



BARGAINED GLOBALISATION IN THE GERMAN AUTOMOBILE INDUSTRY

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CAR PRODUCTION UNDER INCREASING PRESSURE OF MARKETS AND FINANCE

It is only a few years ago when scholars described the future development of employment relations and interest representation within industrial society in terms of a machine's capacity to change the world, or more precisely, in terms of work systems which enabled companies to produce this machine in an extraordinary efficient manner. Starting in the early 1990s, „globalisation“ took the place of the machine. This rather rapid shift from one paradigm to the other was moderated by intermediate concepts. In this sense important elements of “lean production” were supported by „globalisation“ as a new and most powerful rationale.

Globalisations or Globalisations?

It is a major flaw of the analytical category „globalisation“ that it lacks clarity and unambiguity because it rests on a loose association between elements of reality and assumptions, which are not necessarily connected in reality. By way of reverse reasoning proponents of globalisation seem to conclude that common labelling proves the reality of a common basic principle, which is the cause of specific effects. Examples for this strategy of reverse reasoning can be found in the writings of Ulrich Beck who seeks to provide evidence for his sophisticated and multi-dimensional globalisation theory just by generalising ad-hoc observations (Beck 1997; Kädtler 1998).

In our view Robert Boyer's essay „La politique à l'ère de la mondialisation et de la finance“ (Boyer 1999) is a promising attempt to bring more transparency into this conceptual twilight zone. Introducing the dimensions of ‘intensity’ and ‘range’ he counts 13+1 different meanings of globalisation. In our perception of this categorisation the most important point is that all of those meanings stand for themselves. They refer to different aspects of reality, that of course can be cumulative but they can also be the result of each other, or which have common elements or are intertwined. However, they can not be seen as resulting from a single and coherent causal relationship. Rather, such a causal relationship could be results of

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intermediate variables and cumulative effects which might have a lock-in, selecting or intensifying effect. This would confirm earlier findings by Piore and Sable (1984) who argue that such effects are the reason for long spells of stability between historic turning points.

Among those particular ‘globalisations’ there are three that have to be taken in consideration as potential triggers of such a globalisation of higher order:

- globalisation of markets, that means here that companies are forced to be present on markets worldwide and to sell products of their last product generation everywhere (Pries 1999);
- globalisation of production, that means the opportunity for companies to split of their value chains and to optimise them in terms of costs by transnational recombination;
- globalisation of financial markets, providing investors with the opportunity to get continuously high profits just by financial investment instead of investments in real economy, which however has to pay for these operations. Chesnais (1997) takes this for the resurrection of rentiers, the passing away of whom Keynes had predicted some decades before.

We follow the argument of Chesnais (1997) and other authors (Aglietta 1998a, b, Boyer 1999), that global financial markets or actors on such markets play a decisive role in this context. Starting in the 1980s and freed from political and institutional restrictions, investors can now switch between different investments and financial assets in real time. This easing of financial transactions has a dual effect on less mobile assets: First, it raises the minimum standard for profitability and second it limits those companies strategic options by increasing competition among them. From this perspective it is consistent to predict that economic growth will either stagnate in the long-run (Chesnais 1997) or will depend on future political regulations at the macro-level, at of the national state or the EU level (see Boyer, 1998; Aglietta, 1998; Amable et. al.. 1997).

Industrial relations or organised labour respectively are considered to be the losers of this development. The relative bargaining power of organised labour, so the argument, deteriorates in line with the transformation of the basic conditions for production because actors at financial markets are now setting the benchmark for profitability. In an environment, where financial markets have priority, manufacturing can be a weak power source for organised labour at best. This new institutional setting, which Boyer describes as the result of the internationalisation of financial markets (see Boyer 1999, 33-38), is shaped by a completely different hierarchy of institutional forms, compared with the era of Fordism. Whereas the capital-labour-accord was the cornerstone of the institutional architecture of Fordism, more or less dominating the other institutional forms and providing for the coherence of the system, capital-labour-relations are now reduced to simply executing the options as determined by the other parts of the setting. According to Michel Aglietta, workers or their unions are only able to change this if they change their playing field accordingly. Organised labour has to learn the following lesson: „que le contrôle de l’actionnariat de l’entreprise est la bataille qu’il faut livrer et gagner“ (Aglietta 1997, p. 462).

