Dance-training and Sparring – the role of informal representative cooperation between management and union representatives

Marius Lervåg Aasprong, Ph.D.-student, NTNU, Norway

Marius.aasprong@iot.ntnu.no
Sentralbygg 1
Alfred Getz vei 1
7491 Trondheim
Norway

Monica Rolfsen, associate professor, NTNU, Norway

Monica ролfsen@iot.ntnu.no
Sentralbygg 1
Alfred Getz vei 1
7491 Trondheim
Norway
Dance-training and Sparring – the role of informal representative cooperation between management and union representatives

Marius Lervåg Aasprong and Monica Rolfsen

Abstract
This paper explores informal representative cooperation, which is a term describing the cooperation between formally elected union representatives and management which goes beyond that which is regulated by shared agreements. We argue that such informal cooperation is an important part of developing understanding of formalized cooperating, functioning as an arena for learning to know other actors, as well as for developing strategies and actions. We present a relational matrix in which we expand the management-category into MNC and subsidiary management, the union category is expanded to include national, trans-national and subsidiary union representatives, and we add the category of external actors. The worker-category remains unchanged, although this could also be expanded to include unionized/non-unionized workers.

1. Introduction
Huzzard et al. (2004b) concept of boxing and dancing describes two ideal-types of how unions negotiate their interests. However, these concepts largely focus on the formalized aspects of negotiation, namely collective bargaining and social partnership. In this article we investigate the informal aspects related to the cooperation between unions and organization, more specifically the informal representative cooperation (IRC). IRC is different from representative cooperation in that it involves cooperation between union representatives and management/owners that occurs outside formalized or regulated arenas. IRC has recently been described in relation to the Norwegian working life model, using somewhat different terms. Levin et al. (2012:100) uses the term unregulated representative cooperation1, while Øyum et al. (2010:6) uses the term extended representative cooperation2. Finnestrand (2011:80), drawing on Wilkinson, also describes a related phenomenon, which she terms indirect participation. Our term IRC aims to include these terms, where informal includes unregulated, not formalized as well as casual or ad hoc-based cooperation.

1 The term in Norwegian is «uregulert partssamarbeid», which can be translated as both unregulated participation, unregulated cooperation or unregulated partnership.
2 Øyum et al. (2010) uses the Norwegian term «utvidet representativt partssamarbeid», which focuses more on the representative aspect.
We have chosen to analyze IRC by drawing on the boxing and dancing-metaphors, as they provide a good picture on how Norwegian unions have been understood. However, we have chosen to describe the informal aspects relating to what goes on before, after, or even alongside, entering arenas of formal cooperation. Keeping in line with the metaphor of boxing and dancing, we term these arenas boxing-rings and dancing floors. The metaphor of boxing refers to collective bargaining, while our concept of sparring refers to the informal activities relating to collective bargaining or similar arenas of oppositional bargaining. Dance-training refers to the informal activities concerning social partnership. Huzzard (2004) describes this as “often informal interactions of a congenial and co-operative nature between the sides as a necessary prerequisite of relationship building.” (2004:34). However, these aren’t necessarily congenial or cooperative, and might just as well be additional arenas for getting to know your partner or opponent. Correctly assessing the strength of your partner or opponent, as well as the size of the ring or dancing-floor is also of importance in developing strategies and actions. This is also pointed out by (Bélanger et al., 2003), although in relation to the relationship between subsidiaries and MNCs.

Unions are facing new challenges, which are happening at a fast rate, and at an increased scale. How unions can face them and maintain influence has been a central question within the industrial relations tradition for over a decade (Kelly and Frege, 2004).

These challenges are related to the change in ownership-structures, where multinational companies (MNCs) are taking over more traditional national ownership. This poses new challenges for unions, workers as well as for the MNCs. The unions are now facing the structures and policies which the MNCs introduce, often with increasing hierarchical distance to decisions, and where national interests aren’t necessarily shared between the unions and the companies. The MNCs have to adapt to different national systems and local conditions in order to achieve their ambitions for the local company. Increased specialization, institutionalization of professions (Scott, 2008), increased education-levels and individualization (Alivin and Sverke, 2000) also present new challenges for unions and companies. The unions have to cater to the needs of workers who have other demands, and the companies have to make sure that the workers can use their expertise while also making sure that they are continue working for the company.

