



# Multinationals in Europe between flexibility and security

*A comparative study on the arrangements  
of flexibility and security in MNCs'  
subsidiaries in Belgium, Britain and  
Germany*

Valeria Pulignano  
Centre for Sociological Research, KU Leuven

# Background: What ?

Flexibility and security (“flexicurity”) are mutually supportive national labour market components, leading to ‘win-win’ solutions that further the interests of workers and employers. They are an important part of national labour market policies and employment regulatory systems.

(EU Commission, 2006)

Beyond national level → sector (and company)-level governance mechanisms on flexibility/security (Crouch and Keune, 2012; Ibsen and Mailand, 2011; Marginson and Galetto, 2014);

# Background: What ?

## Relevance of studying 'flexibility and security at the firm-level

### Theoretical :

- ✓ 'Power relations' as contributing to a fine-grained understanding of flexibility-security arrangements

### Empirical (analytical) :

- ✓ How institutional and firm-level contexts interact and how socio-political and socio-economic forces at different levels shape this interaction

# Research questions

- ✓ RQ 1: What are the local arrangements on flexibility and security and how do they occur?
- ✓ RQ 2: To what extent (and how) do macro-level (national) institutional settings influence local (company) arrangements on flexibility and security?

# Argument

*Although flexibility and security arrangements are rooted in national institutions, local practices evolve out of a series of negotiated arrangements and power relationships rather than as the consequence of management strategy or institutions at large*

- ✓ Inter-subsidiary variation in local bargaining on flexibility-security trade-offs:
  - ✓ institutional arrangements (collective bargaining; labour market regulation),
  - ✓ organizational configurations (inter-subsidiary dependency)
  - ✓ contextual subsidiary-specific features (product market, technology, nature of the product);

# Defining flexibility and security “trade offs”

## Balanced and unbalanced trade-offs

Distributive/integrative bargaining (Walton&McKersie (1965) - compensated/not compensated (Ibsen&Mailand, 2011):

- ✓ *Balanced trade-offs*: flexibility and security are compensated equitably for the benefits of both sides;
- ✓ *Unbalanced trade-offs*: one side benefits more than the other;

## Negative and positive trade-offs

‘How’ is the result of “structural power” (Wright, 2000)

- ✓ *Negative trade-offs*: result of weak workers structural power
- ✓ *Positive trade-offs*: result of strong workers’ structural power

# Defining flexibility and security “trade offs”

Compensated (‘balanced’) negative and positive trade-offs

- ✓ **Balanced negative trade-offs** : low structural workers power (negative), → Flexibility and security are compensated through concessions, i.e. labor is forced to concede flexibility for security;
- ✓ **Balanced positive trade-offs**: high workers structural power (positive) → Flexibility and security are compensated through consensual negotiation, implying that labor is not forced to make concessions;

# Not-compensated ('unbalanced') positive and negative trade-offs

- ✓ **Unbalanced *negative trade-offs*** : the absence of compensatory mechanisms is the result of labor's weak structural power (negative) → Management impose flexibility;
- ✓ **Unbalanced *positive trade-offs***: the non-compensation of flexibility and security results from labor's high structural power (positive) → Labour impose security

