Introduction

The idea and ‘spirit’ of ‘social partnership’ has fulfilled an important legitimizing function in the German system of industrial relations in the post-WWII period. It provided a symbolic and normative framework for a specific institutionalization of class conflict within German capitalism: Although diverging interests between capital and labor regarding wealth distribution are widely acknowledged, there is also consensus on both sides about a joint interest in growth and productivity. This productivity-partnership of capital and labor came along with a mutual interest in strong bargaining power of the respective interest associations as well as an interest in rather co-operative modes of conflict-resolution.

However, in the course of the socio-economic development of the last two decades the ‘spirit of social partnership’ seems to have lost some of its material and structural basis. Scholars of industrial relations have observed an erosion of the institutional structures and power arrangements of the ‘German Model’ (cf. e.g. Jacobi et al. 1998; Streeck & Hassel 2003). And indeed, on the one hand, there is some empirical evidence that this structural erosion has also resulted in a legitimation crisis of social partnership and of the respective motivations of the social actors in that framework. On the other hand, the comparatively successful handling of the “Great Recession” – attributed to specific labor market policies and co-operative labor relations – seems to underline the robustness of the institutional framework of German corporatism. These recent developments could thus have revitalized the ‘old’ ‘spirit of social partnership’ in Germany.

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2 The arguments of this paper have been developed by Harald Wolf and the author in the context of an ongoing research project at SOFI.
Because of this transitory and uncertain state of development this paper pleads for a closer examination of the motivations and orientations of the social actors within an industrial relations system and of its symbolic order. It is structured as follows: First, the ‘spirit of social partnership’ as general principle and normative framework of the German industrial relations system is conceptualized as a specific combination of three ‘logics’: integration, decision-making and legitimation. It is argued that social partnership as a guiding value becomes problematic, if the motivations and interest orientations of corporate actors involved dissolve and / or the material and structural foundations of the system deteriorate.

Second, empirical evidence for this argument is discussed, starting with the material and structural basis of the German industrial relations system, followed by a closer look at the motivations of the employees within the framework of social partnership. Third, the conclusion presents a number of important unanswered questions that need to be addressed by qualitative empirical research.

1. The ‘spirit of social partnership’ as general principle and normative framework

The institutions of the German industrial relations system provide the actors (within the work and employment relationship) with the necessary resources as well as with the rules that guide the use of these resources. Following Giddens (1989: 28ff.) we can distinguish three structural dimensions to describe and analyze the institutions of German industrial relations: (1) the power resources (domination; economical and organizational), (2) the rules of signification (interpretation, attribution of actions), and (3) the rules of legitimation (evaluation, sanctioning). The symbolic order of the rules of signification and legitimation basically reflects the general principle or the ‘spirit’ of an institutional order. Here, I will primarily look at the symbolic order of the German industrial relations system, i.e. the ‘spirit of social partnership’. As normative framework and cognitive model this ‘spirit’ played a central role in (West-) German post-WWII capitalism.

In the German context, terms like ‘social market economy’ (‘Soziale Marktwirtschaft’), ‘social partnership’, and ‘collective bargaining’ (‘Tarifautonomie’) can be considered ‘high-value-terms’ (Fehmel 2011) which are central within the symbolic order of the German industrial

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1 We also propose that this conceptualization can be used for comparative industrial relations research.
2 The paper focusses on the ‘spirit of social partnership’ on the workplace level, i.e. on the micro-level of the German industrial relations system.
3 Also – and probably even more so – in Austria (cf. Traxler 1998: 240).
relations system. Typical for the development of the German system was a specific institutionalization of class conflict, whose roots can be traced back to the inter-war-period of the Weimar Republic (Milert and Tschirbs 2012). Without getting too much into detail here (for an overview: Jacobi et al 1998), the arrangement between capital and labor that resulted from this compromise can be sketched as follows: Notwithstanding conflicting interests regarding wealth distribution, capital and labor agreed upon a joint interest in growth, productivity, and rationalization. This ‘productivism in partnership’ resulted in a “...virtuous circle: the distinctive institutions and traditions in industrial relations contained industrial conflict and encouraged workplace co-operation in high-quality production, while the resulting economic prosperity in turn contributed to peaceful and collaborative industrial relations” (Jacobi et al. 1998: 190). As such, ‘social partnership’ in a ‘productivity coalition’ would also serve the common good (Kädtler 2006: 29).