Our article addresses informal aspects relating to the relationship between unions and management, which can provide new insights and understandings in regard to how they
develop strategies and actions. This is important both for the unions seeking to face new challenges, as well as for the MNCs aiming to establish new subsidiaries. We believe that the IRC is a term that will broaden the description of union-company relations, and provide an addition to the boxing and dancing metaphors. By establishing the term IRC, it can also provide a comparison to other informal aspects, such as informal employee-employer cooperation. Our research question is thus threefold; how can IRC more precisely be described, how does IRC shape practices of “boxing and dancing”, and what role does it play when practices are transferred and translated within MNCs?

2. Theoretical framework and article structure

It is through the lens of institutional and structural changes along with organizational and individual changes IRC can be understood, both in terms in how and why it has emerged, as well as what its function is. IRC is not necessarily a new phenomenon, although it has only recently been described in relation to the Norwegian Working Life Model (NWM). However, with the changes described above, we think that the frequency and impact of IRC will increase, and that establishing a solid understanding of its potential and challenges is important. In our study we focus on the participation by formally elected participants in informal, unregulated cooperation, although the general trend also suggest that there is an increase in participation by individual employees on issues not directly related to their formal job-descriptions. This can both relate to issues where unions has had prerogative before, as well as other issues. Almond (2011) also raise this issue related to country of origin-effects, in which MNCs attempt to ensure coherent management of subsidiaries under different contexts, while also ensuring the best use of local advantages these subsidiaries might offer (p258).

The relation between the informal and formal aspects of an organization has been described using several theoretical frameworks, and they have been described both as closely connected (e.g. ref), and as separated aspects (e.g. Brunsson). Nevertheless, both of these approaches acknowledge the importance of informal aspects, and claim that they serve central functions in maintaining as well as developing organizations.

We begin by giving a description and brief history of the Norwegian Working Life Model. This provide an insight into the institutional setting in which our analysis occurs, which is important as this setting differs on several aspects from other countries. The next section elaborates our use of institutional theory and country of origin-aspects. This is of
special relevance as our cases are part of MNCs, and describes some of the issues related to bi-national translation of organizational practices. After this follows a section on labour-management partnerships, which shows that there are both theoretical and empirical problems related to this. However, in our cases, it should be kept in mind that the Norwegian experience is that it is possible to maintain trust-based long term cooperation between unions and management. Our main contribution is the section called Informal Representative Cooperation, in which we develop a more complex picture of informal relations in industrial relations. This section both expands the traditional model, as well as clarifies what we coin IRC. Sections four and five describe our methodology and data, as well as our plan for further data collection. Section six contains a preliminary discussion relating to the trust-aspects of IRC, but this section will be further developed after our data-collection is completed. Central aspects will include trust and transparency, the function of IRC, and how IRC relates to our theoretical framework.

3. The Norwegian Working Life Model

In Norway, the traditional industrial democracy-model consists of a tri-partite cooperation between employees, formal union representatives and employers, and at a national level between the Norwegian Confederation of Trade Unions (LO), the Confederation of Norwegian Business and Industry (NHO) and the state (Gustavsen, 2007). At the organizational level the model has usually consisted of employees electing union representatives, which in turn has had formalized participation in a broad array of decisions. Representation is based on a strong juridical basis, as well as the long tradition of cooperation between workers and employers. However, recent studies has shown that the union representatives also cooperate with owners and management on issues outside the formalized ones, and it is this aspect we wish to explore further.

Although Norwegian unions are not faced with the challenge of diminishing number of members to the same degree as other nations, many other challenges are shared. The traditional national ownership-structure is perhaps one of the main challenges, in which what has previously been a shared understanding and appreciation of a high degree of worker influence and participation can be threatened. At the local level this can pose a direct challenge, but the impacts can also have consequences for the national model, as well as for the multinational companies who wish to maintain the stability and effectiveness which Norwegian companies offer. Drawing on the thesis that industrial democracy is connected to
the development and maintenance of democratic values at large, it is important to maintain the well-developed tradition which can be found in Norway, as well as in Scandinavia at large. This doesn’t necessarily mean that all MNCs pose a threat to industrial democracy, as MNCs might also introduce and secure such values (see also Almond p 260). However, the degree of influence and participation in Norwegian companies is developed to a much higher standard than in most other countries. Introducing other models might therefore result in a democratic set-back for Norwegian workers.

