The European cross-border dimension to collective bargaining in multi-national companies

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1 Introduction

The European cross-border dimension to collective bargaining in large companies has arguably never been more significant than it is today, reflecting three profound and related sets of change. First is the environmental transformation occasioned by the dismantling of trade borders within the EU, deepening market integration (which now reaches across almost 30 states of the European Economic Area) and the creation of the Euro-zone, which has served to intensify competition. Second is the growing scale and internationalisation of firms themselves, reflecting an explosion of merger and acquisition activity in recent years. Third is the changes in the institutions of collective bargaining, on the one hand the relative decline of national sector-level bargaining and/or its opening-up to greater company-level variation, and on the other the construction of a new mechanism for international networking and engagement, both horizontally and vertically, in the guise of European Works Councils (EWCs). Although formally focused on employee information and consultation, EWCs potentially provide a platform for cross-border information exchange and co-operation in local company bargaining. In this evolving context, it seems more than plausible that both management and trade unions will seek to deepen their international networks and bring to bear international comparisons within domestic bargaining. They may also seek to reach European-level accommodations on some bargaining issues which reach across borders. This paper examines the shape and relevance of the cross-border dimension to collective bargaining at company level through a cross-sector, cross-country study of ten leading multi-national companies (MNCs) in two sectors – banking and metalworking – and four EU countries – Belgium, Germany, Italy and the UK. The rationale underpinning the sectoral focus of the study, the main contours of the collective bargaining arrangements in the four countries and key features of the company cases are outlined in section 2.

Before proceeding further, the three sets of developments which underlie the emergence of a cross-border dimension to company-level collective bargaining deserve some brief elaboration. First is the environmental transformation which European integration has entailed. The EU’s process of economic and market integration evolved through two key stages involving the programme, launched in 1985, to create a single European market by the end of 1992, followed by the economic and monetary union (EMU) project aimed at deepening economic and market integration. This created, from 1999, the Euro-zone, involving the adoption of a single currency and the establishment of the European Central Bank with the authority to set a common interest rate. Our main concern is with the micro-level pressures on industrial relations unleashed by this process. Whereas European integration is creating a single market for goods and services, and progressively also a single
capital labour market, a single European labour market remains a distant prospect for all but a few specialist occupations. Instead national labour market systems have increasingly been set in competition with each other, at micro (company)-level as well as the macro (national) and meso (sector) and levels, with considerable implications for collective bargaining (Martin, 1999; Schulten, 1998). An explicit aim of the single market programme was to promote the rationalisation and restructuring of European industry, so as to enhance its competitive position in global markets. Further impetus was given by the dynamics of monetary union, which acts as an important catalyst for further change - intensified competition being a keynote. In addition, the European Commission has pursued industrial policies to facilitate the rationalisation and restructuring of particular industrial sectors, such as steel, and has developed competition policies aimed at opening up previously closed markets to European-wide competition, as in energy, telecommunications and airlines. The resultant extensive ‘external’ and ‘internal’ restructuring reinforces the fact of the single European market: both phases encouraged MNCs to organise their production and their market servicing on a continental European basis, as discussed below. The external takes the form of mergers and acquisitions as companies aim to establish and/or consolidate a presence across the single European market. The internal dimension represents significant re-organisation of operations in response to the competitive challenges. Both these dimensions entail an increasingly significant cross-border element invoking repercussions for industrial relations.

Second, the numbers of companies which are multinational in scope have been increasing across the global economy; so too has the geographical reach of individual multinationals in terms of the number of countries in which companies now have operations (UNCTAD, 2002; Dicken, 2003). These developments have been strongly regionalised within the global economy, captured in the emergence of a tri-polar international economy, the ‘Triad’, comprising Europe, north America and Japan and east Asia, in which trade and foreign direct investment flows within each of these poles are significantly more intense than those between the three poles (Dicken, 2003; Rugman, 2000). In the context of the single European market and EMU, MNCs have invested considerable resources in establishing market servicing and production operations on a pan-European basis. An initial wave of mergers and acquisitions from the mid-1980s, in anticipation of the single market, peaked in 1990; a growing proportion of these were cross-border in scope (Buiges, 1993). The prospect of deeper integration through EMU reinvigorated the process. Cross-border mergers and acquisitions in the EU surged again in the second half of the 1990s towards a new peak in 2000 – at which point they accounted for virtually half of all mergers (UNCTAD, 2000, 2002). Economic and market integration has also led to the creation of new European-scale businesses through joint ventures and, more tentatively, strategic alliances. Integrating the resulting combinations and securing a co-ordinated approach to the market and/or to the organisation of production at European level has required the strengthening of international management organisation and structures within MNCs (Edwards, 2004). As a result, ‘multinationals are probably the single most important mechanism through which practices are diffused from one national business system to another’ (Ferner, 2003: 88).

Third, long-running pressures for decentralisation of sector (and multi-sector) bargaining arrangements, involving the provision of greater scope for company-level negotiations, have been intensified by the need to handle the restructuring and rationalisation which market integration has prompted. Reorientation of the bargaining agenda towards the questions of employment, competitiveness and adaptability which restructuring raises often necessitates further devolution to company level, since it is only here that detailed trade-offs can be
negotiated (Sisson, 2001). Within the ‘organised’ form of decentralisation (Traxler, 1995) which characterises most west European countries, further devolution is expressed in growing use of framework provisions, opening clauses and ‘envelopes’ and hardship and opt-out clauses in sector agreements; it is also reflected in a growth of ‘unauthorised’ company bargaining on issues on which sector agreements are silent (Arrowsmith et al., 2003). At the same time, pressures for a Europeanisation of collective bargaining are also evident. For trade unions, fears focus on the potential of a downward spiral of terms and conditions resulting from unchecked competition between collective bargaining arrangements in different countries. This has prompted several national and European trade union organisations to launch cross-border bargaining co-operation initiatives, primarily at sector level (Schulten, 2003). Management in more internationally integrated MNCs, on the other hand, have increasingly taken a pan-European perspective in local, company-bargaining, attempting to lever concessions in working practices on a site-by-site basis through the use of cross-border comparisons of costs and performance (Coller, 1996; Mueller and Purcell, 1992). In this context, EWCs represent an institutional innovation which could be mobilised by either party in pursuit of cross-border bargaining objectives.

The implications of all of this in terms of the European cross-border dimension to collective bargaining within MNCs can be analysed at two levels. The first, considered in section 3 following a brief discussion of methods, refers to the process of international networks and benchmarking deployed by management and, increasingly if often still hesitantly, trade unions. The activities of the latter have potentially been enhanced by the introduction of EWC institutions; this second level is addressed in section 4. Section 5 draws a comparison of the cross-border dimension of collective bargaining across, and also within, the two sectors. Some wider implications of the findings are discussed in the final section.