The Ambiguity of Economic Rationality and the Persistence of Labour Influence on the Company Level

We do not wish to dispute the finding that the position of organised labour within the industrial relations system has deteriorated, largely as the result of these developments and we also agree that it takes the revision and expansion of labour's fields of activity to turn the tide. However, we argue against an analytical approach which ignores forms of interest representation at the plant or company level as hardly relevant for an efficient representation of collective interests of labour in the future. In particular such an approach runs the risk of ignoring the connections between the preservation of traditional bargaining positions and the probability of getting influence on new or for non-traditional fields of activity. In theory, excluding labour relations at the plant and company level would be justified only if market forces and constraining powers of financial markets would quickly and without complications become the only determining factors within the corporation, or if conflicts and resistance which emerge from this could be ignored with respect to long term economic development. Apparently, the first proposition does not apply and the second would do nothing more than ignoring major findings of regulation theory, a sacrifice we think is unnecessary and inappropriate.

In contrast we hypothesise that companies will keep their dominant position as a place where economic strategies are being developed and enacted. The most common strategies refer to the production and marketing of goods and services¹. For our subject: Viable strategies for the automobile industry are being developed within companies which do and have to do more than just executing decisions made by shareholders or financial markets. The globalisation of financial markets and the increasing power of global players which accompanies it, in fact creates new power relations, environmental constraints and strategic problems but does not pick the winner among alternative „best practices“.

This is true for two reasons. First, financial variables appear to be unambiguous at the first glance but in fact do not suspend alternative economic rationales. Plurality of economic rationales is an inevitable implication of the fact, that economic actors have to act under condition of bounded rationality. Therefore, new parameters or restrictions tend to make the entire picture even more complicated. Second, dealing with given and self imposed environmental pressures, companies are pushed to organisational learning with complex procedures for interest balancing as a critical factor. In a nutshell, both aspects provide workers and labour representatives with additional power sources because they either open up new spheres of uncertainty or keep old ones in place.

As far as the economic rationales are concerned: According to Knight (1921) economic actors have two different options to deal with the problem of their inevitably limited knowledge about the present and future conditions of any economic action: risk and uncertainty. Referring to this distinction Salais and Storper (1992, 1993) introduced four ideal type patterns of economic behaviour, or in their own terminology „worlds of production“, where only the „market world“ pattern seems to fit into the logic of financial markets. This market world is defined by a low degree of investment in fixed capital as well as low dependency on collective skills of the work force and on long term skill development. These characteristics enable companies to flexibly adjust the size of production and the work force to the requirements of volatile markets. Obviously, most outsourcing and reorganising

¹ At this point of our argumentation, we see no pressing need to challenge analytical constructs which describe the economy as contingent on financial actors.

strategies within the automobile industry aim to transfer large parts of their manufacturing operations into more flexible units.

But it is also true that there are still relevant parts of the production process which can not easily be transferred. In addition, several supposedly successful outsourcing projects created unintended side-effects. When manufacturers transferred production to suppliers, located at different levels of the supply chain, they found it difficult to manage a high degree of complexity and in turn final producers were held accountable for product recalls and poor product quality (Beyses and Möll, 2000). Daimler Benz so called „Elk-Test“-experience was only one rather dramatic example for this phenomenon. The size of those production units which are resistant to outsourcing strategies as well as the size of the unintended effects of complexity varies with the different product concepts, their exact details and quality standards. But to some extent they are relevant in all cases, and where they are relevant, they have a moderating effect on the logic of financial markets. This is true because they bring into play the economic logic of product markets and of manufacturing requirements.

