Management Whipsawing: The Staging of Competition in Multinational Companies

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CRIMT conference 2014
Whipsawing
Definitions

   - “(…) a bargaining tactic used by trade unions in which there is an attempt to spread wage and other concessions from one employer to another using ‘coercive comparisons’. A breakthrough in negotiations in a lead firm can thereby be generalized across an industry or occupational group.”

2. Our focus on management whipsawing
   - The organisation of competition between plants in MNCs in the context of production allocation and collective bargaining with the aim to extract labour concessions.
Outline

- Paper analyzes management whipsawing in multinational companies from the 1980s to recent economic crisis.
  - traces how management organises labour competition under globalisation
- Empirical focus
  - European auto industry
  - Cases: GM, Ford, Volkswagen
- Research question
  - What explains different types of management whipsawing?
Literature

- Labour competition and the role of management
  - orbits of coercive comparison (Ross 1948), coercive comparisons (Mueller and Purcell, 1992), dual-sourcing (Babson 2003), benchmarking (Marginson et al. 2003)
- Our contribution: we differentiate between different patterns or types of whipsawing
### Observed Patterns

<table>
<thead>
<tr>
<th></th>
<th>Informal whipsawing</th>
<th>Coercive whipsawing</th>
<th>Rule-based whipsawing</th>
<th>Hegemonic whipsawing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benchmarking</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
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<tr>
<td>Competitive assignment of production</td>
<td>yes/no</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
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<td>Open threat to shift production</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>yes/yes</td>
</tr>
<tr>
<td>Formal Bidding</td>
<td>no</td>
<td>no</td>
<td>yes</td>
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<td>Ideological work</td>
<td>no</td>
<td>no</td>
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</tbody>
</table>

*(convincing labor that competition is positive)*
Argument

- Different types of whipsawing explained by two set of factors
  
  1. Whipsawing capacity
     - Organizational features of MNCs
       - parallel production and production platforms
       - standardisation of production in MNCs
       - platform strategy
     - Market condition
     - Plant utilization
  
  2. Management’s Labour Relations Strategy
     - Contradictory goals and strategies
     - Collaboration for high-quality production and concessions.
     - Forcing and fostering
Ford

- **Formal Whipsawing in 1980s**
  - engine production (UK/Germany)

- **Informal Whipsawing in 1990s**
  - management informally discusses upcoming production assignments, which is picked up by unions that initiate negotiations with management

- **But Coercive Whipsawing in 1998 in Spain**
  - Management threatens to withdraw production

- **Reduction of whipsawing capacity in late 1990s early 2000s**

- **Return to a pattern of informal whipsawing**
General Motors

- Informal whipsawing – 1988, 1993
  - significant labour concessions, back and forth between plants
  - labour responses: local strikes and transnational worker cooperation
- Rule-based whipsawing since 2003
  - Within company market for the allocation of production
  - Rhetoric about fairness of markets
- Departure from collective bargaining pattern
Volkswagen

- **Informal whipsawing – 1995**
- **Introduction of whipsawing – 1999**
  - organising competition between internal and external suppliers
  - German plant against Portuguese plants
- **Coercive whipsawing SEAT – 2002**
  - production relocation from Spain to Slovakia
- **Hegemonic whipsawing – 2000s**
  - management convinces labour that whipsawing is necessary
  - Supportive within company institutions (EWC, WWC)
  - legal and illegal measures
Conclusion

- **Four Patterns of Whipsawing**
  - Informal whipsawing, coercive whipsawing, hegemonic whipsawing and rule-based whipsawing

- **Explanation**
  - Whipsawing capacity
  - Labour relations strategy (between forcing and fostering)

- **Whipsawing**
  - Powerful management tool to extract concession and to change employment relations in national contexts
    - Two-tier wage system, pay concessions, working time flexibility
  - Logic: labour has to pay for production assignments, otherwise underutilised plants in tight product markets threaten trade union gains and jobs