The Three Faces of European Works Councils

Institutional levels, action fields and the problem of articulation in cross-border employee representation

Markus Hertwig¹

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Abstract

This paper investigates the interplay of different actors and institutions in cross-border employee representation. Previous research has often modeled representational forms, like European works councils (EWC), as entities or collective actors, and thus, focused merely on one institution. However, research also shows that, practically, representation involves many actors on different levels inside and outside an MNC who interact and refer to different institutions, i.e. meaning systems and power resources. Three perspectives on EWCs are briefly sketched: the collective actor face, the arena face and the structural-institutional face. The latter is elaborated in more detail and a possible application is demonstrated with a case study of the Toyota EWC.

Keywords: Cross-border employee representation, European works council, theory of structuration, articulation, institutions, power, Toyota

1. Introduction

In the last two decades, research on European works councils (EWC) has generated many important findings on practices and structures, the effectiveness and conditions of cross-border advocacy (see Lecher and Platzer 1994; Platzer and Weiner 1998; Waddington 2011).² By now, numerous detailed case study findings and results of empirical broad surveys are available.

¹ Dr. Markus Hertwig is at the Institute for Work, Skills and Training (Institut Arbeit und Qualifikation) of the University Duisburg-Essen, Germany. Contact: markus.hertwig@uni-due.de
² EWCs became legally binding through Directive 94/45 of the European Union (EU) in 1994/6. According to the Directive, under specific conditions and when there is a respective initiative EWCs have to be established as
Even though most studies provide theoretical rationales in order to guide research and interpret findings, there still appears to be little theoretical grounding of EWC research. While some scholars have employed an actor based concept, focusing on the relations and interactions of EWCs with management or unions, others have highlighted the structural conditions that enable and constrain EWCs in their efforts of employee representation and strategy formulation (Hertwig, et al. 2009b; Pries 2008). Another group of studies, finally, seeks to identify factors which explain the development, success or failure of a single EWC or event, using in-depth case studies. Though it appears that a lot of know-how concerning EWCs has been gathered, the picture of the field of research suggests that further systematization and conceptual work remains (see also Müller and Hoffmann 2001).

The point of departure of this paper is a specific problem: the interplay of different actors and institutional levels that are naturally involved in the practice of cross-border employee representation. As cross-border employee representation, by definition, involves actors from different countries as well as national and supra-national institutions (like shop stewards, works councils or délégués du personnel on local level, unions on a national level, and EWCs on the supra-national level), the question arises in which way those levels relate, and what facilitates the interaction of actors that are positioned on those levels. This issue is labeled here the problem of “articulation” (Crouch), and I seek to address it with a concept of structures and institutions that actors may use in their interpretations and evaluations of the “social world” and in their choice of actions (Giddens).

In the remainder, I first describe what appears problematic in prevailing concepts of EWCs. Then I identify three “faces of EWCs” that characterize different perspectives of analysis. Those perspective are not mutually excluding, but may be regarded as complementary. However, as most previous research has tended to focus on two of the three dimensions, I will try to specify the third one in more detail and provide an example, of how to use it for empirical research that aims at understanding changes in EWCs structures, practice and effectiveness.

2. Research on EWCs

Many studies on EWCs (but probably also on other institutions or practices of transnational advocacy) focused starkly on the EWC as a singular institution. In many empirical studies EWCs were mainly considered as independent (collective) actors or organizations (e.g. Lecher, et al. 2001; Hertwig, et al. 2011). Other actors, institutions or bodies of interest regulation were either neglected or regarded only as a “resource” for the EWC (one exception is Müller, et al. 2004). The complex interplay of various in-cross-border employee representation bodies in a company’s European plants, providing rights of information and consultation over transnational issues to employees.
terest levels of representation and institutions within a multinational company (MNC), however, was not systematically acknowledged. Why is this focus on a singular institution problematic?

