

**This is the accepted revised submission of a paper to be published in Economic and Industrial Democracy. Citations should be to the journal's version of the paper.**

**How do local unions strategize about multinational corporations' restructuring threats? Some insights from France**

**Mathieu Dupuis**

**Abstract**

This article explores local trade union strategies in the context of MNC restructuring in French auto suppliers. From a theoretical standpoint, this study proposes a multidimensional analytic framework confronting three different, yet complementary, approaches: 1. the relative power of unions and how this power manifests itself in the social relations of actors; 2. the national institutions and opportunity structures that constrain actor choices; and 3. the contingencies relating to the structures of multinational firms and their production sites. From a methodological standpoint, we compare two different local cases (France-1, France-2) that have experienced restructuring threats from their parent MNCs. The core data of this research is based on semi-structured interviews (21) with elected union representatives from both sites, as well as expert witnesses at various levels within the sector. This article argues that unions' strategies are best understood as a function of power resources and capabilities, social relationships at different levels, and types of MNC governance. In particular, this article argues that local trade unions should develop

“cognitive” power, a strategic capability, in order to impact decision-making in multinational corporations.

## **Keywords**

Trade union strategies, multinational corporations, economic restructuring, automobile industry

How do unions strategize about corporate restructuring? This article addresses this question by examining how local unions have responded to the restructuring threats of multinational corporations’ (MNCs) subsidiaries in France. In terms of theory, this study explores three core analytical approaches to how union strategies interact with corporate restructuring and similar phenomena. Informed by these three strands, this study examines whether union strategies are best understood through: 1. the relative power of unions and how this power manifests itself in the social relations of actors; 2. the national institutions and opportunity structures that constrain actor choices; and 3. the contingencies relating to the structures of multinational firms and their production sites. The study is based on two cases studies of local sites in France which have experienced corporate restructuring since the financial crisis of 2007-2008 and the ensuing automobile industry crisis of 2008-2010. These sites are situated in first tier automobile production chains set up for supplying German multinational firms. The case studies investigated in this study are informed by semi-structured interviews (21) with elected union representatives from both sites, as well as expert witnesses at various levels within the sector.

These case studies demonstrate that it is difficult to explain union strategies through a single factor. Using multidisciplinary explanations, this paper shows that strategies adopted are results of a conjunction of factors, thus interrogating common knowledge of the effect of the institutional context on local actors. In fact, the evidence presented in this paper suggests that it was the proactive strategies of those operating independently of local institutional contexts that proved most effective in countering restructuring threats and that

these strategies were strongly affected by social dynamics and power developed by the local unions.

This paper makes this argument through five sections. It begins by introducing a multi-disciplinary theoretical framework for understanding union strategies and corporate restructuring, then proceeds with an outline of its methodology, two in-depth case analyses, and then compares these two cases while discussing the scope of this research. Finally, this paper concludes with an analysis of the nature of union power and social relations in contexts of immense pressure.

## **Union strategies and corporate restructuring: towards a multidimensional framework**

Core typologies of union strategies, in a context of corporate restructuring, have framed them through an “oppositional” and “cooperative” dichotomy. According to this dichotomy, local unions facing plant closure threats and related forms of workplace change may pursue one of two choices. Local unions may either oppose management plans to enact change, or cooperate with company managers in hopes of influencing the restructuring process. In a study on corporate restructuring in the steel industry, Frost (2001) exposed the analytical limitations of this typology. She argued that this typology fails to capture the range of complexities inherent in union responses to workplace change, and importantly, these strategies reflect the relative strengths of union capabilities. Other authors have proposed their own respective frameworks to surpass the limitations of this dichotomy (Lévesque et Murray, 2005; Bacon et Blyton, 2004; Meardi et al., 2009). Briefly put, these authors have identified four types of union strategy: 1. Exclusion: the union is excluded from the process and cannot influence management’s efforts to enact restructuring; 2. Unilateral opposition: the union directly opposes restructuring without influencing company managers; 3. Structured cooperation: the union involves itself in the restructuring process and cooperates with company managers; 4. Proactive opposition: without

completely rejecting corporate objectives, the union strives to propose alternative solutions to restructuring through the mobilization of internal and external resources.

How do we explain the varieties of union positions? One approach postulates that union strategies can be explained through an analysis of actor dynamics, paying particular attention to the development of power resources and actor capabilities. It argues that actor embeddedness in social relations at the local level influences strategies. Lévesque and Murray (2002, 2010, 2011) have demonstrated that the most proactive local unions were those that acquired power resources at the local, national and international levels. As it happens, dynamics relating to internal solidarity, external solidarity, and strategic capacities can explain the varieties of posturing by unions, and in effect, their capacities for innovation and union renewal. This power emanates from either economic advantage (structural power) or the development of power resources and organizational capacities (associational power) (Wright, 2000). In a similar vein, Pulignano and Stewart (2012) have highlighted that the most accomplished unions are those with well-developed external resources, particularly in the form of horizontal (across establishments) or vertical (with national or international union federations) alliances. Union positioning is also a reflection of strategic investments across numerous levels, union renewal, and through the strengthening of power resources through the “manipulation” of multiple levels of action and transnational union campaigns (Munck, 2008; Hennebert, 2009; McCalum, 2013).