2 Methods

The research was designed as a single study comparison across countries, sectors and companies within sectors. (For sector-level results see Marginson et al, 2003; Arrowsmith et al. 2003). The first stage comprised an intensive programme of interviews, undertaken over a six month period in late 2000 and early 2001, with senior officials of all major employers’ organisations and trade union representatives in each of two sectors (metalworking and financial services) in four countries (Belgium, Germany, Italy and the UK). The second, on which we focus here, involved detailed case studies based on a series of interviews with senior management and trade union and/or works council representatives in ten MNCs in the same sectors and countries, conducted from late 2001 to mid-2002. The ten cases comprised one company from each of the two sectors in Belgium, Germany and Italy and two from each in the UK. At both stages, all interviews outside the UK were conducted jointly with a local researcher, thereby benefitting from the comparative insights which derive from the ‘co-interviewing’ method (Rainbird, 1996).

The countries were selected to reflect differences in size of economy and integration with other EU economies, as well as different systems of industrial relations and, in particular, collective bargaining. For example, the collective bargaining systems of Belgium, Germany and Italy all represent (differing) instances of ‘organised decentralisation’ (Traxler, 1995) or ‘centrally co-ordinated decentralisation’ (Hyman and Ferner, 1998), whilst the UK is the main exemplar of ‘disorganised decentralisation’. The rationale for the choice of the two sectors is
that they provide contrasts in terms of market structures, production organisation, and institutional structures. Metalworking is a key manufacturing sector in each of the four countries and has long been open to international competition. Financial services are a significant part of the service economy in all four countries. Within the finance sector, investment banking is already characterised by globally organised banking operations and increasingly too commercial banking operations are international in scope, within but also beyond the EU. Retail banking, however, remains a largely domestic affair with some sharp contrasts between EU countries in the extent to which domestic markets are dominated by a few players. Furthermore, both sectors are undergoing major changes in business activities, technologies and products (Sisson and Marginson, 2000). In metalworking, for example, large companies in western Europe are often shifting towards a focus on systems and solutions, and into after-sales service, with much previously ‘core’ manufacturing outsourced. In financial services, new modes of product delivery via telephone and the internet are a major development, and deregulation has resulted in increased competition between financial institutions. Large MNCs, with their access to huge start-up capital, are at the forefront of these challenges and innovations.

Each of the companies selected for the research is a large organisation with extensive international operations. Most experienced some degree of merger, acquisition, divestment or internal form of restructuring and rationalisation over recent years. Where sector-level bargaining still prevails, the case study companies are either the leading or one of a leading group of companies within the employers’ association. In each company, a series of interviews (between five and ten in each case) was conducted with management and trade union representatives, at group, and where appropriate, business division levels in the organisation. The topics covered included the business context, industrial relations structures, the relationship between the sector and company levels, and the company-level bargaining agenda (e.g. pay, working time, employment, training) and outcomes. A summary of the chief characteristics of each case study company is provided in Table 1. A condition of the high-level access we obtained was that the companies should be anonymised when disseminating the findings.

3 The processual level: International networks and benchmarking

The international collection and deployment of business measures of performance by headquarters is prominent in both sectors. Whilst in banking this largely focuses on financial indicators, in metalworking this activity is more likely to extend further, not only to other quantifiable measures such as productivity, but also to comparisons of work organisation and processes. It is also much more likely in metalworking to have implications for collective bargaining at national level, both directly and by its effect in shaping the perceptions and agenda of national-level negotiations. Organisational restructuring, including the introduction of international business streams and units and internal markets, has reinforced management’s international networks and benchmarking, as well as their relevance for collective bargaining. Banking – and in particular retail activity - remains more segmented on national lines, though cross-border mergers and acquisitions are accelerating the development of international HR frameworks and benchmarking activities. For the trade union side, in response, the metalworking unions in particular have attempted to develop stronger cross-border networks but this can be subverted not just by practical considerations but by the ‘structured parochialism’ introduced by internal competition and decentralisation. In banking,
international co-operation was limited by the less extensive, more diverse and less integrated nature of operations in and across different countries, and less well-developed company and workplace union organisation.

3.1 Management

In terms of benchmarking activities and their salience to collective bargaining, our metalworking cases demonstrate a continuum beginning with Britmetal 1 and Germetal, where international benchmarking has become increasingly important, though it has not yet had a profound effect in terms of national collective bargaining, through to Belmetal, Italmetal and especially Britmetal 2, where benchmarking is more systematically used to monitor and discipline local management and trade unions. A brief resumé of the situation in each case is provided below.

As in other large and multi-national companies, best-practice identification and transfer is a routine concern of Britmetal 1. There is a well-developed international best-practice exercise bringing together HR directors from different business lines and countries. A shared learning programme has also been developed where less senior HR staff from different parts of the company work together on specific projects. The emphasis on learning means that the deployment of comparisons in collective bargaining is more ‘context-setting’ than ‘coercive’, and largely confined to the domestic context. Company growth, by acquisition as well as organically, in order to obtain a strong presence in all the major market segments, led to increased diversification which complicates the direct use of comparisons. Notwithstanding this, the introduction of an internal market between ‘customer facing’ and ‘supply’ business units, along with a policy of ongoing outsourcing review (the so-called ‘make or buy?’ test) for ‘supply’ units, has strengthened competitive pressures for benchmarking within and without the firm, and also within and across country boundaries.

In Germetal there is an internal market for investment which informs comparisons of costs and performance between plants, though the location of operations is primarily decided by proximity to the customer. This benchmarking is at its strongest in a domestic sense, across the German plants, as differences in IR systems and company practices elsewhere were said to devalue the meaning of international comparisons with sites in the home country. Management said it ‘would play this card’ in local negotiations with works councils in Germany (e.g. ‘we at site A need some extra conditions to make us more attractive’; senior manager). Such ‘context-setting’ to wrest concessions was also said to be salient at the overseas sites, since all decisions on investments were made in Germany and management and trade union representatives in other countries were less informed about future prospects. However this was exercised within certain recognised constraints to do with employee expectations, skill levels, and plant characteristics at national and local levels (‘you can’t export German practices to, say, France and Spain. And it is difficult for things to be transferred in the other direction. In Spain Germetal has an agreement that new workers will be paid at 80% of salary for the first 5 years, to encourage employment. We would like to have the same thing in Germany, but we couldn’t. It’s impossible – it couldn’t be talked about with the [central] works council, still less agreed’, senior manager). The company’s approach outside of Germany is to ask whether local conditions allow a practice to be transferred; the answer itself can best be provided by local management rather than centrally in Germany.
In Belmetal’s Belgian operations, rationalisation and relatively high costs form the basis for the company’s rigorous use of comparisons. The company is effectively located on a single site – the largest in Europe - which is also the focus of its industrial relations. Increasing integration of operations into international product lines threatens, however, to introduce a level of fragmentation at the site. Perhaps reflecting such international integration, HR policy for non-managerial employees is becoming more centralised within Europe, and some policies (such as appraisal) are global. International comparisons were described as ‘a way of life’ by a senior management respondent, especially against operations in France (where similar products were made) and the UK (where costs were significantly lower). In employment terms, benchmarking covered key measures such as labour costs, productivity, headcount, absence and holiday leave. Comparisons with operations in the US, and externally at sector level in each country, were also routinely brought to bear in the context of recurrent rationalisation pressures which have been acutely felt since the site was threatened with closure in 1996.

