

**The Social Roots of Global Change: States, Firms and the
Restructuring of Work**

Ph.D. Thesis

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Abstract

Within the field of International Political Economy (IPE), and across the social sciences more broadly, analysis of restructuring and guides to its management have tended to use the master concept of globalisation as ‘common sense’ knowledge about social change. As a result, a discourse surrounding restructuring has emerged which presents a cause-effect and uni-linear model. Thus, restructuring processes within state-societies and firms are viewed as *responses to* the imperatives of global change. Building on insights from contemporary IPE approaches, which highlight the historical and institutional contingency of these processes, the central purpose of this thesis is to reconsider global change as *contested* within and across societies. This is pursued through a consideration of the restructuring of productive and working practices as they are negotiated and contested in the key social terrain of states and firms.

The inquiry proceeds through three stages. First, the use of globalisation as a master concept for framing knowledge of social change generally, and of changes in working practices particularly, is outlined. Second, through a focus on the debates surrounding the restructuring of work in Britain and Germany, it is argued that interpretations and experiences of restructuring are socially rooted and, therefore, distinctive. It is demonstrated that state-societies do not simply absorb global imperatives; that firms, as social arenas, do not respond to intensified competition in an unproblematic way; and that social groups actively experience and participate in the restructuring of embedded practices. Finally, it is suggested that perceived technological or economic pressures to restructure working practices take on distinctive meanings for particular societies, raising specific conflicts, and reflecting discrete social understandings. From this perspective, globalisation and social restructuring cannot be meaningfully understood as a single, universal or convergent process. Rather, globalisation and restructuring take on distinctive meanings as they are understood and experienced within specific social contexts.

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Introduction

Understanding Social Change

This thesis seeks to offer an alternative to the pervading orthodoxy which has emerged in the debate surrounding 'globalisation'. Globalisation is treated here as a powerful organising concept which has become a dominant idea and univocal discourse through which to explain complex and infinitely diverse patterns of social change. From this understanding we derive our central problematic. Within the social sciences in the late twentieth century, the drive to simplify and codify the complex material forces and ideational meanings of globalisation has clouded our grasp of its essentially human, and therefore social, roots. Through a critical reappraisal of this 'globalist' position on social change, this thesis seeks to further a society-centred understanding of processes of change.

There is perhaps no sphere of social life so bombarded with 'globalist' messages than that of production and work. For states, the 'globalist' approach declares the imperative of a policy agenda which creates a competitive and 'firm-friendly' location for industrial and financial capital. For firms, the prescriptions are for the 'ultimately lean', 'flexible', and adaptable organisation. Such imperatives, cast in terms of the need for a process of restructuring, send similar 'globalist' messages to individuals and social groups. In the grip of globalisation, we are told, the working practices of our everyday lives must be transformed, 'do or die'. It is the assumption of this thesis that if we perpetuate this 'essentialistic' view of global restructuring in our theoretical understandings, then we risk legitimating an imperative approach to the restructuring of everyday social practices.

From this foundational assumption, then, we are led to consider the possibility of alternative conceptualisations of social change. A more nuanced and critical theorisation of social change than that provided by the ‘globalist’ account is needed to render visible the alternatives to the perceived vogueish ‘best practice’ of neo-liberal restructuring. To this end, states and firms are viewed as key terrain for social change in the reorganisation of production and work. In essence, this thesis seeks to demonstrate that states do not simply ‘absorb’ global imperatives; that firms, as social arenas, do not passively respond to intensified global competition; and that social actors actively experience and participate in these complex processes. The crux of these arguments is that processes of globalisation and restructuring are inherently *contested* by societies. They are contested as *concepts*, and this is widely documented (see Hirst and Thompson, 1996; Amoore et al., 1997), but they are also contested in terms of social practice. This takes the form of two inter-related dynamics. First, globalisation is perceived and interpreted in distinctive ways by social groups in a specific societal setting. Thus, for example, the embedded institutions of a particular nation-state may condition certain understandings of globalisation. Second, the range of actual experiences of globalisation mean that it represents a contested set of social practices. It is not understood in the same way by different social groups because their lives are differently intertwined with its dynamics. Globalisation, cast in this light, is not a single, universal and convergent process. Rather, it is uniquely understood and experienced by social actors within given social contexts.

For the field of international political economy (IPE), the effort to understand and conceptualise social change is a first order question which “marks the maturity of a

social science discipline” (Hettne, 1995: 1). As a field which broadly seeks to interpret “how the world works”¹ through a focus on the interactions of economic, political, and social relations, IPE positions itself centrally in social science debates concerned with the nature and understanding of change in societies. For IPE scholars, this has raised the unique problematic of interpreting ‘globally conceived’ social change from a personal position of involvement in that change (Tooze, 1984: 1). In this respect, social change, for IPE, exists both ‘within’ and ‘without’ the experiences of the scholar, and is, thus, subject to human interpretation. An acknowledgement of this ‘interpretive’ aspect of the field of inquiry lies at the heart of a critical and ‘historicised’ IPE.²

Engaging with these insights, the broad thrust of this thesis seeks to look critically at the ways in which we, as scholars and participants in the restructuring of social practices, have come to understand the dynamics of restructuring in production and work. There are broadly three aspects to this critical (re)appraisal. First, the study critically revisits past understandings of social change and *reflects* upon how globalisation has become a dominant recourse for understanding processes of restructuring. Given that IPE begins from a position where it “asks questions about assumptions and values” (Tooze, 1984: 7), it is important to consider the mode of knowledge³ which informs the globalist line on social change.

¹ Tooze’s (1984) discussion of the perspectives and theory of IPE raises fundamental questions about the dual problematic of IPE. This ‘duality’ for scholars comes in the form of a desire to make sense of the dictates of global social change while at the same time seeking to make sense of our individual and collective roles within it.

² Amin and Palan call for a “...historicised political economy” which “forces an understanding, simultaneously, of how continuities are maintained and how societies evolve and change” (1996: 211). For Cox, “Critical theory is theory of history in the sense of being concerned not just with the past but with a continuing process of historical change” (1981, reprinted 1996: 89).

³ A ‘mode of knowledge’ is a particular approach to the understanding and conception of knowledge about society (Cox, 1981, reprinted 1996: 51).

Second, the study moves to investigate a *reconceptualisation* of social change which is informed by a critical and historical-institutional reading:

Experience arises spontaneously within social being, but it does not arise without thought; it arises because men and women... think about what is happening to themselves and their world... Changes take place within social being which give rise to changed experience: and this experience is determining, in the sense that it exerts pressures upon existent social consciousness and proposes new questions. (Thompson, 1978: 200).

Taking into account this view of ‘history from below’, we are led to view processes of restructuring in production and work, not as determined ‘responses’ to globalisation, but as experienced and contested with and through distinctive social institutions and shared understandings.

Third, this thesis operates as an exercise in ‘*recovery*’ in that it seeks to make visible previously neglected aspects of social restructuring. It has been noted within IPE studies that the questions surrounding social change in production, labour, and work tend to be subordinated to questions of ‘global’ change in finance and trade (Harrod, 1997; O’Brien, 1998). As a result, the restructuring of social practices of production and work has tended to be viewed as the inevitable ‘effect’ of exogenous global shifts. This kind of ‘cause-effect’ understanding obscures the contested nature of the restructuring process by theorising certain social agents ‘out of the picture’. When viewed through a society-centred ‘lens’ on change, the restructuring of working practices reveals distinctive patterns of social contestation and negotiation in specific societal settings. Analysis of this kind can draw upon a range of studies which emphasise the continued ‘embeddedness’ of national, firm-level, and societal approaches to restructuring (Esping-Andersen, 1996; Albert, 1991; Sally, 1994). From this

perspective, while the ‘right’ way to organise economies and societies in late twentieth century capitalism continues to be contested, there remains scope for social groups to further alternatives to the neo-liberal ‘best practice’ of labour flexibility and deregulation. This thesis investigates the social contests which characterise the distinctive British ‘hyperliberal’, and the German ‘social market’ approaches to the reorganisation of work.⁴ These social contests are identified at the levels of the state-society, the firm, and the contending social groups within and across firms. Thus, the contested nature of the restructuring of working practices is emphasised, uncovering the role of distinctive human experiences and understandings in the shaping of social change.

Overall, then, orthodox accounts of technological and economic globalisation serve to obscure the ability of social groups to perceive, experience, perpetuate, or undermine its forces. If we ascribe a ‘bulldozer’ logic to globalisation, believing that it crushes all social differences and contests in its path, then we will be led to presume that all human experiences of production and work will become ‘globalised’ and that there is no opportunity to offer an alternative. A central challenge for contemporary IPE lies in the critical reappraisal of such understandings of social change and the investigation of understandings which are sensitive to the historicity of experiences of restructuring. The organisation of this thesis is designed with the aspects of ‘reflection’ on past knowledge, ‘reconceptualisation’ of social change, and ‘recovery’ of alternatives, in mind.

⁴ For Cox: “two principal directions of change in political structures are visible in the erstwhile neo-liberal states of Western Europe: one is exemplified by the confrontational tactics of Thatcherism in Britain toward removing internal obstacles to economic liberalism; the other by a more consensus-based adjustment process that has been characteristic of Germany” (1993: 267).

