“Firm Restructuring and Local Unions”
Understanding Union Strategic Responses
to the Management of Change in Europe.

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Restructuring and the convergence/divergence debate

- “Convergence” - Globalization and regional economic integration (Mueller, 1992; Sklair, 2001; Lane, 2003);

- “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 national settings (Frost, 2000; Levesque and Murray, 2002, 2005; Ortiz, 1999);
- Do unions make a difference? Power resources and strategic capabilities are central to the union-capacity building (Levesque and Murray, 2010) and union local strategies (Kumar and Murray, 2002; Bernaciak, 2010);
- How do we explain the difference? Combination of ideological orientations and rational actions in collective bargaining (Blyton and Bacon, 2007).
What?

- Under which conditions local unions respond to company restructuring?
- Which factors (internal and external) shape a particular response?

- The use of internal resources and strategic capabilities depends on the different conditions unions negotiate (or not) with management over firm-level restructuring;
- Outcomes (union strategy) of firm-level restructuring: “jobs transition” and “jobs protection”
The project frame


- From Malta in April 2005 to Romania in November 2009;
- 800 representatives of employers and trade unions in 26 countries;
- More than 50 restructuring case studies jointly identified;

Phase one (2005 and 2006): Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.
- Transition from command to market economies and subsequently to job growth in certain sectors through the direct and indirect effects of increased foreign direct investment.

Phase two (2007 – 2008): Austria, Denmark, France, Greece, Ireland, Italy, the Netherlands, Spain, Sweden and the United Kingdom.
- Growth in the importance of services and reduction of employment in manufacturing associated with the strive for world competitiveness. Overall background of economic and employment growth but clear distinctions between those who gained and those who didn’t.

- Dominated by the impact of the crisis and the design and adoption of anti-crisis measures.
How?

- 8 case study (2007-2008) of corporate multinationals restructuring in 4 different national contexts (i.e. The Netherlands, Italy, Ireland and Sweden) (N1-N2; Ir1-Ir2; I1-I2; S1-S2);

- Different sectors (e.g. transport, telecommunication, manufacturing, food) and nature of restructuring (e.g. outsourcing/offshoring, delocalisation, closure, internal organisational rationalisation);

- “Case-oriented” case study:
  - Different cases
  - Conditions identifying variations in outcomes
  - 45 semi-structured interviews with representatives of employers and trade unions and employees representatives;

- Country-based seminars (2007-2008);

- 1 final international conference.
<table>
<thead>
<tr>
<th>Country</th>
<th>Company Name(sector)</th>
<th>Ownership and size</th>
<th>Restructuring</th>
<th>Union 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>Reactive: 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>Delocalization progressive workforce reduction between 2000-2005 with the threat of closure by end 2005</td>
<td>Reactive: 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>Proactive: Negotiation on job transitions</td>
</tr>
<tr>
<td>Ireland</td>
<td>Ir1 (Food)</td>
<td>Irish-MNC, 66,702 employee globally</td>
<td>Offshoring in 2002-2006</td>
<td>Proactive: Negotiation on job transitions</td>
</tr>
<tr>
<td></td>
<td>Ir2 (Transport)</td>
<td>Irish-MNC, 13,700 employee globally</td>
<td>Rationalization and continuous improvement with significant 30% job losses and worsening of working conditions</td>
<td>Reactive: Opposition for Job protection</td>
</tr>
<tr>
<td>Sweden</td>
<td>S1 (Manufacturing)</td>
<td>Swedish-based MNC</td>
<td>Internal re-organisation and reduction of 15 % workforce</td>
<td>Proactive: negotiation on job transitions</td>
</tr>
<tr>
<td></td>
<td>S2 (Telecommunication)</td>
<td>Swedish-based MNC</td>
<td>Outsourcing 20% workforce reduction</td>
<td>Proactive: negotiation on job transitions</td>
</tr>
</tbody>
</table>
Variety of union responses to company restructuring

- Two patterns of local union’s strategic responses to company change:
  - “Jobs transition”: negotiation on redundancies;
    Local union engaged in negotiation on restructuring and they respond proactively by promoting alternative for employment in the long-medium term
  - “Jobs protection”: no negotiation on redundancies;
    Local union did not engage in negotiation on restructuring and they respond by reactively protecting jobs at risk in the short-term
“Jobs transition”

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

“the positive and proactive attitude of the Swedish trade unions was very important for us in order to find concrete joint solutions for the organisation and the people affected by restructuring” (Interview with a HR manager S2 – September, 2008).
13 January 2005 a new collective agreement called *Mobiliteitsakkoord* or Agreement on Mobility was reached in N1. The so called work-to-work programme aimed at retraining staff and developing employability measures in the medium-long term in order to minimise the effects of restructuring.