Group-wide, international monitoring within Italmetal is essentially by financial reports, and there is basically no closer control by headquarters of operations elsewhere in Europe than there is of those in south America. Most management networking is co-ordinated by the product divisions, though there are group-wide HR ‘conventions’ every two years, and occasional international seminars such as on flexibility of working time (exchanging information on concrete examples such as part-time or weekend contracts). Internal benchmarking is most relevant within Italy (including across the divisions) and internationally (within the divisions). In the truck business, for example, co-ordination is maintained by a senior management steering committee and meetings every two months comprising all the IR managers and plant personnel managers involved in negotiations with the unions in the different countries. Comparisons are discussed in terms of plant performance (percentage pay costs, productivity, overtime) and managers held to account by peer review, though taking into account practical problems of defining terms and measurement criteria as well as different regulations between countries. According to senior management, ‘systematic benchmarking reflects [the truck business’s] growth by acquisition and its history of fusion’. The process of acquisition, integration and rationalisation makes benchmarking highly relevant even though production transfer is not always an immediate prospect, given plant specialisation, scale and diversity factors. The threat of relocation can still have an effect, however; management’s suggestion in 1999 that high salary costs in Germany might result in some relocation of production apparently contributed to a long-term agreement there involving the removal of the ‘history pause’, a 30 minute break granted some 20 years ago; the acceptance of an hours bank of 200 hours; and the acceptance of flexible working time over the year. Six months later Madrid introduced its own agreement on flexible working, contributing to the closure of a plant in the UK. Benchmarking is also reinforced by the general context of overcapacity and rationalisation throughout most of the manufacturing operations of the group, which heightens cost sensitivities. As a result, management at divisional-level has a more or less direct influence on negotiations in different countries.

‘Before they start in each country we discuss the strategy and approach with the manager responsible for IR. This is not necessarily straightforward. For example operations in France have a complex organisational structure where there are different negotiations for the five different [product-based] companies...We also set the broad parameters, so I might say there is a 2.8% salary increase available to France, and the merit increase must be 1.2% of that. How to implement that is up to you. But I might suggest 0.8% in March and 0.4% in October. I’m also here to verify what they do’ (senior IR manager, Italmetal’s truck’s business)
According to senior management, the sub-text in national negotiations is that ‘the unions understand that they have to give something to the company’.

The process of international benchmarking, if not its deployment in national collective bargaining, has arguably gone furthest in *Britmetal2’s* European parent, which is organised on a pan-European basis. The European part of this US company has a fully-integrated business and investment structure across its European operations and performance comparisons across plants and countries are routinely and comprehensively made. Each plant is closely monitored and benchmarked against its own assigned ‘template’ figures as well as other plants. There are also systematic structures for management networking. Each functional group has regular international meetings for senior management, usually quarterly for HR and IR. The focus of these meetings is fairly broad, covering HR issues like training as well as labour relations, and the objective is to share information and ensure policy is consistent across Europe. Plant personnel managers have a similar European forum for sharing information and best practice. However the main effect in the national bargaining rounds was said to be in structuring expectations rather than direct transfer of practices. An important exception was when changes to employee terms and conditions in Germany were crucial to the company gaining union concessions over flexible working within its Belgian and UK operations in 1998. (Following this, a change of approach by management led to the introduction of a new company restructuring plan, designed to substantially reduce capacity across its European operations, which was agreed in framework form with the EWC; see below). Benchmarking data is used more as context-setting than as a specific negotiating tool, in the UK at least, partly because plant differences make direct comparisons difficult and contentious, and partly because management does not want the union to respond in turn with its own comparison-based bargaining demands (‘we might say there is higher productivity in Germany but the unions say they work less hours and get paid more; so we don’t use it a lot, it can open a can of worms’; Personnel Director). In fact, the reality of operating in an international context as part of a truly European operation means that the explicit deployment of direct comparisons is almost hardly necessary. As a couple of senior union reps put it, ‘Europe is at the forefront of minds... [the European parent] hold the purse strings, and we are the poor relation compared to Germany’, ‘the question that is posed all the time [in collective bargaining] is ‘how do we sell it to Europe’? If we can’t sell it to them we won’t have it’.

This situation contrast starkly with most of the cases in banking. The international HR function is generally small in the banks, and concerned with senior management placement, development and remuneration. HR and IR policy is otherwise a country-level responsibility. There is limited cross-border benchmarking and diffusion of best practice, activities which are inhibited by differences in market segment, regulations and scale across countries. Nonetheless, our five case companies fall into three discernible groups.

First, in *Britbank2*, there is little relevance outside of the routine activities of monitoring financial performance. Even international networking is limited because the bank’s continental operations are small scale and occupy fairly diverse niches. This lends country managers considerable autonomy within a structure of basically financial reporting and control. (A divisional HR Director remarked that ‘the group employs 80,000 people, but I’m the only one with international HR experience!’).
Second, in *Italbank* and *Belbank* the international deployment of benchmarking is emergent as cross-border merger and acquisition are consolidated through restructuring and integration of operations within the two groups. Such international benchmarking extends to the restructuring of working practices. In *Italbank* the international benchmarking focus is on business measures, given the basic strategy of acquiring and rapidly restructuring ex-state banks in central and eastern Europe. However comparisons of performance also increasingly centre on employment-related issues to do with working methods as the bank transfers Italian-based technologies and other arrangements to its new operations. In *Belbank*, merger has similarly prompted closer international networks and benchmarking given the need for business integration across the Benelux countries. Banking (unlike the insurance operations) now has international business reporting lines and, though HR and IR remain a country-level responsibility, there is also a cross-border, Benelux business-level HR function which has been active in areas such as working time. And in 2002 the group-level HR function was accorded a role in co-ordinating country-level management in Belgium and the Netherlands, for example in developing a common salary scheme. Further plans aim to strengthen and generalise business-line reporting, generating ‘best practice’ from comparisons within the Benelux countries. Although not currently a feature, cross-border comparisons of work practices are likely to be prompted by integration of operations such as back-office processing, where sites in the Netherlands benefited following an extensive benchmarking exercise. In this context, ‘the message for Belgium is that we have to look at our productivity and costs’ (senior manager).

