

European Works Councils during the financial and economic crisis: Activation, stagnation or disintegration?

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European Works Councils during the financial and economic crisis: Activation, stagnation or disintegration?

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Abstract

The article compares changes in the European Works Councils (EWCs) at Ford and General Motors Europe during the financial and economic crisis. Previously, both were highly active and effective. Although both otherwise displayed quite different characteristics before the crisis, their reactions were quite similar. At both companies, competition and mistrust among representatives increased, resulting in a decline of integration and effectiveness. We explore the importance of personal relations as preconditions for stability and effectiveness in EWCs.

Keywords

Automotive industry, European Works Councils, financial and economic crisis, Ford, General Motors, solidarity, transnational coordination

Introduction

Critical incidents like company crises can have different effects on employees and representative bodies such as unions and works councils. They may encourage new forms of collective representation or trigger greater activity by existing bodies (Katz and Kochan,

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2000; Marginson et al., 2001; Whittall et al., 2008). Crises, it has been argued, breed a growing need to organize, and under certain conditions employees recognize the potential of collective representation to articulate their interests (Hertwig et al., 2011; Kerckhofs, 2015; Kotthoff, 2007; Müller et al., 2004). With regard to cross-border representation, the case of General Motors Europe (GME) illustrates how a European Works Council (EWC) can become a powerful actor when facing management threats of relocation and redundancies (Banyuls et al., 2008). Conversely, crisis may also disrupt existing representational practice. Studies of EWCs have shown that crisis may generate conflicts and lead to disintegration, 'parochialism' or 'localism' (Hancké, 2000). Such findings point to the fragile nature of cross-border employee representation.

Our article analyses how two EWCs reacted to the financial and economic crisis, which for many companies posed novel challenges. In the automotive sector, it threatened at least the low-price segment of the industry, mostly in Western countries. In contrast to previous incidents of restructuring, the crisis not only put pressure on individual production locations but also affected many facilities at once and different business units such as logistics, marketing, sales and sometimes even research and development. The strategies adopted by managements certainly created a strong need for EWCs to become active and better organized, but were they actually able to cope with the challenges?

We compare the EWCs at Ford Europe and GME (the latter known as the Europe Employee Forum, or EEF) over the period between 2007 and 2011. We pursue two questions: 'How did the EWCs change during the crisis' and 'Which factors account for the changes?' We aim to improve understanding of the factors that promote or hinder cross-border employee representation. Management in each company chose different strategies to cope with the crisis; these certainly created a growing need for the EWC to organize and respond but did not automatically lead to activation or increased effectiveness. The developments we observed can be explained by different factors: (1) shifts in management structures and strategies (restructuring, whip-sawing); (2) internal EWC developments (changes in personnel and orientations, erosion of trust); and (3) actor strategies (local as against European negotiations, plant egoism). We find an overall pessimistic picture; in both cases, the crisis exerted a centrifugal force, leading to disintegration and ineffectiveness. Hence, neither EWC succeeded in facilitating employee representation as effectively as before the crisis.

Below, we first review how previous research has explained changes in EWCs and their handling of crises. We then present our methodology and give brief descriptions of the companies and their EWCs before the crisis. After analysing and comparing the effects of the crisis on the companies and their EWCs, we conclude by suggesting some theoretical and practical implications.

What influences EWC structures, activities and outcomes?

Previous studies show that EWCs vary considerably in their activities and their success (Arrowsmith and Marginson, 2006; Lecher et al., 2001; Marginson et al., 2004; Waddington, 2011). While some are marginalized (e.g. as simple 'tools' for the distribution of selected information), others have become powerful actors at European level. Some have succeeded in influencing management decisions through negotiations,

exceeding the competences prescribed in the directive. Beyond their direct interaction with management, EWCs have proved beneficial by offering representatives a 'space' to meet, coordinating national or local representatives and providing added value to employees from countries with inferior labour relations systems by opening an information channel to top management.

However, studies have also shown that where solidarity and capacity to act are established, they may be difficult to maintain. Scholars have pointed to trade-offs between transnational and local representation and to cases where transnational coordination failed or was used to benefit only a section of employees, as in BMW/Rover (Tuckman and Whittall, 2006). Unions and employee representatives may also avoid cooperative relationships when the goals of individual groups (unions or national representatives) can be achieved through national negotiations or when local solutions appear more beneficial (Hancké, 2000). On the other hand, transnational union cooperation has been sparked in large part by collective threats (Bernaciak, 2013; Streeck, 1997).