Part one contains two chapters which reflect upon our received understandings of social change. The first focuses on conceptualisation of social change in the social sciences more broadly, and the second more specifically in the field of IPE. Chapter one theoretically explores the common threads of the ‘industrial society’ thesis, dominating much of twentieth century social science, and the contemporary globalisation debate. It will be argued that a common ‘mode of knowledge’ underpins both of these ‘master concepts’, which essentially favours a totalising and teleological understanding of social change. This essentialistic understanding of social change positions social institutions as ‘impediments’ to the course of global restructuring. It will be argued that it is precisely this kind of understanding which informs the dominant policy discourse surrounding the restructuring of working practices. The point made is that the current vogue for imperative understandings of restructuring should be replaced with approaches which view change as embedded within, and emerging from society.

The second chapter focuses on the ways in which the field of IPE has come to understand the dynamics of social change. Following the insights of Tooze (1984), we are led to investigate IPE as both a ‘field of inquiry’ and a ‘set of assumptions’. The inter-related questions of ‘what we look at’ and ‘how we look at it’ are fundamental to our understandings of social change. It is thus argued that our dominant understandings of social change in IPE are closely related to the areas of social life we focus on and the human agents we emphasise. This chapter seeks to bring together these two contemporary debates in IPE. The first section addresses ‘how’ we have come to understand social change in IPE, focusing particularly on the ‘hijacking’ effect which globalisation may have had on our understandings. This leads to a discussion of proposed ‘alternative’ understandings of social change in IPE, which offer sensitivity to

the historicity of restructuring and change. The second section focuses on the ‘subjects’ which have tended to be neglected in the IPE agenda as a result of its emphasis on ‘globalist’ accounts of social change. In particular, the neglect of ‘labour’ issues and the human aspects of production and work is emphasised. It will be concluded that the ‘what’, ‘who’ and ‘how’ questions of our research have tended to reinforce an IPE ‘orthodoxy’ (Murphy and Tooze, 1991), within which even critical scholars have ‘ringfenced’ their perspectives on social change from a wider debate.

Part two proposes a critical reconceptualisation of the orthodox understandings of social change. Chapter three begins with an analysis of how the notion of a single global ‘best practice’ of restructuring has been constructed and used, and outlines the problems associated with this mode of knowledge. The chapter then moves to ‘deconstruct’ this best practice model of change through a critical consideration of the historical role of social institutions and practices in the conditioning and constraining of social change. The chapter presents three inter-related propositions which serve to overturn the best practice assumption. First, social actors perceive the ‘global’ imperative to restructure according to existing historical institutional parameters. Second, these parameters are politically (and therefore historically and socially) constituted. Finally, global competition and the organisation are perennial problematics within capitalist organisation. Any process of change within them is likely to be continuous and contingent, reflecting a complex mix of pressures for adaptation and tendency to continuity.

Chapter four seeks to apply the theoretical insights of the third chapter to the social sphere of the restructuring of working practices, a key sphere in which

globalisation has been used to legitimate a particular ‘best practice’ model of restructuring. The analysis focuses on two countries, Germany and Britain, representing a widely-documented trend towards ‘regime competition’ within Europe, in which the Anglo-Saxon ‘model’ of deregulated flexibility is commonly held to have taken the prize (Woolcock, 1996; Streeck, 1997). The chapter explores the dynamics of social change as they are manifested in the key dimensions of the reorganisation of work: training, skills and task demarcations; working time; pay and collective bargaining; and industrial relations practices. We conclude that perceived ‘technological’ or ‘economic’ pressures to restructure take on different meanings for particular societies so that ‘best practice’ knowledge about restructuring is an illusory notion.

Part three proposes a reconsideration of the dominant understandings of social change in one particular social arena - the firm. While critical IPE studies have addressed ‘states’ and ‘state-societies’ as historical-institutional entities, there is a neglect of assumed ‘market-centred’ arenas such as the firm. Indeed this neglect extends to an obscuring of the insights of social actors who actively participate within and experience processes of restructuring. Chapter five broadly addresses three issues. First, it ‘unpacks’ orthodox explanations of the firm in IPE as an ‘actor’, responding to competitive pressures and diffusing knowledge about restructuring practices. Second, it assesses alternative understandings of the firm from a variety of social science disciplines and perspectives. Finally, the chapter moves to support a critical shift in understandings of the firm and to focus on the patterns of contestation in the relationships between firms; between firms and ‘external’ social institutions; and within firms between employers and employees. Chapter six takes these levels of theoretical relationships and uses them to focus on the insights of experiences of restructuring as communicated by

social groups in British and German manufacturing firms. The commercial vehicle engineering sector is used as a ‘spotlight’ on the restructuring of working practices, demonstrating that the insights of ground-level participants in restructuring can do much to counter the globalist image of a single, unequivocal imperative to restructure. Social change in the sphere of production and work is thus more effectively understood through a focus on the contests and negotiations which both reflect and condition the definitions and social meanings which are attached to globalisation.

The central arguments of the thesis are drawn together in a conclusion. This serves to recapitulate the key arguments and to outline some of the implications of these arguments, both in theoretical terms for our knowledge about restructuring as social change, and in practical terms, for the political alternatives to a neo-liberal global ‘best practice’ of restructuring.

PART I

REFLECTING ON SOCIAL CHANGE IN A GLOBAL ERA

Chapter One

Globalisation, the Industrial Society, and the Reorganisation of Work: A Sense of Déjà Vu?¹

In our times it is no longer the spectre of Communism which is haunting Europe, but rather emerging industrialization in many forms that is confronting the whole world. The giant of industrialization is stalking the earth, transforming almost all the features of older and traditional societies.

(Kerr et al., 1962: 28).

Industries and firms almost everywhere are said to be leaving behind the old, tired, boring, inefficient, staid past and entering into the new, highly efficient, diverse, exciting, and flexible future; and if they are not, they should be.

(Curry, 1993: 99).

For much of the twentieth century the *master concept*² of industrial society has guided the understanding and shaping of social change. This model of change, it was argued, was more useful than models of capitalist society in the understanding of the development of Western societies.³ From this perspective industrial capitalism with its inherent contradictions represents only a temporary and transitory form of industrial society. It is the process of industrialisation, driven by technological advance, which defines economic and social organisation (Dahrendorf, 1959), ultimately leading all societies passively to a convergent system of *pluralistic industrialism* (Kerr et al., 1962). The contemporary era has seen the rise of what we may consider to be a new *master concept* in the amorphous thesis of globalisation. Here we have the isolation of a new process, similarly linked to notions of technological advance, used to characterise a new 'global' phase of economic and social organisation. From diverse perspectives we

¹ A version of this chapter appeared in *Global Society* 12:1, 1998. I acknowledge the comments and suggestions made by the editor, Jarrod Wiener, and two anonymous reviewers.

² Block refers to capitalism and industrialism as "...cultural tools that play an important role in creating a semblance of order out of the potential chaos of social life" (1990: 8). Such 'master concepts' function as guides in the structuring of social institutions and embedded practices. See also Giddens (1982).

³ For selected readings of the industrial society school, see Kerr et al. (1962); Parsons (1960); Bell (1961); Dahrendorf (1959); Lipset (1960).

are offered guides to the 'post-industrial' society (see Castells, 1989); post-Fordism (see Lipietz, 1987; Jessop, 1992; Piore and Sabel, 1984); and post-modernity (see Harvey, 1989). The message that we have entered a qualitatively new phase invokes a sense of *déjà vu*. The optimistic vision of a progressive future presented by the industrial society theorists had at root a particular understanding of social change which, we can demonstrate, has been resuscitated by the contemporary globalisation debate.

The term globalisation has become a convenient label under which to file diverse explanations and understandings of processes of change in contemporary capitalism.⁴ As an 'explain all' device it has become a kind of 'horse for every course', "vague in referent" and "ambiguous in usage" (Jones, 1995: 1). Paradoxically, despite the conceptual 'fuzziness'⁵ generated by general use and absence of definition, globalisation has become a *core dictum* for academics, public policy-makers, and corporate managers alike (Hirst and Thompson, 1996). One key effect of the reification of the term is the emergence of a totalising discourse which has squeezed all dynamics of contemporary social change into a global framework. In this way, a globalist discourse on change and adaptation has become a powerful instrument which decisively shapes the policy agendas of states and firms. The globalist orthodoxy on policy shifts assumes that the state itself is compelled to adopt new policy instruments;⁶ the firm operates in a qualitatively new competitive environment and, therefore, seeks to restructure the organisation of production and work;⁷ and society must accept the uncertainty of the global era and absorb the imperatives to abandon embedded practices and make the leap to new practices.

⁴ For a critical discussion of the alternative uses of the term see Waters (1995).

⁵ I owe this point to discussions in the forum of the Newcastle IPE Group. For the analysis arising out of these discussions see Amoore et al. (1997).

⁶ For orthodox analysis of policy shifts in the state under globalisation, see Cerny (1990); Porter (1990); Strange (1995). It is acknowledged that in some guises these scholars take a more critical line on global change. However, their linking of global change to imperative policy shifts has left its mark on our received knowledge of restructuring.

⁷ For a range of analyses of the effects of globalisation on the competitive strategies of the firm, see Piore and Sabel (1984); Lipietz (1987); Ohmae (1990).

The tacit acceptance of such imperative approaches to global restructuring is beginning to be challenged by a more critical agenda across the social sciences. Questions of definition and the clarification of terms have become first order issues in the globalisation debate.⁸ In terms of definition, Jones (1995), for example, has raised questions surrounding the distinction between interdependence and globalisation in international relations. Sally (1994) has addressed the distinctions made between multinational and transnational corporations. With regard to shifts in policy agendas under globalisation, the revival of new institutional economics and economic sociology in recent years raises pertinent questions as to the 'embeddedness' of social practices and the social and historical nature of change (see Hodgson, 1993; Granovetter and Swedberg, 1992). This trend towards a questioning of our received categories in the social sciences is reinforced by studies which identify national 'typologies' or 'trajectories' of development, bringing into question the notion of a single, path-dependent and 'ideal-type' process of global change (see Zysman, 1996; Esping-Andersen, 1996; Crouch and Streeck, 1997). Overall, there is a strand of debate across the social sciences which seeks to question the orthodox understandings of global restructuring and social change from diverse standpoints (see Mittelman, 1996; Ruigrok and van Tulder, 1995; Hirst and Thompson, 1996; Jones, 1995; Boyer and Drache, 1996).