(1) Many studies have shown that the concentration of the EWC is not sufficient to understand the practices of advocacy in MNCs. For instance, Michael Whittall’s study on BMW points to the important role of the EWC Chairman (and German head of company works council) and the institutions of the German Co-determination for the settlement of the conflict in the BMW-Rover crisis (Whittall 2000). In their study about transnational advocacy Müller et al. (2004) explicitly analyze additional institutions and actors such as the World works councils and European and international trade unions to capture the dynamics of interest regulation in MNCs. Hauser-Ditz et al. (2010) state in analyzing a restructuring case in the Volkswagen group, that it “[i]s hardly clearly recognizable, whom - which actor in the system of co-determination at VW - these results [the success of advocacy in negotiations on the closure of the Brussels plant] can be actually attributed to” (Hauser-Ditz, et al. 2010: 151; own translation). The importance of complex structures and the interweaving of different institutions and actors is particularly evident in this case study, since representation of interests at VW involves several levels, like the plant, group, European and world level, as well as actors in several different (formal and informal) in institutions (firm works council in Wolfsburg, company works councils, EWC and global works council, supervisory board codetermination, tradition of international labor solidarity within the group and the cooperative collaboration between advocacy and management; see Haipeter 2000; see also Müller et al 2004).

(2) Regarding EWCs as actors or organizations means to assume the existence of a (more or less coherent) representation organ from the outset, which is characterized by common interest vis-à-vis its company. However, organizations are commonly defined as enduring cooperatives with formal objectives and clear membership rules. Both the assumption of homogeneous interests of employee representatives in a EWC as well as the implications of the organizational definition can hardly be applied to EWCs in general, as a large number of empirical studies on EWCs indicate. In fact, the “default state” of EWCs is rather a state of disintegration (see also Streeck 1997). EWCs often constitute only loosely integrated systems, which are dominated by (individual) interests and ideas of its members and other stakeholders in the company, but not of a single organizational goal (Lecher et al 2001; Kothoff 2006). Regarding EWCs as collective actors or organizations from the outset somewhat suggest a “normal state” that actually is a (contingent) result of a lengthy process, which is characterized by setbacks and conflicts, negotiations and learning processes. Accordingly, it appears more appropriate to pose an empirical question of whether a EWC displays “actor qualities” or in how far it can be regarded an “organization”, which specific patterns this reveals and what conditions affect(ed) its development.
(3) As a result, focusing the EWC tends to overestimate its importance and representational effectiveness in comparison to other representational forms or institutions. Success and failure of advocacy may be attributed to the EWC, even though it may be more appropriate to perceive them as a result of the overall performance of a “system” of group-related advocacy institutions and actors.

3. The Three Faces of European Works Councils

Research on EWCs characterizes considerable variation regarding the basic view on EWCs scholars take. In the following, I distinguish three basic perspectives. Arguably, those perspectives are only analytically distinct, and in most studies we find elements of more than only one account. However, the distinction suggested here is meant to single out specifics that help to elaborate the third “face”, which today is still the least employed perspective. As the perspectives are partly complementary I chose the term “three faces” of EWCs.

Basically, the three perspectives diverge regarding the following aspects: the concept, the nature of EWCs, the focus of analysis, and the social phenomena, which research seeks to describe or explain. I discuss the different faces and consider each dimension in turn (Table 1).

The collective actor face. In an ideal type concept of this perspective, the EWC is regarded a unique actor or organization. Accordingly – even though EWCs comprise individual representatives from different countries and locations who possess different problems, interest, and world views - it is assumed that the EWC to a large part possesses common interests and views which are shared among members, and is therefore able to act strategically. This perspective suggests that the focus of attention be interactions of different actors, i.e. the EWC and relevant other actors, the most important being the company and its management, trade unions, and the workforce. As far as I see, the collective-actor face (or some variant of the ideal sketched here) is the perspective most often employed by scholars and practitioners.

This concept has a number of implications. Looking at an actor who is trying to participate in company decisions for the benefit of the workforce suggests a focus on the success/failure of this endeavor, and the conditions that promote or hinder success. In fact, many early studies shared an interest in the effectiveness of the new institution and provide impressing insights and accounts on the strength of EWCs (Lecher et al 2001.; Kotthoff 2006; Bicknell 2007) or on the factors that made them succeed or fail in a concrete situation (Banyuls, et al. 2008; Hauser-Ditz, et al. 2010; Whittal 2000). In particular, early empirical studies faced a political-scientific discourse where the question of EWCs might yield benefits at all was starkly debated; here it was already obvious that EWCs vary considerably in their chances to influence management decisions and to bring benefits to employees from different locations.
The view that is taken by studies that employ an organizational concept of EWCs (Hertwig, et al. 2009a; Pries 2008) only slightly diverges from the collective actor face described above. When the EWC is regarded an organization, more emphasis is placed, firstly, on the internal processes of coordination and integration, and on internal contradictions and conflict resolution; and secondly, on the EWC (again: as a whole) in its environment, which is made up by the respective enterprise and the specific national-institutional environment. However, this view still adheres to the idea of a collectivity, as organizations by definition seek to achieve a common goal, share a higher level interest, and at least a minimum amount of cultural consent about the goals and aims of the undertaking.