The Norwegian industrial relations can be described as a situation with a high degree of union influence on employers, at the same time as the unions have a strong legitimacy amongst its members. Given the strong degree of mutual trust between employers and employees, the Norwegian industrial relations fit with Huzzard’s (2004) (p 40) description of partnership unionism. The relation between employers and employees is also dominated by cooperation, and not by collective bargaining, and as such best described as a relationship dominated by ‘dancing’, and not ‘boxing’. The dancing-floor is very large, ranging from individual autonomy-aspects, to strategic decisions, both at the organizational as well as the national levels.

3.1 A short historical description of the Norwegian setting

Compared to other European nations, Norway was industrialized late. With industrialization followed a common pattern of social unrest and at times violent confrontations between employers and organized labor. In 1935, a historical compromise was established with the National Main Agreement between the social partners. The agreement set boundaries for strikes and national standards for wages, working hours and working conditions. The agreement can be interpreted as a class compromise, where employers accepted organized labor as a legitimate negotiation partner, and organized labor accepted employers’ fundamental right to manage.

After the Second World War the Labor party (social democratic party) won majority in parliament, on the program to expand the welfare state. A harmonious and cooperative working life was seen as a mean to secure the peace and build welfare (Gustavsen, 2007). In the 1960s, ideas about economic and industrial democracy were publicly debated. According to its promoters, democratization of the economic sphere was a precondition for democratization of society at large (cf. Pateman, 1970). Another ambition was to humanize the work life in order to counteract the deteriorating effects of taylorist rationalization on the
work environment. As such, the core idea was not to overthrow capitalist relations of production, but rather to strengthen labor’s voice and participation within a capitalist institutional framework. The Industrial Democracy Program was launched as a joint commitment between the LO and NHO, supported by the state and work life researchers (Emery and Thorsrud, 1976, Thorsrud and Emery, 1964). In its first phase, the program was concerned with labor representation on company boards, which was later decreed by law for companies having more than 30 employees. However, the project concluded that representation on board level was insufficient for democratization unless backed by extensive direct participation and union participation in plant governance (Emery and Thorsrud, 1976, Qvale, 1976). As a consequence, field experiments with alternative forms of work organization were launched. These experiments were inspired by principles for socio-technical design (Cherns, 1976), and the main instrument was to introduce semi-autonomous work groups, who enjoyed extensive task discretion and were delegated indirect managerial functions such as staffing, budgeting and external coordination (Cummings, 1978). These experiments were highly influential on The Employment Protection Act, which were passed in 1977. The law demands that jobs should be designed to allow for worker discretion and intrinsic motivational factors (‘psychological job demands’). Another important result of the Industrial Democracy Program was an extension of the National Main Agreement between the employer and labor federations. In the revised agreement, the social partners are obliged to cooperate on issues related to rationalization, redundancies and organizational development at the company level.

During the past decades, both agreements and labor legislation has been revised, but the core elements are retained. Apart from board representation and collective wage bargaining, labor representatives are involved in joint union-management committees working with Safety, Health and Environment and organizational development. In addition, labor unions and management tend to work closely together on a more informal basis (Rolfsen, 2011). Union coverage remains high, at least in the industrial sectors. On the shop floor, jobs tend to have decent quality, partly because of democratic ideas, and partly because high wage levels more or less has eliminated labor-intensive production.

4. Institutional theory and the “country of origin” aspects

Although the institutional aspects can explain many of the challenges, it is also, as Bélanger et al. (2003) argues, necessary to analyze these challenges with a framework which
includes both the institutional aspects, as well as the organizational aspects. By investigating the informal aspects we wish to uncover tacit knowledge which can be of importance in understanding how cooperation develops, which will be of importance for unions as well as for the MNCs. This is especially important when there are large changes in the institutional setting, such as when MNCs incorporates new national companies into their portfolio, and when the tacit knowledge, norms and traditions are challenged.