No Social Plan was reached in N2 because of management refusal to hear the works council recommendations. After a long period of social action during which the local Dutch unions and workers received the support of the EWC a social plan foreseeing no plant closure was instituted.
“Jobs protection”

- Unions resist redundancies and they do not engage in negotiation on redundancies with local Mgt.

“The territorial-level agreement followed the mobilisation action by the union where also the local community was involved. It was signed in April 2006 between the Ministries of Industry, Welfare/Labour, Environment and Infrastructure/Transportation, the regional government of Liguria, Province of Savona, the Mayor of Cairo Montenotte, the company I1 and the trade unions 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 of the Valle Bormida. The object is to resist restructuring and save jobs”. (Interview to CGIL trade union representative I1 – July 2007).

- Union engage in negotiation on job transition

“The company did not want the unions to go on strike and they also did not want to leave either..they do wanted to invest in other product ” (Interview CGIL union representative I2 – July 2007)
In Ir2 massive job losses, cut in wages and changing in grading structures (overtime, shift allowance, annual leave) were announced as part of a huge restructuring plan in 2006. The local union rejected the restructuring plan to save jobs and engaged themselves in industrial action.

In Ir1 a plan of downsizing (30% of the workforce) as the result of off-shoring was announced in October 2006. Negotiations on redundancies were opened with the trade unions. High-value severance packages to older workers were exchanged with employment security for young workers.
Versus a “pre-deterministic” view of local union’s response to firm-level restructuring

- Local unions can provide various responses to the challenges of restructuring;

- Local unions strategies focusing on “jobs transition” and “jobs protection”

- Conditions explaining variations in outcomes (“jobs transition” and “jobs protection”)
  1) utilization of different power resources
  2) outcomes of company-level restructuring
Conditions leading to unions strategic responses of firm-level restructuring

- The nature of restructuring
- Company-based management-union relationships
- Structural features of the firm
<table>
<thead>
<tr>
<th>Conditions</th>
<th>Union strategy “Jobs protection”</th>
<th>Union strategy “Jobs transition”</th>
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</thead>
<tbody>
<tr>
<td>Union strategy</td>
<td>Union resources</td>
<td>Union resources</td>
</tr>
<tr>
<td>Nature of restructuring</td>
<td></td>
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<tr>
<td>+/- “Cost-effective”</td>
<td>Social Conflict (N2)</td>
<td>Macro-institutional resources (LMK) (S1 and S2)</td>
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<td>- Partial reduction of the workforce (outsourcing/offshoring - Delocalization)</td>
<td>Institutional (EWC) (N2)</td>
<td></td>
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<td>- Closure</td>
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<tr>
<td>Company-based management-union relationships</td>
<td></td>
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<tr>
<td>+/- Adversarial relationships</td>
<td>Institutional (territorial)/local community (I1)</td>
<td>Macro-institutional resources (WC) (S1 and S2) Social climate (I2)</td>
</tr>
<tr>
<td>Structural features of the firm</td>
<td></td>
<td></td>
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<tr>
<td>+/- Financial difficulties</td>
<td>Social Conflict (Ir2)</td>
<td>Structural company-level factors</td>
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<td>-/+ Aged workforce (Composition of the workforce)</td>
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</table>
Conclusions

- Institutions matter but do not determine “what local unions do” and... how do they influence firm-level restructuring;

- Variety of local union strategic responses to firm-level restructuring reflects diversity in the conditions (nature of restructuring; company-based Mgt/union relationship; structural features of the firm) accounting for
  - the resources union uses;
  - the outcomes of restructuring

- The interaction of these conditions affects the strategic capacity of unions to be “proactive” rather than “reactive” actors of change.