I suppose there are at least three reasons why a large part of research is devoted to this perspective: To speculate, first, the image of a collective, a unitary or homogeneous body matches some national views of employee representation quite well. For instance, in the German tradition works councils are treated as collective actors which pursue a common goal vis-à-vis the company, bargain with management and address management strategies with the support of trade union advice and the solidarity of the workforce. A lot of research was devoted to the question of how works councils (inter)act and how they perform in company labor relations (see also Fürstenberg 1958). In the 1970s, Hermann Kotthoff studied different types of works councils (Kotthoff 1981). Even though the internal dynamics (opposite fractions of representatives) and external relations (unions) were acknowledged, the types differed from each other concerning their mode of interaction with management in the first place, and eventually in their representational effectiveness.3

Secondly, the image of a homogeneous body may resemble an ideal picture of labor solidarity and representational power, where representatives form a strong force that is united because all representatives, regardless their countries of origin or plants, share the same interest. In a historical sense, the collective actor view fits the classical Marxist view quite well where company and workers inevitably possess contradictory, but unique interest that can be represented through collectives (the company as a collective on the one side, unions or works councils on the other). Hence, a strong collective actor resembles to picture of how a good EWC “should” be, as it promises an increase in power and influence.

*The arena face.* The arena face departs from the collective actor face as it sees EWCs as a space of opportunity for representatives to reach their objectives. Here, EWCs are more loosely mixed “conglomerates” of people who do not necessarily share the same views and interests. It is assumed that representatives engage and make use of the

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3 In other countries, like France, I guess the concept of coherent employee bodies was less alluring because of the specific institutional conditions: competing unions inside the bodies, employers as formal presidents/chairmen of the bodies, and a more conflict oriented culture granting individuals strong rights to articulate their concerns through strikes (see Artus 2008 for a general overview).
EWC when they think it may yield benefits, in situations of crisis or restructuring, for instance. In those cases, the EWC provides an action space, an opportunity to exchange views with other representatives and to receive information by management, and probably get the chance to express one’s views or concerns, i.e. to get consulted. To some degree this perspective takes into account that the EWC Directive offers a mere “procedure” of information and consultation as a legitimate way to accomplish the goals prescribed in the Directive.

Table 1: Characteristics of different perspectives on EWCs

<table>
<thead>
<tr>
<th>Concepts of EWC</th>
<th>Nature of EWCS</th>
<th>Focus of analysis</th>
<th>Focus of explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collective-actor face</td>
<td>Actor or organization</td>
<td>Interactions with other actors (management, unions, local representational bodies)</td>
<td>Output / conditions of success / failure of collective strategies</td>
</tr>
<tr>
<td>Arena face</td>
<td>EWC as platform / action space</td>
<td>Space and opportunities for representatives to meet, get informed and consulted</td>
<td>Communication among representatives</td>
</tr>
<tr>
<td>Structural-institutional face</td>
<td>EWC as social structures: rules and resources</td>
<td>Individual representatives using the rules and resources of EWC for their concerns</td>
<td>How do structures (EWC, WWC, local, TUs) facilitate individual action?</td>
</tr>
<tr>
<td>(No collective actor)</td>
<td>Loose web of reps who seek to seize EWC for their concerns</td>
<td>(No collective actor)</td>
<td>How do actions reproduce / change structures?</td>
</tr>
<tr>
<td></td>
<td>EWC provides meaning, interpretative frames, and power resources for individuals / reps</td>
<td></td>
<td>Explaining employee representation in single companies (under concrete incidents, eg restructuring)</td>
</tr>
</tbody>
</table>

Source: own compilation

The structural-institutional face. Early institutional accounts of EWCs were provided by experts of labor law, who would deal with the consequences of a European directive to become effective by national transposition laws, which – as a matter of consequence – vary according to the specificities of the member states. However, very early scholars also raised the more sociological question of how different cultural envi-
ronments would affect attempts of cross-border employee presentation, communication, and common strategy building.