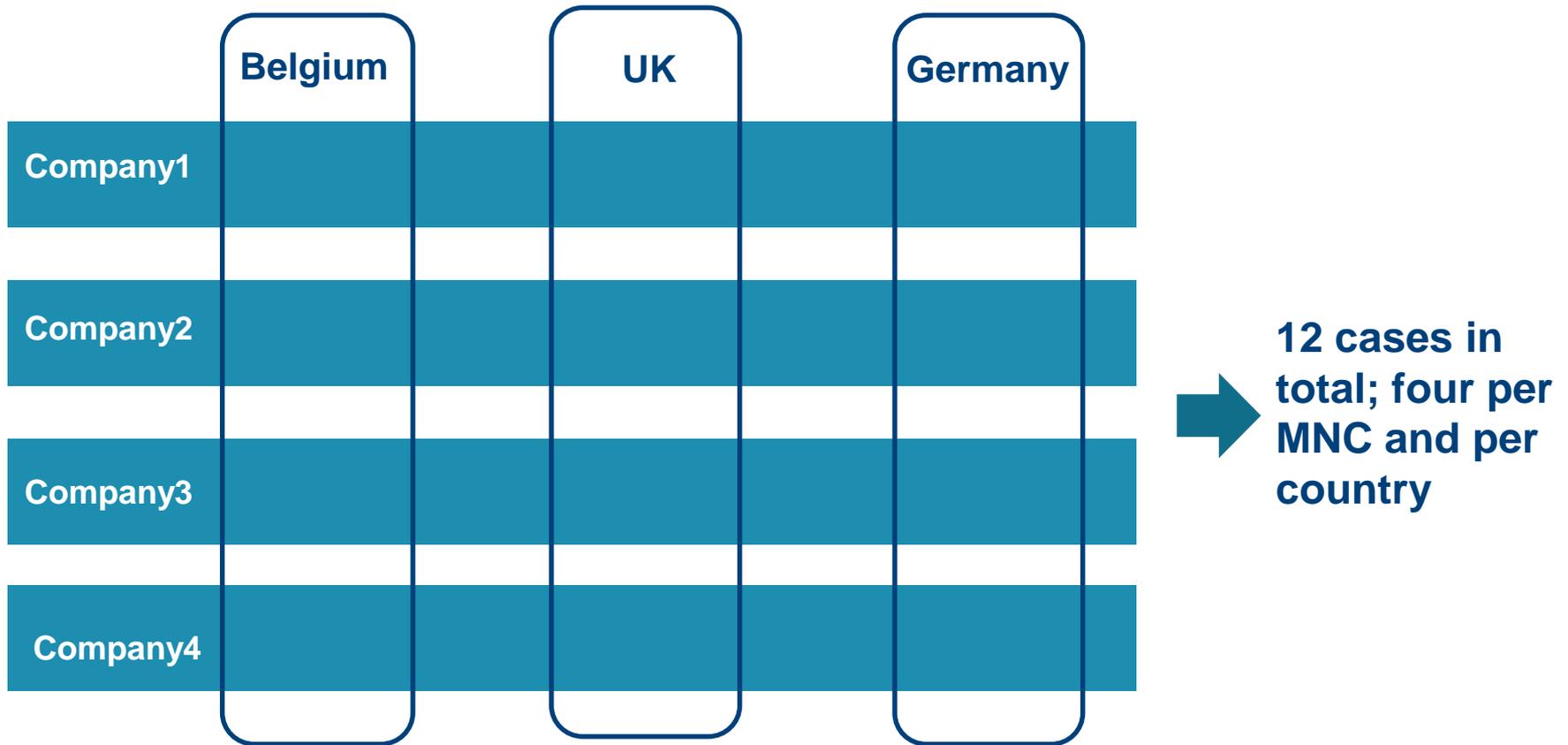
# Design, operationalization and methods