Local embeddedness, meaning social relations throughout the production process, is also an important factor of analysis (Rainnie et al., 2007). Union-management relations and the dynamics of social dialogue influence how unions formulate strategies vis-à-vis corporate restructuring (Lévesque, 2003; Pulignano et Stewart, 2012). In addition to local embeddedness, political relations manifested at the regional level provide unions with key resources for influencing workplace change. Moreau (2008) suggests that the how unions relate to local political and economic institutions plays an important role in shaping restructuring. Thus, the concepts of actor dynamics, power, and embeddedness are critical for understanding why different unions pursue divergent strategies.

A second approach argues that institutional contexts and opportunity structures influence the type of strategies available to union actors in contexts of corporate restructuring. Accordingly, the business system and its influence on firm strategies is accountable for the differences across regimes and the relations between actors (Hall and Soskice, 2001). Different political regimes offer different opportunities for actors in industrial relations, as jurisdictions' historical roots in protest politics and ingrained methods of conflict resolution influence actor responses to workplace issues (Tilly and Tarrow, 2006; Godard, 2009). In particular, the legal framework shapes how our understanding vis-à-vis plant closures and influences the processes of enacting corporate restructuring (Coutu and Bourgault, 2015). We can thereby suppose that institutional traditions, as well as public policies addressing issues pertaining to employment, have strongly influenced union responses to firm strategy (Pulignano et Dekocker, 2015). In the French context, social costs of a plant closing influence actor relations as economic layoffs of 10 or more workers implies the creation of a social plan ("Plan de sauvegarde de l'emploi"), generally of high cost for the employer. The rights of works councils (information/consultation/economic expertise) and European legislation (relating to the European Works Council, EWC) offer considerable resources to employee representatives. Furthermore, majority union/unions can exert a right to oppose ("droit d'opposition") to agreements signed at the local level. The political regime thereby structures the institutional resources available to union actors in the context of plant closures.

A third approach postulates that the contingencies relating to the structures of multinational firms explains differences in union strategy (Meardi et al., 2009 ; Rutherford et Holmes, 2008). In fact, the resources at a multinational firm's disposal aid this actor in countering the influence of labor laws, unions, and political actors in the production network (Rutherford and Holmes, 2012). Meardi et al. (2009) have demonstrated that the type of integration and degree of site autonomy affects union strategies (both vertically and horizontally). The financial well-being of a multinational firm and a production site also bears an influence on the available repertoires of union action, as it is positively related with the presence of proactive union strategies (Pulignano et Stewart, 2012). The type of

corporate governance and capital possessed by a multinational firm, which are no small part related to its status as a publicly held corporation, a privately held company, or largely owned by private equity firms, has an impact on employee participation (Lippert et al., 2014; Appelbaum and Batt, 2014). In sum, beyond the attributes and resources relating to actors or institutional regimes, the structure of multinational firms also bears considerable influence over union strategies.

This study attempts to balance the influence of the factors presented by these different theoretical approaches (see table 1), factors that are in many respects complementary.

**Table 1.** Analytical framework of this research project

<b>Approach</b>	<b>Theoretical Proposition</b>
Actor Dynamics <ul style="list-style-type: none"> <li>- Power resources and strategic capabilities</li> <li>- Social and political embeddedness</li> </ul>	The power resources developed by unions and the type of social relations maintained by this actor (social dialogue, political alliances) shape union strategies
Institutional opportunity structures	The institutional regime and legal framework relating to corporate restructuring shape union strategies
Contingencies <ul style="list-style-type: none"> <li>- Type of site integration</li> <li>- Financial well-being of site</li> <li>- Type of capital</li> </ul>	The contingencies relating to the structure of multinational firms and production sites shape union strategies

## **Research Methodology**

This research is centered on two local cases which have experienced restructuring threats following the financial crisis of 2007-2008 and the auto industry crisis of 2008-2010. These two cases were situated in France. While many characteristics relating to production on

both sites are different, these two sites bear many similarities. Both sites are situated on the same level within the value chain (two first tier original equipment manufacturers), are owned by large multinational firms of German origin, and both have faced restructuring threats at the same moment (from 2009 to 2011). This case selection took into account the theoretical relevance and practical interest of these French cases. The selection criteria were applied through a preliminary collection of data from union representatives. This was carried out in a hierarchical fashion. This initial exposure to the field enabled the research methodology, including the case selection, to be informed by industry practitioners. This strategy also facilitated an in-depth framing of the context surrounding these cases.

This study is based on qualitative research data acquired from three sources. First, this study is based on semi-structured interviews administered with twenty-one union representatives and expert witnesses in the sector from 2012 to 2014. The majority of these interviews were carried out with elected unionists from the two cases, and on two occasions. In addition to these interviews, this study examined secondary data sources (corporate records, union archival documents, and press articles). Finally, statistical data from different databases was collected and analyzed to understand the evolution of the automobile sector in France, before and after the financial crisis of 2007-2008, and before and after the auto industry crisis of 2008-2010.

The case of France-1 is part of a German multinational. This MNC is active in the automobile equipment sector, as well as other industrial sectors. Its corporate governance is particular as the firm's private capital structure with a stable ownership. The factory produces Diesel pumps to be inserted into motors produced by various European automobile manufacturers. It is vertically integrated within the division, and its pumps are regularly expedited to factories that specialize in fuel injection systems. The union membership rate of this site is considered high compared to the French standard (with approximately one hundred members). Approximately 600 employees worked on this site in 2009. The majority union is the CFDT who *won* 54% of the voting at the last work council elections and has a majority of the seats in representative institutions of the plant,

including the general secretary position of the work council. The CGT is the second union with 28% of the voting. The CGC (managerial staff union) has almost the rest of the voting. Historically, the CFDT and CGC have worked *closely* while the CGT, in a minority position, has played the role of opposition at the site level. Finally, the plant is directly represented at European Work Council as the general secretary of the work council has a seat at this level.