Much has been written about the cross-national transfer of management practices and the importance of “country of origin”. One position is that even with increased globalization, MNCs are not becoming “stateless players”; there is evidence that even the most global of companies remain deeply rooted in their national business system (Almond, 2011, Ferner, 1997). Others claim that all practices are becoming standardized – Ritzer (1996) refers to this as “McDonaldization”. A third position is that MNCs adapt to the industrial climate of the subsidiary. A common position is however to interpret transfers not as an either/or question, but in terms of the degrees of transfer (Ferner et al., 2012), where the practices will vary along a continuum between “imitation and innovation” (Boyer et al., 1998), thereby establishing an “integrative perspective” between “low-context” and “high-context” viewpoints (Geppert et al., 2003).

Some researchers conclude that this will vary according to the home country (Bélanger et al., 2003). The degree of transfer may also vary according to types of practices. According to Ferner (1997), practices related to industrial relations are transferred to a lower degree, being more likely to exhibit “local isomorphism”. The argument is that issues such as wage determination, hours of work and job contracts are strongly connected to local institutional arrangements. Our focus on formal and informal cooperation is an example of such an issue, wherein there is potentially more exposure to local isomorphism than other possible practices.

What is the rationale for MNCs to export cooperation practices? Almond considers, as his starting point, the fact that the way in which firms are organized in their home country has the potential to shape human resource management in their overseas subsidiaries (Almond, 2011). Some argue that MNCs will always choose a “minimum” solution of workforce involvement, choosing a non-union, low-skilled and low-wage strategy whenever possible and acceptable in the local environment (Meardi, 2002, Milkman, 1991). Others argue that Japanese and German firms, for instance, are rooted in business systems in which the organization of production assumes a central importance, and that these will be more likely
than their Anglo Saxon counterparts to transfer practices from their home country (Ferner, 1997), quite contrary to Milkman’s findings. Such an argument is also relevant within a Norwegian context, where union involvement and teamwork is deeply embedded in the companies’ business systems.

An important, though frequently neglected, point is to imagine that workers in foreign subsidiaries will always “prefer” their own domestic employment regime. Almond (2011) considers it more likely that workers will prefer the participative management styles of certain foreign MNCs, especially in countries with autocratic forms of management. This consideration is confirmed in a study of a Norwegian MNC operating in China, where Chinese workers applied to the firm because they hoped for a participative management style (Røyrvik, 2011).

Several studies conclude that home-country practices are not necessarily transferred at all, for instance the European social model was not transferred to Eastern European subsidiaries after 1989 (Meardi, 2002). Another study concludes that Norwegian companies did not export the Nordic model of labour relations when moving to Poland; rather, a more hierarchical model was applied (Kvinge and Ulrichsen, 2008).

Various theoretical models have been used to analyze the transfer process. One contribution takes a neo-institutionalist perspective, focusing on rival isomorphic pressure from the international firm and the host environment (Ferner et al., 2012). As her starting point, Kostova (1999) focuses on strategic organizational practices that are “infused with meaning” and serve as a basis for organizational identification. A practice is “infused with meaning” when it is approved by employees and becomes a part of their organizational identity. According to this perspective, the institutional distance is important (Kostova, 1999) as an alternative to focusing mainly on culture. The idea is that countries differ in their institutional characteristics, organizational practices reflect the institutional environment of the country in which they are established, and therefore, when practices are transferred across borders, they may not “fit” with the local institutional environment (Kostova, 1999). Each country’s profile is divided into regulatory, cognitive and normative elements, with the last being consistent with “culture”, values and norms. The institutional distance is defined as the difference between the institutional profiles of countries. The greater the difference, the harder it will be to transfer management practice. In our case, the important distance is related to how partnership is perceived and understood (cognitive), how it is connected with rules,
laws and agreements (regulatory) and what values are connected with the practice (normative).

Even though nation-of-origin-issues provides challenges for both the MNCs as well as the workers, the unions are also faced with internal challenges. The increasing heterogeneity of the working force, as well as changing employee-employer-relation requires new strategies and actions if unions are to maintain relevance, as sufficient representation. How employees can maintain models of influence when the classical model of one union representing the majority is changed into a model where there are multiple unions that doesn’t necessarily even represent a majority when added together, is a question which is of relevance to both unionized as well as non-unionized workers, as well as for the organizations which no longer have one actor to relate to. The increasing levels of education among the working force also mean that the areas in which employers can participate rise, which is a strength in itself, but also questions existing models of participation. As (Taras, 2002) argues, there is a need to incorporate new actors and new models in order to maintain relevance.