This leads us to our second point, organisational learning. Organisational learning can be defined as a process where companies get ready for a changed environment, which includes substantially altered demands and conditions, by developing new organisational skills. In this context it is not important whether new conditions are imposed on a company or whether goals are chosen voluntarily and it is also negligible whether changes in the environment are considered to be an motivation for organisational change or rather a threat for the entire organisation, that should be rejected. However, where organisational learning takes place interest representation and bargaining play a decisive role.

This is because automobile companies, like organisations in general, have to be analysed as a system of collective action (see Friedberg, 1993). Despite the talk about ‘Human Resource Management’ the skills of a complex and differentiated corporate work force cannot simply be ‘managed’ by management. Instead, different groups of employees with different logic and diverging interests have to be brought to consistent interaction. A company’s consistency and its capacity to act as an organisation therefore consists in a complex of relatively stable balance of power and interests and in a stock of conventions which enable actors to decide issues of adequacy and legitimacy in a generally accepted manner (see Boltanski and Thevenot, 1991; Orlean, 1994) The organisation’s knowledge and cognitive framework is part of this complex system of collective action and cannot be isolated from other parts. The development, modification, and restructuring of organisational knowledge and cognitive frameworks is therefore part of organisational learning in a more general sense: the process of finding, developing, modifying, or restructuring this system of balances and conventions.

This nexus is weakened in settings where parts of the organisation, by outsourcing or by internal restructuring change to the principles of the market world, that means where complex and collective work systems can be transformed to simple and flexible systems which can be easily co-ordinated through market mechanisms. In contrast, where such a transformation can not be accomplished or where companies have to deal with unintended side effects, organisational learning proves to be essential. And that means that interest arrangements and procedures of interest representation are essential as well. Defining the effects of globalisation along these lines we suggest „negotiated globalisation“ as an appropriate term.

Our analysis does not reject the notion that existing industrial relations systems can be challenged even substantially. However, this would not prove that the pressure created by financial markets would make disappear all sources of power on which workers representation could be based at the plant and company level. Challenges for industrial relations systems are rather the result of a mismatch between at least potential sources of power at the one side and the ability of existing institutions of industrial relations to deal with them at the other. This ability depends on unions' capacity to deal with the new economic environment as triggers for organisational learning. In the case of failure, they might even be challenged substantially. In this context organisational learning could have many implications including - among others - unions' ability to enter new fields of activity, e.g. the development of funds salariaux as suggested by Michel Aglietta (1997, p. 482). In our view however, such a field enlarging approach will stop short if organised labour is not able to provide new concepts for bargaining and pro active intervention at the plant and company level.

In the remainder of this essay we will analyse several cases of „negotiated globalisation“ in detail. We will only deal with the ‘outside’ of globalisation, that means problems of bargaining on locations and relocations. Concerning the ‘inside’, Roland Springer (1999, 2000) has made some important contribution recently, indentifying triggers for reasonable management of interests in this area. All cases under review include negotiations of globalisation within the established system of industrial relations at the plant and company level. As a consequence of these negotiations, industrial relations are being affected but at the same time their regulative power is being confirmed. In our cases we find a substantial degree of variation and - in our view - this represents a cross section of final producers within the German automobile industry and even beyond. The concentration on this type of companies limits us in extending the range of our findings to the development of the German system of industrial relations. This is even true in the context of the entire automobile industry because we excluded external effects from our analysis. For pragmatic reasons we chose to accept this limitation.

BARGAINED GLOBALISATION – EVIDENCES FROM THREE CASES

The reorganisation of enterprises and business fields affords in principle extended possibilities for systematic and continuous benchmarking, comparing production sites, and therefore enforcing competition between different locations of production. To what extent and consequence this can actually be realised, depends on the complex conditions of production as well as on the strategic choices of management, which have to consider increasing pressures from the finance markets.