This chapter's engagement with the globalisation debate supports this strand of critical work and seeks to expose the understanding of social change which underpins the discursive use of globalisation. As a device for explaining and legitimating changes in social practices, globalisation stands alongside a series of much-used social science concepts. The concepts of 'industrialisation', 'modernisation', and 'westernisation', for example, represent familiar recourse for the explanation of the causes, effects and outcomes of processes of social change. As devices for gaining understanding of the

⁸ I owe this point to discussions with Dr Don D. Marshall.

human and social world, these concepts embody highly simplified understandings of social change reflecting a preference for generalisable and codifiable forms of knowledge. The chapter critically reflects upon past understandings which have dominated knowledge of social change in the social sciences. We proceed through two broad sections. To begin, the analysis of the common descriptive, prescriptive and normative assumptions of theories of industrial society and the restructuring-focused accounts of globalisation seeks to illuminate a common underlying view of the nature of society, conflict and change. In this way we contribute to the growing body of literature that seeks to question the ontological assumptions of the dominant globalisation thesis. We then explore the links between orthodox theorisations of social change and spheres of social life where this can be viewed in practice: the preoccupation with policies of restructuring for 'lean' and 'flexible' productive and working practices provide an illustrative case here. Conventionally the preserve of the industrial relations literature and organisational theory, calls for greater flexibility in the workplace and labour market make production and work key areas of social life in which restructuring imperatives are communicated to the state,⁹ the firm,¹⁰ and society.¹¹

⁹ Such imperatives are communicated, for example, through international organisations confronting states with competitive 'ideal type' models of flexibility (see OECD, 1991). Governments, in turn, reinforced this notion of an imperative search for deregulatory flexibility, creating a vehicle to carry through sensitive policy changes, in trade union legislation, for example (see Beatson, 1995).

¹⁰ The equation of flexibility with competitiveness and the survival of the firm facilitated the introduction of new management techniques, methods of work organisation and industrial relations. For example, an employee handbook marketed by Price Pritchett promises to "show your employees why they must change because of the radical shifts in the world around us", presenting this as an imperative: "You're involved in something BIG: The shift to an entirely new economy.. a new age... a vastly different approach in the way organisations operate" (1994: iv). Within the industrial relations literature the imperatives for adaptation are identified with Japanization and the rise of East Asia rather than definitively globalisation. The question of whether these are the same phenomenon is problematic. There is evidence, however, that they shared a common model of change. See, for example, Elger and Smith (1994).

¹¹ For a discussion of the social aspects of industrial and technological change see Beck (1992).

PART ONE

The Forces of Change

For the industrial society theorists technological advances formed the key driving forces behind change in societies. Indeed, it was held that a principal characteristic of all industrial societies was that progress was dependent upon the absorption of exogenous technological advances and the adaptation of social values to their dictates (Parsons, 1960). The implication is that the “more modern” is always the “more superior” (Kerr et al., 1962: 279) so that the diversity of the pre-industrial world is gradually homogenised through the advancement of technology:

Technology is a unifying force. At one moment in time there may be several best economic combinations or social arrangements, but only one best technology.

(Kerr et al., 1962: 284).

The causality here is unilinear in the sense that society is always the dependent variable. Changes in science, technology and production methods essentially determine the future for workers, managers, the state, and their inter-relationships. Thus, technology is viewed as disembedded from its social context. Transformations in social relations, practices, and values are held to emerge out of technological change and this logic is never reversed.

This technology-centred understanding of changes in social practices has been restated within the social sciences in the recent past. The globalisation debate, broadly defined, views technology as the lubricant of globalisation as it pervades the arenas of finance (see Wriston, 1988; Cerny, 1996); production and trade (see Gill and Law, 1988; Stopford and Strange, 1991); lifestyle, leisure and culture (see Robertson, 1992), and geography and territory, accelerating the pace of communications and breaking down geographical spaces (Agnew and Corbridge, 1995). Technological forces are presented as exogenous determinants of change in two principal ways. First, they are argued to

globalize social interaction through a process of 'time-space compression' (see Harvey, 1989; Castells, 1989). Second, technology is held to play a fundamental role in defining the parameters within which states and firms formulate their strategies. Variants of post-Fordist analysis, for example, position technology as the driving force of change, transforming the system of production itself from Fordist mass production and consumption with its associated technologies, to post-Fordist 'flexible specialisation'.¹² The productivity gains central to the Fordist system, it is argued, become eroded by maturing technologies. The introduction of new technologies sees a temporary 'crisis' as social and political institutions strive to 'catch-up'. Hence, the exogenous forces of technological change are viewed as bringing about necessary changes in the economy and society. From this perspective, the progressive route is pre-determined by technological advance, it is open to all, and is devoid of political motivations, conflict and struggle.

The Imperatives of Change

For theorists writing at the peak of post-war growth, the most significant changes of the contemporary world were linked to the transition from traditional to industrial societies. Parsons' (1960) systems-oriented social theory, derived from systems approaches in the natural sciences, focused attention on how social systems adapt to exogenous 'shocks' while sustaining internal equilibrium. Luhmann (1979) and Bell (1961) expand this basic premise to focus on the process of modernisation and its demands on the organisation of society. Societies are clearly positioned here as the passive receptors of imperatives dictated from the *outside*. Kerr and colleagues suggest that mechanisation demanded attitudinal shifts from society and that gradually this becomes institutionalised as a "desire for modernisation" (1962: 12). Hence, social change is characterised in periods or epochs as *external* dynamics demand *internal* shifts in social practices.

¹² For a neo-Schumpeterian perspective see Freeman and Perez (1988).

The model of social change presented by the industrial society school of thought contains some inherent contradictions. Viewed from one angle, the model appears overtly structural, holding that external shifts in economic or technological structures cause predictable changes in a society, indeed in *all* industrial societies. Yet, from a different angle of vision, the model cuts society loose from its contingent institutions and practices, viewing it as inherently malleable and adaptable. The assumption is that embedded traditions and institutions represent rigidities or impurities which “obscure the pure logic of the industrialization process” in a potentially flexible and dynamic system (Kerr et al., 1962: 33). For the industrial society theorists, the diversity and distinctiveness of societal institutions will persist only during the adjustment phase. During this time strategies are believed to be divergent, the imprint of culture is believed to remain intact, and industry-society relations are viewed as salient. Ultimately, however, the imperative of transformation is held to drive out these differences, leaving one clear route: history will homogenise.

Contemporary journals bombard us with remarkably similar analyses. There would seem to be a certain attraction in similarly characterising globalisation as a 'crossroads of capitalism', a 'new phase' and a qualitative break with the past. As Walker observes “... it is undoubtedly tempting to exaggerate the novelty of novelty” (1993: 2). In this sense we could interpret proclaimed sea-changes as simply the loss of one set of legitimating concepts and the appropriation of a new set.¹³ Once a new pathway is

¹³ Notable exceptions to such periodised analyses of globalisation come from diverse perspectives. Some Marxist-derived analysis emphasises the contested nature of change in capitalist society, warning that models which characterise the contemporary era as a new phase may in effect be legitimating a political project. See, for example, Clarke (1990); Rustin (1989). World-systems analysis similarly emphasises continuity in its understanding of globalisation. For Chase-Dunn (1989) the proclaimed new phenomenon of globalisation is more precisely interpreted as simply the continuation of historical cycles and trends. From neo-realist perspectives we are warned that there is little in the globalisation debate to suggest that analysis should move beyond the historical problem of conflict between states. See, for example, Krasner (1994).

mapped out and labelled, a 'no pain, no gain' ethos can be offered to society, it might hurt for the moment, but you will thank us later:

... contemporary vertigo has already acquired its own trusted antidote. The sense of acceleration that impressed so many thinkers in the late nineteenth and early twentieth centuries is easily turned from problematic into celebration.

(Walker, 1993: 4).

As in the industrial society theories, the emphasis is on systemic explanation both of exogenous shocks or crises, and of the organisation of society in response to these changes. The diverse and conflicting perspectives within the globalisation thesis do seem to share an emphasis on discontinuity. We are, from these perspectives, living in a 'post' world, in the wake of something significant but with little agreement over the nature of the crisis-ridden event that ended the epoch.

The notion of epochal shift and imperative policy adaptation is inherent within diverse accounts of globalisation. For instance, Cerny's (1990) notion of the rise of the *competition state* is derived from assumptions that transformations in the global economy necessitate the restructuring of the state. Further, following Bell's (1973) analysis, perceived epochal shifts have been interpreted as constituting the 'post-industrial' phase of development (See Hepworth, 1989; Block, 1990). Closely associated with the rise of the service sector and the decline of the manufacturing sector, such analysis focuses on imperative shifts in the policy agendas of states and firms in order to 'harness' the new stage. We can similarly locate this notion of epochal shift and imperative policy adaptation within the diverse perspectives on post-Fordism from the 'regimes of accumulation' of the regulation school (see Aglietta, 1979; Lipietz, 1987; Boyer, 1986), to the 'techno-economic' paradigms of the neo-Schumpeterians (see Freeman and Perez, 1988), and the 'industrial divides' of the flexible-specialisation approach (see Piore and Sabel, 1984).