The case of France-2 is also owned by a multinational firm of German origin. However, this multinational corporation is listed on the stock market. It currently produces automobile electronics and its research and development activities take place on site. Hundreds of engineers develop products which are produced on this site for the multinational firm. Thus, it is horizontally integrated, in that the development, production, and sale of its products are carried out within a single site. It bears considerable autonomy in its activities supplying and partnering with various European manufacturers. France-2 has experienced considerable growth since 1990. 2600 employees were working on this site as of 2009. Union membership on this site is relatively weak, as only approximately 100 employees are unionized. The CFDT and the CGT, at the last work council elections, *won* 60% of the voting and possess the majority of the representation seats (4 each out of 10) on the work council, while the CGC *won* almost 30% of the voting. The general secretary of the work council comes from the CFDT. Two other unions (FO, CFTC) *won* the rest of the voting, but failed to have any representatives. FO, CFTC and CGC have historically been closed to the managers and tended to sign agreements quickly while not interrogating the managers' arguments. At the other end of the spectrum, the CFDT and the CGT, while having some minor divergences, worked closely and have adopted a "common front" strategy in face of the managers. Finally, the plant is directly represented at the European Work Council as the general secretary has a seat at this level.



## Analyzing the Two Cases: France-1 and France-2

### *France-1: A successful case for industrial restructuring*

Before the closing threat of 2009, the case of France-1 was a precarious one. The number of workers on this site diminished since the 1990s, and in 2004, the first attempt to close the plant was initiated by the multinational firm. The Diesel pump produced within the site was on its last lifeline and few alternatives presented themselves to the company. The MNC proposed to grant the site a new pump in exchange for some concessions. These concessions relate to the debate over a policy mandating the 35 hour work week (*Loi d'orientation et d'incitation relative à la réduction du temps de travail*), France's first experience with this policy since it was put in effect. Finally, the new product was granted to France-1 in exchange for an approximately 12% reduction in labor costs. These concessions were thus mostly oriented at extending the working hours of the employees on a weekly basis by giving up "RTT days" (Réduction du temps de travail, Working Time Reduction) that were included in the French legislation. A massive majority of the workforce (98%) supported these concessions.

This solution did not guarantee a long-term future for the factory. In 2009, traditional forms of pump production became outdated as new European norms for auto parts were put in force. Despite repeated warnings from the union about the future of the product, the multinational corporation and its division introduced a strategic realignment due to overcapacity and cost rationales. This was evident by one account from a local trade unionist who contextualized the situation:

Basically, despite the current path for this pump, the unions still questioned the necessity of new products for this site. Mail was therefore sent to Germany, meetings with management took place in Germany, meetings with the leadership and with management of the company took place in France. In saying it, it becomes urgent. What do you bring us as

new products? What quickly tipped us off was that we learned that a new generation of pumps was coming, which were to replace the pumps that we were fabricating, and these new pumps would have no connection to our site.

In December 2009, a letter was sent to the employees announcing the factory would be closing within two years. While union representatives expected such an outcome, the secretary of the Works Council, an experienced unionist, decided not to give up and to actively search for new mandates for the site. Furthermore, this site's union representatives swiftly activated their external networks. They made contact with union representatives at various levels, both nationally (in their own federation) and internationally (via the European Works Council). The first act carried out by the local union, after initial contact with representatives at other levels, was particularly fascinating. The union with majority presence in the firm organized a bike rally from their factory to the company headquarters in Germany. The objective of this initiative was to send a warning to company executives through the mobilization of their German counterparts towards the goal of saving this factory. This rally culminated with a multi-site protest in Germany. On account of this context, the German managers agreed to meet with French union representatives to discuss alternatives.

This meeting proved successful. Taken aback by the willpower of the union representatives for obtaining a new direction for their factory, the company management agreed to set up a re-industrialization committee with broad and flexible powers. However, while the plant was scheduled to close within two years, the committee had a fairly long period to explore alternative solutions. It is noteworthy that this innovation is not common in France, since it took form outside of the purview of the company works council. This is an innovative framework in which the company's stakeholders can freely discuss research on new products.

The commission was put in place and the union representatives called on economic experts to collect and analyze significant amounts of information. They used many levers, including meetings with management at the national level or within the European Works Council to gain access to information on company strategies. In parallel with the activation of external resources, the trade unionists, with help from experts, constructed a “resumé” of the site. This resumé attempted to demonstrate the site’s competencies and capacity for accommodating new products. This site resumé provided company managers with a strong argument that France-1 was willing and able to remain in operation. A local actor described the strategy in the following manner:

At the same time, we prepared a resumé of the site. On the site, beyond the machines and individual skills, there is a collective of workers that possess collective skills. We used them in the group. There are some people who exhibited the best performance within the group, etc. This is what people don’t necessarily understand! Managers do not know the details of their site. When we tell them that site is the benchmark within the Diesel enterprise, the managers say “this is interesting, it is them who have done the best work”. We circulated bottom up information, and we have carried out some studies to provide insights on the paths going forward.