Third, in *Gerbank* and *Britbank1*, where the reach of the respective banking operations is the most global amongst the five cases, there is a more established role involving the development of closer international management networks, international HR frameworks and global ‘values’, and more or less active promotion of new and ‘best’ practice. In *Gerbank*, but not *Britbank1*, this is underpinned by systematic cross-border benchmarking of HR practice and performance, as well as performance against financial metrics. In *Britbank1* international benchmarking has traditionally focused on financial performance, with country managers having discrete responsibility for HR and industrial relations. A move to a matrix organisation structure has facilitated better international networking, though still in a rather loose form given the variety and national focus of much of the organisation’s operations. In retailing there has been some use of comparisons to promote change following a major recent acquisition, in particular to help promote the modernisation of processing operations in the new French company relative to the UK. The bank has also developed a set of ‘global values’ concerning issues like equal opportunities, training and career development. The headquarters of *Gerbank* has articulated a global HR framework, allowing for local variation, governing issues such as expatriate staff, pensions, training and performance pay. This applies to non-managerial as well as managerial staff, though it is not designed to be directive: ‘The frame and the idea are distributed, but not the solution’ (senior manager). Countries that have implemented and adapted the frame also present what they have done at world-wide meetings ‘so that others can choose’. Benchmarking and the transfer of good practice is actively promoted, with examples including policies on homeworking and the implementation of a ‘cafeteria’ approach to working time. Such information exchange is said to influence local negotiations, but not in a prescriptive way.

3.2 Trade unions
Trade union efforts at international networking and benchmarking were notably less developed as compared to management practice in either sector. Partly this reflected practical constraints (resources, agreeing on terms, etc.), but it also appeared structurally related to the fact of different nationally-based interests in a context of rationalisation and internal competition and to the extent to which operations are integrated across borders. A sharp distinction was nonetheless evident across sectors. Trade union (and works council) representatives in the banks were generally not engaged in the systematic cross-border exchanges of bargaining-relevant information on working condition and practices taking place in some of the metalworking companies, and which the introduction of EWCs had (further) stimulated.

At *Britmetal* trade union networks and benchmarking remain nationally-focused amongst the UK operations, partly because management rarely raise specific international comparisons in domestic collective bargaining. Also, with job security the biggest concern of trade union members, attempting to ‘upwardly harmonise’ terms and conditions through international comparisons was not a realistic priority. The *Italmetal* unions in Italy similarly drew on very few international comparisons and where they did crop up in domestic negotiations both sides were said to use them in a ritualistic fashion as part of general scene-setting. This reflects in part the dominance of the home-country within the firm’s operations, which makes the domestic situation paramount to negotiators. It also reflects the fact that the immediate pressures they face are in the opposite direction, in dealing with management’s localisation and differentiation of practice in the plants within Italy itself.

At *Belmetal*, the unions have had well-established dialogue with their French colleagues for two decades, facilitated by shared language and by the fact that the two large sites concerned make similar products. Formation of the EWC notwithstanding, cross-country comparisons were said to be more difficult to effect elsewhere within Europe because of differentiation of products and market segments, as well as greater disparities in IR regulations and local practices. Moreover, the Belgian trade union respondents said that the parochialism of members at the site had been reinforced by threats to rationalise and transfer production; management deployment of comparisons engendering a defensive ‘ésprit de protectionnisme’ on the part of the workforce. In *Germetal* trade union networking activity was focused on, and developing through, the EWC (see below). Regular communication was maintained through the company intranet and personal contact between representatives on the EWC, though the exchanges of information and ad hoc surveys described below were more difficult to organise than at first thought given different interpretations of terms and concepts in areas such as working time. The objective was primarily defensive as a safeguard against any local management demands on issues such as flexible working time, employment conditions and redundancy terms, although interest also focused on certain innovative developments. As a result, at national and local level within the different countries, ‘we are in a better informed, and therefore better protected, bargaining position’ (German works council representative).

In *Britmetal* the UK unions in particular have made significant efforts to develop closer relations with their sister organisations in other countries since 1998, when they felt let down by the ‘clandestine’ flexibility and cost reduction deals made in Germany and Belgium. The EWC (see below) has provided a valuable institutional setting for anchoring these closer relations. The German unions were now reportedly sharing their privileged access to company plans on a systematic basis. One example was the German union ‘tipping off’ their UK colleagues on plans for model replacements and what might be outsourced given their access
to information derived from their seat on the German subsidiary’s supervisory board. UK management conceded that in some areas the trade unions now seemed to know more than they did. In addition, through the EWC, a standardised questionnaire was circulated annually to plants in each of the countries in order to compare working practices and terms and conditions of employment. This was less for direct bargaining purposes than to help ensure there were ‘no surprises’ coming from the management side. (There were examples of some comparisons deployed at the margins, such as claims to harmonise car leasing arrangements for employee). Other examples of international trade union co-operation include concerted action (particularly by the German and UK unions), co-ordinated through the EWC, against plans to introduce a US-style ‘snitch line’ for employees to anonymously report on each other to management.

Although UNI-Europa’s finance section has been in the process of establishing a bargaining co-operation and information exchange initiative embracing EWCs across the sector, international co-operation on bargaining by trade unions in the banks under study was weak or non-existent. At Britbank1, their development of international networks and benchmarking was limited by resource constraints and the heterogeneity of countries and operations across the bank’s activities. A senior union official identified the main barriers in terms of the bank’s structure and activities, membership interest and the union’s own resources (‘It’s difficult enough to do benchmarking and comparisons here never mind across borders!... The bank itself is focused on local markets...The issue of cross-border comparisons and harmonisation etc is too remote for members, to abstract’). Likewise, in Britbank2, the same union reported having no real direct international links within the bank. Moreover, this union – the largest organising in the UK sector - has not participated in UNI-Europa’s bargaining o-operation initiative on cost grounds (participation is on the basis of an additional subscription).

In Italbank there are no international trade union links, hindered by the absence of an EWC, but primarily because union membership in the acquired CEE banks is low. ‘At Italbank there have been major reorganisations in Poland, but we as a union know nothing about them...It’s difficult to get contacts. In many countries of eastern Europe the union doesn’t exist or is a branch of government’ (senior union official). Even where there are contacts ‘the specifically national character of the banking sector makes comparisons with other countries difficult’. A similar refrain was heard in Gerbank where international co-operation and the use of benchmarking by the unions was limited by the fact that union density and employee concerns varied significantly across operations. In some countries the group’s activities focus on investment banking. The main retail operation, which is where works council and trade union organisation is strongest in Germany, has operations of limited scale in other countries. As a result, although Gerbank’s main trade union and EWC were linked in to UNI-Europa’s initiative, the use of international comparative data in local negotiations was said by a union respondent to be ‘not really on the agenda’. For the present, much the same situation applies at Belbank, where the main unions and the EWC were also inserted into UNI-Europa’s network. Here, however, intensified exchanges through the EWC on a range of issues arising from the group’s restructuring and cross-border integration, were seen by trade union representatives to hold out the prospect of exchanges of information relating to national and local collective bargaining and even the forging of common bargaining positions.
4 The institutional level: The role and significance of the EWC for collective bargaining

EWCs offer an institutional framework which can potentially underpin cross-border bargaining developments. Although all the EWCs concerned were constituted as information and consultation forums with no formal negotiating role, in two of our cases, one from each sector, EWCs have concluded framework agreements or ‘softer’ joint texts. Amongst the metalworking companies, tangible impacts of EWCs on collective bargaining also emerged through less direct channels such as managerial context-setting for national-level bargaining and in the stimulation of more systematic international trade union networking and information exchange.