Across thirty years of social science, 'breaks' with the past have been staked out, and the absolute imperative of adaptation has been declared for states, firms, and societies. Though both approaches represent diverse and often contradictory strands of thought, the notion of progress from one phase to the next is a strongly articulated across the spectrum. Societies which fail to embrace this shift are portrayed as trapped within the rigid confines of traditional institutions and in danger of being left behind.

Change and Convergence

This is the general model of society most consistent with the functional imperatives that a rationally operating technology and economy impose: *and it is in fact the pressure of these imperatives which must be seen as forcing the development of industrial societies on to convergent lines*, whatever the distinctive features of their historical formation or of their pre-industrial cultural traditions.

(Goldthorpe, 1984: 316).

From the assumption that technological advances force change, and that this change is imperative for advancement, flows the perceived logic of convergence. From divergent starting points and diverse institutional bases, societies are believed to become increasingly alike in their basic structures. For the industrial society school this assumption formed a critique of contemporary Marxism. Industrial society was said to take precedence over capitalist society because all technologically advanced countries displayed similar structures, whether capitalist or not (see Aron, 1967). Much of this argument was based on the analysis of the ideologically divergent US and Soviet Union, arguing that they were following a convergent path of industrialization. Universal explanations, patterns and consistencies were sought from societies at varying stages of development and with various state-society relationships: "there may be no social laws, but there are social consistencies" (Kerr et al., 1962: 2). Differences and divergencies were viewed as residual and insignificant, the importance lay in the "uniformity of

texture” of societies (Shonfield, 1965: 65). Heterogeneity was thus accounted for through reference to “travelling at different speeds on different roads” (Kerr et al., 1962: 12), common direction being the favoured emphasis. The tendency was to focus on commonalities between societies and then ‘generalise up’ to a conflated theory of all societies.

The teleological view of history portrayed by the industrial society theories is characteristic also of many contemporary attempts to grapple with the slippery concept of globalisation. According to orthodox globalist accounts, as formerly national economies and societies become integrated into a global whole they converge in their basic defining characteristics and adopt similar policy instruments. We read of convergence at the level of nation states as their borders are transcended by the globalisation of finance, production and trade, and they face the common problem of diminished autonomy (see Strange, 1996). Technological advances in financial systems are said to herald the arrival of ‘quicksilver capital’ (McKenzie and Lee, 1991), and to form new structural forces in the world economy, forcing states to address their regulatory structures (Strange, 1988). The rapid maturation of technologies is equated with the absolute necessity for firms to “Go Global” (Ohmae, 1990). Culture is said to be homogenising as technology breaks down traditional cultural territories (See Robertson, 1992; Featherstone, 1990). The global competition imperative is overwhelmingly adopted as a business mantra, provoking debates regarding the ‘right’ path for the twenty-first century organisation of the production and labour processes (see Peck and Tickell, 1994; Peters and Waterman, 1995), and indeed the ‘right’ path for nations to follow (Reich, 1992). A consensus emerges around a shift from competition based on national comparative advantage, to national competitive advantage (See Porter, 1990).¹⁴ Thus, the overwhelming image is one of a convergence of state policy, firm behaviour, and societal response around a single ‘best’ solution. Much of

¹⁴ Porter does, however, acknowledge the salience of national differences: “While globalisation of competition might appear to make the nation less important, instead it makes it more so” (1990: 18).

this analysis subordinates the importance of salient national differences and the politics of restructuring within the firm, to the imperative of policy adaptation. Hence, distinctive social institutions and understandings which may demonstrate contingency and divergence in social change are neglected in favour of the identification of converging agendas.

It is clear that the concept of industrialisation carving out a convergent path for all societies has persisted. The discourse of globalisation implies that societies with diverse institutional bases will converge around an ideal-type model through the absorption of the imperative to adopt new policy instruments.

Change and Prescription

In defining social change in terms of a series of historical shifts, the industrial society and globalisation theories are predisposed to prescriptive accounts. The focus is on the understanding of the structured context of the environment and the instrumental use of this to predict the future. The tendency is to simplify the description of change in order to prescribe a set of formulae to manage change. Such a “problem-solving”¹⁵ approach seeks to emulate a natural science model of observation, rule-generation, and application. This is achieved through a series of dichotomies between the defined past and present eras; old versus new, industrial versus post-industrial, and rigid versus flexible. Out of the framework of industrial society grew explicit attempts to simplify the complexity of the political process into general theory (see Easton, 1965). The development of policy analysis in the 1960s and 70s demonstrated a clear application of the industrial society view of modernisation to problem-solving in public policy-making.¹⁶ Easton's emphasis, for example, is on the explanatory value of processes over

¹⁵ Cox (1981/1996) maps out a comprehensive analysis of problem-solving versus critical theories.

¹⁶ Examples of the ‘policy science’ focus of the 1960s and 70s public policy research agendas include Etzioni (1968); and Pressman and Wildavsky (1973).

structures and institutions. His *black box* model of the policy process clearly relates to the industrial society conceptualisation of change:

... our attention will be directed, of necessity, to the most general kind of matter that must be faced by all political systems regardless of time or place, from the most democratic to the most dictatorial, from the most primitive to the industrialized, from the most traditional to the most modern.

(Easton, 1965: 14).

There is a strong link here between theories which use totalising methods of *description*, and the use of such models as policy *prescription*. As Ruigrok and van Tulder (1995) emphasise in their seminal work, our need as social scientists to examine the nuances and contradictions of contemporary restructuring is increasingly obfuscated by the burgeoning literature offering 'best practice' policy models:

In times of growing international turbulence, people tend to feel that the world has grown more complex or less manageable than before... In such times, there is always a grateful market for those who translate the 'new complexity' into simple formulae and unambiguous recommendations.

(Ruigrok and van Tulder, 1995: 1).

Across academic disciplines we are faced with neat 'buzzwords' designed to simplify solutions. In terms of the restructuring of the firm, the *flexible firm* (see Atkinson, 1985), the *industrial district* (see Piore and Sabel, 1984), the *quality circle* (see Storey, 1992), the *lean* system of production (see Oliver and Wilkinson, 1988), to cite but a few, are variously offered as prescribed panacea to the problem of globalisation and intensified competition. In terms of the state, analyses tend to present prescriptions for a new set of roles for the state in promoting competition, such as, for example, Cerny's (1990) competition state, Porter's (1990) *competitive advantage*, Strange's (1995) *defective state*, Palan and Abbott's (1996) *state strategies*. The contemporary debate surrounding global change finds academic analysis cutting across business management 'guides' and political campaigns. Academic commentary and

policy discourse become ever more closely intertwined (Pollert, 1991). The marketing of managerial mantra has seen 'gurus' gaining space in both corporate and academic arenas (see Ohmae, 1990; Drucker, 1995; Toffler, 1980). This has led to a preoccupation with both political strategic crisis management, and strategic business management. The emphasis in the domains of the state and the firm has been on the mapping of the contours of the global situation in order to provide a 'route guide' for successful navigation.

Change and Conflict

The dominant model of the industrial society constructs an image of a pluralist system of peaceful political competition and industrial negotiation (see Dahrendorf, 1959: 67). The 'End of Ideology' thesis, for example, equated the development of the welfare state, Keynesian macro-economic policy and full employment, with the removal of the conditions for disruptive class conflict and the advent of a more manageable kind of conflict (see Bell, 1961; Lipset, 1960; Waxman, 1968). The "bomb" of social conflict was viewed as successfully "de-fused" via the institutions of a smooth process of social development (Giddens, 1982: 40). Hence, the dynamic behind social transformation is argued to lie, not in the contradictions and tensions of capitalism, but in the rational progress of technology. For Dahrendorf the rationality, achievement, mobility and equality of the adaptive industrial society signals the "supercedence of capitalism" (1959: 67). Kerr and colleagues similarly argue that analysis should move beyond a focus on conflict to an examination of the "universal phenomena affecting all workers" (1962: 7). Ultimately, this view of social change envisages a role for contest and conflict only in an unstable transitional phase which will be followed by a new and stable order with the reconciliation of social groups.¹⁷

¹⁷ The diminution of conflict between social groups is argued to arise from the equality of opportunity envisaged to result from increased mobility within society and the labour market. See, for example, Durkheim (1964) for the origins of the idea that inequalities may be eliminated via mobility, reordering status according to natural talent.

This assumption, that social restructuring will institutionalise new solidarities, is a strong element of the contemporary debate. Fukuyama's (1992) 'End of History' thesis analyses conflict in contemporary industrialised societies as temporary and atypical. Similarly, the notion that conflict is characteristic only of the adjustment phase in transition, is inherent to variants of post-Fordist analysis. Piore (1990) and Sabel (1992), for example, argue that ultimately the disorganised transition from the corporatist arrangements of the Fordist era will be displaced by a "yeoman democracy" of informal networks and trust between employer and employee. Conflict, for both the industrial society school and some contemporary theories of global restructuring, arises out of a clash between old and new institutions. Once the embedded norms of the perceived past era have been totally displaced by 'new' arrangements, conflict becomes a thing of the past. A wholly optimistic and benign view of restructuring is thus created, fundamentally obscuring the conflicts and struggles which characterise and condition processes of social change.