The institutional face outlined here takes those two streams of research into account, but departs with a more precise theoretical elaboration of structures and institutions by drawing on Anthony Giddens’ theory of structuration (Giddens 1984). In this perspective, EWCs are viewed as social structures which consist of rules of signification and justification as well as of power resources that facilitate (individual) action. In other words, EWCs may provide meaning, as they contain a reservoir of interpretations and visions, frames of reference, or world views. They may also serve to legitimate action, as they provide typical arguments for justification or legitimization. Rules of signification and legitimation, accordingly, shape the interests and views of individuals, and thus, guide their behavior. EWCs as structures also provide power resources that individual actors can refer to in order to facilitate action, to help them to establish their position in negotiations with others (other representatives, management, employees, unions etc.). I will elaborate on this perspective in the following section.

4. The Structural-Institutional Perspective

At the center of the concept outlined here are three elements: the focus on the entire system of interest regulation within a MNC; the consideration of the coordination processes, collaboration and the interplay between the levels, which is referred to as “articulation”; the consideration of individual actors rather than collective actors or organizations (cf. Haipeter and Hertwig 2013).

(1) In MNCs, representation of employees is generally provided by different actors at different levels and with reference to different institutional arrangements in a multi-level system that is constituted through the transnational character of the MNC itself. Representation may emanate from the local level of the shop floor, through national levels of company councils, supervisory boards and / or trade unions, and the international bodies of the EWCs and WWCs. The foundation of this multi-level representation structure are institutional arrangements, for example the Works Constitution Act (which in Germany codifies local firm-level works councils, national company or group works council), the European Commission’s 1994/2009 Directive and company agreements between management and employee representatives (see also Morgan 2005).

(2) The multilevel system poses the challenge of articulation, i.e. integration and coordination of the different actors and institutions: the problem of overlapping local, national and international political structures and practices. Colin Crouch relates the notion of articulation to the coordination and strategic capabilities (Crouch 1993: 43) of organizations (of employees or employers) to describe the preconditions of stable interest arrangements in complex (multi-level) systems: “An articulated organization is
one in which strong relations of interdependence bind different vertical levels, such that the actions of the centre are frequently predicted on securing the consent of lower levels and the autonomous action of lower levels is bounded by rules of delegation and scope for discretion ultimately controlled by successively higher levels” (ibid.: 54f.).

Cross-border interest groups face the problem to convey (in two ways) between supranational, national and local levels and action practices: whether raising local problems in cross-border advocacy policy (e.g. by identifying common employee interests towards the company), or as the mediation of supranational action strategies in the national and local spheres of action (e.g. as cross-border coordination of local strike activities).

The problem of articulation refers, on one hand, to the interplay of the different representation levels within a MNC; on the other hand, it refers to the (corporatist and democracy theory) problem of representation of employee interests within complex, locally distributed enterprise structures. In this regard, the articulation of interests between the advocacy levels is crucial as it concerns the question of legitimacy of representational forms, as well as the issue of effective representation. It may serve as a hypothesis that a high level of vertical and horizontal articulation between representational levels increases both the democratic quality of cross-border representation as well as its opportunities to influence management decisions (cf. Haipeter and Hertwig 2013).

(3) Abandoning the concept of EWCs as collective actors or organizations shifts the focus to individual actors. The special role with respect to individual stakeholders and strong personalities has been highlighted by many EWC studies. The structural-institutional perspective looks to individual actors and their interests, perceptions and the resources they use for their actions, which stem from their embedding in multiple structural contexts (Djelic and Quack 2003).