In a historical perspective, the German automobile industry, which – in addition to the “Big Three” (Volkswagen, Mercedes-Benz, BMW) – comprises the German subsidiaries of General Motors (Opel) and Ford, shows differing activities toward internationalisation. In the nineties these activities converge to the extent to which corporate reconstruction is bound up with an enforced global orientation regarding markets and products. In the face of increasing competition between car producers, one can observe the building up of globally interconnected production facilities to optimise cost structures besides the traditional export-orientation.

Undoubtedly, the Volkswagen Group belongs to the forerunners of the internationalisation of production. First activities date back to the early fifties. Nevertheless,

the necessity to co-ordinate production as well as workers' representation didn't arise until the eighties when the development and coordination of production and supply capacities increasingly supplemented traditional export strategies.

VW

At Volkswagen Group, the influence of financial markets is rather limited, mainly because of the German state with a share of 20 % being the biggest shareholder. However, continuous internal competition, internal benchmarking and global sourcing, based on financial parameters are core elements of the worldwide strategy of the Group. By this strategy, the former "multinational" was transformed into a "global-breathing production network", according to management. This transformation is based on two fundamental strategic decisions that have, since the beginning of the nineties, increased management's room for manoeuvre at bargaining. The integration of different brands under one management as well as the introduction and the acceleration of the brand-overlapping platform-strategy heavily changed the parameter of market and production strategy in general. Decisions on local planning of procurement and organisational restructuring are centralised and tightened up strongly on the Group level. On the other hand, the restructuring of the procurement and sourcing processes (sourcing-procedure with inclusion of employee's representatives) and measures of a controlled decentralisation (Cost-Centre, Business-Units) accelerates the dynamic interplay of the separate functional sections.

Reorganising the company structures not only leads to an erosion of centralised mechanisms of influence practised by the main actors of industrial relations, but opens also room for new constellations of bargaining arenas. As a new element of industrial relations within the enterprise, the permanent establishment of regular site-symposium meetings as a discursive element of the central medium-range planning process is an important component of this development.

This bargaining arena, as well as the already in the early nineties inaugurated European Works Council as a joint structure of information, communication and cooperation can be utilized to achieve Europe-wide at least a relative balancing of interests regarding volumes for assembling at different sites and enforce certain standards concerning the deployment of employees and suppliers at the assembly etc. The traditionally strong bargaining position of the German works council is the fundament, that interests can be articulated and transmitted to the headquarter of the group with an international perspective. The concessions employees had to make in that negotiations indicate that management's potential to exert pressure because of transnational options of mobility, may be regulated, but has not ceased. It is also the reason behind the dynamics of change in the engine production within the Volkswagen Group that is caused by the foundation and upgrading of the engine producing plant of Audi in Győr (Hungary).

This "redfield" site in former socialist South-East Europe, that was initially planned to be an "extended workbench" for mass production of engines and should be used for getting subsidies and tax benefits, turned out to be extremely capable of further enhancement. Nowadays, it proceeds a high quality standard and at the same time cost-effective production of engines; and the former core engine production site at Salzgitter is considered the most endangered site within the Volkswagen group. The strategic option this site has chosen thereafter, - to subsidize the planning and start-up period of another low-cost-site in Poland -

can be considered a dead end under the condition of no longer increasing or even decreasing demand.

A more independent position within the scope of added value in networks has, compared to this, reached another site, where one has realised in the early nineties, that the changing of supply chains, continuing predatory competition from external suppliers and necessary innovative product changes would more and more endanger the formerly undisputed role as an internal supplier of the Volkswagen group (components of chassis like axles and steering systems). Mainly, the target strategic repositioning follows the trend toward a global acting system supplier.

The intention to take over the world wide responsibility as a producer of chassis requires to build-up competence from the development phase to the installation at the place of the final assembly. Up to then, the competence for research and development was concentrated in the central research and development centre. Nowadays, this plant has built up an own, although limited, technical development department. This enrichment of competence is complemented by an introduction of an own marketing and sales department, that has to ensure the calculation and realisation of customer's orders through sales engineers. The introduction of own competences is clearly seen as a condition for becoming independent from main functional areas of the group as a supplier of components and to reach the status of an enhanced first tier supplier. If the production and installation of complex modules is done at a production plant in responsibility of the site, the site can use its enlarged competence for planning and development and profit from an increase of production volume.

