Management-union relationships (socio-political)
Interaction of forces

- Confrontational/job protection $\rightarrow$ international logic of “cost-focused” restructuring; adversarial union-management relationship; bad financial/economic conditions of the firm;

- Cooperation/job transition $\rightarrow$ “moderate” rationalisation restructuring programme; financially strong firms, traditionally jointly regulated employee contexts
Conclusions

- Local union influence on the negotiation of company change
- Variety of local union responses to firm-level restructuring which reflects diversity in the interaction between structural and socio-political forces
- The strategic capacity of unions to be “proactive” rather than “reactive” actors of change