Despite adherence to a periodised model of change from one form of social order, through a phase of disorder, to a new order, the orthodoxy in the contemporary restructuring debate reaches no consensus over the precise form of these new benign and cooperative arrangements. For the industrial society theorists the rise of the liberal-democratic state and the institutionalisation of class conflict in industrial relations structures, were essential elements which accompanied the transition from tradition to modernity (see Lipset, 1960). For both mid- and late-twentieth century accounts, however, the key problem is the benign approach to change. Forces of change are viewed as acting on society, demanding specific responses. As the institutions of the old order give way to new structures, conflict is viewed as a temporary by-product of restructuring. Any attempt to view change as originating within, and shaped by the contests of social groups, must consider that social contest does not simply result from social change, but rather forms an inherent part of processes of change. If we accept the

socially-distinctive roots of global change, then we must argue that societies diverge under restructuring, they do not follow a prescribed route, or indeed any route at all that is not winding, convoluted, and contested.

A Sense of Déjà Vu?

What is useful, then, about rooting contemporary debates surrounding restructuring, in earlier theories of industrial society? First, we are made aware of the temptation in claiming novelty. Claims to newness and ruptures in history are becoming rather like the little boy who cried wolf. We will soon dismiss all cries of 'rapid transformation' for fear that we are in for more of the same. There is a problem here, of course. To dismiss society-centred dynamics of change would be to throw out the baby with the bath water. A society-centred theory of change which acknowledges the historicity of embedded institutions and shared norms and understandings would view change as an ongoing and continuous process. It would seem that the many contemporary theories claiming discontinuity and radical ruptures with the past have tended to confuse continuity with stasis:

Plus ça change, plus c'est la même chose... If history is a continuous process of transition, it provides no absolute turning points: even revolutionary change involves major elements of continuity; proclaimed novelties mimic obscure precursors... What is essential is that our historical generalisations (which like all generalisations are bound to oversimplify) should be sensitive to the significance of both flux *and* stability, and to the *interrelationship* between the two.

(Hyman, 1991: 261).

Hence, to emphasise continuity is not to say that we are witnessing stasis. Rather, continuity is understood here to imply an ongoing process of societal contest, debate, and negotiation.

Second, and of particular concern here, analysis of the industrial society model tells us a great deal about the fundamental view of society and change which underlies the dominant thesis of globalisation:

- Technology is viewed as an autonomous force of change, acting on society.
- Adaptation is believed to be imperative if progress is to be sustained.
- Adaptive strategies in the form of public and private policies are held to cause societies to converge.
- A prescribed policy agenda based on universal understandings of the contextual environment is sought.
- The pull of the perceived new era is claimed to dissolve social conflict via the institutionalisation of new norms and practices.

The dominant contemporary theories of global restructuring adopt an essentialistic, optimistic, and deterministic stance. Like the industrial society theorists of the mid-twentieth century, they “reduce a complex social reality to an essence” (Block, 1990: 6). It is evident that the forms of knowledge embodied within the industrial society theories and the contemporary globalisation thesis ‘speak to power’ in terms of informing and defining the parameters of diverse policy debates. The appropriation of globalisation as a master concept to characterise a social reality plays an extensive role in legitimating policy prescriptions.

If we take one element of the contemporary restructuring debate, we make visible the close relationship between orthodox global descriptions of social change and dominant prescriptions for bringing about changes in social practices. The ways in which changes in the organisation of work have been understood and conceptualised over the last decade are closely bound up with normative assumptions about the nature of the ‘right’ society and prescriptive ideas about how to bring this about. More often than not this involves the creation of a universal theory from empirical diversity:

Looking at one country at a time, each situation appeared historically unique and the totality of the detail was almost incomprehensible. We sought a system of ideas which would help to make it more nearly comprehensible.

(Kerr et al., 1962: 11).

Thus, detailed historical uniqueness in the relationships between labour, management, and the state, was organised into the “logic of industrialism” (Giddens, 1982: 27) and a parsimonious model was produced. Boyer’s (1988) study, twenty-five years later, focused on the attempts of seven European countries to restructure for labour market flexibility. Diversity of form was uncovered at the level of the state, trade unions, social security systems, and industrial and labour market heritage. Boyer, however, applies a framework of a shift from Fordist to emergent post-Fordist arrangements to all his cases. In this way, out of overwhelming evidence for diversity, Boyer claims a gradual convergence of state policies. For Pollert (1991) the contemporary restructuring debate has been replaced by the reification of specific concepts. Diversity in societal interpretations of restructuring imperatives is thus neglected as the formulae of flexibility, mobility and competitiveness define the terms of the debate.

Until recent times the industrial relations literature explored the societal specificity of restructuring in production and work in relative isolation from the wider debates surrounding globalisation in production, trade, and finance.¹⁸ It would seem clear, however, that the contemporary preoccupation with the reorganisation of production and work owes much to the form of knowledge underlying the cluster of theories on globalisation. To what extent does the debate surrounding the restructuring of working practices follow the imperative logic we have identified? And, if the debate *is* bounded by this form of knowledge, how might we map a more critical route to understanding change in this realm of social life?

¹⁸ Attention is turning to a critical contribution to the globalisation debate within the field of industrial relations. See, for example, Elger and Smith (1994); Crouch and Streeck (1997).

PART TWO

Restructuring Working Practices: Mapping the Debate.

Within this literature prescription rather than rigorous analysis has been dominant. In international policy writings, it is clear that it has been the revival of neo-classical economics in the major OECD countries which has brought labour market flexibility to the forefront of the debate.

(Pollert, 1991: xvii).

The debate surrounding labour flexibility has been the most visible face of the restructuring of productive and working practices. This debate has effectively appropriated the concept of flexibility to represent an agenda which extends beyond the realm of the labour market. In this sense, flexibility has become synonymous with deregulatory government; the managerial strategies of globally competitive firms; the decollectivisation of employee representation; and the transformation of the employment contract into a more fluid form. Indeed, in its broadest sense, flexibility has come to define the properties of a society which is actively attracting overseas investment and generating new forms of service sector employment. The equation of flexibility with economic efficiency, growth and competitiveness owes a debt of origin to the general position of neo-classical economics. The allocative efficiency of the market mechanism is thus viewed as circumscribed by the political interventions of the state and the constraints of regulatory institutions. In contemporary guises, this logic has manifested itself in the social science debate surrounding the 'trade-off' between equality and efficiency (see Okun, 1975), and the neo-liberal position that the legacies of post-war welfare institutions and social policies represent 'rigidities' in the process of globalisation and market liberalisation (see Olson, 1982; Ferge and Kolberg, 1992). In this sense flexibility in its many manifestations is viewed as an essential response to globalisation.

The view that economic efficiency and the operation of the market stands in tension with social equality and the intervention of the state, pervades the instrumental

use of the concept 'flexibility' by the major OECD governments to legitimate a political project of deregulation. The pressure on states to adopt the flexibility mantra as a 'no alternative' policy is intensified by the communication of imperatives by international organisations. The position recently manifested in the European Commission's 'Growth, Competitiveness and Employment' white paper clearly confers upon states the responsibility of restructuring to provide a competitive environment for firms:

... firms must achieve global competitiveness on open and competitive markets, both inside and outside Europe. It is the responsibility of the national and Community authorities to provide industry with a favourable environment, to open up clear and reliable prospects for it and to promote its international competitiveness.

(Commission of the European Communities, 1993: 57).

The perceived rigidities and obstacles to growth are viewed as 'treatable', then, in the sense of formulating effective policy responses. Such structural explanations for unemployment and low levels of growth have become vehicles for the implementation of deregulatory policies (see Baglioni and Crouch, 1990). If a state is unattractive to business then this is assumed to be closely related to uncompetitive policies and the need for deregulation. The question on the international agenda rapidly becomes "what reforms would improve the capacity of the labour markets to accommodate structural changes smoothly and rapidly?" (OECD, 1994: 12-15). The assumption is that technological and economic changes demand that states address their policy agendas, which in turn demand certain adaptations from society. For public and private managers this signals moves towards both explicit/formal and implicit/informal forms of labour market deregulation and the reorganisation of work, the overall effect being the undermining of collective bargaining arrangements and the strengthening of market and employer power to determine the shape of new productive and working practices (see Standing, 1992).

The debate that has emerged in pursuit of solutions to perceived rigidities in the organisation of production and work cuts across business, academic and policy literature. Precisely as the social science literature on globalisation becomes more closely intertwined with the insights of business, states are claimed to behave increasingly like firms and to devolve responsibility for work and employment arrangements to the employer. For Curry the concept of flexibility rapidly became an “icon or incantation, its proponents forming a cult, the whole concept devolving into fetishism” (1993: 99). Certainly the proponents of new forms of lean and flexible production seem to share a common view of society as receptive to policy changes and perpetually adaptable. Technological innovation, organisational change and the drive for competitiveness are viewed as inherent to all industrialised countries. Hence, the shapes and forms of production and work across different societies are seen as convergent in their development. Broadly, we can identify 3 key strands to the contemporary fixation with new ways of producing and working: The idea that old mechanisms are redundant in a new global era; the imperative of technological change in both product and process; and the need for strategic human resource management in the search for competitiveness.

The Redundancy of Traditional Mechanisms.

For the proponents of policies favouring lean and flexible working practices, traditional forms of production and work, from Fordist manufacturing methods to employment protection and collective bargaining, are held responsible for lost competitiveness. This perception was reinforced by the much-quoted flexibility of Japan vis-à-vis Europe and the US, citing both techno-productive and social labour differences in organisation.¹⁹ Regulated and centralised forms of industrial relations are seen as rigid and inflexible, while policies which flexibilise labour arrangements are held to be new, strategic, and cutting-edge. Traditional trade unionism is presented as an obstacle

¹⁹ For an example of a techno-productive explanation for lost competitiveness see Womack, Jones and Roos (1990). For a social-labour account of lost competitiveness see Oliver and Wilkinson (1988).

to the achievement of a flexible and competitive environment. The state, it is implied, must get to work in creating space for firms to flexibly manage their workforce (see OECD, 1991).