EWCs and the Theory of Structuration

Structuration theory involves an analytical distinction between three dimensions of social structures: they include, first, typical patterns of interpretation (dimension of signification), i.e. ideas, concepts and visions, or rules of how things are labeled and how meaning is assigned in a specific system. They also include expectations and justifications (dimension of legitimation), explicit and implicit rules of how something is regarded appropriate or inappropriate, right or wrong and so on, in a particular social system. Third, social systems are characterized by a specific distribution of resources (dimension of domination), that actors use in their actions and in pursuing their strategies. Resources may include financial resources, the hierarchy in companies, definitions of competencies, responsibilities, solidarity, and informal power sources such as
reputation or control over uncertainty of zones (Crozier and Friedberg 1979; Edwards 1979).

One may assume that multiple social structures co-exist, just like social systems exist side by side (Sewell 1992). The different levels of structure in the system of interest regulation of an MNC are termed here “action fields”. Each of those fields includes specific rules and resource that are important to the analysis of advocacy as they affect the social practices of actors involved. It is assumed that the EWC is a comparatively new structural level – an action field – that constitutes one of the systems of company-wide interest regulation, and, as such, contains specific rules of signification and legitimation as well as power resources. However, in this concept, it is important to note that the EWC is only one such action field or institutional level within the international company among others. Other institutional levels or action fields may be relevant like (a) the local or site level (with works [Germany], délégués du personnel [France] or shop stewards [UK]); (b) the national corporate level (with GBR and KBR [Germany], comité d'entreprise / comité de groupe [France], national union organizations [UK]); (c) and – in case a WWC exists - the world level.

Outside the MNC, finally, there is a second pillar of institutions or action fields that concern interest regulation, which contain their own distinct rules of signification, legitimation and (power) resources that may be used by actors. These include, for example, national and international trade union organizations (see, e.g., Müller et al. 2004), national labor regulation, or specific cultures and traditions of representation.

The analytical distinction between three dimensions of structure, levels and institutions is in line with previous research on cross-border employee representation. For instance, representatives in EWCs have been found to be strongly influenced by cultural conditions of their home countries (Hall, et al. 2003; Lecher, et al. 2001), their vocational and training background (professionalization / professionalism) of the corporate culture as well as the advocacy of international cultures within the company (e.g. Hofstede and Hofstede 2005). The rules of legitimation include the legal norms that exist in the respective countries for employee representation. Concerning EWCs or WWCs, specific (homogeneous or heterogeneous / strong or weak action-guiding) cultures or identities may emerge (Whittall, et al. 2007; Hauser-Ditz et al. 2010).

Concerning resources, EWCs provide means for representatives to gather (annual meetings) and receive information (the right to external consultants or financial resources to support the EWC work). Resources also include power that can be used for example in relation to the management, but also to other stakeholders or representatives. For instance, the EWC Directive codifies the right of EWCs to information and consultation (for certain topics and at defined time points), but also solidarity of workers, on the basis of which actors may try to limit site competition.

Taking a structural-institutional view for the study of cross-border employee representation, three tasks have to be accomplished: Firstly, one has to identify which actors are relevant in the field of interest regulation in a specific MNC (“Find the actors!”); secondly, one has to identify the structures different actors refer to in their actions (“Find the structures!”); and third, one has to trace the social practices that emerge through actors who interact based on existing structures, which are consecutively produced and reproduced through ongoing processes of social action (“Follow the process!”). In order to illuminate the concept I will outline the empirical example of cross-border employee representation at Toyota, and analyze how representation changed during the recent crisis (cf. Hertwig 2013 for more details; Hertwig 2014).4

The Toyota EWC – called Toyota European Forum (TEF) – was founded in 1996. From the outset until around 2009, it was a rather “symbolic” and management dominated body which was by no means able to serve employee representation effectively. In 1996, the TEF comprised 22 managers but only eleven employee representatives. The body met only once a year as it was foreseen in the Directive. But more important, employee representatives were rather lackadaisical; they did not share a common view of what the TEF should be and how it should work. As there was barely interaction between the representatives, communication was steered rather centrally by HR management. The TEF was mainly concerned with the improvement of company processes, while at the same time conforming to legal requirements.

In the Toyota case, three relevant actors may be distinguished: management; employee representatives from different countries, which formed further differentiated representational groups; and the EWC advisor who was originally affiliated to the EMF, but later became a freelancer working for different companies. Other actors like trade unions apparently did not play an important role.