In the context of the commission, unionists and managers have created a favorable context for discussion. This dialogue is open, constructive, positive, and structured towards seeking out alternative solutions. This social dialogue enables unionist to play a role on numerous fronts. In addition to promoting local contexts with the help of factory managers, these unionists can collect economic information from different levels that are reported to the commission. While plan closure threats weigh heavy on the factory, its union representatives are well placed to foster employee solidarity on the site. Numerous assemblies have been organized with site employees who are regularly informed on the progress of the union’s work. As an economic expert explained, this “back and forth

process” gives workers confidence in the union’s approach while maintaining a steady work pace despite workplace tensions. Of this, this expert said the following:

When the guys are in a factory for 9 months not knowing if they will have a job, they are generally unmotivated. They then continued to work as if nothing happened. That was well played. If they continued to work, it’s because they had confidence in the approach of their union representatives, the representatives that gave them information relentlessly to tell them the progress they made.

Over the course of several work months, unionists and expert economists argued that an area of growth exists within the multinational firm. Given that the French Rhône-Alpes region is poised for the development of green energy, the MNC expressed interest in growing its solar panels division. The competencies associated with this site were presented to the German management, who were about to give the mandate for production to a site in the Czech Republic. The re-industrialization commission succeeded in convincing company managers that production ought to be shifted towards France-1 for its capacity at adapting to different contexts, even if it resides within a totally different production segment within the firm. In 2010, it was announced that industrial restructuring will be carried out and that the site will change from Diesel production to manufacturing solar panels. The damage, in terms of employment, was minimal. 70 jobs were lost, the majority of which were eliminated through early retirements.

*France-2: opposition and conflict concerning “blackmail for employment”*

Since the 1980s, the site was owned by a German multinational company and *was dedicated* to research, develop, and produce electronic parts. The site grew immensely in the 1990s, after which more than 2,000 workers were distributed across three plants. The MNC, in 2007, decided to sell its automobile division. The principal shareholders, the banks, and the government required that a repurchase be made by an enterprise of German

origin. This repurchase was finally authorized, at a high price, at the beginning of the automobile crisis. The new owner, whose financial well-being was very strong prior to the takeover, experienced a drastic debt increase when the European car market collapsed. The global managers were replaced, under the pressure of new shareholders, and the managers decided to remedy the financial situation by enacting a coercive strategy towards its sites. In the case of France-2, local managers required that layoffs be carried out through early retirements. These managers promised union managers that these will be the only concessions, and that the situation will only improve over time.

A few months later, in 2010, management reversed its decision and required further concessions. These concessions were demanded by the headquarters, who asked local sites to reduce their labor costs by 8%. It should be noted that while these demands were initiated by the German headquarters, the sites had the flexibility to structure their plans to meet the needs of local contexts. As one local trade unionist recounted:

There are also, in groups like ours, conformity across numerous factors. There is debt, but also the expressed desire of employers for cutting the costs of labor. Not that we were a laboratory, but when we viewed the plan, we saw that they strove to give us the impression that it was based on studies from MEDEF, the French national employers' organization: "what would be good, for cutting costs, is to do it in such a way that you cut the costs of labor". Preparing flexibility, preparing an attack on the 35 hour work week. The group had a strong strategy, but its articulation and how it would go locally, the influence of the strategies of French locals, shaped how French managers behaved.

These concessions required that a plan be signed and impacted the reduction of leave provided for under the law on the 35 hour workweek. Company management announced that if the plan was not signed, one of the three factories would be closed. The relationship between company management and union representatives rapidly deteriorated, considering

that the relationship had been amicable until then. This plan created some confusion amongst elected representatives, as the site's performance was more than acceptable, and the orders were well filled. Given this economically favorable situation, the majority unions cooperated and decided to oppose management intentions through all of the mediums possible.

This strategy was essentially one of research and data collection. The majority unions called in an economist to collect and analyze the data that was available under the information and consultation rights of the works council. In addition to this local negotiation, company managers tried to influence the unions by comparing the site with similar locations in Germany. These German sites were experiencing some difficulties and were expected to sign similar agreements to that proposed in France. In addition, the fact that the Germans were purportedly signing brought legitimacy to the logic that a similar agreement could save the location. The majority unions reacted through the European Works Council by coming into contact with German unionists in order to exchange information and to oppose the agreements. When interacting with these German unions, the French unions learned of a different picture than the one painted *by the* company managers. Essentially, IG Metall was preparing to reject the concessions sought by the company. As a local trade unionist explained, some sites did sign concessions, but these sites were experiencing real difficulties: "There were some sites that were really threatened; these sites had to sign such agreements. After some discussion, this was something that they were trying to get out of. Around 5 or 6 bargaining units had signed small agreements. IG Metall had now decided to reject all of these agreements".

The employer's argument evolved in conjunction with the information collected by the site's unions. Since negotiations on the plan were stalled, management requested that this heated issue be subjected to mediation. This mediation failed largely because the unions left the process and were mainly convinced that the managers were using "employment blackmail" to get concessions. These concessions were the result of momentary debts, and were not rooted in any sort of effective situation relating to the site's operations. On

account of this failure, company managers decided to organize a referendum, with the help of the minority unions, on the restructuring plan in hopes of convincing a maximum number of employees that the agreements were essential to the plant's survival. The majority unions called for a boycott when it appeared that many of their workers were resolute to vote yes. The referendum won 57% in favor of management, a win that came at a negative cost for the relationship between the union representatives and many employees. Several local trade unionists described the situation as follows:

They used management intermediaries to relay messages, to persuade people into believing false information. What was false, finally, were the budget figures that were deliberately not updated for over a year. This was mass manipulation.