While previous research has not clearly defined the 'effectiveness' of a EWC, it appears from the literature to denote the degree to which employee participation is achieved at the European level. From our point of view, EWCs with a high 'output' are those which have concluded agreements, as at Volkswagen, GME and Ford (Banyuls et al., 2008; Fetzer, 2008a). Yet, it has been argued that one has to distinguish between activity and outcome, and that both have to be evaluated on the basis of the 'need to organize' (Hertwig et al., 2011). To illustrate, the EWC at GME achieved a high level of activity, given the multiplicity of challenges management posed through permanent whip-sawing (Greer and Hauptmeier, 2012); however, compared to the Ford EWC (FEWC), it appears less 'efficient' since the former concluded a larger number of substantive agreements with less activity and considerably lower pressure to organize (Hauser-Ditz et al., 2013).

Much previous research has examined individual EWCs, and explanations of their activities and output tend to be case-specific. In several studies, a mixture of factors has been identified. In the case of GME, for example, studies have noted the existence of a European management level, overcapacities and parallel production, trade union support, a learning process among EWC members and the strong national system of German labour relations to explain how this EWC became a 'bargaining actor' (Banyuls et al., 2008). Fetzer (2008a) uses a notion of 'risk communities', unified by 'a shared sense of vulnerability' arising from a common and evenly spread threat of restructuring.

In their review of these accounts, Hauser-Ditz et al. (2010) offer a fivefold 'typology' of factors that were found to explain the structures, activities and outcome of EWCs. First, the multinational corporation (MNC) in which the EWC exists is its pivotal environment and at the same time the subject and counterpart of its activities (Pries, 2008). Research has shown that the company structures and the strategies management pursues have a huge impact (Marginson et al., 2004). In GME, whip-sawing strategies of parallel production and inter-plant competition strengthened EWC activity significantly.

Second, cultural and institutional factors such as national labour relations, custom and practice or corporate culture have been highlighted (Gilman and Marginson, 2002; Lecher et al., 2001; Marginson et al., 2004). Differences in the views and expectations of actors may vary by nation, company or occupational background (Scott, 2001); so, for

example, country-of-origin-effects influence the attitudes and expectations of both managers and representatives towards the EWC.

Third, EWCs may follow developmental paths or trajectories. As they constitute social systems of their own, they possess inertia; but they are also shaped by events like major conflicts or significant structural changes (Müller et al., 2004). Path dependency also stems from actors' experiences and from learning effects. For example, at Ford, the Visteon split-off triggered an initial activation that has characterized the EWC for nearly a decade (Mählmeyer, 2011).

Fourth, many studies have shown that individual actors, their commitment and engagement make a difference. At GME and Ford, it has been reported that the election of a committed chair contributed to the emergence of solidarity, which in turn formed the basis for effective employee representation. In contrast, many EWCs have remained passive when there was no such 'driving force' to take the lead.

The final factor involves the specific relations and interaction patterns among EWC members (Gold and Rees, 2013). Several studies depict how a shared vision or 'European identity' emerges, that guides the thinking and acting of EWC members, facilitating solidarity and a capacity to act collectively vis-a-vis management (Telljohann, 2009; Timming, 2006; Whittall et al., 2007).

The impact on EWCs of the financial and economic crisis has not yet been widely addressed (Hertwig, 2015). Pernicka et al. (2014), in their analysis of the changes within the GME EEF since 2008, show that it has clearly suffered from restructuring; yet, solidarity and shared norms survived. Kerckhofs (2015) finds that most companies were 'only indirectly affected by the crisis' but had to deal with continuous restructuring that started before the crisis. In a survey of different countries, Koukiadaki et al. (2016) have analysed labour market measures and changes in industrial relations after the crisis. While not specifically referring to EWCs, they differentiate three possible paths: 'shock' (which causes breaks in path dependency), 'revelation' (which highlights previously latent policy solutions) and 'acceleration' (intensification of existing trends).

Concerning company restructuring, a number of earlier studies have shown that EWCs have only limited leverage on management decisions, and that actors sometimes do not perceive it as desirable to deal with issues at the transnational level (Carley and Hall, 2006; Erne, 2008).

Measuring and explaining changes in EWCs

To analyse the changes in the two EWCs, we draw on the fivefold concept of explanatory factors sketched above and outlined in Figure 1. In order to identify changes systematically, we employ a schema that distinguishes between EWC *structures*, on the one hand, and *activities* or *coordination patterns*, on the other. This approach appears to be helpful because it allows us to 'gauge' EWCs and trace changes in structures and activities over time.