The literature on restructuring in the workplace offers an entire menu of mechanisms for the employer to actively bring about a new reality. *Functional flexibility* is offered as a mechanism of adapting the skills and tasks of the workers according to changes in workload, markets and technology (see Pinch, 1994). The assumption is that traditional job demarcations create inflexibilities and should be replaced with multi-functional teams of multi-skilled workers. *Numerical flexibility* is presented as enabling the employer to expand or contract labour input in response to required output. In its most extreme form, this kind of flexibility provides a flow of labour into the 'just-in-time' manufacturing process so that there is no 'slack' in the system (see Moody, 1997). This is achieved through a variety of mechanisms such as flexible working time, casual and part-time working, subcontracting, and non-standard forms of employment contract. The underlying ethos is that traditional contractual arrangements must be dissolved through, for example, the loosening of dismissal and redundancy regulations and the use of intermediary employment agencies. Similarly, flexibility of pay is legitimated through the positioning of traditional collective bargaining policies as punitive and rigid, and moves towards individualised bargaining and performance-related pay (see Treu, 1992).

The understandings of social change underlying this restructuring debate is reminiscent of the industrial society 'breaks' in history. Old institutions and practices are viewed as rigid and detrimental to progress. This view of change clearly assumes that the state rejects all traditional mechanisms and adopts a wholesale new strategy according to clearly defined objectives. This fundamentally dislocates the state from its historically embedded institutions and practices. In practice the state continues to locate its policies in established relationships with business, unions and employers' associations,

for example.²⁰ A related problem exists with the assumption that perceived 'best practice' models, such as Japanese working practices, provide the panacea for the failure of traditional systems of production and work. The development of productive and working practices in Japan is located in a specific historical institutional context. It has been widely documented, for example, that US business consultants misrepresented the Japanese model in the 1980s, oversimplifying the complex 'web' of cultural and economic efficiencies to render the model transferable to the US and Europe (see Elger and Smith, 1994).

Prescriptions for the transformation of production and work ignore the salience of traditional institutionalised practices in the formulation of 'new strategy'. In similar fashion they also remove the employer-employee relationship from its socially-bound context. Assuming that the employer will simply select from a menu of new prescriptions neglects the norms, values, and shared understandings which characterise the workplace as a societal context. The employer will, for example, reflect upon the distinctive features of the local labour market, such as skills shortages or labour costs; the workplace practices of industrial relations; and the specific nature of the market in which the firm competes, such as price or quality-centred competition (see Elger and Fairbrother, 1992). The assumption that the workplace simply responds and adapts also ignores the salience of social power relations. Responses to the implementation of functional flexibility, for example, will be conditioned by social factors such as position in the production process, type of contract, job security, and the conditions of the local labour market.

In short, the implication that labour relations can be transformed through an 'out with the old, in with the new' ethos is over simplistic. The achievement of a 'lean

²⁰ The significance of established social relations and practices is evident from European case studies which illustrate that the historical evolution of trade unions remains a salient factor in contemporary policy-making. See, for example, Crouch and Baglioni (1990), or Nolan and O'Donnell, (1991).

production system' or 'flexible firm', though presented as best practice by key public and private agencies at national and international levels, will ultimately be conditioned by embedded social norms and institutions. In this sense, flexibility for one social group may present constraints for another. The oversimplified understanding of the nature of change which has dominated much of the restructuring debate pays insufficient attention to continuous and embedded patterns of social relations which condition and shape the course of change.

Technological Change in Product and Process.

The assumption that technological change necessitates changes in the labour process seems to flow from innovations in both product and process. In terms of products, markets for Fordist mass produced goods are viewed as becoming saturated in the 1970s as tastes became more differentiated. The logic assumes that new technologies and flexible production processes are required to supply a more specialised product. The message is that states and industries which fail to follow this imperative with an adaptive response will be left behind in the competition race. Indeed, Hirst and Zeitlin (1989) use the flexible specialisation argument to explain the poor performance of UK manufacturing relative to those countries which they considered to have successfully implemented the formulae. In terms of policy the dominant view seems to be that the Japanese model of work organisation offers a template for the "re-emergence of the craft paradigm amidst the crises" (Piore and Sabel, 1984: 205).

The fundamental point here in terms of the ontological position which underlies arguments for new working practices, is that society is perceived as absorbent and adaptable. Kern and Schumann (1984) construct a model of flexible specialisation derived from the German experience. The emergence of flexible forms of production technology is unequivocally equated with a new participatory role for labour. The implication is that the introduction of new technologies brings about the 'humanisation' of work and the transcendence of adversarial industrial relations. The optimistic view of

reconciliation, reminiscent of the industrial society thesis, is self-evident. The extension of tasks across traditional boundaries is held to encourage worker participation and dissolve the rigidities of Fordist production-line work.²¹

A key theme in the sociological critiques of labour flexibility has been the question of worker involvement (see Tomaney, 1990). Participation, it is argued, does not naturally ensure benefits for workers. The emphasis may lie in coercion and work intensification rather than in consensus and participation (see Stewart and Garrahan, 1997). Empirical studies have supported this argument with evidence of processes of rationalisation and cost-cutting laced with claims to involvement and humanisation. The problem lies in the degree to which the policies are management-sponsored initiatives in response to perceived global pressures (see Jacobi and Muller-Jentsch, 1990). To assume that change in the workforce will simply flow from management-defined objectives is to neglect the potential for resistance to change through the institutionalised bargaining power of the trade unions and works councils. This varies between countries, within countries between sectors and regions, and within the workplace itself. At the most basic level, an approach which directly aligns flexible production methods with worker emancipation fundamentally disregards conflict. It demonstrates a benign view of change, assuming that asymmetries of power are eroded by technological progress. Labour groups and the wider societies of which they are a part, are viewed as passive receptors of structural change. There is little room for agency in this understanding of the way societies adapt and change.

Strategic Human Resource Management.

Human resource management (HRM) has emerged in the business literature as the “logical” and “evolutionary” response to the competitive pressures of the global economy (Williams, 1994: 5). The practice of strategic HRM is viewed as the

²¹ In the main involving the incorporation of maintenance and quality-control functions in to the production task.

employer's instrumental method of achieving changes in working practices. Through the individualisation of workplace representation to a bi-lateral employer-employee relationship, HRM binds the future of the worker to the future of the firm. In essence HRM becomes the means to the end result of an enterprise culture (see Keat and Abercrombie, 1991).

Though the HRM literature overlaps considerably with our analysis of the rejection of 'old' mechanisms and the imperative of technological change, we deal with it here for its characterisation of the employer-employee relationship. The HRM literature's prescriptions for strategic management have important implications for our perceptions of workers as collective interests capable of apprehending and influencing the course of change:

... a management language has emerged which redefines workers as employees, individuals and teams, but not as organised collectivities with some interests separate from management.

(Ackers, Smith, and Smith, 1996: 5)

A number of studies demonstrate that the reality of restructuring in the realm of work is more complex than this managerial understanding (see Pollert, 1991; Ackers, Smith, and Smith, 1996). HRM may have become fashionable, unsurprising when one considers its 'quick fix' promises, but there is very little case-study evidence of straightforward 'top-down' managerial implementation of HRM policies (see McCabe, 1996). What is evident, rather, is individual firms 'leaping into the dark' with ad-hoc arrangements, frequently circumscribed by workplace realities. Bacon and Storey (1996) demonstrate effectively the range of responses of trade unions in the workplace to the management-led HRM. The overwhelming message is that societal context and human agency do matter. HRM does not signal a convergence of forms of industrial relations as all firms in all states move towards the *perfectly flexible* model.

Clearly, then, the dominant prescriptions of the reorganisation of work closely follow the understandings of social change we have outlined. They take a top-down view of change, assuming that all industrialised states will adopt the imperative, and that uniform qualitative changes can be induced at the level of the workplace. A policy orthodoxy is assumed to be forcing the societies of the industrialised world onto convergent pathways. Flexibility as a 'logo' is elastically applied as panacea to cure all ills and critical analysis is subordinated to the search for answers. So, what does this mean for the research agenda? In the section which follows we seek to outline a research agenda which is more sensitive to the historical specificities of state-societal institutions.

Beyond the Orthodoxy: Institutional Analysis and the Research Agenda.

Whether or not we will be able to bid farewell to the flexibility debate remains largely a political question; but what is clear is that it should be abandoned as a framework for research, and replaced with a more complex perspective which relates to the untidy and contradictory dynamics of the real world.

(Pollert, 1991: 31).

The industrial society thesis and the globalisation debate view social institutions as 'impediments' to the natural course of global economic change and liberalised markets. The removal of such institutions is ultimately held to produce a convergent path for advanced industrialised nations. The antithesis of this approach can be found in analysis which roots economic change in social institutions, and not the other way around. Following Polanyi (1957), institutional approaches to social science provide a counter to the dominant assumptions of classical economic liberalism, that all societies are characterised by the same basic economic relationships. Polanyi critiques such economic determinism, arguing that it is society, and not rational economic man that shapes human behaviour. He refers to the "economistic fallacy" of approaches which view human action as growing historically out of the operations of the market (1957: 111-129). He considers nineteenth-century market society to be a 'unique' arrangement

of free trade and laissez-faire, followed in European countries by a 'counter-movement' of interventionism in health, working conditions, social insurance and public services (1957: 73). The inherent instability of market society demands continuous state action to stabilise economy and society. Thus, the role of the state in governing the market 'politicises' the maintenance of social order.