It was downright tampered with. In parallel with this manipulation was another strategy that was more effective. Our CEO organized lunches with executives and had managed to arrange this for 8 to 12 people in the morning in order to *convince* them of the strategy. He explained the blackboard. There was always someone who posed the question: but what can we do? They created a group with a real dynamic to oppose us. They even made a demonstration against us!

Right there, on the banners: "CFDT+CGT=unemployment. They will sacrifice you for political ideas." They even called for the resignation of the work council.

With an elevated level of violence. I tried to talk to them, but it was impossible.

Following the referendum, the management seemed to have significant liberty in implementing the cost reduction plan. The plan was signed by the minority unions whom

were deemed as having a close relationship with the management. A final attempt to mediate was made, however this attempt failed as its predecessors. Union representatives then decided to use their right to objection under French law. This right, a prerogative of majority unions' representatives, enables them to oppose the agreements signed within a facility. As the secretary of the works-council illustrated, the "droit d'opposition" was part of their strategy: "despite everything, we acted responsibly and opposed the plan. French law gives us the right to say: yes, the agreement was signed, but we are the majority. We then dropped the agreement".

Following this opposition, we ended up in a round of negotiations based on worker salaries. The company managers again tried to pass the plan, a move which provoked discontent amongst the unions and their sympathizers. A strike was then initiated, in response to company directives. In effect, new economic information was made available to employee representatives portraying a climate quite unlike that described by the company's management. The danger of a drastic drop in production seemed in fact unlikely, at least for the next few years. Company managers finally decided to drop the plan and no plant closure was announced since this decision. The three factories produced at an elevated level using the same number of employees, thereby demonstrating impressive efficiency gains.

## **Case study comparisons and discussion**

The cases of France-1 and France-2 were in many respects different. Therefore, it should be emphasized that two divergent union strategies were observed, one of proactive opposition (France-1) and one of unilateral opposition (France-2). In the first case, the strategy is the result of initial involvement by the majority union in the firm. Taking into account that the situation was precarious and that the closure of the factory producing Diesel pumps appeared imminent, union representatives attempted to preserve the site by surpassing the limitations of their local contexts and in looking for alternative mandates within the German multinational firm. Through the mobilization of internal and external networks,



these representatives were well positioned to put in place a commission on re-industrialization. The committee, led through a positive form of social dialogue, possibly leading to an industrial conversion of the site, had the potential to preserve hundreds of jobs in the France-1 case.

On the contrary, the second case demonstrates a different form of strategy. France-2, whose shareholders changed in 2007, manufactured advanced products and was in a strong financial position. In a context of eroding union-management relations, the managerial side had attempted to impose a cost reduction plan for employees, bearing the burden that one of three production areas in France-2 will close. The majority union, convinced that management's position on employment was a bluff, blocked management efforts through the institutions that were available to its works councils and union representatives. Not without a hitch, this blockage resulted in maintaining the status quo, as no factory closure took place, alongside with management's abandonment of this initiative.

What explains the differences between these types of strategies? Three factors appear fundamental for understanding union strategies towards restructuring in France. The first is the difference in power resources and capabilities mobilized between the two cases. The case of France-1 was one in which the unions mobilized sophisticated power resources oriented towards researching alternative solutions. The internal solidarity in this case was strong, as the workers believed in the path pursued by their representatives. This was assured through regular contact between these workers and their representatives. The union holding majority status mobilized external networks, not only to access information, but to influence the restructuring process and managers across multiple strategic levels within the multinational firm. The links between the national federation and the EWC enabled the union to act proactively. It made use of institutional resources as often as alternative levers of power through strategic investments. Its strategic capacity was considerably strong, in that the union successfully constructed a site "résumé" while leading an influential commission, both of which are particularly exceptional considering the French context. The case of France-2 differed in this respect. In addition to not possessing any power, the

majority unions in this case relied on the structural economic position of this site for harnessing any form of advantage through the negotiations. The internal solidarity was in many respects feeble, in that few employees on this site were union members (even when compared to unions nationally in France) and there were many conflicts which were created internally to the organization.

Even though if a lot of power in the French case comes from law and regulations, our study shows that internal and solidarity as well as strategic capabilities are crucial to understand the proactivity of a local union. As Dufour and Hege (2010) have argued, European unions – and especially French unions – can count on strong external legitimacy that derives from institutions and institutionalization at the political and at the firm levels. However, these positions are not sufficient to ensure internal legitimacy and proactivity at the local level. As the differences between the two cases have shown, power resources must be developed at the local level. France-1 could count on a strong implantation and legitimacy at the local level, while the France-2 case ended with conflicts with other unions and workers. Taking simplistically, the density of union members at the local level is not crucial since all workers, in the French context, can participate at the work council elections without being actual union members. However, in precarious context like restructuring, mobilization of workers behind local union strategies remains critical and, as the France-1 case has shown, the legitimacy of the union project can be reinforced by a strong implantation at the site level. As Murray et al. (2010) argued, while not affecting the relationship with managers and their overall legitimacy, a decrease in union membership can although hampered the representative capacity of local unions in France in the long run.

Furthermore in the France-2 case, the union's external networks were rarely mobilized, and the majority unions had a very weak relationship with their federations and confederations. If these representatives used the EWC, they would limit themselves to establishing contact with their German colleagues to oppose the employers' discourse, an effort that includes information sharing. Being convinced that the reasons for the restructuring were a *fait accompli*, they did not offer alternative solutions. In their view, initiative on the part of

local and global managers was based on wrong information and in order to manipulate the workers. It appears that strategic capabilities, as Lévesque and Murray (2010) argue, are crucial to understanding trade union power and strategies. Thus, what allows local trade unions to concretize resources and power lay in the capabilities. In particular, these are the capabilities of framing, learning, and articulation. France-1 has shown that through the development of complex capabilities, local union strategies can have a concrete impact on the restructuring process and to opening opportunities for alternative schemes to the plant closing.