The structure of a EWC can be depicted by analysing how *resources, power and culture* are distributed among its spatially spread members (Hertwig et al., 2011). *Resources* concern the distribution of seats within the EWC and its steering committee, access

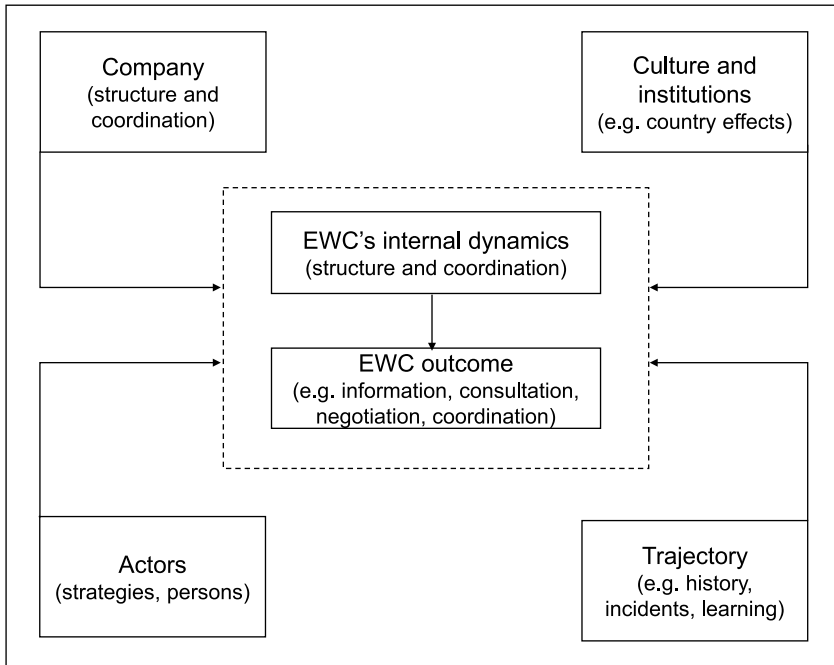


Figure 1. Typology of factors influencing EWC structures, activities and outcomes.
 Source: Adapted from Hertwig et al. (2011).

to budgets, information or strategic knowledge. *Power* refers to decision-making competences (Who sets the meeting agenda? Who determines strategies?). *Culture* refers to its specific set of values and norms, views and expectations of a EWC (Whittall et al., 2007). When (many) EWC members share a common vision, similar expectations and views concerning its basic goals, and act according to its implicit rules, cultural properties are found to be unique and strong; conversely, heterogeneous views and interests characterize a weak culture.

Coordination patterns include the number of general and steering committee meetings; the level and quality of formal and informal communication in between official meetings; the activities of special working groups; and the ability to develop strategies and collective action. For example, activation may come with an increase in the amount or quality of regular communication among EWC members. Especially in crisis situations, members may communicate and interact more frequently and hold special meetings (Waddington, 2011).

From the coordination patterns, we distinguish the actual output or achievements of a EWC. We focus on two issues. First, interacting with management and participating in company decisions (achieving access to information about company restructuring and management strategies; being able to articulate ‘voice’, the opinions of employees from different locations; and bargaining and signing binding agreements with management)

Table 1. Interviews (between 2007 and 2013).

Company	GME	Ford
Management	1 (HR)	1 (HR)
EWC members	14	10
Other	2 (EWC secretary, local WC secretary)	3 (1 EWC secretary, 2 trade union officials)

and, second, facilitating interaction among EWC members (facilitating exchange of information and views; achieving common views, strategies and EWC identity).

The data presented stem from two research studies, which dealt with EWCs in large automotive companies. In each project, interviews were conducted between 2007 and 2013 with management, EWC members from different locations and trade union officials, using semi-structured questionnaires. The interviews lasted between 30 and 120 minutes and were transcribed and analysed. Table 1 shows the interviews ($n = 31$) that were used for our comparison of two EWCs. At GME, we interviewed the HR manager, 14 EWC members and its secretary, and a local works council secretary; at Ford, the HR manager, 10 EWC members and its secretary, and 2 trade union officials.

We also analysed EWC agreements, company documents and press releases. Based on our preliminary results, we drafted short papers on each company which we sent to some of the interview partners for comment. We received a number of responses that were included in the final analysis. The results were also presented to interview partners and experts in the field during workshops. In some cases, repeat interviews were conducted over several years in order to obtain information about changes that occurred during the crisis. Triangulation was achieved by comparing statements from different interviewees and by asking for clarification during repeat interviews.

Two US-based carmakers and EWCs on the eve of the crisis

GME and the EEF

General Motors (GM) has a long history in Europe: from the 1920s on, GM has invested in Europe, first by taking over the brands Opel in Germany and Vauxhall in the United Kingdom. During the 1960s, GM established new factories in Belgium, later in Spain, Portugal and Germany. After the implosion of the Communist regimes in Eastern Europe, GM expanded to Poland, Hungary and started a joint venture in Russia. In 1989, GM also acquired a partial ownership of the Swedish car producer Saab and wholly owned it 10 years later. At the end of the 1980s, Opel was the leading brand in Western Europe. Subsequently, GME had been facing a 'permanent crisis' since the 1990s in its European business operations. The main reason for this development lies in the change of management strategies, which focussed much more than before on short-term returns, at the