These leading values and principles strongly influenced the politics and discourses not only at the macro-level, but also the orientations and actions of the actors on the company- or micro-level. Of course, industrial relations in the work-place are grounded on a fundamentally asymmetric distribution of power in favor of the employer’s. Still, the execution of power and the enforcement of capitalist interests need legitimacy and have to be justified. Thus, a generally accepted normative framework is needed that integrates (principally) antagonist interests within the firm. Drawing both on the important works of Kotthoff (Kotthoff & Reindl 1990; Kotthoff 1994; Kotthoff 2003) and on the ‘sociology of critique’ (Boltanski & Chiapello 2005; Boltanski & Thevenot 2006) we propose that the normative framework of ‘social partnership’ is marked by a specific combination of three ‘logics’ or elements:

(1) Logic of integration

As general principle, the ‘spirit of social partnership’ combines mostly liberal-pluralistic and autocratic-paternalistic motives of integration: it focusses on social integration into a ‘Gemeinschaft’ within the firm (not system integration), where the actors consider each other as partners in a long-lasting relationship of – albeit different – rights and duties. A ‘productivist’ orientation of both employer and employees is strongly connected to a ‘fair’ distribution of the gains of the joint enterprise. At the same time, there is emphasis on the delegation of interest
representation in a rather paternalist manner: delegated experts both on the employer’s as well as on the employee’s side deal with the important issues on the company level; egalitarian ideals and/or those of direct democracy are not really addressed and integrated in this pattern.

(2) Logic of decision making

To conceptualize the way decisions are made and how these decisions are justified, we draw on the approach of Boltanski & Thévenot (2006), and Boltanski & Chiapello (2005), respectively. They argue that social actors appeal to certain ‘orders of worth’ when they give reason for their decisions, or their demands. These orders or polities provide the criteria or justifications by which decisions can be made, assessed, and – possibly – criticized. The authors distinguish seven such polities, from which four are important in our context: an industrial polity (decisions based on organizational efficiency and technological rationality), a market polity (decisions based on market transactions and success), a civic polity (decisions based on the common will), and the network- or project-polity (decisions based on flat hierarchies and autonomous networkers). The latter is seen as the central element of a new order of worth (the ‘new spirit of capitalism’), while the former – particularly the long dominant industrial polity – are on the retreat.

With respect to decision-making processes, the ‘spirit of social partnership’ combines mostly industrial with civic patterns of justification: decisions have to be justified primarily by their contribution to productivity; they can (and have to) prove their worth with respect to organizational rationality and to professional and technical excellence. As such, decisions are generally made by the experts. At the same time, however, those decisions (and decision-making processes) have to take the interests of the employees as ‘citizens’ of the ‘Gemeinschaft’ into account: they have to provide them with a fair share of the gains. In this context, a certain amount of (delegated) participation and voice in the decision-making process is accepted (and provided).

(3) Logic of legitimation of those decisions

Finally, the general principle of ‘social partnership’ provides a specific pattern of legitimation of those decisions and results: legitimacy can be measured by the degree of participation on the decision-making processes (input-legitimation) and their
expected outcomes, or results (output-legitimation). Input (or procedural) legitimation addresses the claims or demands of corporate actors to be directly or indirectly involved into the procedures and processes within the firm. Output legitimation addresses the entitlements regarding concrete outcomes: remuneration, quality of work, employment security. The logic of legitimation of the ‘spirit of social partnership’ is primarily output-oriented. Historically, this output took very different forms: since the 1960’s and 1970’s employees demanded (and achieved) wage increases, significant shortening of working time, better working conditions, and financial compensation for forced job rotation in times of economic or structural crises. Output-legitimation basically follows the principle of equity, i.e. the performance-principle, whereas equality (of status; solidarity) is of minor importance (Kotthoff 2003). Input legitimation is also needed, but is primarily achieved through indirect participation of delegates (works councilors, trade union representatives, other ‘experts’).