This forward-moving strategy has been run in that case by the local works council as a protagonist and was supported by the local management; it offers the internal supplier, due to its externalisation, advantages over external suppliers outside the Volkswagen Group. It also provides the potential to enlarge the perspectives of the site through international production activities in that way, that the parameter of product development, price, quality, delivery loyalty and service stay under the influence of the site. Based on a brand-overlapping platform-strategy, new possibilities of connecting organisational and geographical interfaces can be achieved.

Another case within Volkswagen, the so-called "Benchmark Production 5000 x 5000 Concept", is still in the early stages of a complex negotiating process. It illustrates the impact as well as the conditions of bargaining production and location issues under changing circumstances and choices. As a result of development processes, Volkswagen is launching a new car model in the market segment of vans, based on the Golf-platform, scheduled for production starting in 2002. Initial management proposals for the location site of the new car favoured a southern European country. Despite the cost-differential, the final decision in the central investment planning round at the management and advisory board level ended with the commitment to produce the car in two German locations, the core site at Wolfsburg and the nearby light truck site at Hanover. The underlying aim of this decision pronounce the intention to keep core competencies for new products and production capacities within the complex configuration of an established production cluster and to remain its competitiveness, in spite of the advantages low-cost sites can offer. The decision reflects the interests of the engineering and manufacturing management, not to lose competence in manufacturing new car versions as well as the interests of the workers' representation, not only to maintain the existing level of employment but to generate new jobs: together 5 000 additional jobs for the production of the new mini-van. But bargaining didn't come to a halt with this decision; on the contrary in effect after this decision-making point the restructuring of the whole business

process, including procurement, logistics, supplier relations, modularisation, work organisation, the regulation of working time and of wage-effort-relations will be on the agenda of complex bargaining. Negotiations between management and the union are starting these weeks, so the process and the outcome are still open. Nevertheless it can be taken for granted, that any collective agreement which will be achieved by the bargaining partners will by-pass the ruling and obligatory company agreement with the union (the so called *Haustarifvertrag*) Heterogeneity of collective regulation seems to be the price for confirming new production capacities at traditional sites in view of management's option to relocate production.

GM / Opel

The complexity of different interests and the possibility of executing control that may result from the geographical change of the arenas of negotiation, can be demonstrated by the example of General Motors/Opel, where the global re-orientation of the companies' activities became also subject of bargaining processes that have been and are still settled in the arena of industrial relations.

The traditionally stable distribution of competence between the nationally allocated and positioned companies under the management of a multinational governed company with the centre in North- America was met by a strategic and organisational change in the beginning of the nineties: an additional level was included to centralise and to adjust the business units globally (General Motors International Operations- GMIO). This organisational level occupied the competence for strategic planning and operative business activities at the expense of the strategic competence of the European regional as well as of the national management boards.

The "International Technical Development Centre", situated at the Opel headquarters in Germany became responsible for planning processes of products, production and manufacturing sites for the whole Non-American region (the so-called *demimonde*). This resulted in a withdrawal of engineering competence, that was no longer (or only partly) available for regional and brand-specific innovation of products and processes. The following punishment through the market (quality problems, losses of market shares, declining of profitability) once again initiated another reorientation that led to breaking up of the centralised decision- and power level as well as to decentralising strategic competences in Europe (regional) and Opel (brand properties). The economic results of this change in orientation are still open. Two things are remarkable: first, the fact how this issue of global competence-assignment led to massive disturbances within the management and second, the way how workers' representatives, first of all the German works council (who at the same time accelerates the establishment of the European works council as a working actor) became the protagonists of the change.