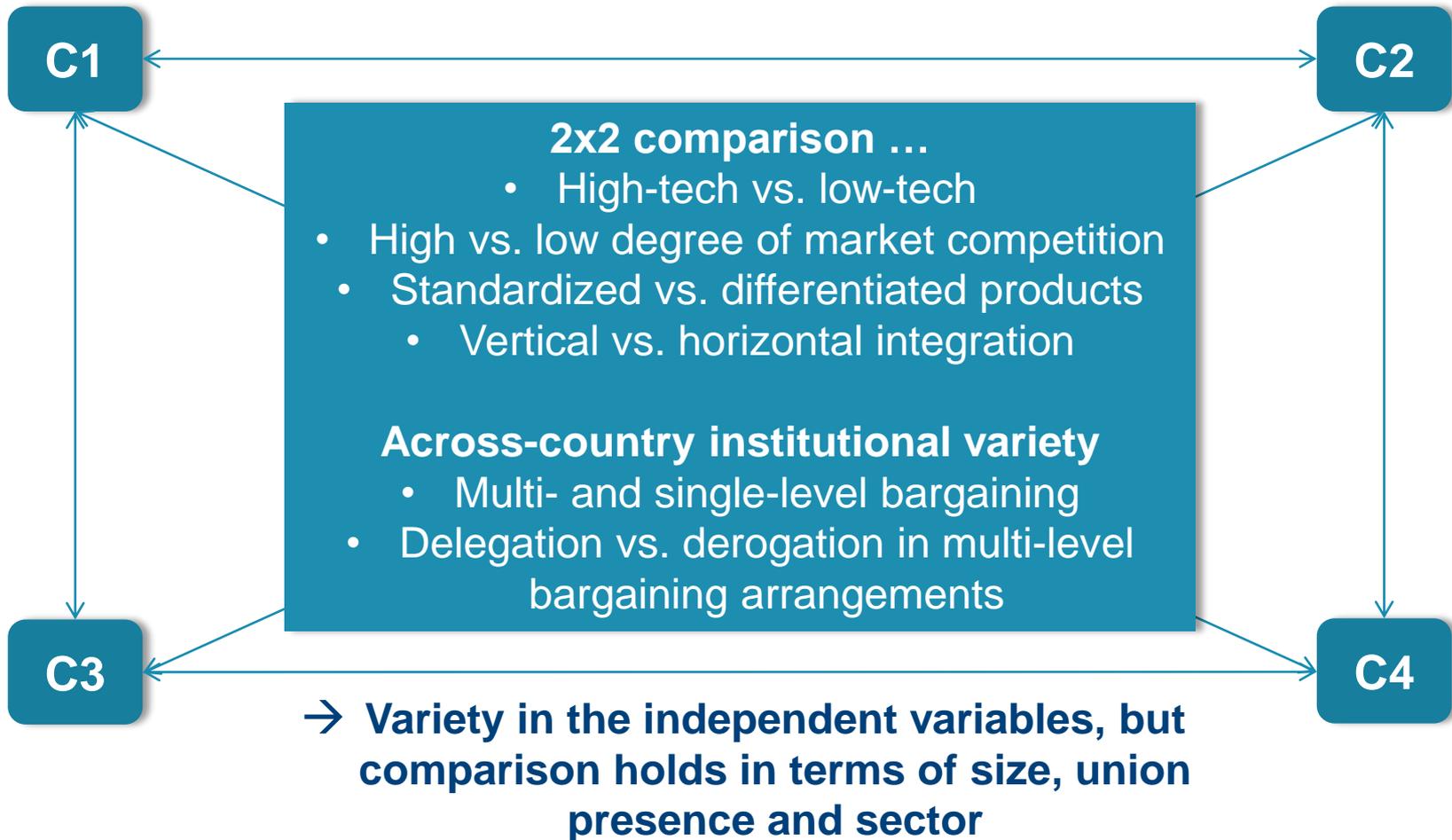
# Operationalization of flexibility and security

Dimensions	Flexibility and security
<b>External-numerical flexibility</b>	Atypical work (temporary agency work; fixed-term work; external contractors) (Keller and Seifert 2004)
<b>Internal-numerical flexibility</b>	Working-time flexibility (shift system, working-time accounts, overtime, flexible working week) (Wilthagen, Muffels, and Chung 2013)
<b>Functional flexibility</b>	Job rotation, teamwork, internal mobility (Forrier and Sels 2003)
<b>Wage flexibility</b>	Wage reductions, variable payments systems (Glassner et al. 2011)
<b>Job security</b>	Type of employment contract (Rydell and Wigblad 2011)
<b>Employment security</b>	Training, career progression, and outplacement schemes (Forrier and Sels 2003)
<b>Income security</b>	Wage-guarantee schemes, voluntary benefits (Bredgaard and Tros 2007)
<b>Combination security</b>	Work–life balance policies (Kossek and Lambert 2005)

# Research design and methodology



# Research design



RQ 1: What are the local arrangements on flexibility and security and how they are produced?