A second factor, affecting both actor strategy and power resources, is the quality of social dialogue and labor-management relations. This factor brings to light a contrast in both cases and has influenced the progress of strategies pursued during the restructurings. In the case of France-1, the interview respondents confirmed that the quality of social dialogue and its effect on the union's position were particularly important. The multinational firm's management team, who shared a positive history with social dialogue institutions, played an important role on the re-industrialization committee. This committee opened up the potential for a real synergy between the local actors in an attempt to find alternative solutions. This union-firm dynamic explained, at least partly, why an alternative framework was developed by the majority union and through the deployment of its proactive strategies. It should also be noted that these dynamics were not the result of particular traits inherent in French institutions, but was rather due to a set of contextual conditions created by actors at the firm level. These differences, manifested in the case of France-2, are particularly salient. Following the site's takeover by a new multinational firm, the majority union distanced itself from company management, the latter adopting a more aggressive tone towards labor relations within the firm. Relations between these actors deteriorated rapidly thereafter, as initial confidence levels did not last and the two parties were at loggerheads over the restructuring project. This dynamics of social dialogue, or rather the notable absence of such dialogue, forced the majority unions to adopt an intransigent attitude and to block employer initiatives, particularly through the right of objection provided under French legislation.

These differences in the social dialogue elements relate to a third factor: the influence of contingencies. The structure of capital, which was different between the cases, provided one more way for understanding actors' strategic positioning. The multinational that possesses France-1 is less dependent on financial markets, given its reliance on private capital provided by a family foundation, and has historically made long-term commitments to its employees and towards the development of its sites. France-2 is a listed company, and is dependent on financial markets and is under debt pressures precipitated from the collapse of financial markets. While this does not fully explain the union's positions, it is an important factor, and has been confirmed by the interviewees who discussed social dialogue dynamics. In fact, our results are consistent with the findings of Lippert et al. (2014) that have shown that public companies offer less space for employee voice thus being an obstacle to implement 'high-road' system of labor relations and work organization. Embedded in financialization dynamics those are short-term by nature, employers "can't keep their side of the bargain", as Paul Thompson (2003) has rightly pointed out.

In addition to the structure of capital, the type of integration and segmentation within a site should be emphasized. France-2 is horizontally integrated and has accrued autonomy which permits it to sell products to numerous clients. In addition, the site's financial well-being, in the eyes of unionists, is not well-served by imposing concessions and through closing one of its locations. These contingency factors have influenced decision-making pertaining to union strategy and have convinced elected representatives to opt for a ferocious oppositional strategy. In terms of contract, France-1 was vertically integrated and dependent on a single product. The financial well-being of a site, and that chain in particular, was poor. The possibility of a plant closing was more tangible for that reason. These factors influenced the union strategies in the sense that two options presented themselves to these unions: let the site close and collect compensation under French law, or on the contrary, try to find alternative mandates for the site. The second option was preferred, but not without difficulty or sustained investment from elected representatives. Furthermore, it appears that economic contingencies in the France-2 case could have played

a crucial role as the horizontal position and the financial well-being of the plant enabled the majority unions to block the managerial plans. However, the fact that the majority unions did not have any spaces to negotiate with the managers, that the minority unions positioned themselves against them, that legitimacy was precarious in relations to the workers, and thus that the power and capacities, outside *traditional* institutional leverages, were low, contributed to the forging of a more simplistic and traditional strategy. This strategy, also, cannot be taken for granted since a rapid change in the context of the site or the multinational and as the auto companies have developed complex forms of “whipsawing” between different locations (Greer and Hauptmeier, 2016).

Finally, these two cases demonstrated that union strategies, in the context of restructuring, cannot be explained through a single factor, but rather through an ensemble of factors. These are both structural (contingent factors), related to the properties of local unions (development of power resources) or relational/dialectical (dynamics of social dialogue) factors. It should be emphasized that these factors mutually strengthen each other: power resources can be increased, at least in part, by the dynamics of social dialogue. These last factors relate to the type of capital, at least in the cases examined for this study. The influence of these factors is not mutually exclusive, and can in fact be complementary.

In light of this analysis, it is possible to assert that the institutional opportunity structures available to actors is important, but these do not explain the type of strategies used by these actors. The prerogatives of the works council (information/consultation, economic expertise), union rights, and the EWC are structural resources in both cases, yet fail to explain the differences in union strategy. As illustrated through this analysis, the resources deployed by the unions, embeddedness in social relations and contingencies best explain varieties in strategy. The French political regime, often presumed to be very interventionist, was not a factor in the cases examined in this study. The unionists who were interviewed confirmed that, despite initiatives to activate local political networks, these networks were not a factor affecting the formulation of their strategies, nor a resource that could be mobilized. At best, these politicians did not seem to understand the particular situation of

the multinational firms and thereby did not intervene directly. At worst, they showed indifference by relating these conflicts to "private relationships."

Table 2 presents the highlights of our analysis.