By utilizing alliances with parts of the management, and especially by using their rights of codetermination in the board of directors regarding the necessary unanimous resolution in changes of management positions, the interest representation achieved two results through bargaining power: the re-transfer of strategic competencies into the national arena of negotiation (settled in an agreed guideline) and the boosting of management, that rely on "German Engineering" and weakening proponents of development- and production

strategies within management, that were primarily oriented on parameters of standardisation and costs.

For the herewith achieved advantage of a higher degree of autonomy, the employees and labour representatives of course have to pay a price. The location agreements for the protection of employment and investments that were reached in the nineties between the works council and the management point that out. The promise of capacities of production and projects of investment for particular models and sites as well as the exclusion of compulsory dismissals has, on the other side, the effect of slower increase of pay rates and expanded flexibility of working hours and production time.

These reciprocal agreements of liability and cooperation are in stark contrast to the experiences and principles of a conflict-ridden contact between the bargaining parties, that led to an escalation in two strikes at Flint Plants at General Motors in the USA, lasting several weeks in summer 1998 and was argued out fiercely from both sides.

The calm climate during the negotiation round in autumn 1999 at General Motors surely is on one hand the result of the pilot agreement between UAW and DaimlerChrysler. But also the fact that GM entrusted a manager with the restructuring of labour relations, who previously had been chairman of the board of directors at Opel in Germany (although for very short time due to his delegation) played an important part.

Finally, together with the reallocation of strategic competencies within the company, the dimension of transnational interest representation played a more important role. The European Works Council, that was founded against the delaying resistance of management, has gained a profile as a collective actor in recent years as it managed successfully information and consultation between representatives of national sites and thus established structures of networks.

Parts of the management now can even imagine that agreements about decisions of development and capacity could show a higher degree of common agreements and negotiations. Whether this becomes a stable perspective will, not only in this case, depend on the question if, and to what extent the level of transnational bargaining will gain more social efficacy; and on the establishment and stabilisation of an arena of transnational industrial relations.

Daimler / UTH

Among German car manufacturers the automobiles branch of Daimler Benz has had the most spectacular history of globalisation in the nineties, starting as a German company *par excellence* and becoming an integrated part of transnational group within only a few years. However, the final merger, undertaken with strong reference to financial markets, seems to have but limited impact on industrial relation. Instead, these were more affected by relocation options brought into play by management within the former German context, and then proved important influence of labour representatives on the economic strategy of the company.

Until the mid nineties the automobile branch of Daimler Benz was by-and-large concentrated on production sites in Germany and thus issues such as the location of production facilities and its impact on the German work force were considered to be subject

of national prerogative. Globalisation became an issue for industrial relations only after Daimler Benz decided to build a new facility for the production of a new generation of automobile engines. Despite the fact that the only alternative to the traditional site in Stuttgart was a location some 300 km away in northern France, we argue that the term „globalisation“ applies to this case. This is because a more thorough analysis reveals that most bargaining on locations or relocations actually is about alternatives within continental context. Based on this inter-plant competitions the metal workers union IG Metall and Daimler Benz negotiated a plant level agreement which includes several concessions by the union in particular in the field of working time. Several of these concessions pushed the limits of the industry wide patterned agreement for the metal industry and thus provided a new arena for negotiations which in turn altered the German industrial relations system.

Prior to this event, scholars in the field of German industrial relations considered two distinct levels at which labour relations are taking place. First, unions and employers negotiated industry wide collective agreements which determined basic wages and general working conditions and take force for one to three years, in some cases even more, depending on the type of agreement. Those agreements preferably are reaching beyond the scope of a single company and are frequently covering an entire industry. Second, at the plant level elected works councils and plant management dealt with more specific problems through applying industry wide collective agreements. Between both levels of interest representation a rapidly expanding grey zone emerged at the company level where upcoming decisions by the management are being used to enter negotiations about subjects previously considered to be the prerogative of industry level collective bargaining. Even for other industries outside automobiles it can be said that there is literally no decision about large investments without a separate plant level agreement.