To sum things up at this point, the German ‘spirit of social partnership’ on the firm- or micro-level can be characterized by three specific elements: its logic of integration is basically liberal-pluralistic and socially inclusive, representative and conflict-avoiding. Its logic of decision-making combines the civic with the industrial pattern of justification, and is oriented towards technical-professional rationality. Its logic of legitimation is focused on the distribution of outcomes according to the principle of equity (not equality). Input-legitimation is based on a professionalized, centralized (and stable) interest representation – this delegation of participation is legitimate as long as a ‘fair’ share of the outcome is secured.

2. Crumbling pillars – fading motivations?
Those general principles and norms contribute to the stability of the industrial relations system as long as the necessary resources and the corresponding motivations of the actors (stakeholders) are sufficiently available. Thus, problems of legitimacy of the system can basically arise from two sources: first, the power arrangements that form the basis of the structural and symbolic mode of compromise building are considerably altered, and the material resources necessary to secure the ‘fair’ share of the output dry out. Or, second, the
motivations and orientations that guide the actions of the stakeholders significantly change or deteriorate.

Looking at the motivations of the actors that best fit the spirit of social partnership, we can – as approximation – draw on Habermas (2005 [1975]) who characterized the motivations of social actors in late capitalism as being primarily of a ‘privatist’ (“privatistisch”) manner: mainly oriented towards distributive participation as opposed to direct participation (high output-, little input-orientation); family-orientation with pronounced interest in consumption and leisure. It is argued here, that the spirit of social partnership faces legitimacy problems when and insofar these ‘privatist’ motivations become rare, and/or the material as well as structural basis of its normative framework deteriorates. Let’s take a look at some recent developments regarding the material and structural basis of the German industrial relations model, first.

2.1 Developments of German industrial relations before and after the ‘Great Recession’ – crisis or revitalization of its institutions?

As mentioned in the beginning, industrial relation scholars have argued for some time that the ‘German Model’ undergoes a process of slow but fundamental change that leads to an erosion of its institutional basis. Major driving forces of this erosion are the ‘tertiarization’, internationalization and financialization of the economy (accompanied by growing unemployment for lower-skilled industrial workers in the 1980’s and 1990’s) as well as increasingly deregulated labor markets, that have led to a significant power shift between capital and labor in strong favor of the former. This power shift towards capital is regarded as a consequence of an erosion of power resources of the German industrial relations system on all of its three levels:

(1) In the political arena the enforcement of the ‘Agenda 2010’ (“Hartz Laws”) – highly controversial labor market and social security reforms mainly directed at deregulating the labor market – by the government of chancellor Schröder in 2003 was accompanied by “public humiliation” of the interest associations (Streeck 2006: 162). The post-WWII mode of tripartite concertation has basically ended here. A major defeat of the influential metal workers union IG Metall in a large East German strike in the summer of the same year also resulted in a weakening of union power in general (Hassel 2006).
(2) On the collective bargaining level membership in both trade unions and – equally important in the German Model – employer’s federations is gradually shrinking. As a consequence the number of employees (and firms) covered by a collective bargaining agreement is also declining (Institute for Labor Market Research 2012). In addition (and below the surface), so called ‘opening clauses’ have made existing general agreements much more ‘flexible’ when it comes to working-time, wages and other working conditions.

(3) Finally, on the micro-level of the system, the ‘flexibility’-effect of opening-clauses has led to a decentralization of bargaining processes from the collective bargaining-level to the company-level of co-determination and negotiation between works councils/individual employer. This process resulted in a further de-standardization of working conditions and in a weakening of trade union influence (cf. Rehder 2006; Bispinck et al. 2010).