**Table 2.** Comparing France and France-2

<b>Analytical Factors</b>	<b>France-1</b>	<b>France-2</b>
<b>Strategies</b>	<i>Proactive Opposition</i>	<i>Unilateral Opposition</i>
<b>Power resources and strategic capabilities</b> <ul style="list-style-type: none"> <li>- Internal solidarity</li> <li>- External solidarity</li> <li>- Strategic capabilities</li> </ul>	<p>Strong</p> <p>Strong</p> <p>Strong</p>	<p>Weak</p> <p>Medium</p> <p>Medium</p>
<b>Embeddedness</b> <ul style="list-style-type: none"> <li>- Social dialogue</li> <li>- Regional institutional linkages, political alliances</li> </ul>	<p>Positive</p> <p>Weak</p>	<p>Negative</p> <p>Weak</p>
<b>Contingency factors</b> <ul style="list-style-type: none"> <li>- Segmentation and integration</li> <li>- Financial well-being and site performance</li> <li>- Type of capital</li> </ul>	<p>Vertical, little autonomy</p> <p>Poor</p> <p>Private</p>	<p>Horizontal, high autonomy</p> <p>Strong</p> <p>Public</p>

## Conclusion

This study aimed to provide insights concerning the use of local union strategies towards corporate restructuring following the financial crisis of 2007-2008 and the ensuing auto industry crisis of 2008-2010. Drawing from three important theoretical strands of research on actor strategies, this study tested three explanations of union strategy in the context of union strategy with roots in: 1. The relative power of unions and how this power manifests itself in the social relations of actors; 2. the national institutions and opportunity structures that constrain actor choices; and 3. The contingencies relating to the structures of multinational firms and their production sites. In terms of research methodology, this qualitative study was based on two cases in France that permit an analysis of strategies taking into account the relevance of local contexts (France-1, France-2). The findings of this study illustrate a contrast across these two cases, in terms of the type of strategies mobilized and on the characteristics of these cases (contingencies and social dialogue dynamics).

Although this research contains some methodological limitations, notably due to the small number of cases and the focus on the French context, there are some clear *contributions* from this study. Institutional frameworks relating to corporate restructuring are important, however, institutions alone do not explain how actors manage change in the workplace. This structural factor shapes the foundation, and even the boundaries, which influence how actors respond to specific contexts such as site closures. However, can these boundaries rooted in social and historical traditions be broken? This study demonstrates that, under certain conditions, unions have the capacity to surpass institutional constraints through innovation. Despite the persistence of “path dependency”, institutional constraints are surmountable, and institutions are simply *one* means at the disposal of worker representatives, not the only means. Surpassing these constraints must be understood as an interaction of different dimensions that this study has highlighted. It is both created by certain contextual factors and contingencies, opportunities that are specific to institutions that requires investment by union representatives, but these contingencies and institutional

tools must be understood and analyzed in conjunction with the *power levels* and the alternatives that local trade unions can create. In that sense, France-1 is representative of this interaction, since specific contingencies (type of capital), social dialogue dynamics, certain institutions (the EWC, the economic experts) reinforced power resources and capabilities to thus create an original proactive strategy.

These possibilities are predicated on the inclinations of union actors, who can innovate if they augment investments in non-traditional forms of action. While the “structural” versus “associational” power dichotomy may appear pertinent, this study highlights how power relates to learning, information, and their mobilization in specific contexts. “Cognitive” power can be proven useful to shaping restructuring processes, particularly through the identification of multiple points of local support (site characteristics, local economic information, relations with local managers), as well as those at the international level (union alliances, access to sources of decision-making). This type of union involvement is forged through the development of international resources (through solidarity and alternative framing) and through strategic investments at different levels. In particular, strategic capabilities associated to articulation, framing, and learning are crucial to understanding proactive union positions. While international union action is not a solution, it can nonetheless provide union actors with repertoires of action, thereby enabling them to extricate themselves from local dependencies. As argued by McCallum (2013), international union action must be understood in conjunction with local battles, not in contradiction to them.

Social dialogue and labor management relations are important dynamics emerging from this study. The MNC, despite trends towards streamlining, is an important field of contestation that is shaped by actor dynamics (Morgan et Kristensen, 2006; Kristensen et Zeitlin, 2005; Edwards and Bélanger, 2009). In this sense, this study demonstrates that a positive tradition of social dialogue can “open possibilities” for unions. Without falling into a naive understanding of management restructuring intentions, these relations can aid union representatives to devise alternative frameworks, through the collection of company



information and through the influence of decision-making. Again, adopting such strategies requires both sustained investment at different levels of action and must remain in the confidence of company stakeholders. This type of effort requires a paradigm shift away from traditional repertoires of action available to trade unions.

Contingencies, without being over determinative, shape the strategies of local unions. The form of integration on a given site can provide a union with sources of structural power that is less accessible to others. This structural power derives from position in the production network, quality of production as well as financial results of a site as the France-2 case has shown. The type of capital and corporate governance of firms, and to some extent the type of management follows, appear to be of some importance to understanding union-management relations. In addition, this study confirms Lippert et al.'s (2004) argument concerning the impact of financial ownership on employee participation. Being *less* dependant on financial returns and short maturities, a private ownership structure can provide unions with a strategic advantage, insofar as such a union makes use of the participatory and open management process advocated by the MNC as a source of influence.

In terms of union practices, this study demonstrates that despite precarious contexts, local unionists may be able to influence the restructuring efforts of multinational firms. These repertoires of action available to unions require integrating critical cost-cutting decisions with traditional union practices and making use of the important opportunity structures made available by the institutional regimes in which a firm is situated. They are the corollary of sustained investment in how the elected representatives perceive their role and can act strategically, both at local and other levels of action.