There are four structural settings or social systems which appear relevant for our concerns here. The first can be labeled “company system”, as it comprises the strong cultural patterns of the Japanese manufacturer Toyota which have been transposed to the European plants to large extent. The second is what I call a “union system”, which

4 The data stems from two research projects. The first was funded by the German Research Foundation (DFG) and carried out between 2007 and 2010 at the Ruhr-University Bochum, Chair Sociology/Organization, Migration, Participation (Ludger Pries). For the second project (2012/2013), the author received funding by the German Hans-Böckler-Stiftung (HBS) for a study on “EWCs during the crisis”. The main data sources are interviews with managers and EWC members of the respective firm. In all interviews, semi-structured questionnaires were used which contained questions concerning the structures and coordination patterns of the EWC, the relation between EWC and management and trade unions, historical incidents, and the personal views and attitudes of the respective interviewee. In sum, 16 interviews of between 20 and 120 minutes have been concluded between March 2009 and April 2013. Moreover, official documents like EWC agreements and press releases were analyzed. (In the second project, repeat interviews with four interviewees of the first one have been conducted.).
contains notions of a labor identity and concepts of employee representation in MNCs. The third relates to this “union system”, but it comprises even stronger models and expectations of how employee representation “should” look like. Interestingly, it is a national system that was introduced to the Toyota EWC and is seized mainly by German representatives with their specific view of strong participation. Accordingly, I termed it “co-determination system”. A fourth system, finally, is the Toyota EWC which – as was described above – contains rules and resources that tangle cross-border employee representation. As structures contain rules as well as resources, in each system specific sources that provide actors with a power to facilitate actions can be identified. Table 2 displays the position of each system and how their importance for employee representation changes between 1996 (founding) and 2010 (crisis).⁵

Table 2: Institutions and structures on different levels for the study of the Toyota EWC

<table>
<thead>
<tr>
<th>Inside Toyota</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Societal Level</td>
<td>Union system⁺⁻</td>
</tr>
<tr>
<td>EU-Level</td>
<td>TEF⁻/+</td>
</tr>
<tr>
<td>National level</td>
<td>Co-Determination (Germany)⁺⁺</td>
</tr>
<tr>
<td>Company level</td>
<td>Company system⁺⁻</td>
</tr>
</tbody>
</table>


Concerning the “company system”, Toyota has been well-known for its strong corporate culture – the “Toyota way” - at least since the 1990s (Womack, et al. 1990). Labour relations characterize an overall negative stance towards trade unions and independent employee representation (Hertwig 2013; see also Hauser-Ditz et al. 2010). Basically, the company felt obliged to care about their employees from the time they enter the company and through their retirement (Mair 1998: 112). However, in the internationalisation of business operations, Toyota experienced conflicts with unions, and those experiences further nurtured the aversive stance towards independent employee representation. The company system contains two ideologies, which are rooted in Japanese business culture and go back to the overall aim to improve the companies’ performance. Firstly, there is a strong community culture. Managers and employees are said to share the common goal of improving the company and its survival prospects. As a consequence, management and workforce are not regarded as different groups or parties with diverging or even contradicting interests, and hence, independ-

⁵ It is important to mention that neither the three groups of actors nor the “systems” exist as such; they are abstractions of the data that has been gathered, and hence, social constructions of the researchers. Nevertheless, it is assumed that those abstractions contain enough important details to help explain and understand the specific case in question.
ent employee representation makes no sense because the basic rationale for representation—different interests—does not exist. From this viewpoint, conflicts appear to be frictions or the result of communication deficits, which can be solved by altering (i.e., implementing better) communication structures.

The second ideology asserts that management is perfectly informed and capable of taking the right decisions. From this viewpoint, managers who fail need to be replaced by more qualified ones in order not to endanger the company. As a consequence, supervisors avoid admitting failures. Management can also not allow too much employee intervention because this would either delay or hinder efficient strategies from being implemented, or, if representatives succeeded to change management strategies, prove that management made a wrong decision.

In stark contrast, the “union system” contains ideas of industrial democracy and employee involvement. The actors who refer to this system hold the position that cross-border employee representation is of high importance for employees. Some representatives even think that a EWC should mimic national and local representational forms, like German works councils or unions which constitute strong models of employee representation vis-à-vis the company. Those views originate from the embeddedness in national or local institutions of employee representation (“Co-determination system”).