Bélanger et al. (2003) argues that the relationship between the MNC and the local subsidiary can be “understood only as a two-way political process, underpinned by creative tensions that originate from different perspectives and (often) different ‘interpretations’ of market constraints and opportunities” (2003:483). IRC can be seen as an arena in which these perspectives and ‘interpretations’ develop. Bélanger et al. (2003) further argues that the local influence is restricted to their assessment of their autonomy, and following this, we argue that a central aspect of IRC can be the development of this local assessment. If the span of possible actions and strategies is based on this assessment, participation in IRC can be an important addition in creating and correcting the scope and type of actions chosen both by unions as well as by employers. Following Bélanger et al. (2003) this can be equally important for the unions trying to correctly identify their sphere of influence, as well as for the subsidiary organizations seeking increased influence over the MNC ownership.

Almond (2011) argues that there is a need to analyze both country of origin as well as country of management-effects. This implies that there is a need to understand how identities are reciprocally produced. We believe that IRC can be an arena in which this type of identity-production can occur, adding a level of access to informal information, which can be less available in more formalized settings. The advantage of IRC is that the roles and rules are less structured, and thus provide an opportunity to develop a more complete understanding of each
other. The development of such reciprocal understanding implies that it is not only the subsidiaries that change their perceptions, but also the MNCs actors in the country of management.

Almond (2011) claim that actors are affected by the “institutional shaping of the ‘rules of the game’” as well as by “subjective interpretations of what is rational, fair, normal or just” (p260). This point is also related to Bélanger et al. (2003) who claims that the correct understanding of these aspects is necessary to make strategic decisions and actions within the respective sphere of influence. We believe that IRC is both an arena where such ‘rules of the game’ are learned and developed, along with the subjective understanding of such issues. As such, IRC provides an arena for developing the necessary “skills” needed when entering the dancing-floor or the boxing-ring, while at the same time providing an opportunity to change the layout or the rules for dancing or boxing.

5. Labor-management partnership

Will cooperation be a fruitful strategy for labor unions? It is a controversial and contested strategy, as for instance, Roche’s (2009) literature review clearly shows. He concludes that the patterns of findings from empirical research on mutual gains are somewhat variegated. Many studies report gains for all stakeholders, and some report few gains for unions. For unions, the reported positive outcomes are union commitment and union influence (Roche, 2009).

Supplementing Roche, Geary (2008) found that union members consider partnership to be an effective means for advancing their interests, especially when it comes to pay and conditions, employment security, and job satisfaction. The majority also perceived that the union succeeded in defending their interests in the partnership. Cooke’s (1990) study indicates that besides improvement in economic aspects and better labor-management relations, increased mutual understanding is reached. He however addresses the problem of juxtaposing cooperation and traditional bargaining and reaches a different conclusion than Geary (2008); around 60 per cent of his respondents from both the management and the union side reported this to be “somewhat” or “very much” of a problem.
One of the most influential works in the field, Kochan and Osterman’s *The Mutual Gains Enterprise* (1994) introduces the term “mutual gains” to argue that employers, employees, and unions all gain from cooperative practices, claiming for instance that active support from the union increases the sustainability of the innovation process in the company. They also conclude that partnership arrangements allow unions input into areas of decision-making from which they have traditionally been debarred.

Huzzard et al. (2004b) discuss the union’s strategies, *boxing* and *dancing*, describing the adversarial, bargaining tradition on the one hand, and the cooperative partnership on the other. Even if their overall perspective appears to be quite positive towards partnership, they do a cross-national investigation taking a number of points into consideration as to whether unions will gain from labor-management partnership, or as they call it; “dancing.” The role of the state, the traditions for industrial relations, and the mutual strength between employers and unions are important aspects. Huzzard et al. hold the position that joining partnership can also help in conducting the traditional bargaining role, because it is easier to reach consensus, but there is a tension between gaining a high level of influence and maintaining the legitimacy of the members (Huzzard et al., 2004b). Within a Swedish context, Huzzard and Nilsson (2004) argue that boxing and dancing can be mutually beneficial; legitimacy towards the employer through partnership can strengthen the negotiation position. Another study identifies various mutual gains for managers, employees and unions, but the authors insert the caveat that the balance of mutuality varies according to context, and seem to favor management the most (Dobbins and Gunnigle, 2009).