expense of product quality, innovation and new technologies (Haipeter, 2006: 618). Second, especially in the low-price segment, new competitors from Asia emerged and gained market shares in Europe (Schmid, 2006). Third, GME was never able to get into the premium segment of high-quality and high price products. Fourth, the internationalization strategy of GM focussed on the presence of the company in all important markets, so that export strategies of GME to expanding markets (e.g. the United States or the emerging markets) were precluded (Hauser-Ditz et al., 2013: 202f.). The main focus of GME, therefore, lay in the saturated European market. In 1990, GM sold more than 1.6 million cars in Europe. This figure dropped steadily to 1.0 million by 2013 (European Automobile Manufacturers Association (ACEA), n.d.) as a result of the developments stated above.

GME management reacted to the crisis with various adaptations and restructuring programmes, notably closing the Azambuja plant in 2006, outsourcing its own component supplier Delphi and a joint venture with Fiat. Other cost-cutting measures were taken to reduce labour costs: the main strategy has been to encourage *direct competition* between production locations (Dehnen and Rampeltshammer, 2011).

The precarious economic situation of GME from the 1990s and 2000s significantly affected the early years of the EEF, founded on 16 September 1996 (the same day as the FEWC). From the beginning, management tried to play off employee representatives from individual production sites against each other; this strategy succeeded, as many national employment pacts were concluded. Employee initiatives to negotiate European-wide agreements were rejected. The overall climate within the EEF was thus marked by distrust and competition among the employee representatives from different countries and locations, which contributed to a downward spiral of concessions (Hancké, 2000; Kotthoff, 2006).

Interconnected processes led to fundamental changes in the EEF during the years that followed. The head of the German group works council Klaus Franz, elected EEF chair in 2000, laid emphasis on trust-building measures. He defined the principles for cooperation as ‘openness, honesty and transparency, convincing and authentic communication ... This is the basis for trust among the members of the EWC, but, in turn, this means hard work and takes five to six years’ (Kollewe, 2005). In the following years, communication and activities increased considerably within the EEF. A process of ‘joint reflections’ among its members commenced, which dealt with the problems that came with the German employment pact and the experience with site selection practices. Also, joint activities such as solidarity actions led to positive experiences. Eventually, the view emerged that local or national negotiations would result in a downwards spiral. In order to prevent this, a common strategy was developed which resulted, first, in the signing of a ‘solidarity pledge’ in December 2005 by the employee representatives of the so-called Delta production locations, which produced models based on the Delta platform approach which allowed the company to shift production volumes flexibly (Bartmann and Dehnen, 2009). Second, a GM Trade Union Coordination Group (TUCG) was founded, including national trade union officials as well as employee representatives from the production plants. Since then, the TUCG has been a forum for intensive dialogue and development of joint strategies.

The EEF has been dubbed a 'best practice' EWC, mainly because up to 2009 it succeeded in negotiating eight European framework agreements (EFAs), in which far-reaching results were obtained, even superseding the competences of the German codetermination provisions (e.g. determining production capacities of the European plants). Moreover, it commenced a tight coordination of the representatives from different countries, which increased its power and put pressure on management to engage in negotiations. In 2001, for instance, it conducted several 'European Days of Action'. Those massive protests were a reaction to cost-cutting measures, with protests and public demonstrations involving more than 40,000 GME employees all over Europe. Management, having previously achieved concessions without resistance, was clearly caught by surprise and agreed to sign an EFA, which precluded compulsory redundancies and guaranteed employment transfers to other production plants (Hertwig et al., 2011). The EEF has developed, in the face of resistance by management, from a deeply divided group to a united negotiating body. According to a Belgian member, 'the most important level of employee representation at GME was the European Works Council'.

Since the middle of the 2000s, the EEF displayed strong coordination between its members and the trade unions at national and European level, with a high degree of activity and frequent, intense interaction. Moreover, the body developed a culture of trust and solidarity, which is supported by its decentralized structure. Even though the EEF chair and steering committee are located in Germany, as the country where the headquarters and most facilities are located, there are only six German representatives out of 29.

Ford of Europe and the FEWC

Ford Motor Company has been present in Europe for over a century, with imports from the United States and assembly plants since 1911. In the 1980s, the company was plagued by a cost and innovation crisis in the face of competition from Japan. In the next two decades, Ford responded with restructuring and a stronger orientation towards the capital market (Hancké, 2000), acquiring shares (Mazda in 1979, Hertz in 1987) and forming joint ventures (AutoEuropa with VW in Portugal in 1991). It attempted to enter the luxury car segment by purchasing the long-established British brands Aston Martin (1987), Jaguar (1989) and Land Rover (2000) and sought increased market shares by taking over the passenger car division of the Volvo (1999). It also opened production facilities in Russia (2002) and Romania (2008). Under the global restructuring plan 'Ford 2000', the European headquarters moved in 1998 from Britain to Cologne, where the FEWC was already based. This step helped to end the historical rivalry between Ford of Britain and Ford of Germany and to stabilize employment relations under the new conditions of the EWC directive.