4.1 Metalworking

EWCs are well-established at each of the companies with the exception of Britmetall, where an EWC-type arrangement was in the process of being established. Meeting twice a year, the new forum will cover the company’s operations in North America as well as those in the UK, Germany and Scandinavia. The extent and nature of EWC activity and the repercussions for collective bargaining at the other four companies varied.

Starting with Italmetal, which represents the least propitious instance, the Italian unions saw little potential in the EWC for local collective bargaining. Multi-unionism in Italy was said to be a complicating factor, it being difficult enough to reach common positions in the domestic structures let alone across different countries. Certainly, the different unions had different views of the performance and potential of the EWC. At Fim-Cisl the EWC was seen as a potentially important means of employee participation, with new data being given for example on European-wide restructuring. Although Fiom-Cgil’s respondent was somewhat dismissive of the EWC because of the absence of any bargaining function, he conceded that it did provide a facility for delegates to network to counter management on for example details of shiftwork systems between plants (which came up in national discussions over work allocation and transfer). Management for their part saw the EWC as a somewhat costly and time-consuming activity but were keen to ensure that it did not develop into anything resembling a collective bargaining role, especially when its own emphasis was on decentralisation. However, in 2002 Italmetal’s EWC organised a day of protest action across the company’s European sites in the face of the group’s restructuring plans.

In Belmetal, for management the forum was used to reinforce the message of the need to be internally and externally competitive, especially where costs were high, as in Belgium. According to senior management, ‘having the European picture adds a dimension to our relations with the trade unions [in Belgium]. The EWC gives union delegates a better knowledge of the situation in other countries, for instance on wage levels. With European contacts, union delegates understand the globalisation process better’ (senior manager). From the union perspective, the EWCs has prompted regular contact between representatives across different countries, with the information derived forming a useful context for local negotiations. But the longstanding systematic comparisons between the Belgian and French sites have, for the reasons outlined above, not been extended to other countries represented on the EWC.
At Germetal, the employee-side co-ordination of the EWC maintains an ongoing flow of information between trade union and works council representatives from the different countries. As mentioned above, ad hoc surveys of non-pay terms and working conditions have been undertaken by the EWC, the results of which provide valuable reference points in local bargaining and a source of innovative ideas. The EWC was also trying to establish common ground rules on the effects of internal competition between plants, for example Sunday working in France and Spain, and proportionality in job loss across sites. Management was said to use practices at the greenfield sites in order to put pressure on established sites, and representatives from the overseas sites which are under pressure contact the EWC co-ordination office for information and to ask for advice. For overseas employee representatives the EWC gives direct access to headquarters and access to information which was previously the privilege of the German workforce. The EWC has also been used by central management in reverse, when it needs a direct communication line to local management in other European countries (the context is the absence of a direct counterpart in the management structure to the EWC). Unlike Belmetal, there was no indication that central management saw the EWC as relevant to ‘context setting’ for local negotiations.

At Britmetal2 the EWC has played both a direct and indirect role in collective bargaining. The latter refers to the ongoing contextualising of the domestic negotiation rounds, emphasising the need to be internally as well as externally competitive given the pan-European (and global) scale of operations. A direct bargaining role emerged with three ‘Framework Agreements’ setting out general principles for the management of employee transfers (following a joint venture with Italmetal), the closure of a UK manufacturing plant, and a European-wide restructuring which determined that capacity rationalisation would be distributed across sites rather than by closures. According to management, ‘these arrangements are not classic bargaining but they do speed things up’, and if the EWC had not existed then something like it would have had to have been invented for this purpose. A senior trade union respondent observed that ‘the country level managers balk at the idea of European negotiations but it has evolved as such, to minimise problems over major issues, especially when the Germans threaten a dispute. With all this the payback to the company is that the unions go along with the restructuring. And [the company] want to consult and explain why they want to take certain actions and this naturally progresses to negotiations’. Also relevant was the dominant position of one of the German plants within many of the integrated production schedules. Group management did not want to risk a militant response from IG-Metall, who were pressing for a co-ordinated rationalisation plan after the experience of the 1998 bargaining rounds which saw the agreement concluded in Germany used to ‘coerce’ concessions from the Belgian and UK unions. The UK unions said that their German colleagues were stung by their criticism at the time but the result had been to transform relations. A dual information channel was subsequently established, with the formal, direct provision of information and consultation systematically from the company through the EWC, and a horizontal information transfer from the German union, obtained via domestic channels, through to colleagues in the UK and other countries. A senior union official said that if information provision in Germany rated 10, the situation in the UK had improved from 2 to 7 with the EWC.

4.2 Banking

In banking, Italbank had not established an EWC whilst the role of the EWC varied between the other four case study companies according to the extent and nature of their international
presence. Apart from a joint text on employment security concluded at Gerbank, the repercussions of EWC activity for collective bargaining were practically non-existent. At the outset at least, the primary management objective for the banking EWCs was a minimalist one of legal compliance. There was evidence of momentum as some EWCs developed a logic of their own, but overall the functioning of the EWC was more severely hampered by agenda and compositional factors. There were far fewer genuinely transnational issues for the EWC to deal with, reflecting the national differentiation of retail banking operations in different countries (referred to as ‘silos’ by senior management in one of the UK banks), customised to different domestic financial systems of regulation and consumer habits and preferences. This was compounded by a specialisation of operations in some countries, where presence could be limited to activities such as corporate or private banking. Delegates therefore often found they had little by way of common experience; union organisation was also more patchy.

The role of the EWC at Britbank2 was the most limited, reflecting the fact that its Spanish operation was the only one outside the UK of sufficient size to qualify for EWC representation. As well as being small-scale, its international operations are also diverse, so there are few real pan-European issues to inform and consult about. Similarly, senior management in Britbank1 emphasised that internationalisation in banking related to market presence, not common cross-border products or systems. Participants emphasised, however, that management had begun to take the EWC more seriously. In particular since the acquisition of a sizeable banking operation in France, the EWC had embarked on a steep learning curve. The agenda has evolved from reports on business results and plans, to probing discussions of issues like training strategy and processing. The more coherent development of both management’s international networks and benchmarking activities seemed to facilitate the inclusion of the important issue of ‘globalisation’ (the transfer of back-office activities from Europe to Asia) on the EWC agenda, which the UK union had been pressing for. The union’s argument was that internationalisation was not just about market presence and products but common developments in operations and systems and the effects on employment levels. Senior management were also (cautiously) beginning to use international comparisons of processes as a means of leveraging change. In the French retail operations, back-office processing administration remained at branch level. The experience of the UK, where back-office centralisation followed by ‘off-shoring’ had been achieved by agreement and without forced redundancies, could be used to help reassure the French (and other) delegates over planned changes in their operations. The learning curve also applied to improving relations between employee representatives in the different countries, as networking evolves – a development which has not as yet embraced matters to do with national and local bargaining.