Thus, for the last two decades, there is strong evidence for the diagnosis of “crumbling pillars” (Streeck & Hassel 2003) of the German industrial relations system.

Somehow surprisingly though, the ‘Great Recession’ of 2008/2009 seems to have changed the picture again. Leading figures in the political and corporate/business arena as well as in mainstream economics (and mainstream media) now emphasize no longer the weaknesses, but the strengths and robustness of the ‘old’ model of ‘social partnership’ (cf. Haipeter 2012). There is evidence for a revitalization of the German model on all three levels, again:

(1) On the political level, the government – after intense negotiations with the interest associations – extended the benefits for companies not to lay off workers (“Kurzarbeitergeld”) and also handed out huge (indirect) subsidies for car manufacturers (“Abwrackprämie”); tripartite concertation was thus rejuvenated somehow.

(2) On the collective bargaining level employer’s federations and trade unions agreed upon a further flexibilization of working time, and the unions accepted moderate wage increases and focused on securing employment.

(3) On the firm level, the above mentioned arrangements were rather smoothly implemented by both employers and works councils. In their vast majority, works
councils also agreed on the immediate and massive lay-off of temporary workers. Whereas before the crisis, employers often regarded the co-determination rights of works councils as a hindrance for expansion and flexibility, they seem to be considered an important stabilizing factor in the firm, again.

Nevertheless and despite those more recent developments, it seems premature to really speak of a revitalization or renaissance of ‘social partnership’. The longer lasting, steady erosion of the institutional basis probably came to a halt, but is still evident (Haipeter 2012). In his historical analysis of the discourses of/about collective bargaining rights, Fehmel (2011) points out that the usage of this ‘high value term’ is particularly frequent in times, when the ‘institutional substance’ (‘Institutionensubstanz’) itself is in a state of crisis, merely suggesting a degree of stability that is no longer really given (ibid.: 22f.). Overall, the magnitude and the direction of change of the German industrial relations system are still unclear. Thus, it seems adequate to conceptualize the present period as a period of transition and uncertainty (Boyer 2006). In such a situation it is necessary to take a closer look at the expectations, convictions and motivations of the social actors involved, because they could play a decisive role in changing the direction (Boyer 2006: 154; Turner 2009: 309).

2.2 Motivations and interest orientations of employees – crisis or revitalization of the ‘spirit’ of ‘social partnership’?

Above, we have conceptualized the symbolic order of the ‘spirit of social partnership’ in German industrial relations as a specific formation that combines socially integrative with rather output-oriented and representative principles. This symbolic order provides social actors with a normative framework for their actions and decisions. There are, however, always alternative norms and legitimacy patterns that actors can refer to: rather instrumental and technical or rather democratic-egalitarian motives or ideas that guide decision-making in the firm; i.e. motives that – different to those of social partnership – pronounce e.g. the role of the market, or flat hierarchies. Nevertheless, we argue, that so far a specific mix of liberal-pluralist, centralist, and industrialist/productivity oriented values and ideas has predominated in German industrial relations.
The ‘new spirit of capitalism’-thesis of Boltanski & Chiapello (2005) argues that capitalist development in the last three decades brought new ideas of order and legitimacy to the fore: the world of projects and networks, where decision-making processes are predominated by an anti-hierarchical process attitude, and where organizational integration is focused on employee creativity, autonomy and self-management. The ‘logic’ of legitimation is supposedly not primarily directed towards output-legitimacy, but towards input-legitimacy through direct participation of the employees. Even if we add a huge shovelful of market-oriented justifications to the equation in such a ‘project polity’, this new spirit constitutes a significant break with the normative order of ‘social partnership’.