In essence Daimler's decision concerning the location of a production site was motivated by the company's product concept and product strategy. The crucial point was to find an answer to the following questions: Is a car engine an ordinary standard product where basic specifications such as costs and product characteristics can be determined easily and thus the product can be made anywhere or even be purchased from an external supplier? Or is the engine a component which has a crucial influence on the image of the automobile brand and thus is important to maintain high quality standards which are considered to be part of the company's core business? Dealing with these questions, Daimler's management actually had to decide also about linkages between internal and external units. Internal linkages concern the close integration of production reaching from the casting department to the rear-axle, external linkages concern dense networks with the company's suppliers.

Both, labour representatives as well as plant management lobbied for keeping core expertise on site, this even includes those managers who are head of cost or profit centers and thus depend on the costs as passed on by their internal parts suppliers. Those managers argue that local production includes the comparative advantages of short distances for the flow of supplies and information and also emphasise collective competencies and the power for innovation which are based on established collaborative relationships. In contrast, marketing managers as well as leading planners wished to take this opportunity to get rid of the considerations for established interests, that had to be taken into account at the traditional site and to create a green field plant which in their opinion promised to be superior in terms of costs and efficiency. At a first glance Daimler's top management was standing at the sidelines but they also made clear that a final decision would be strongly influenced by cost estimates and thus it seems to be likely that peak level managers rather supported a green field option.

Within this constellation negotiations between plant management, works council and union appeared to be centred around a joint project. This joint project is primarily based on a qualitative product strategy and cost aspects are only relevant insofar as they help to secure the mission to build high quality engines. In the retrospective, the results seem to support Daimler's initial strategy to keep production facilities within the region and to maintain a local and very complex production network. Even after its merger with Chrysler, Daimler-Chrysler's new strategy maintains a philosophy which centers around the statement that there must be a Mercedes engine in a Mercedes vehicle.

Given our principal argument of alternative economic rationalities we want to emphasise the following aspect. The outcomes of plant level negotiations appear to be more than just a compromise between Daimler's business interests at the one hand and workers' interests at the other, but rather materialise as the victory of one among several competing strategies. Those competitive strategies are different from each other in terms of their specific relation to productive capacities and market conditions. Our analysis leads us to the following conclusion: When it comes to choosing business strategy, industrial relations are proven to be a decisive factor.

However, from the perspective of labour representatives every possible compromise is influenced by asymmetrical power relations between capital and labour. At the one hand and at a more structural level the bare existence of a separate plant level agreement shows that labour's relative bargaining power has deteriorated. At the other hand, the outcomes of strategic choice in the field of a more general corporate strategy also prove the continuing and substantial influence of organised labour and in turn will also contribute to their stabilisation.

We hypothesise that the results of corporate restructuring as described above will not be challenged by the merger between Daimler Benz and Chrysler, in contrast, they will rather be strengthened. Daimler-Chrysler's strategy to keep the Daimler and the Chrysler world apart reflects the persistence of varying economic rationalities. By way of maintaining different product philosophies and holding on to the diverse outcomes resulting from this, Daimler Chrysler's Daimler and Chrysler strategy provides the very preconditions which allow separate industrial relations systems to function appropriately. As far as employment relations are concerned this diversity of practices within the same company does prevent concession bargaining at a global scale. In addition, we also found evidence that diversity of strategies provides a good basis for mutual support and solidarity within the ranks of organised labour.

CONCLUSION

Industrial relations, which are based on positions on the shop-floor and on influence on the plant or company level, still matter, even under the conditions of globalisation or better: under the conditions of those economic evolutions, that are indicated by the term of globalisation. That is our conclusion from the case studies which we discussed rather briefly and selective in this paper. They all had to be analysed as situations of complex and open negotiations, and with actual results that cannot be taken as variations of one unique logic of globalisation, which has clearly defined consequences for industrial relations in general.