The Belbank EWC covers both the group’s banking and insurance operations across the EU. According to participants, the EWC had not been particularly active but the picture is now changing. In a context where new cross-border management structures are being established, and of an enhanced cross-border role for HR, senior management is now looking to activate the EWC. It views an effectively functioning EWC as an important counterpart to these cross-border developments, and – as at Britbank1 - useful in developing the integration and identity of the group. Employee representatives observed that the EWC was now being confronted by some specific cross-border issues. On the employee-side there is a functioning communication network between representatives, exchange of information – although not as yet on collective bargaining matters - and union-facilitated meetings of EWC representatives.
at European-level within the group, and in Belgium across the sector. Over time, this activity was anticipated to spill-over into issues dealt with in negotiations.

Since restructuring within Gerbank reaches across borders, and has included the separation out and creation of a European-wide retail banking operation, there has been a clear role for the bank’s EWC. It was the most active amongst the five banks and the only one to have concluded an agreement. The EWC was described by a union official as essentially an information body “which rather early concluded an understanding on employment security”. Signed in 1999, the joint position on employment security under restructuring establishes a framework for dealing with the consequences of restructuring across Europe, based on avoidance of compulsory redundancy, exploration of alternative instruments and a commitment to negotiate (in-country) on job security, training and employability.

Management described the joint position as giving representatives ‘some proper rights on consultation over restructuring and job loss’ in the context of European-wide restructuring. The issues involved have continued to be prominent on the EWC’s agenda: six meetings on aspects of restructuring were convened during 2001. Management has, however, resisted pressure for any further European-level agreements, for example on data security. Employee representatives from different EU countries are in frequent contact with each other, but information on bargaining-related matters has not been a feature of their exchanges.

5 Comparison across and within sectors

A reprise of the main findings, drawing comparisons across sectors – and also within them – serves a useful analytical purpose. Section 3 focused on the management and trade union networking and benchmarking in the companies, and the significance for collective bargaining. Significant cross-sector differences were identified, mediated by country-level considerations, which also had a significant impact in structuring differences within the two sectors.

First, how far product markets are pan-European, or even global, in scope and the degree to which production and service operations are internationally integrated underlie substantial differences between the two sectors in the role and extent of management’s international HR and IR structures and cross-border benchmarking practice. Benchmarking of production and working practices, mechanisms to diffuse best practices identified in benchmarking exercises and routine comparisons of labour costs and labour performance against a range of indicators on a cross-border basis are each much more widespread amongst the metalworking companies than the banks. Such practices occur on only a limited basis amongst the banks, inhibited by differences in market segment and regulations across countries. In the metalworking companies the pressures on local management and workforces arising from benchmarking processes and comparative indicators are further sharpened by the internal company market for investment projects, in which sites compete against each other. Local management and trade union and works council representatives are acutely aware of the European, and wider international, corporate context in which local negotiations take place. This is the case even if, as in some of the metalworking companies, explicit cross-border comparisons are not deployed by management in the course of these local negotiations. The very fact of making comparisons, within a context of integrated internal competition and survival pressures, seemed sufficient to structure perceptions and agenda at the national level in the required way. The potential for cross-border benchmarking and comparisons to emerge
within the banking sector is, however, apparent in the way in which such practices are developing within those parts of bank’s operations which are more internationally integrated, and open to competition between countries for investment projects, such as back-office operations.

Second, differences between countries, in terms of the legal framework of industrial relations, systems of collective bargaining and the wider regulation of the labour market, place limits on the potential for practices to be transferred across borders and cloud the interpretation of comparative indicators of costs and performance. Companies in both sectors tended to resolve the dilemmas entailed in promoting an internationalisation of practice whilst leaving space for variation according to local conditions by developing common policy frames, or promoting forms of international exchange which potentially facilitate transfer of practices, whilst leaving decisions on implementation – whether and how – to local management. However, the boundary between corporate and local varied between companies, within either sector, according to company-specific factors, including extent of international integration, but also management values (which can reflect ownership structure as well broader ‘cultural considerations) and the strength of trade unions’ cross-border organisation.

Accordingly, the results also revealed some strong within-sector effects. In metalworking, international benchmarking was important in all our firms, though the impact on collective bargaining was different. In Germetal and Britmetal1, the impact demonstrated a greater ‘within-country effect’ on collective bargaining, (though there was some indirect context-setting relevance for Germetal’s operations outside Germany given uncertainty about investment). Basically, this relatively limited impact of international benchmarking within national collective bargaining reflected the diversity of operations, which exacerbated the inherent technical difficulties of making and using comparisons, and the scale and symbolism of the home-based operations, which were deeply rooted in the industrial relations institutions of the respective national sectors, raising political barriers to effecting international benchmarking and implementing its results at home. In contrast, the impact on collective bargaining appeared much stronger in Belmetal, Italmetal’s truck division and Britmetal2. This was because of a greater integration and standardisation of products across borders and also much more acute rationalisation pressures. In banking, financial control mechanisms were most relevant internationally, though the significance of other forms of benchmarking and networking also varied according to the scale and integration of operations across borders. This was least developed in Britbank2, which had a portfolio of small, niche operations outside the UK in Europe. In contrast, in Italbank and Belbank there was a strong emphasis on international benchmarking as a result of merger and acquisition. The Italian bank was pursuing a strategy of buying and modernising banks in the CEC which required ‘best practice’ transfer from the home country. Belbank was centralising then divisionalising across its Benelux base following cross-border merger. In Britbank1 and Gerbank, which had a more developed (though not highly integrated) international presence, the emphasis was on HR rather than IR, e.g. in developing ‘global values’, networks of personnel managers, and encouraging mutual learning on issues such as working-time flexibility and back-office work.

Finally, trade union efforts at international networking and benchmarking were less developed than those of management, given greater resource constraints, divisions wrought by multi-unionism, and the lack of compulsion available within corporate structures. It also reflected further structural constraints: in banking, the differentiation of activities internationally meant that employee representatives could have little in common; in
metalworking, *competition between plants* for investment reinforced tendencies towards defensive parochialism, especially in a context of retrenchment. The *spread and scale of international operations* was also a factor, with home-country dominance (as in Italmetal’s dominant auto business, Gerbank, Britbank1, Britbank2 and Italbank) arguably reducing the incentives for these, usually stronger, trade unions to seek alliances abroad. Nonetheless, *sharp differences in trade unions’ cross-border activity were evident between the two sectors*, paralleling the contrast in management practice. Trade union and works council representatives in the banks were generally not engaged in the systematic exchanges of bargaining-relevant information on working conditions and practices on a European basis which their counterparts in some of the metalworking companies were organising. In part, this reflected less perceived need to do so, because the retail operations of banks in which trade unions are most strongly organised tended to remain domestic in scope. Where active networks were developing, as in Britmetal2, Belmetal, Germetal and (incipiently) at Belbank, these tended to start as mechanisms for information exchange in order, for example, to counter any direct comparisons used by the management side. One effect of the introduction of EWCs had been to enable trade unions to strengthen pre-existing international networks, as at Britmetal2 and to lesser extent Belmetal, or to forge new ones under the aegis of the new European-level structure, as at Germetal and Belbank.