While the research presented so far seems to suggest that labor-management partnership has clear advantages for the labor union, other researchers have reached the opposite conclusion; partnership is considered likely to weaken the union’s bargaining position (Kelly, 2004, Parker and Slaughter, 1988, Appelbaum and Batt, 1994, Nissen, 1997, Kelly, 1999). It is argued that the workers allow the company access to their knowledge when participating (Parker and Slaughter, 1988, Appelbaum and Batt, 1994), and that unions have difficulties in defending the interests of labor when they accept the logic of management (Parker and Slaughter, 1988). Ramsay, Scholarios and Harley (2000) question the “orthodox assumption” that management and labor are both winners in partnership. They find a negative association between high-performance work practices and some employee outcomes, especially related to job strain. In Kelly’s assessment of partnership arrangements in the UK, he concludes that the balance of advantage generally favors employers (Kelly, 1999, Kelly, 2004). His analysis is
further supported by a case study of a non-union partnership company in retailing (Badigannavar and Kelly, 2005), where they found that the partnership had few positive effects on pay and conditions, employment security, access information or company attachment.

A study of partnership in two UK aerospace companies shows that while a range of benefits have accrued to the employer, employees were seen to have experienced increased job insecurity, work intensification and reduced job autonomy after joining partnership initiatives (Danford et al., 2005). An empirical study from the UK describes a partnership strategy as a risky gamble, where the potential political risk to union legitimacy and effective representation of labor’s interest is at issue (Jenkins, 2007).

There are also other types of cooperation between managers and workforce; one of most widespread are work councils, usually defined as institutionalized bodies for representative communication between a single employer and the employees of a single plant or enterprise (Rogers and Streeck, 1995). There are many variants within the well established German work councils that are examples of moving into a system of co-management not unlike labor-management partnership (Müller-Jentsch, 1995). They can also play a strong role in bargaining (Nienhueser, 2009). Whether work councils are economically beneficial for companies will depend on different variables such as their legal status, voting rules and co-determination power (Freeman and Lazear, 1995). In this article, however, the focus is on labor unions and partnership with management, and even if there are similarities, work councils are considered to be outside our scope.

6. Informal Representative Cooperation

Although boxing and dancing describes the formalized union – company-relations, we believe that it is necessary to include several actors when attempting to describe how these relations develop. The description of the Norwegian working life model consists of three actor-groupings; the employees, their representatives and the employers. However, this only gives a partial picture. We will argue that it is necessary to develop this model further, by expanding the management and union representative groups, and by introducing external actors. Figure 1 show the original model, where the double arrows show formal and informal relations. The bold line is the IRC. Levin et al. (2012) describe that participation in Norway has consisted of participation and co-
determination, and argue that it is necessary to introduce the concept of *unregulated participative cooperation* to complete the image of participation in Norway. All these aspects are part of the cooperation between the actors in our model, and as such, our model is a more generalized conceptualization going beyond just participation.

The addition of more actors relate to both an expansion of the established groups, as well as an addition of a group of external actors. Firstly, the employees are a diversified group, both in terms of unionization, as well as regarding to their position within the firm. However, in this article, we will treat this as one category. Secondly, the management-category needs to be opened, at least in relation MNCs. The established boxing-rings and dancing-floors have largely been developed with regards to local actors, and how these arenas change with the introduction of MNCs is of special interest. This creates new challenges, not only for the union representatives, but also for the management and employees. Thirdly, the role of external actors needs to be taken into consideration. Although external actors have been described for example in the case of arbitration, this group should also include other actors, such as customers, consultants, actors with political or economic interests or the media. Although such actors haven’t got a formalized place in e.g. collective bargaining, they can be important in understanding how the formal actors (union representatives, employees and management) develop their understanding and strategies of the arenas of boxing or dancing. Figure 2 shows the actor-matrix with an expanded management-category and with the inclusion of external actors.
Fourthly, the union representatives can also belong to different groups. The relationship between local union chapters and their national affiliation, trans-national union bodies and national bodies, as well as the relationship between different national and local chapters within the MNC are all part of shaping strategies and actions relating to the cooperation between unions, workers and respective companies. The expanded actor-matrix (Figure 3) shows some of the potential areas for cooperation, but we use the term IRC to describe the relation between local union representatives and MNC/subsidiary management. We include both MNC and subsidiary management, maintaining a differentiation between country of ownership and country of management.