The EWC itself contains resources as it codifies the number, duration and conduct of meetings. However, during the first 12 years it would in large part resemble the official company culture. As of 2008 or so, it includes quite heterogeneous rules and vision, which are not shared among representatives. To illustrate, traditionally the majority of TEF members adhered to the principles of the company system, which would perceive independent employee representation as inappropriate given the harmonious culture of the “Toyota way”. In contrast, since 2007, foremost German members brought a different way of thinking to the TEF, questioning the existing culture and demanding changes. Together with other more union oriented representatives one may conceive of a new group inside the TEF, which may be called “participation oriented representatives” (PORs).

The processes that lead to changes occurred mainly with the entrance of (new) German representatives and with the financial and economic crisis. While the German representatives transposed their national ideas and expectations of employee representation to the transnational level, the crisis prepared the ground for those new concepts to be acknowledged by other representatives who before had been reluctant and simply complying with the prevailing rules. Obviously, the alternative frames the PORs drew on in their attempts to revise the TEF starkly contradicted basic principles of the company culture. Those frames crystallized in particular views and judgments on the one hand, and in the enactment of certain scripts, i.e. behavioral patterns, on the other (Barley and Tolbert 1997). Since 2007 the German members sought to partake in deci-
ions of how the TEF should work. Given their reference to the union system, PORs tended to be very critical towards the way the TEF was being operated. For instance, they criticized Toyota’s policy of denying to inform representatives in due time and not to consult before a decision is taken.

“The EWC at Toyota is just a charade, it’s a puppet play. And basically, Toyota is not consulting the EWC. They are very scared to give any information that’s not confirmed, so most of the time we are just informed after the facts have happened.” (employee representative, accentuation added)

Their vision of a EWC was an active body, where representatives would act as one group vis-à-vis management and seek to increase representatives’ influence.

“The solution may be that there is a very active TEF. When something pops up we could actively start working as a team, as a group, and organize telephone conferences maybe, to share with the whole group. And then actively ask very concrete questions to management and give them a deadline, we want to have an answer in five days or so.” (employee representative, accentuation added)

In contrast to the harmonistic ‘community’ culture which denies contradictory interests, for PORs the idea of partisanship was a self-understood element of company labor relations, in which the company and employees possess different interests that can sometimes be realized only at the expense of the other party.

“That’s our role. We are employee representatives and we can at least try to have influence on the question: what is a better balance between employer optimized scenarios and employee optimized scenarios. It should be a balanced scenario.” (employee representative, accentuation added)

The crisis prepared the ground for the new interpretations and concepts to gain strength. Since 2007, the PORs enacted scripts that were new in the TEF and apparently contradicted common practice, as they challenged the basic rules and harmonistic culture of the body (Hauser-Ditz, et al. 2010). A number of meetings of the full EWC and the steering committee were scheduled when Toyota management introduced a cost saving program in 2009, which motivated and provided room for representatives’ discussions. While management enacted the “traditional frame” of not consulting the EWC, the PORs initiated an alternative strategy which was agreed on by the whole body: Firstly, employees planned to keep each other informed - they wanted to spread information about the measures each local management would demand in order to achieve local cost reductions. Secondly, each location agreed not to sign any agreement until information about local demands in all subsidiaries had been gathered and discussed. For this aim, representatives scheduled another meeting in the near future.

Open conflicts arose between the chairperson and advisor on the one side and PORs on the other, because the chairperson did not commence any activity to gather the information from the local plants as it had been agreed on in the meeting. Facing the confrontation, German members decided to take the initiative: They started to collect information from the other representatives on their own, asked for information on the proceeding or, if applicable, the outcome of negotiations. This course of action is noteworthy as it commenced a new script that contradicted the official TEF routine,
which asserts that activities and communication is to be facilitated centrally by the chairperson only.