Previously, management had pursued a competitive approach in Europe that was quite similar to GME. For example, it used 'productivity benchmarking across borders [putting] more pressure on workers and trade unions to improve productivity' and 'began closing down smaller assembly plants' to achieve cost reductions (Bonin and De Goey, 2008: 31):

The overall impact of restructuring during the 1970s was to redistribute final assembly activities, with a net reduction in the United Kingdom share, but maintenance of the German share. Faced with a crisis of employment relations in the United Kingdom, Ford's ability to manage its spatial organization now permitted the firm to threaten relocation away from the trouble spots. (Bordenave, 1998: 216)

This strategy resulted in industrial conflicts initiated by the British trade unions; conversely, it inadvertently 'strengthened the commitment of the German unions to "their" model of "industrial democracy"' (Fetzer, 2008b: 31). The establishment of Ford of Europe in 1967 was the company's answer to the institutionalization of free trade within the European Community. By applying its organizational model to European integration, Ford sensed a chance to profit from the economies of scale by organizing operations on the continental level in a more unified organization, as had already been done in North America in the 1960s (Bonin and De Goey, 2008; Fetzer, 2008b).

Despite radical restructuring at Ford, which began long before the 2007 crisis, the operating results in Europe continued to fluctuate throughout the 2000s and only slightly stabilized before 2008. In 1995, Ford combined its internal automotive supplier worldwide into a new unit that was later renamed Visteon Automotive Systems. The opportunity for the FEWC to enter into substantive negotiations with European management arose in 1999 because of the planned divestment of the components division into a new private company, Visteon Corporation. Globally, this involved 77,600 people: 52,000 in the United States and 19,800 in Europe (Roth and Kuckelkorn, 2000). Dealing with this situation, close cooperation with the American auto workers (UAW) became the first practical test for the FEWC (Mählmeyer, 2011). However, unlike GME, Ford of Europe turned to a cooperative approach to labour relations with the FEWC from the early 2000s (Hauser-Ditz et al., 2010). Management decided that the EWC could benefit both employees and the company, as EU-wide binding agreements could lead to clear standards and reduce transaction costs.

Like the GME EEF, the FEWC is rather decentralized: Even though the chair and secretary are located in Cologne, Germany holds only 5 of 18 seats (the same as the United Kingdom). Promoted by the highly integrative approach of the German chair, the EWC has developed a culture of trust and solidarity, which was also spurred by frequent meetings (at least two full and two steering committee meetings each year) and communication among representatives in between. In terms of negotiations and agreements with management, the EWC has been highly effective; up to 2010, there were 11 agreements covering topics from restructuring to social rights and responsibilities towards realignment of engineering facilities, along with a number of official declarations issued unilaterally by the EWC. The 2000 'Agreement Governing the Separation of the Ford Visteon Organization' was the first agreement concluded by any EWC in the car industry. Thus, within 4 years of the transposition of the EWC Directive, the FEWC, as a *de facto* negotiating partner, had developed attributes that went considerably beyond the original intentions.

Despite these achievements, in several incidents of significant restructuring at Ford of Europe, the FEWC played no major role: plant closures in Poland (1999) and the United Kingdom (Aveley, 2004), the sale of the Azambuja plant in Portugal to GM (2000) and

massive layoffs in the United Kingdom (Halewood, 2001, Dagenham, 2002, Leamington, 2007). However, the failure to intervene in these cases was attributed to the fact that they lacked a 'transnational dimension'; furthermore, FEWC had not been 'authorized and requested by the appropriate national/local employee representation bodies to act on their behalf, with the aim of subsequently adopting and implementing the agreed arrangements at national/local level' (Ford/FEWC Memorandum of Understanding (Ford EWC, 2010)). Accordingly, the FEWC had no right to intervene other than to apply an information and consultation procedure at European level.

EWCs during the crisis

GME and the EEF: restructuring as a centrifugal force

The economic situation of GME deteriorated with the financial and economic crisis: its market share in Western Europe fell by more than 36 percent from 1990 to 2012. In addition, the insolvency of June 2009 aggravated the pressure on GME to cut costs. Management pursued a strategy of rigid cost reduction: to reduce overcapacity, it announced the closure of plants in Antwerp (2010) and Bochum (at the end of 2014), and the sale of Saab (2010). GME also cancelled shifts in almost all production locations and cut employment. Altogether, employment decreased by more than 30 percent, from 64,485 in 2007 to 39,958 in 2011 (GME facts and figures, n.d.).