Of course, corporate management can and really does refer to the increasing pressure of shareholders and financial markets; and the opportunities for transnational relocation of industrial production are increasing, at least in principle. By this, the bargaining position of

management is strengthened relative to the plant's work force in every single case as well as relative to labour in general. However, it is anything but clear, how to bring this potential power to bear in real situations of bargaining on the plant or company level.

On the one hand the instructions given by shareholders and financial markets are too ambiguous so that corporate management does not entirely depend on orders given by them. The merger of Daimler Chrysler, undertaken with strong reference to the logic of financial markets, has to be seen, at least for a large part, as a strategy to prevent the companies from being too strictly submitted to short term interests of shareholders or financial actors. As the protagonists of financial markets as well as industrial management act under the conditions of bounded rationality, they are in fact bargaining partners, with important assets on both sides. On the other hand, our case studies give strong evidence for the fact, that decisions about the location or relocation of plants are not made by simply applying financial parameters. They are in fact the outcome of complex negotiations, with different economic logics and diverging interests, but also questions of power and aspects of situation being involved. In this context, even under the conditions of globalisations, the institutions and organisations of industrial relations are not taken for mere restrictions, but are also taken as useful instruments for dealing with problems raised by globalisation. The complex connection between product, product development, manufacturing and employment continues to be essential for the world of automotive production, with specific standards of quality and qualification, and with particular human resource strategies of management and corresponding structures and practices of employees' interests representation.

The extent of the influence of workers representation depends strongly on the conceptualisation of products and markets, on which the strategy of the company is based. One ideal type is a strategy, based on high skills and extensive, broadly applicable collective competence, which is incorporated in the company's workforce as well as in strong network relations. The focus of this strategy is on developing and producing goods, for which this competence is required, and for which quality and not costs is the crucial competitive factor. The second ideal type is a strategy, focussed on developing and manufacturing products, that can be realised without such demanding requirements. Depending on the position, a company takes between these opposite poles, its ability to relocate production sites, to hive off tasks, or to use these possibilities as bargaining chip are more or less important. It seems not to be very realistic, to expect that within the automotive industry as a whole the margin for product upgrading will be sufficient even to compensate for the impacts of standardisation and outsourcing. Therefore, the core of efficient labour representation, based on skills and collective competence that can hardly be substituted, will persist but shrink.

It is not at least a question of organisational learning by unions, to what extent this predictable loss of immediate influence might be compensated. Unions would have to find ways to connect persisting bargaining positions with new emerging ones, and to make them available for worker representation also in those parts of the industry, where the position of labour is weaker. In Germany industry wide or regional level collective agreements have carried out this task for many years in a rather efficient manner. And we think that it can be developed to meet these requirements in the future. However, outsourcing, just-in-time-delivery and local supplier networks result in heterogeneous but strongly integrated structures of production, that are not met by that traditional mode of regulation. To gain power in these areas unions need to find new organisational solutions that go beyond the principle of 'one plant, one industry, one union'. At best, there are some first steps that might perhaps lead further in this direction. The first steps to effective transnational labour relations, we pointed out in our case studies, are in a similar state and rather fragile. However, there is first

experience with effective interest coordination. Building on this experience and the development and strengthening of trust, based on frequent personal contacts, could lead to more stable structures at this level in the long run.

We do not want to speculate further on the perspectives of these initiatives, neither on the balance of old and new fields of activity within a worker representation, dealing efficiently with problems of globalisation. Some points at least should have become clear: As a result of the complexity of automobiles development and production, and of their reliance on complex collective competence and systems of collective action, workers will find important resources of power on the plant and the company level, even if some positions get less important and others more. To make those resources available for collective bargaining and interest representation is a crucial requirement for industrial relations, even under the conditions of globalisation. That does not mean to contest the importance of other fields of action, for example Michel Agliettas demand for the development of an active shareholder-policy by unions. At least, referring to the military metaphoric of the argument we would like to remark, that important and far reaching social conflicts were never fought out in one battle or on one battle field.

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