The effects of EWCs on collective bargaining was the second major empirical theme, explored in Section 4. Again both across and within sector differences were apparent. First, *EWCs have developed a more active role, and some tangible influence over national and local collective bargaining, in the metalworking companies as compared with the banks*. In metalworking, the repercussions for collective bargaining take two forms: first, through the conclusion of European-level framework agreements or understandings which establish key principles and parameters for national and local company negotiations; second, in the collection and dissemination of information on working conditions and employment practice across countries which can be used by works council and trade union representatives in local negotiations. Both types of activity were very apparent at Britmetal2, where the EWC has concluded three framework agreements and an active international trade union network supporting cross-border bargaining co-operation; this second type of activity was also evident at Germetal and on a more restricted basis at Belmetal. In banking, management generally tended towards a ‘minimalist’ view of the EWC, given that there were often few real transnational issues to discuss. The trade union side was also less well entrenched amongst employee representatives, and more divided within and across countries, than in the metalworking sector. The joint understanding concluded by Gerbank’s EWC is ‘softer’ in form than the framework agreements at Britmetal2 and none of the EWC employee-sides were engaged in systematic exchanges of information relevant to local negotiations.

Second, *within-sector differences in the role of EWCs and their influence on collective bargaining reflected company-specific factors*. In Italmetal and Belmetal, management took a restrictive view towards the EWC. At a time of company re-organisation, stressing rationalisation and decentralisation, their key concern was to use it to buttress the messages provided at national level about the need for individual sites to be internally as well as externally competitive, and thereby shape the domestic negotiating agenda. Given their pre-established relations, employee representatives at Belmetal saw rather more potential for the EWC to promote information exchange of bargaining matters across countries than did their counterparts at Italmetal. Such potential was already being realised through the EWC at Germetal, where a combination of management policy and employee-side pressure meant that
the overseas representatives now received business information equivalent to that long open to German employee representatives through the group’s co-determination structures. A more advanced situation applies at Britmetal2. The collective bargaining role that emerged for the EWC reflected on the one hand a pan-European strategy for rationalisation that management adopted after the 1998 round of explicit ‘coercive comparisons’ that soured industrial relations. But it also recognised the strength of the German trade union organisation, its ability to deploy the privileged access to information and consultation deriving from co-determination arrangements in a European context and the close links forged with sister unions abroad after 1998. In banking, there were evident contrasts between Britbank2, where EWC activity was extremely limited, Britbank1 and Belbank, which each appeared to be on a learning curve as transnational issues emerged onto the EWC agenda - but where neither side was engaging in activities aimed at influencing the domestic bargaining context - and Gerbank, where the EWC had the most developed role (evidenced by the joint text on employment security) in setting a ‘soft’ framework for national and local negotiations around restructuring.

6 Discussion and Conclusion

Much debate on the internationalisation of industrial relations and HRM within MNCs has been framed by country-level considerations. Key research questions have centred on how far ‘home-country’ influences are important in shaping arrangements elsewhere and how far companies adapt to local ‘host-country’ practices within different constellations of domestic capitalisms (Ferner, 1997). An influential literature demonstrates how the political economy of different ‘national business systems’ shapes and bounds the process of internationalisation that has been led by multinational firms (Ferner and Quintanilla, 2002; Morgan et al., 2001). The contribution of the findings presented here is to emphasise that detailed consideration of sector and firm-specific dynamics is also crucial to our understanding of how this phenomenon proceeds. In addition (and related) to country-of-origin and country-of-location factors are sector effects to do with the technologies, product and labour markets that constitute ‘organisational fields’ (DiMaggio and Powell, 1983; Arias and Guillén, 1998), and intra-sector patterns shaped by firm-level considerations such as ownership and control structures, patterns of growth, organisational restructuring, standardisation or diversity of activities and the level of integration of activities across borders. Thus, significant differences can be seen between our two sectors in the nature and extent of internationalisation and in its significance for collective bargaining. Yet there are also important differences between the firms in both sectors that limit any tendencies to sectoral ‘isomorphism’.

A second important point raised by the research is that a European, cross-border dimension to collective bargaining remains muted in formal terms, though its significance may be masked by it assuming an implicit rather than explicit character. In metalworking, for example, management continues to negotiate at local and national levels but these take place within a European (and wider) context in which cross-border comparisons of costs and performance, benchmarking and transfers of practice – and the potential to transfer production and investment from one location to another or to outsource – are increasingly commonplace. In those parts of the banks which are becoming organised on a European or international scale, such as back-office operations, early signs of a similar cross-border context were also identified. For trade unions, their most pressing concerns continue to be expressed locally and nationally, especially given the structural divisions introduced by internal competition.
It is only where, confronted by European-scale business decisions (most often involving restructuring and rationalisation), trade unions and works councils are strongly organised within national operations across different countries, and where their cross-border networks develop to the point at which they are able to credibly pursue common bargaining aims across European countries, that the cross-border dimension is likely to become explicit in the shape of European-level agreements.

The implicit nature of the internationalisation effect is further revealed in our findings on the use of cross-border benchmarking of productivity and labour-related indicators, which emanates from the systems of performance control within the organisation. Bargaining within national systems does not have to depend on the overt use of ‘coercive comparisons’ across different countries (Mueller and Purcell, 1992). The measures involved do not have to be deployed directly in negotiations (though often they are, ritualistically or at critical points); the fact that they are done, and done within a discretionary internal investment cycle (often linked to rationalisation), arguably helps structure a defensive or concessionary bargaining agenda. In this sense, ‘the threat of relocation as a disciplining factor in collective bargaining’ (Hyman, 2001: 288) is ever-present and need not always be explicitly articulated. This has the added attraction for management of avoiding, in collective bargaining, messy disputations over the appropriateness of specific benchmarking measures, which would also encourage trade unions to bring their own international comparisons to bear in their bargaining demands. As Bélanger, Edwards and Wright (1999) showed in the case of Alcan, even where a company’s activities and products are fairly uniform, it is difficult to compare like with like in different plants, especially across different countries. The practice of benchmarking, and still more so the implementation of results, is much more difficult than it might at first seem (Arrowsmith and Sisson, 2001). Far better for the MNC for this to be linked to more ‘unobtrusive’ channels of control (Coller, 1996).