Although the EEF had learned to cope with crises over a period of nearly 10 years, the latest crisis added a new quality of challenges for cross-border employee representation that it was hardly able to handle. While previous crises put pressure on a small number of locations, nearly all locations were now affected or indeed put in jeopardy. Furthermore, with the insolvency of GME, uncertainty about the future of the European plants increased. The members of the EEF apparently underestimated the depth of the crisis: according to a UK member, 'We never believed that General Motors would go bankrupt. Everyone believed that General Motors is too big to fail'. The closure of Antwerp was an open breach of management guarantees in the previous EFA.

The continuous rumours of further plant closures set a centrifugal process in motion in which solidarity collapsed. Local plants stuck to national solutions which seemed more promising in order to secure employment at their home plants than European cooperation. Negotiations over concessions took place in Germany, Poland and Spain. In May 2012, employee representatives in Ellesmere Port (the United Kingdom) and national union officers secretly negotiated with GME management: to secure production of the new Astra, they accepted far-reaching concessions (freezing of wages, waiving of profit participation, flexible working time), which were accepted by 94 percent of the workforce. Those negotiations were perceived as a breach of the implicit contracts of solidarity among employee representatives that had integrated the EEF and fostered its success for nearly 10 years. Hence, the return to local and national negotiations, with single plants resorting to plant egoism, apparently led to a weakening of the culture of solidarity in general.

In some cases, the EEF was informed about the content and timing of negotiations; but instead of taking the lead, its role now was restricted to an 'information hub'.

Communication among its members remained intense, and many meetings of the EEF and the working groups have taken place, but collective strategies or bargaining with management no longer derived from this cooperation. As one German interviewee put it, ‘unfortunately, we went away from [European] framework agreements and back to mere information about the outcome of national negotiations’.

Disintegration of the EEF was also fostered by the restructuring of the company, which illustrates the direct influence of company structures on EWCs. As the number of locations was reduced (with the closure of Antwerp and the sale of Saab) and some representatives left the body, its composition changed. As a consequence, on the one hand, the relatively equal distribution of seats, knowledge and power was reduced, and the dominance of the office in Rüsselsheim increased. On the other hand, personnel networks, relationships and trust that had carried the EEF and worked to reinforce its cultural principles vanished.

Ford and the FEWC: personal trust eroding

Following a slight stabilization after many EU governments responded to the crisis by introducing scrappage subsidies, Ford of Europe entered a deep recession, with a loss of more than US\$1.5 million in 2012. In October 2012, in order to reduce its capacity in Europe by one-fifth (Handelsblatt, 2013), Ford announced the closure of three plants in the EU, one in Belgium (Genk body and assembly plant by the end of 2014) and two in the United Kingdom (Southampton Transit plant and Dagenham stamping plant in 2013). Employment in Europe fell from 67,000 in 2007 to 46,000 in 2012. Hence, more than 20,000 jobs were lost in Europe over a period of 5 years. Management pursued different measures to cut costs and reduce employment at different levels of the company. These included cost-saving in production, reducing the number of the shifts, early retirement plans and layoffs of temporary workers.

Most notably, management appeared to abandon its original cooperative approach towards the FEWC, attempting to play locations off against each other in local bargaining. It only informed the FEWC after final decisions about plant closures had been taken, so that there was no chance to bargain. During the crisis, the function of the FEWC declined to a formal communication channel between the European and national levels, and to a discussion forum for the employee side. Most representatives seemed to prefer to bargain nationally or locally over the cost reduction plans, avoiding the European level: ‘each country inevitably does its own thing. And it’s very hard to expect people to do anything different. You know, it’s about protection’. Company-level agreements were almost simultaneously negotiated in Germany, Spain and Belgium by the local representative bodies or by the trade unions, aiming at local employment protection.

FEWC coordination of local bargaining rounds at the European level might have led to a multilaterally beneficial outcome, but the process ultimately yielded a free-rider problem. To gain a relative advantage in comparison to others, some EWC members withheld the details of their negotiations or chose to present selected details only afterwards, when any strategic talks on the employee side within the FEWC were precluded. The failure of some employee representatives to attend the FEWC meetings during the local negotiations was then interpreted by other members as a ‘confrontation avoidance

strategy', thus increasing frictions. The lack of transparency on the employee side eventually bred mistrust and indifference towards further cooperation at the European level.

Another factor causing frictions was the dominant role of the German representatives. In private, some EWC members accused the Germans of not sharing any concrete numbers imposed by management other than reporting about the fact of negotiations: 'They were talking about a horror list of 60 proposals, 30 proposals made by the management in Cologne, but the concrete details they did not communicate to the rest of EWC'. This was partially interpreted as a protectionist strategy for the sake of the German plants, which caused a search for hidden meanings and hindered open discussions even after the conclusion of the collective agreements at plant level. While secretly criticized for not using their strength to support their European colleagues, the Germans seemed annoyed by the lack of initiative and 'victim mentality' of some EWC members.