# Findings

‘Positive’ and ‘Negative’ trade offs → Market competition, technology and nature of the product

*Company 1 and Company 2* : **Negative “trade-offs”**

- ✓ Competitive pressures under low technology and standardized products,
- ✓ Workers entrapped by market competition and unable to leverage power;

Increased flexibility to safeguard the continuity of the operations → distinctive local arrangements (e.g. agency work, wage flexibility, short-time arrangements; reduction in working hours) reflect the specificity of the local institutional setting BUT they ALL focus on augmenting flexibility as the result of the low level of workers’ structural power → **Negative “trade-offs”**

*A long time ago we used to be competitive at about 1\$ an hour. Now we are the most expensive plant within [Company1]. This means that unions have to sacrifice something if they want to retain jobs in this country. (Local HR manager (Belgian subsidiary))*

# Findings

Impact of market competition, technology and nature of the product: positive' and 'negative' trade offs

## *Company 3 and Company 4* : **Positive “trade-offs”**

- ✓ Low competitive pressures,
- ✓ Long term character of orders
- ✓ Technically complex business environment for the diversified products
- ✓ Workers relatively high degree of control to leverage power

Unions' bargaining for workforce security (e.g. voluntary mobility, life-long working time account, compensated shifts at week-end, training and up-skilling) reflect distinctive institutional settings BUT ALL practices adopted resulted in positive trade-offs → **Positive trade-offs**

*If you don't give staff a good contract, they'll quickly find another job, meaning we lose them. (Local union representative, German subsidiary)*

# Findings

Variation within 'positive' and 'negative' trade-offs: the effect of inter-subsidary dependencies

## *Company 1*

Under weak workers' structural power, inter-subsidary dependencies along the value chain offer scope to labour to tackle flexibility pressure by bargaining concessions with management under the threat of strike action (***balanced negative trade offs***)

## *Company 4*

Under strong workers' structural power, inter-subsidary dependencies increase the company vulnerability to local bargaining pressure from trade unions (***balanced positive trade offs***)

*We agree to greater flexibility only under the condition that the employees will have greater security in return. If we give something to capital we want to have something back. Otherwise we go on strike. (European Works Council member, German subsidiary)*

# Findings

Variation within 'positive' and 'negative' trade-offs: the effect of inter-subsidary dependencies

## *Company 2*

Under weak workers' structural power and horizontal forms of inter-subsidary integration labour has no possibility to tackle flexibility pressure (***unbalanced negative trade offs***)

## *Company 3*

Under strong workers' structural power, the differentiated and mostly customer-build nature of the product inhibited inter-subsidary comparison across the horizontally integrated subsidiaries (***unbalanced positive trade offs***)

*We are surely working in what is called a liberal economy ..  
but we can still keep good working conditions over here, we  
have power (Local shop steward, UK subsidiary)*

# Qualitative part

*RQ 2: To what extent (and how) do macro-level (national) institutional settings influence local (company) arrangements on flexibility and security?*

# The role of institutions

Differences in national bargaining systems were reflected in locally negotiated flexibility/security measures, with nuances in the outcomes across (and within) companies

- ✓ Belgium: multi-level bargaining with delegation principle
- ✓ Germany: multi-level bargaining with delegation and derogation principles
- ✓ Britain: single-level bargaining

# Outcomes by country

## Belgium

- **ML-bargaining constrained managements' local discretion while providing various internal-numerical flexibility measures to cope with fluctuating workloads**
- **Security-enhancing practices**

## Germany

- **ML-bargaining widened scope for a variety of plant-level practices in addition to state-provided measures**
- **This mix of practices weakened the existing security-enhancing effects**

## UK

- **Single-level bargaining facilitated the negotiation and implementation of flexibility-enhancing practices**

# Conclusions

- ✓ Macro and micro-level determinants of flexibility and security trade offs;
- ✓ Differences in workers' structural power affects the nature of the trade-offs;
  - ✓ MNC subsidiary configurations i.e. market and technological and organizational local contexts as well as inter-subsidary dependencies;
- ✓ Institutional settings influence the content of bargaining but they do not determine the nature of the “trade offs”.

Thanks a lot for  
your attention!

valeria.pulignano@kuleuven.be

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