Signs of a legitimation crisis of the German model of social partnership have already become obvious in the years before the ‘Great Recession’. With the rise of shareholder value capitalism in the 1990’s management began to ignore the rules of the game of the old framework. Kotthoff (1997) has argued that this shareholder value capitalism-type of management considers itself no longer committed to the corporatist arrangement of social partnership, but primarily follows “naked” instrumental interests. Rupp (2001) as well as Kaedtler (2006) have discovered a loss of a shared culture and language, of a common understanding of managers and works councilors alike that in the past had existed as a result of long time ‘joint careers’ within the same firm. The de-legitimation of the old symbolic order also became obvious in the context of concession bargaining. In an empirical study of so called ‘corporate pacts for work’ (“Betriebliche Bündnisse für Arbeit”), Rehder (2006) pointed out the legitimacy limits of such pacts: particularly when the promised output (primarily job security) is not fulfilled, or when management forces works councils and their unions into repeated concessions (wage cuts, longer working hours). In these cases, the ‘pacts’ as well as the strategies and actions of the works councilors lose legitimacy. Such losses of legitimacy in some instances have resulted in the foundation or growth of workers opposition groups within the firms and within the works councils, and/or in unusual (and in part unlawful) activities like ‘wild strikes’ on the shop-floor (Rehder 2006: 236). In a similar vein and on the basis of some major conflicts about plant closures, outsourcing or massive lay-offs between 2002 and 2008, Martens (2010: 54ff.) has argued that the outcomes of these conflicts de-legitimized union strategies of co-operative conflict resolution and the dominant top-down approach in decision-making. In almost all of the cases Martens studied,
the legitimation crisis of the traditional mode (termed “secondary work policy”) resulted in attempts of direct participation (and voice) of the workers – input legitimation – and/or in unconventional forms of protest and opposition (“primary work policy”).

Such scarce empirical evidence suggests that the normative patterns of ‘social partnership’ that works councils used to refer to on the firm level have lost legitimacy. There is also a visible trend towards compensating for the loss of output-legitimacy by strengthening input-legitimacy (direct participation). The trade unions – namely IG Metal and Verdi (the service workers union) – reflect and pick-up that trend by addressing and using more participatory elements in their organizing and mobilizing activities. Moreover – and for some time now –, German trade unions are trying to attract and organize the growing employment segment of the notoriously labor-skeptical highly-skilled ‘knowledge workers’ in industry as well as services: direct participation in a “participation trade union” (IG Metal Vorstand [executive committee] 2009: 6) is the new strategic slogan here. Such attempts to address the orientations and motivations particularly of higher-skilled professionals – i.e. orientations that do not really correspond with the ‘spirit of social partnership’-pattern – are around for some time in Germany. Following the ‘value change’-debate (Inglehard) there has been an intense discussion about the impact of that change on the employment relationship in general and the mode of interest representation in particular. There is broad consensus that ‘subjectified work’ (for an overview see: Matuschek 2010) within ‘post-Fordist’ forms of work organizations – flexible specialization, flat hierarchies, projectified ‘knowledge work’ etc. – seems to be the optimal correlate for the motivations and actions of employees increasingly oriented towards direct participation and procedural legitimation (i.e. input-orientation instead of output-orientation).

It not only remains an important empirical question, however, to what depth and breadth such trends have really disseminated in the work places, but also whether the ‘Great Recession’ has had an impact on the motivations and interest orientations of social actors. On the one hand, public opinion polls register a dwindling acceptance of the political and economic system in Germany and widespread critique of procedures and results of decision-making processes. In 2010, more than a quarter (28%) had “no good opinion” of German

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6 Cf. Martens 2010 (for the case of IG Metal), Schmalstieg 2013 (for a regional case of Verdi/public employees).
'social market economy' and a majority (58%) judged the economic conditions (wealth distribution) as “not fair”, only 21% as “fair” (IfD Allensbach 2010: 2; 8). A two-third-majority says that there is no adequate reward for his/her achievements (Bertelsmann 2011: 3). So, on the level of opinion surveys, there is some evidence that important normative elements of ’social partnership’ might have become deep fissures.