Plummeting demand following the end of the national scrappage schemes, coupled with the overcapacity of the automotive market in Europe, raised great anxieties among FEWC members (Jürgens and Krzywdzinski, 2006). Especially those from outside Germany expressed strong demands for more fairness during the production distribution process 'so that no one country gets 90 percent of the work, while a small country next to it only 10 percent ... The volumes are always dictating how you are in Europe'. The decline in cooperative practice and the erosion of trust and solidarity can be traced back to a number of intertwined factors. First, the crisis revealed a new quality in terms of threats for locations and employees. Many of the EWC members interviewed were aware of the economic need to close one production facility, given the overcapacity problem of Ford in Europe. Yet, the decision to close the Genk plant in Belgium with production relocation to Valencia and two plants in the United Kingdom with production transfer to Turkey came as a shock. Because of the difficult European market and decreasing profits in Europe, FEWC members had anticipated some radical measures in one country, but plant closures in two countries and of more than one plant had not been expected.

Unlike in GME, the FEWC not previously been confronted with multiple, simultaneous complete plant closures accompanied by production transfers, and the national employee representatives did not trust their EWC to work out an acceptable joint solution. They would, moreover, not be willing to transfer part of their local or national power to the European level for these purposes, as the negotiating mandate requires. Although realizing the need to mobilize the necessary efforts at the European level, EWC members strongly believed that the instruments available at national level were better suited to deal with the problems:

The national employee representatives will first inform themselves and try to save their plant. Only afterwards they will think of helping the others by saying, it could have come worse ... The strongest will try to pick the best piece of cake ... Solidarity lasts for as long as one's own interests are not salient.

An important catalyst for the erosion of trust was, somewhat as at GME, a change in membership composition. Several long-term representatives had left the FEWC, some like the former German chair Dieter Hinkelmann because of retirement, and their replacements held sceptical views about Europe. For instance, they were not aware that the

FEWC had exceeded the limits of the directive with substantive negotiations. Most were against transferring responsibilities to the European level and did not communicate any expectations other than gaining access to central management. Lack of continuity within the FEWC diminished personal trust between the members, and caused a rift between the long-standing and new members. Overall, the motivation among EWC members to intensify their efforts for the common good varied significantly.

Discussion

Reacting to the crisis, management in the two companies developed strategies to cope with decreasing demand, overcapacity and rising costs. These had an enormous impact on employees throughout Europe. Compared to previous periods of restructuring, the recent crisis differed in a number of aspects. In each company many locations were affected, and more far-reaching measures were taken, which threatened the survival of a multiplicity of plants and jobs. Plant closures were not new in GME, but there were now accumulating problems and even the survival of the company was in question. The crisis raised considerably the level of problems to which employees and the EEF had been accustomed.

The two EWCs encountered changes in their structures and coordination patterns but in different ways. Previously, both EWCs displayed differences and similarities. They operate in US-based MNCs, and therefore there is no clear 'home country' inside the EU; however, both companies have a strong foothold in Germany. The most noteworthy differences concern the nature of labour relations and challenges that stemmed from restructuring. While at Ford the EWC and management had established a cooperative relationship, labour relations at GME had been notoriously conflictual. The FEWC had not faced cross-country restructuring, whereas the EEF was constantly confronted with crisis and downsizing schemes. However, those differences do not appear to affect developments during the crisis.

Since 2007, there has been increased *activity* in both EWCs, with enhanced communication, a growing number of meetings and increasing information flows. Yet, the *outcomes* that resulted from those activities differed from before. Both EWCs fell back on national and local policy solutions, 'downgrading' the EWC from a negotiating actor to a service centre or information hub. Accordingly, the developments in both represent a 'stagnation' of cross-border employee representation and a 'disintegration' of the EWC because the structural and cultural basis for cross-border employee representation suffered. In contrast to earlier incidents of company restructuring, the EWCs could no longer bargain and sign agreements collectively. What factors explain these developments? We consider five of these.

Company structure and coordination

Two findings appear important. First, reactions of the two EWCs were not triggered by the financial crisis; they had an effect only through the reactions chosen by the companies. Second, the company restructuring directly affected the composition of both EWCs, which altered the foundations of trust and solidarity. Changes in the EWC personnel

were partly triggered by shifts in the company structure, such as plant closures. At GME, wide-ranging restructuring interacted with layoffs. One consequence was that the number of representatives decreased and that some plants were no longer eligible to send representatives.