The introduction of EWCs threatens to complicate if not upset this state of affairs, especially in companies with a significant European presence, integrated international operations and well organised and internationally networked trade unions. These formal bodies appeared in several cases as an institutional conduit for the Europeanisation of industrial relations, bringing together trade union representatives from different countries and providing them with information and dialogue around common themes. However the results lend support to other research findings (Lecher et al, 2001; Marginson et al, 2004) that the organisation and networking activity of the employee-side and, in turn, the capacity of the employee-side to influence the outcome of management decisions on transnational business matters, are conditioned by the geographical ‘spread’ of business activities, the diversity or otherwise of the product portfolio across and within countries, and the integration of production and other activities across borders. Much also depends on management policy; whether it adopts a minimalist approach primarily concerned to comply with legal obligations, or a more proactive attempt to utilise it for management purposes. This includes objectives such as improving employee understanding of the rationale for business decisions, and hence the legitimacy of management actions; providing reassurances; and even, on occasion, a vehicle for framework collective agreements. Management policy in turn can be conditioned and changed by effective and co-ordinated pressures from employee representatives and trade unions across countries. It can also change under a ‘learning effect’ whereby management’s initial reservations are overcome and possibilities of making the EWC ‘work for the company’ become apparent (Hall et al 2003; Hancké, 2000. These features are clearly linked
to sector, with both management and trade unions in metalworking companies much more likely than those in the banks to mobilise the EWC in the context of collective bargaining.

In conclusion, the ‘Europeanisation’ of industrial relations in the MNC, whether directly through for example negotiations at EWC level, or more commonly through international benchmarking and networking, seems part of a process of re-constituting collective bargaining to better fit a management-led agenda of competitiveness and adaptability. The internationalisation process is focused on outcomes, such as work organisation, rather than formal means, and it is driven by subtle mechanisms, often firmly rooted in a structure of internal competition. As we have shown elsewhere (Marginson et al, 2003; Arrowsmith et al, 2003), this internationalisation has gone hand in hand with an internalisation at country level, from sector to firm, and further decentralisation within the firm along divisional and profit-centre lines. Coping with, and responding to, these twin processes of decentralisation and internationalisation confronts trade unions – which are frequently organised and resourced around the maintenance of national sector and multi-sector collective bargaining arrangements – with formidable challenges. Their capacity to influence internationalisation processes is conditioned by the effectiveness of their company and workplace organisation within different national settings, and a preparedness to build effective networks at these decentralised levels across borders. Writing eight years ago, one of us asked whether EWCs were ‘opening the door to European collective bargaining?’ (Marginson and Sisson, 1996). Our findings suggest that trade unions may, or more frequently may not, come knocking at that door, but that in any case it is management that holds the key.

**Acknowledgements**

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Table 1. Summary information on the case companies

<table>
<thead>
<tr>
<th>Metalworking</th>
<th>Belmetal</th>
<th>Gernetal</th>
<th>Italmetal</th>
<th>Britmetal1</th>
<th>Britmetal2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Country of research</strong> (Parent location if differs)</td>
<td>Belgium (US)</td>
<td>Germany</td>
<td>Italy</td>
<td>UK</td>
<td>UK (US)</td>
</tr>
<tr>
<td><strong>No. of employees</strong></td>
<td>Worldwide: &gt;50,000 Europe: 20,000 Belgium: 5,000</td>
<td>Worldwide: &gt;150,000 Europe: 145,000 Germany: 90,000</td>
<td>Worldwide: &gt;200,000 Europe: 155,000 Italy: 110,000</td>
<td>Worldwide: &gt;40,000 Europe: 22,000 UK: 16,000</td>
<td>Worldwide: &gt;200,000 Europe: 85,000 UK: 10,000</td>
</tr>
<tr>
<td><strong>Business segment</strong></td>
<td>Automotive, mobile machinery and engines</td>
<td>Automotive and industrial components</td>
<td>Automotive, trucks and mobile machinery</td>
<td>Aerospace and marine equipment</td>
<td>Automotive and light commercial vehicles</td>
</tr>
<tr>
<td><strong>Market position</strong></td>
<td>One of six producers dominating European market</td>
<td>One of the leading automotive component suppliers in Europe</td>
<td>One of the leading manufacturers in Europe in each segment.</td>
<td>One of the leading manufacturers in a world-wide market.</td>
<td>One of the leading manufacturers in Europe in both segments</td>
</tr>
<tr>
<td><strong>Restructuring</strong></td>
<td>Relatively high-cost location. Threatened with closure 1996. Introduction of profit centres and international business streams.</td>
<td>Diversification through acquisition. Not publicly quoted (said to temper pressures for layoffs).</td>
<td>Heavy losses in largest business; rest profitable. Divisionalisation and international business streams within most operations</td>
<td>Diversification through acquisition. Matrix management structure and internal market with outsourcing test. Ongoing redundancies.</td>
<td>Rationalisation of UK sites as part of efforts to cut capacity across Europe.</td>
</tr>
<tr>
<td></td>
<td>Belbank</td>
<td>Gerbank</td>
<td>Italbank</td>
<td>Britbank1</td>
<td>Britbank2</td>
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<tr>
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<td>UK</td>
</tr>
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<td>(Parent location if differs)</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>Business segment</strong></td>
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<td>Retail, commercial and investment banking</td>
<td>Retail and commercial banking</td>
<td>Retail, commercial and investment banking</td>
<td>Retail, commercial and investment banking; insurance</td>
</tr>
<tr>
<td><strong>Market position</strong></td>
<td>One of the three large banks in Belgium</td>
<td>One of four large private banks in Germany</td>
<td>One of the six large banks in Italy</td>
<td>One of the four large banks in the UK</td>
<td>One of the four large banks in the UK</td>
</tr>
<tr>
<td><strong>Internationalisation of activities</strong></td>
<td>Banking activities concentrated in Benelux and France. Some cross-border integration of back-office operations.</td>
<td>Retail and commercial activities focused on Germany but retail networks in 5 other European countries. Some cross-border integration of back-office operations. Investment banking in Germany, UK and US</td>
<td>Retail and commercial activities focused on Italy but retail networks in 4 east European countries.</td>
<td>Retail and commercial operations in each of the main global regions, with those in Europe focused on the UK. Extensive retail banking network in France, with more limited retail operations in four other European countries.</td>
<td>Focus on retail, commercial and insurance activities in UK. Limited presence elsewhere in Europe. Interests in south America.</td>
</tr>
<tr>
<td><strong>Restructuring</strong></td>
<td>Highly profitable. Extensive restructuring and headcount reduction following successive mergers, including internationally</td>
<td>1999 re-organisation into 2 major businesses from 7 divisions. Disposals. Pressure on low-margin retail banking in Germany. Large-scale employment cuts.</td>
<td>Highly profitable. Growth through acquisition within Italy and CEE. Move from federal to divisional structure within Italy.</td>
<td>Highly profitable. Extensive transfer of back-office work to Asia.</td>
<td>Highly profitable. Developing bancassurance model in UK. Continued speculation over increased European presence.</td>
</tr>
<tr>
<td><strong>Collective bargaining arrangements</strong></td>
<td>Sector agreements applied to all the workforce. Company agreements with trade unions.</td>
<td>Sector agreements not applied to all the workforce. Company agreements with central works councils.</td>
<td>Sector agreements applied to all the workforce. Company negotiations with trade unions.</td>
<td>Central company agreement.</td>
<td>Central company agreement for all banking activities; separate arrangements for insurance businesses</td>
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</tbody>
</table>