The Polanyian institutional tradition is particularly useful in the analysis of changes in labour markets, production and work. For Polanyi, the commodification of labour represents both the "core" and the "core weakness" of market society (Block and Somers, 1984: 57). Social institutions such as trade unions and employment protection legislation are designed precisely to intervene in the operation of the labour market:

To argue that social legislation, factory laws, unemployment insurance, and, above all, trade unions have not interfered with the mobility of labour and the flexibility of wages, as is sometimes done, is to imply that those institutions have entirely failed in their purpose, which was exactly that of interfering with the laws of supply and demand in respect to human labor, and removing it from the orbit of the market.

(Polanyi, 1957: 177).

Markets for labour do not, then, occur as natural and self-regulating entities. Rather, they are constructed by states within the context of social institutions. Following such analysis, then, social and political institutions lie at the heart of processes of change. The industrial society thesis and the globalisation debate emphasise economic 'causes' of change and societal 'effects'. A focus on institutions as social entities may facilitate a society-centred view of change which is capable of undermining convergence arguments, emphasising the vastly divergent means by which societies perceive and manage apparently similar problems and challenges.

The key methodological problematic which emerges out of a focus on institutions, is deciding *which* institutions actually matter. Should we focus on the national institutions explicitly governing the social realm of work, or sectoral or industrial institutions such as trade unions, for example; or local-level informal ideas and practices embedded in the workplace? Polanyi's studies also contribute here, in methodological terms, to the problem of levels of analysis. For Polanyi different levels of institutions are significant in themselves, but should be analysed in terms of how they interact. Thus, global "opportunity structures" condition and shape what is possible for governments, and national "opportunity structures" shape what is possible for social groups and class forces (Block and Somers, 1984: 74). This is of course rather deterministic and uni-linear, consider for example how social groups may influence the opportunity structures of governments, or how states may condition the structures of the world economy. In essence, however, this multi-level analysis of institutions has considerable utility for a socialised and politicised model of change, and has indeed provided foundations for much contemporary analysis.

Existing studies in political economy typically focus on one level of political action: the shop floor, or national politics, or the international system. The temptation is almost irresistible to magnify the importance of empirical findings at one level by extrapolating to the other two.

(Katzenstein, 1989: ix).

The proposition is, then, that a research agenda which is more sensitive to institutional diversity, and to the different levels at which we may find such diversity, may be necessary to dispel the determinism of conventional 'global' frameworks. Grabher's (1993) Polanyi-derived study of the 'embedded firm', for example, seeks to deconstruct the atomised and 'undersocialised' neo-classical view of the firm as an institution driven by essentially economic interactions. This study operationalises Polanyi's interactive levels of institutional 'embeddedness' so that the firm is viewed as

both embedded in, and constituted of, social institutions and practices. Similarly, Sally's (1994) analysis locates the multi-national enterprise in the context of the institutional arrangements of nation-states, and within the institutional frameworks of sub-national and supra-national regions. Amin and Palan (1996) propose four key contributions of institutional analysis to the understanding of processes of change. First, social innovation should be viewed as negotiated within a given historical situation, within which institutions are given meaning. Second, change must be rooted in a set of meanings which operationalise and legitimate the innovation. Third, social innovation draws upon existing knowledge and discourse, so that it is incremental and essentially path-dependent. Finally, change is negotiated and contested, and not in any sense pre-determined. The cumulative impact of the rise in such studies in the social sciences is the 'rediscovery' of society as the primary arena within which change takes place, providing an effective counter to economistic models of global change.

A society-centred analysis of the reorganisation of work can usefully draw on the caveats of institutional analysis. It is proposed that a multi-level focus on the social institutions which condition and shape the restructuring of the organisation of work will open up research questions which account for the strong elements of institutionalised continuity and diversity which intertwine with change.

- The state-societal context - embedded institutions characteristic of a state-societal complex.
- Agency and power - conflict, struggle and interest organisation in the implementation of industrial, sectoral, and workplace strategies.
- Workplace practices - formal and informal practices and shared understandings.

Approached from a conventional economic perspective, the three levels appear to represent the macro-, meso-, and micro-economic levels of analysis. Following Polanyi, however, such economic processes are contingent on the social institutions within which they inextricably embedded. Hence, macro-economic policy-making is replaced by the notion of a state-societal context - the socially, and therefore politically, constituted institutional parameters which historically condition processes of change. Meso-economic industrial or sectoral analysis is 'socialised' to take into account then dynamics of social power and human agency which are reflected in institutional arrangements. Micro-economic decision making at the level of the firm is unpacked to demonstrate the workplace as an arena of social struggle, where existing institutions and practices condition and constrain the capacities for change. It is, of course, fundamental that the separation of levels of institutions in the name of analytical clarity does not mask their interactions. The reorganisation of work within the workplace, for example, manifestly reflects the interaction of national, industrial, sectoral and local institutions.

The State-Societal Context.²²

The industrial society theory suggests that embedded institutions must be weeded out for progress to be achieved. The globalisation thesis suggests that national variations are diminishing in the wake of forces of convergence. Proponents of

²² The concept of a distinctive context provided by the relationships between state and society is derived from Cox: "Today, state and civil society are so interpenetrated that the concepts have become almost purely analytical... and are only very vaguely and imprecisely indicative of distinct spheres of activity... There has been little attempt... to consider the state/society complex as the basic entity of international relations. As a consequence, the prospect that there exists a plurality of forms of state, expressing different configurations of state/society complexes, remains very largely unexplored, at least in connection with the study of international relations" (1981/1996: 86). From this standpoint, the context of restructuring is not seen as a static or deterministic set of institutions, but rather as a mutable set of state-society relations. This view is reinforced by Cox's understanding of the nature of institutions: "Institutionalization is a means of stabilizing and perpetuating a particular order. Institutions reflect the power relations prevailing at their point of origin and tend, at least initially, to encourage collective images consistent with these power relations. Eventually institutions take on their own life; they can become a battleground of opposing tendencies, or rival institutions may reflect different tendencies" (1981/1996: 99). Following these insights we are led to view the institutions characterising the state-society complex as infinitely diverse and distinctive. In terms of processes of restructuring, this implies that different state-society complexes are likely to provide unique contexts and "collective images" for social change.

flexibility utilise this position to argue that all institutional distinctiveness in state-societal complexes is temporary and eroding as systems move to a flexibly specialised *ideal type*. So, do state-societal institutions and embedded traditions matter in contemporary restructuring?

With greater or lesser degrees of strategic calculation, managements and governments select priorities in identifying and dismantling rigidities. These strategic choices are in turn conditioned by institutions which vary according to national context.

(Hyman, 1991: 283).

The implication here is that at the very earliest stages of cognition by state managers, the perceived need to restructure is conditioned by historical state tradition.²³ Strategies are circumscribed by social and institutional capacities to adapt. Technological change in itself does not bring about a 'natural' response in the everyday practices of production and work. Rather, the response is informed and conditioned by existing state-societal institutions (See Zysman, 1994). Evidence from a diverse range of comparative industrial and employment relations studies suggests that state-societal institutions remain salient. The *inherited systems* (Crouch, 1993) of a particular state continue to differentiate it from other countries. This would suggest that far from seeing the end of national distinctiveness or the end of national regulation, we are actually seeing an ongoing process of *social creativity* (Hyman and Ferner, 1994). Even amidst proclaimed deregulation, employers, unions and workers act within existing state-societal relations and institutions. State regulation (and re-regulation) and embedded social institutions are salient factors in the conditioning of the restructuring of work.

Elger and Smith (1994) argue that the debate surrounding labour market change has shifted from an emphasis on national-institutional distinctiveness to 'diffusion'. In

²³ Given that, once formalised within a state-society, institutions may take on a momentum of their own, it is possible to identify an 'historical state tradition' of salient institutional features within a specific state-society. See Esping-Andersen (1990; 1996) for examples of the application of this concept in welfare research.

essence, from questions surrounding why a particular national-institutional conjuncture emerged, to questions of how other national models could be 'imported'. Hence, the "academic debate about national distinctiveness" becomes "political discourse on learning" (1994: 32). They conclude that despite the obsession of the times with borrowing perceived models from other state-societies such as Japan or Germany, societal specificity continues to be reproduced. Even the supposed 'import' of another nation's model is reshaped by the specific social relations of the 'receiving' nation. Dore (1973) emphasises the importance of the contingent institutions of Japanese working practices. If we are to learn anything from the Japanese model it is that labour and employment relations are embedded in, influence, and in turn are influenced by, complex sets of historical social institutions.²⁴ Evidence from existing studies, then, suggests that state-societal divergence persists at many levels. This indicates that research concerned with change in the organisation of work must move beyond generalised models of best practice.

Agency and Power

... the economic life of firms and markets is *territorially* embedded in social and cultural relations and dependent upon: processes of cognition (different forms of rationality); culture (different forms of shared understanding or collective consciousness); social structure (networks of interpersonal relationships); and politics (the way in which economic institutions are shaped by the state, class forces, etc.).

(Amin and Thrift, 1994: 17).