Culture

Both EWCs clearly demonstrate what happens when widely shared norms of solidarity, mutual understanding and visions of a joint mission falter (Greer and Hauptmeier, 2012; Pernicka et al., 2014; Whittall et al., 2007). The erosion of EWC culture in large part explains the shrinking role of both EWCs at GME and Ford of Europe and the decrease in their output. In contrast to recent assessments of the GME case (Pernicka et al., 2014), we argue that norms of solidarity, even if maintained as a broad concept in the minds of the actors, no longer shape the actions of EWC representatives. In EWCs, shared norms seem to rely on a small number of individuals; as the Ford case illustrates, they tend to fade when the actors committed to them disappear. However, as cultural rules such as trust and solidarity have to be reproduced in constant action (Giddens, 1984), it seems unlikely that the EWCs can easily return to their pre-crisis state.

Actor strategies and internal dynamics

During the crisis, groups of representatives in both EWCs chose strategies that deviated from previous practice. Actors adhered to plant egoism, choosing nationally focussed strategies over the previous European ones. Changes in personnel, partly resulting from company restructuring, partly from retirement, weakened both EWCs. Many long-standing members disappeared, including key figures who had worked as an integrating force: like Klaus Franz, chair of the GME EEF, who had helped initiate the solidarity approach.

In terms of *path dependency*, the cases suggest that the crisis and management strategies disrupted the former 'successful' trajectories of both EWCs. The influence of paths was more or less broken because the focal actors who had carried the solidaristic culture had left. At Ford, the situation appears to resemble a 'shock effect' (Koukiadaki et al., 2016) because representatives were not used to so severe a situation. At GME, the path mirrors a blend of 'acceleration' and 'shock' effects. In the face of the crisis, representatives activated the tried and tested patterns: increasing communication, meetings and discussions. However, they scarcely succeeded because the crisis brought more severe and fundamental challenges; the future of the company and the EWC was uncertain, which came as a 'shock' for the representatives and employees. As continuity of interaction was no longer self-understood (Axelrod, 1984), national solutions appeared a more effective strategy than transnational cooperation. The absence of (former) leading actors with their integrative vision and capacity, who might have pointed to alternative transnational solutions, paved the way to cultural disintegration and erosion of trust.

Conclusion

We have attempted to improve our understanding of how EWCs deal with situations of crisis, and more generally of the factors that influence EWC activation and the output of cross-border employee representation. We have indicated the fragile nature of cross-border employee representation, which depends on trust, personal networks and cooperative attitudes of committed actors. When personal networks falter, actors may tend to rely on national institutions. Arguably, the basis for the effective EWCs to develop was personal confidence, strongly connected to individual relationships (Telljohann, 2009), and less 'system confidence' towards formal institutions such as the EWC Directive. In contrast to previous studies, our findings suggest that abandoning cooperative strategies does not come as a result of cost-benefit decisions by rational actors; rather, structural conditions pave the way for the developments observed, and the high degree of uncertainty in company globalization makes it hard for representatives to calculate what the best option is.

The future of the EWCs is uncertain. Given that the EEF and FEWC have been regarded as 'best practice' models, have the complexity and severity of the crisis irretrievably destroyed these former well-functioning EWCs? Did the loss of trust damage their culture of solidarity so that it cannot be reconstructed? Or may cross-border employee representation revive? It appears that cross-border employee representation in these companies may have to take a step back in order to establish trust and commitment, for instance, by integrating and 'teaching' the new representatives. Very likely, recovery will depend on committed persons, who are eager to re-establish the former structures, and probably even on 'critical events', which may give the EWCs a sense of achievement (Greer and Hauptmeier, 2012).

Two further questions derive from our research. How can EWCs formulate strategic responses to the challenges posed by management strategies? Here, intense and dense communication among representatives appears to be an important condition. However, as the threats we have observed have put the very basis of these EWCs in jeopardy, the more important question seems to be how EWCs can maintain stability, in their structures and their 'cultural' achievements, even when the personal foundations erode, when long-standing and trusted representatives leave the body. Here, one may think of particular measures: first, increasing the number of delegates would broaden the personal basis, so that the EWC becomes less vulnerable to fluctuation. However, increasing the number of mandates will raise management opposition given increased costs, and it may even hinder the evolution of relations when the size of the EWC exceeds a certain limit and representatives remain 'anonymous' to each other.

Second, an elaborated training system for new EWC members could foster integration and 'organizational learning', as knowledge about the EWC's achievements, expectations and custom and practice can spread more easily. Third, personal trust rises with increasing interaction and communication inside a EWC, which may be achieved by establishing, as a second 'tier' underneath the original EWC, (small) working groups, where members interact more frequently. Fourth, an increase in mandate duration may foster long-term membership and reduce fluctuation. However, in some countries, EWC delegates are assigned through democratic election, which should not be undervalued. While these issues may be subject to negotiations between unions or EWCs and management, they may also address the European Commission agenda for a second recast or revision of the Directive.

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