As a reaction to the overall aversive management strategies during the crisis, PORs initiated two kinds of collective action (Hauser-Ditz, et al. 2010): Firstly, employee representatives in 2010 commissioned an expertise with the EMF on the question: “what is a transnational issue?” Based on this expertise, employee representatives had drafted a statement directed at management in which they demanded more involvement. Secondly, as a reaction to the closure of the Formula 1 plant in Cologne (2010), PORs initiated two symbolic activities. The closure was interpreted as a breach of Toyota’s own principles of life-long employment, mutual care and open information: 650 employees were dismissed, and the company had even failed to inform employees beforehand (many received the information through media broadcast on their way to work). As a first reaction, TEF representatives denied to take a group picture which is usually made on full TEF meetings of all the management and employee representatives, and later published in the annual Toyota European Sustainability Report. Furthermore, employees refused to join the ‘tree planting’, which is a traditional Toyota ceremony on the occasion of the signing of a new agreement. The finding that – despite the cultural differences in the TEF concerning the goals and procedures and the harmonistic Toyota culture – all employee representatives participated in this collective action may indicate the shift in views, which was triggered by management behavior during the crisis.

How do those developments relate to our concept? In their activities, the emerging group of PORs mobilized power resources which until that time had not been used inside the TEF. German representatives could seize resources which they possessed through their position as works councilors. The German works constitution act grants works councils defined rights to information, consultation and even co-determination in certain topics (see for instance, Streeck 1995). Works councils obtain resources like time and money (one is even freed from his regular work).

The PORs scripts triggered new routines and changes in the formal properties of the TEF, and hence, significantly altered the structures of the body. The flow of information in the whole TEF was improved because German representatives started to write and distribute minutes among all TEF members. As PORs kept enacting new scripts, their leverage inside the TEF increased considerably. Even though the collective strategies were only partly effective, they clearly demonstrated the will of the PORs to improve employee representation in the TEF. As a result, a shift of power was achieved.

Reacting to the PORs activities, management tried to maintain the status quo by making use of their existing power resources and by trying to lower the power of the PORs. First, management attempted to change the composition rules of the TEF. This
was possible as the shares of countries which were to be represented changed over the years and because some European subsidiaries officially run under the domain of the Japanese mother corporation. As a consequence, German employees would no more obtain a seat in the steering committee, which would have severe consequences for the access to information and the chance to influence discussions in the TEF. Secondly, according to interviewees, management even tried to convince representatives not to run for office anymore by offering them lucrative compensation. Thirdly, the coalition commenced an ‘integrative approach’ by catering to those representatives who were most critical: Since 2011, the chairperson travelled to Cologne a couple of times in order to meet with the German members and to provide information, which normally can be accessed only by the members of the Belgian economic council. Apparently, this sort of reaction largely reflects the Toyota way, where solutions are sought through communication and dialogue, which eventually is supposed to lead to ‘mutual understanding’ and an alignment of views.

In sum, it appears that the structural-institutional perspective supports a detailed understanding of the changes in the TEF. It highlights the role of individual actors and groups of actors who are guided by very different cultural rules and expectations. Accordingly, the tensions and conflicts inside the TEF become apparent. The TEF appears as a fragmented and highly contested representational form, where actors refer to the specific resources available to establish their position. The improvements of employee representation in the TEF do not appear to be results of a common effort of “the EWC”; they rather stem from the conflictive interactions of different groups involved in interest regulation. The perspective employed here also acknowledges that the TEF is in constant flux, and changes in membership or management style (new representatives, or turnover in HR management) might trigger basic changes in practice of representation.

6. Outlook

Present studies on EWCs suggest that the structures and practices of EWCs, their importance within a MNC and, ultimately, their influence cannot be adequately explained and understood without the interrelations of various actors and the institutions they refer to, i.e. the whole system of interest regulation inside and outside a MNC. Therefore, theoretical concepts are required that capture the diversity of representation structures that refer to MNCs and the dynamics of their relationships. It would be interesting to use the structural-institutional perspective for a more in-depth analysis of cross-border employee representation which involves not only EWCs, but also institutions and practices of representation like the SE or global union federations, for instance.

Future research may also investigate in how far the three faces proposed here may be applied to other representational forms and fields in EU labor relations and abroad.
The structural-institutional concept, in particular, might be more attractive in legal environments where the installation of employee representation does not come with the establishment of the unique body. As far as I see, this might be the case in the US and Canada, where employees win union representation through an election, but union recognition does not preclude a body is established on firm-level that functions as an actor vis-à-vis the company. Rather, union recognition is about negotiating formal structures, i.e. terms and conditions of employment or grievance procedures, which can be used by employees when required.

7. References


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