An increase in the number of formal actors in informal cooperation will create a need for formalization, and we believe that there will be few examples of informal cooperation involving more than two, or at the most three, actor groups.
Charlwood and Terry (2007) divide representational forms as union, non-union and ‘hybrid’, but IRC can coexist with both union and hybrid forms, and informal cooperation might also occur in non-unionized settings, although not by elected representatives, but by employees participating in cooperation with management outside formalized arenas.

7. Methodology and data

We have already access to some data concerning the two companies, which have been gathered in related to previous research projects. As such, we have already established contacts with informants from both the union representatives, as well as the management. This also enables us to collect valuable information relating to the development over several years, from key informants who have been part of the companies before as well as after mergers with MNCs.

In addition, we will be conducting interviews during spring/summer 2013. Figure 3 provides a valuable tool for developing interview-guides, where we will ask the informants to describe formal and informal relations with other actors.

The interviews will also be used to develop the concept of IRC, and especially how it relates to *formal* representative cooperation.

7.1 Case companies

The two case companies were part of the same corporation until the late 1990ies, where various parts were split up, sold and became different companies with different owners. Both operative within the automotive industry, and have a long history producing automotive parts for the global market. More than 95% of the blue-collar workers are unionized, and since the 1950s, unions have held a strong position, even surpassing the Norwegian average. Employee representation on the board of directors was introduced in 1947 as a pilot program for industrial democracy. The labour union has various arenas for participation. Two workers are elected and represented on the board of directors, the shop steward participates in weekly meetings with managers, and there are regular meetings for cooperation according to the national agreement. Also, the shop stewards both places make direct contact with the CEO whenever an issue is raised among his members.

One of the companies has a production plant in Canada, similar to the Norwegian plant. The other became a part of a global corporation three years ago, and recognized global
standardization in relation of operation management, leadership principles and labour relations.

7.2 Company A

In the late 1990s, Company A signed a contract with a global car producer, and part of this contract stated that the company would build a fully automated production line. After developing the production line in Norway, plans were made to build a similar plant on the American continent, due to the fact that most OEMs expect a global presence from their main suppliers (Rutherford and Holmes, 2007). The top managers’ previous experience played an important part in this decision: during the 1990s the company was involved in the acquisition of a company in Michigan, US, as one of the first attempts to establish business outside of northern Europe. The institutional distance was large, and the managers were unprepared for the unfamiliar industrial environment:

It was very hard to make the company work, very hard to be able to establish a dialogue with employees as we wanted to, and as we were used to in Norway. There was drug abuse, it was hard to recruit competent people, bureaucratic rules on overtime, working hours, job classifications. Also, it was hard to cooperate with American managers, with totally different mindsets from ours. (Interview with the Global CEO)

The CEO describes the “cultural shock” they experienced in coming from a tradition with strong participation, and union involvement and inclusion in strategic discussions and change processes. The managers were used to cooperation, autonomy and high competence on the shop floor, as well as mutual trust. What happened in Michigan was unfamiliar; the Norwegian managers were not able to communicate with the managers, workers or unions.

When the global expansion of Auto Supplier was introduced some years later, there was a need to select a location somewhere on the American continent. Following its previous experience in the US, the company chose Quebec, Canada, considering the culture and institutional environment to be more familiar to their host context. One important reason for this was the high level of union density and, at that time, a social democratic state government with a proactive industry policy similar to that of their home country:
We were warmly welcomed, the local government helped us [to find] facilities, and also helped us with resources for recruiting a local plant manager. This active public support system was quite familiar to us. (Interview with Global CEO)

This can be understood as a way of reducing the “institutional distance” by looking for institutional circumstances that are as familiar as possible. In Auto Supplier’s case, this meant looking for an area within the geographical scope which was as familiar as possible. From the managers’ perspective, a high level of union density and active public support were considered important signs of familiarity. The company’s organizational practice of partnership and cooperation is embedded in the rules, laws and agreements in their home-country environment, which are to be understood as regulatory components of the country’s institutional profile (Kostova, 1999). By locating the subsidiary in an area of high union density and within an active state, they ensured a higher level of success though reducing the institutional distance. In addition, the French-Canadians in Quebec were considered to be culturally closer to Europeans, compared to other Canadians (Interview with CEO and leader of expatriate group).