## References

Appelbaum E and Batt R (2014) *Private Equity at Work. When Wall Street Manages Main Street*. New York: Russel Sage Foundation.

Bacon N and Blyton P (2004) Trade union responses to workplace restructuring: exploring union orientations and actions. *Work, Employment and Society* 18(4): 749-773.

Coutu M and Bourgault J (2015) L'entreprise, les restructurations et le droit: une perspective sociojuridique. In: Jalette P and Rouleau L (eds) *Perspectives Multidimensionnelles sur les Restructurations d'entreprise*. Québec: Les presses de l'Université Laval, pp.167-194.

Dufour C and Hege A (2010) The legitimacy of collective actors and trade union renewal. *Transfer* 16(3): 351-367.

Edwards P and Bélanger J (2009) The MNC as a contested terrain. In: Collinson S and Morgan G (eds) *Images of the Multinational Firm*. Chichester: John Wiley & Sons, pp.193-216.

Frost A (2001) Reconceptualizing local union responses to workplace restructuring in North America. *British Journal of Industrial Relations* 39(4): 539-64.

Godard J (2009) The exceptional decline of the american labor movement. *Industrial and Labor Relations Review* 63(1): 82-108.

Greer I and Hauptmeier M (2016) Management whipsawing: The staging of labor competition under globalization. *Industrial and Labor Relations Review* 69(1): 29-52.

Hall PA and Soskice D (eds) (2001) *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford: Oxford University Press.

Hennebert MA (2009) Entreprises multinationales et réagencement des territoires de l'action syndicale : bilan d'une expérience. *La Revue de l'IRES* 61(2): 75-98.

Kristensen PH and Zeitlin J (2005) *Local Players in Global Games: The Strategic Constitution of a Multinational Corporation*. Oxford: Oxford University Press.

Lévesque C (2003) La mondialisation et le pouvoir des syndicats locaux : le cas de l'industrie automobile au Mexique. *Relations Industrielles/Industrial Relations* 58(1): 60-84.

Lévesque C and Murray G (2002) Local versus global: activating local union power in the global economy. *Labor Studies Journal* 27(3): 39-65.

Lévesque C and Murray G (2005) Union involvement in workplace change: a comparative study of local unions in Canada and Mexico. *British Journal of Industrial Relations* 43(3): 489-514.

Lévesque C and Murray G (2010) Understanding union power: resources and capabilities for renewing union capacity. *Transfer* 16(3): 333-350.

Lévesque C and Murray G (2011) Asymmetric integration and the restructuring of social relations in global firms: actors, institutions and norms. In: Blackett A and Lévesque C (eds) *Social Regionalism in the Global Economy*. London/New York: Routledge, pp.31-47.

Lippert I, Huzzard T, Jürgens U and Lazonick W (2014) *Corporate Governance, Employee Voice, and Work Organization. Sustaining High-Road Jobs in the Automotive Supply Industry*. Oxford: Oxford University Press.

McCalum J (2013) *Global Unions, Local Power. The New Spirit of Transnational Labor Organizing*. Ithaca: Cornell University Press.

Meardi G, Marginson P, Fichter M, Frybes M, Stanojevic M and Toth A (2009) The complexity of relocation and the diversity of trade union responses: efficiency-oriented foreign direct investment in Central Europe. *European Journal of Industrial Relations* 15(1): 27-47.

Moreau MA (2008) *L'anticipation des restructurations dans l'Union Européenne*. Florence: Institut Universitaire Européen.

Morgan G and Kristensen PH (2006) The contested space of multinationals: varieties of institutionalism, varieties of capitalism. *Human Relations* 59(11): 1467-1490.

Munck R (2008) Globalisation and trade unions: towards a multi-level strategy?. *Work Organisation, Labour & Globalisation* 2(1): 11-23.

Murray G, Dufour C, Hege A and Lévesque C (2010) Referential unionisms and globalization: A comparative study of workplace union dynamics. *European Journal of Industrial Relations*, 16(4): 311-332.

Pulignano V and Stewart P (2012) The management of change: local union responses to company-level restructuring in France and Ireland – A study between and within countries. *Transfer* 18(4): 411-427.

Pulignano V and DeKocker V (2015) La gestion des restructurations en Europe: Une analyse comparative des réponses des acteurs locaux aux changements dans les entreprises dans différents régimes nationaux du marché du travail. In: Jalette P and Rouleau L (eds) *Perspectives Multidimensionnelles sur les Restructurations d'entreprise*. Québec: Les presses de l'Université Laval, pp.89-116.

Rainnie A, Herod A and McGrath-Champ S (2007) Spatialising industrial relations. *Industrial Relations Journal* 38(2): 102-118.

Rutherford T and Holmes J (2008) The flea on the tail of the dog': power in global production networks and the restructuring of Canadian automotive clusters. *Journal of Economic Geography* 8(4): 519-544.

Rutherford T and Holmes J (2012) (Small) differences that (still) matter? Cross-border regions and work place governance in the Southern Ontario and US Great lakes automotive industry. *Regional Studies* 47(1): 116-127.

Thompson P (2003) Disconnected capitalism: or why Employers can't keep their side of the bargain. *Work, Employment and Society* 17(2): 359-378.

Tilly C and Tarrow S (2006). *Contentious Politics*. Oxford: Oxford University Press.

Wright EO (2000) Working-class power, capitalist-class interests, and class compromise. *American Journal of Sociology* 105(4): 957-1002.