On the other hand, the explicit reference to ‘social partnership’ as one of the most significant factors in weathering out the crisis could indicate that the ‘traditional’ order and institutions are more resilient than scholars have assumed. And indeed, there is some case-study evidence that industrial workers have explicitly referred to rather established practices and “habitual schemata of action” (Dörre et al. 2012: 57) in their attempt to manage the crisis in their establishments. The resources that the employees used or tapped (into) where institutionalized interest representation and a culture of participation within the symbolic order of social partnership (Holst & Matuscheck 2012). This mode has, at least from the point of view of core employees that could avoid lay-off, proved to be a success. Correspondingly, employees attributed more legitimacy towards the management of the crisis on the firm-level than on the societal level (Detje et al. 2011). For many, the firm seemed to be an island of relative safety within an ocean of uncertainty. Thus, under certain conditions on the company level both the resources as well as the patterns of legitimacy connected to the symbolic order of ‘social partnership’ seem to be more stable than formerly assumed. At the same time and in correspondence with the discredit of neo-liberal economics, market-centered ‘orders of worth’ and justification seem to have lost their prominence. Obviously employees make a rather sharp distinction between ‘their’ company and the society as a whole when it comes to assessing social injustice in the wake of crisis.

Overall, the direction of change of the symbolic order of the German industrial relations system as well as the status of the motivations of the social actors in the work places is unclear. In the light of this, the present situation should best be characterized as a period of transition and uncertainty.
3. Conclusion

The normative framework and symbolic order of ‘social partnership’ has played an important role as a cement in the German industrial relations system. The leading question this paper has addressed is whether this cement and its pattern of integration, justification and legitimation are becoming brittle. However, the empirical evidence to date is too scarce to provide us with sufficient answers to that question. At the outset, the obvious erosion of some institutional pillars and the shifting power relations within the industrial relations system have not yet resulted in severe and abrupt legitimation problems.

Our major argument here is that a much closer investigation of the orientations and motivations of the social actors particularly at the work place level is needed. And indeed, there are indicators for a crisis of the underlying ‘spirit of social partnership’. A “new spirit of capitalism” (Boltanski & Chiapello) has established a normative framework and subjective orientations that significantly contradict the logics of integration, decision-making, and legitimation characteristic for the ‘spirit of social partnership’. One of the material cornerstones of that ‘spirit’ – output-legitimation – is under heavy pressure, whilst input-legitimation has gained much more importance.

On the other hand, there are obvious counter-trends and forces of inertia that also make a revitalization of social partnership and its underlining ‘spirit’ possible. Particularly the successful corporatist crisis-management during the ‘Great Recession’ in Germany could lead to a rejuvenation of its ‘spirit’. The ‘old’ framework of representative interest articulation and output-legitimation might have regained acceptance. To us, though, this is all but clear; not the least because there is a growing public critique of the legitimacy of the economic and political system, the decision-making processes and outcomes. It remains an open question, whether this legitimacy crisis (and the widespread feeling of injustice) also leads to a growing critique and to different practical orientations and motivations of the employees at their work places. Will their orientations and motivations lean towards direct participation (input-orientation), more autonomy and egalitarianism?

Overall, there is an urgent need for more empirical research (not opinion polls, however!). The most important question that needs to be empirically addressed is how new processes of legitimation really are connected to the motivations and interest orientations of
employees today. Here, it seems worthwhile to further trace the route laid out by the “sociology of critique”-approach already mentioned – Luc Boltanski and associates as well as the group around Francois Dubet (2009). The latter have explicitly put up the issues of motivations, practical orientations and critique at the work place which can also be used to further analyze the legitimacy of the normative framework of ‘social partnership’.

The primary questions that would have to be addressed by such research would have to be:

- What is the nature of orientations and motivations of employees today? And what sort of claims for legitimation and justification correspond to these motivations and orientations?
- Is it possible to reconstruct basic patterns of such claims that direct the actions of employees – ‘practical consciousness’ in the sense of Giddens (1989: 41ff.) – at the work place? Both in the context of their everyday work routine as well as – and particularly – in times of conflict?
- Do these motivations ‘match’ the normative ‘offerings’ of the system, e.g. do they support the ‘traditional’ power arrangement of ‘social partnership’, or do they challenge/criticize that arrangement?

4. References