The next step was to recruit a local plant manager, who would come into a demanding job as a “cultural translator” (interview with global CEO) to run the company. They considered that in order to be successful, it was essential to hire a manager with the “right mindset”, meaning a willingness and ability to cooperate with workers and unions in a participative manner – “he had to understand our way of thinking and operating” (Interview with global CEO). A French-Canadian was hired, and he spent two years in Norway in order to learn the technological challenges and the cooperative culture. Again, this hiring policy can be interpreted as a way of reducing the “institutional distance” through focusing on the cognitive and normative elements, framing the plant manager’s attitude by spending two years within a Norwegian context. This choice can also be seen in a political context through the “power of meaning” (Ferner et al., 2012). In this case, the aim was to shape the plant manager’s interpretation of partnership and “delegitimize” adversarial attitudes. Also, the concept of partnership was “infused with meaning” by being embedded in a cultural context of industrial democracy in the company’s host country.

7.3 Company B

The company produces parts for the global automotive industry, and has about 800 employees in the Norwegian plant. It was influenced by the industrial democracy program,
and the trade union continues to have a strong position. This practice goes back to the late 1940ies, with employees having representatives on the board, as a pilot project before it became a part of the legislative system. Around 1980, change from piecework wages to fixed salary was an ongoing discussion in the collective bargaining processes between the union and the management. The management was reluctant, fearing that productivity might decrease and the company being less competitive on the international market. To find a solution, the union cooperated with the managers to introduce a “productivity office”, using time and motion studies and other tools for rationalizing production. In 1982, the company received a national price for cooperation in productivity improvement. This practice correspond to the intentions in the Main Agreement between the social partners and serves as an example of close collaborations which is often labeled labour-management partnership (Frege and Kelly, 2004, Roche, 2009, Geary, 2008), mutual gains (Kochan and Osterman, 1994) or dancing in opposition to boxing, referring to collective bargaining (Huzzard et al., 2004a). A practice with close collaboration between the union and the managers is thus an accepted and established practice in the company, endorsed by both the union and the managers.

In 1995, company B was bought by a large Norwegian corporation, also buying several similar aluminum producers in Europe and North America. The Norwegian headquarter developed their own production system, where close participation and involvement from workers were inherent practices. The local union was strongly involved particularly in developing of certain maintenance practices, and two of the union representatives were dedicated trainers in these practices. In 2008, however, the financial crisis hit company B hard, it was close to bankrupt, and in 2009 the plant was merged into a German corporation. The union has a strong position in Germany, but according to our informants, more formalized than they are used to at the local plant in Norway. Also, the maintenance techniques is no longer a part of the corporation’s production system, which has created frustration and alienation.

1. Discussion

Potential challenges for IRC

Although we believe that informal relationships between different actors are inevitable, it is also necessary to analyze it across a normative spectrum. This is especially important in relation to trust and transparency, which especially IRC can pose a threat against.
Huzzard (2004) argues that in order to attain a well-functioning social partnership, mutual trust is essential (Figure 4, from Huzzard 2004:40).

Clegg et al. (2006:202), referring to Reed, argue that trust functions by reducing complexity and uncertainty, which suggest that if IRC is frequent, it might pose a threat to the trust-dimension between the actors. However, this has to be seen in light of what other functions IRC provides, and how these functions can be attained with minimal increase of uncertainty and increase of complexity. If we do not acknowledge the presence of IRC, we might falsely exclude a factor which in reality actually increases the complexity and uncertainty, so the solution lies in dealing with it in spite of the potential increase of these factors. By getting better knowledge about this phenomenon we might establish routines to minimize trust-reduction while maintaining the functions IRC provide.
References


FINNESTRAND, H. O. 2011. *The role of the shop steward in organizations using high involvement workplace practices*, Trondheim, Norwegian University of Science and Technology, Faculty of Social Sciences and Technology Management, Department of Industrial Economics and Technology Management.


HUZZARD, T., GREGORY, D. & SCOTT, R. 2004b. Strategic unionism and partnership : boxing or dancing?, Basingstoke, Palgrave Macmillan.


MEARDI, G. 2002. The Trojan Horse for the Americanization of Europe? Polish Industrial Relations towards the EU. European Journal of Industrial Relations, 8, 77-99.