The proposition here is that when state-societies seek to transform practices which they define as economic such as, for example, the competitive behaviour of firms or the wage bargaining of labour groups, they do so amid a complex set of social power relations. Indeed, the social institutions embedded within the state-society reflect the patterns of social power relations over time. In many instances it is these very social institutions which policies of restructuring are designed to transform. Hence,

²⁴ For analysis of the distinctiveness of the Japanese state-societal context see Dore (1973; 1986).

restructuring projects which claim to derive from sanitised economic or technological imperatives will ultimately face the rather stickier realms of social and power relations. Across the social sciences there have been attempts, in recent times, to reconceptualise institutions to more fully capture their social character. The new institutionalist paradigms of Granovetter (1992) and Hodgson (1993); and the economic sociology of Smelser and Swedberg (1994), have offered critiques of orthodox economic views of institutions. Granovetter's "social structural" approach to labour market analysis emphasises the "embeddedness" of labour market behaviour in social interaction and the human desire for "sociability, approval, status, and power" (1992: 234). This approach to studying change in labour policies provides an effective counter to arguments which view society as passive and malleable. From this perspective, social life, as a complex mix of routine, informal convention, habitual behaviour, and shared understandings, "aggregates up" (1992: 233) to the level of institutions. These institutions are, thus, constituted by, and reflective of, human agency:

... modern societies have developed a whole range of labour market institutions, ranging from social custom and moral codes to labour law and collective agreements, that is, the outcome of collective bargaining at an aggregate level which lies above the private level between employer and employee.

(Van Ruysseveldt, 1995: 2).

Hence, if the propagandists of labour flexibility are to bring about prescribed changes, this implies that multiple layers of social institutions, from workplace norms, to state regulation and labour law, must be transformed. Comparative case studies of transformations in policies governing labour and work demonstrate that clear strategic choices are rarely made by governing groups and that these choices are constrained by the institutions expressed within the state-society.²⁵ The interrelationships between employers, unions, and workers, for example, are a blend of embedded convention and practice, and variously interpreted new imperatives for adaptation. Hyman (1991)

²⁵ For examples of such analyses see Crouch and Baglioni (1990) and Hyman (1991).

emphasises that private managers have historically grappled with the problem of workers as *agents* whose interests and power relations are invested in embedded institutions within the workplace. It is within these mental and structural frameworks that production and work are negotiated:

In practice, managers have customarily applied an uneasy combination of trust and constraint, often varying the mix for different categories of employee, and influenced by nationally specific institutions and traditions.
(Hyman, 1991: 269).

Bringing about transformation in the organisation of production and work, then, runs a gauntlet of conflicts which vary across and within state-societies. Within some state-society complexes the language of neo-liberal restructuring resonates more closely with embedded social institutions than in others (see Streeck, 1997). Within the workplace, for some groups, 'opting in' to restructuring objectives may guarantee their security in the short-term, while for others this may threaten and undermine their position. Far from a technologically-determined shift to a new paradigm of production and work, this resembles more closely a contested and negotiated process of social change.

We suggest, then, that the implementation of prescribed policies to restructure working practices is far from the unilinear, mechanistic process outlined by proponents. Not least this is because the achievement of 'flexibility' paradoxically requires some form of rigidity in order to be effective:

If flexibility is to be a real factor in global and national economies it must be enmeshed within relatively stable social institutions that bind production and innovation together, giving rise to *structured flexibility*. Without such a structure, flexibility can be economically disruptive, a sign of weakness as well as strength.
(Curry, 1993: 106).

Individuals and social groups perceive and understand change in relation to the *known* environment of their everyday lives. All changes in working practices will, then, to some

degree, reflect the meanings and understandings embedded within 'old' structures and institutions. Implementation of the 'teamworking' aspects of new production practices offers a clear example of this. The use of multi-disciplinary teams in production is offered as a method of eroding traditional job demarcations and ensuring maximum utilisation of technological and labour capital (see Beale, 1994: 138-143). If, however, this strategy results in the loss of tacit skills and shared understandings, and the increase in competition between individuals, then it may fail in two respects: Through a failure to bring about prescribed efficiencies in production, and through the loss of past efficiencies in working practices. Thus, implementing changes in working practices would seem to involve considerably more than the 'removal of rigidities' and the transformation of perceived old practices and institutions. There is, thus, a clear need for a shift in frameworks of analysis of changes in the realm of work to take into account the effects of distribution of power, interest intermediation, and agency, on the outcomes we see around us. Viewing institutions as embodiments of human agency and social power (see Amin and Palan, 1996) thus has implication for our understandings of restructuring. From this perspective restructuring loses its instrumental and 'top-down' emphasis, and takes on a more contingent and contested dynamic.

Workplace Practices.

It is the level of the workplace which provides us with the most conclusive 'rich picture' of the social contingency of processes of change. Within the workplace there is no generalisable trend towards a technologically-driven 'best practice' lean and flexible model. Firms follow diverse strategies with diverse effects. It is problematic to way assume that such complex transformations and continuities are all driven by the same dynamic, whether it be industrial development, modernisation or globalisation:

Whilst at an aggregate level, there has been an increase in non-standard forms of employment, the evidence at the level of the individual firm demonstrates an uneven take-up of such practices.

(Cumbers, 1995: 42).

Workplace studies suggest that the degree and nature of workplace change claimed by proponents of the lean and flexible firm may be misconceived (see Ackers et al., 1996; Stewart and Garrahan, 1997). Marginson's (1991)²⁶ company-level study of industrial relations practices focuses on the extent and nature of shifts to temporary and indirect forms of employment in large UK firms. The findings of the study demonstrate that there is a gap between the extent and nature of changes advocated by public and private managers and the reality in the workplace. Workplace practices are shown to change in distinctive ways, exhibiting a mix of continuity and adaptation, and varying in nature between firms and sectors, and within firms, by hierarchy of social groups:

As with the findings on the use of temporary contracts, the difference between head office and establishment reports of any increase in the use of subcontracting and outwork suggests that espoused policy may not be translated into actual practice.

(Marginson, 1991: 38).

Thus, changes in industrial relations practices were found to be "ad-hoc", "piecemeal", and responsive to "particular contingencies" (1991: 43). Directives from corporate head office were rarely found to emerge in the workplace in a 'pure form'. Changes in workplace practice observed in this study were negotiated and contested rather than dictated, and the extent of resistance to proposed changes varied between firms, and within firms between worker groups.

The findings of a time-series national study reinforce the evidence for contingency of restructuring in working practices. Millward's (1994) report on the 1990 Workplace Industrial relations Survey (WIRS) demonstrates that, while there has been increased derecognition of trade unions and single union agreements in British firms, there is little evidence that the growth in "new unionism" is accompanied by strategic and "progressive" management-led changes in workplace practices (p.130). Indeed,

²⁶ Marginson's (1991) analysis is drawn from the Warwick Company-level Survey of Industrial Relations. These findings are used alongside ACAS data.

firm-level studies show that even where the catalyst for change is a coherent high-profile managerial directive, the reality in the workplace can appear rather more 'messy' and fragmented. Elger and Fairbrother's (1987) case study of Lucas Industries focuses on the implementation of 'flexible' modular and cellular production processes. An in-house management objective of multi-tasking project teams was found to be subject to bargaining and contestation between social groups in the workplace. Existing job status and skills differentials, ability to organise, and production requirements, meant that worker groups perceived and experienced varying constraints and opportunities in the proposed changes. For example, indirect workers such as maintenance, stores, and tool-setters resisted participation in the module teams and continued to service the teams from the outside.

Thus, transformations in working practices become redefined according to the specificities of workplace production and social power relations. More recent studies of restructuring in the workplace reiterate some of these themes of contestation and specificity of response. Stewart and Garrahan's study of four British plants in the automotive sector seeks to assess the extent to which "One Best Way" of restructuring can be achieved through the implementation of lean production methods (1997: 229). The study concludes that;

The idea of lean production is profoundly seductive for all concerned because it is so simple... However, we need to recognise that in re-creating the new arrangements for manufacturing, companies are sometimes retreading old ones and that it is employees at the sharp end of 'change' who are often best placed to understand the difference between innovation as renovation and innovation as rhetoric.

(Stewart and Garrahan, 1997: 237).

Taken together, such insights lead us to question just how 'globally strategic' management initiatives are when viewed from the workplace. The picture is of partial and incomplete restructuring, with a spectrum of workplace-defined changes in practice

which far exceeds the narrow concepts of a 'lean' and 'flexible' firm. As a unique configuration of formal and informal institutions and practices, a given firm will respond to the perceived pressures of globalisation in the context of a 'known environment' of existing arrangements. Prescriptions for wholesale restructuring changes are filtered and mediated through the webs of existing social institutions and practices until they no longer resemble the initial formulae. Social groups within the workforce, far from passively receiving restructuring imperatives, shift and negotiate so that achieving a particular set of productive practices becomes rather like chasing a moving target. Like the 'Snark' in Lewis Carroll's famous poem, once caught, the prey emerges as something very different from the original expectation.

At each of the levels of analysis outlined, there exists potential for research which escapes the deterministic confines of the dominant model of restructuring, and more nearly captures the socially-derived essence of change. Research which seeks to explore restructuring and change in the sphere of work may usefully consider the levels of analysis and their implications mapped out here:

- State-societal context: Despite the proclaimed imperatives of globalisation, restructuring takes place within the bounds of existing embedded institutions specific to a state-society.
- Agency and power: Programmes of restructuring will be negotiated and contested by individual and collective human agents within prevailing sets of social power relations.
- Workplace practices: The realities of restructuring within the workplace exhibit a profound historicity, reflecting past understandings and an existing 'known environment'.

Conclusions

The sense of déjà vu we feel when we unravel the common threads of the industrial society theories and the contemporary globalisation debate sheds considerable light on dominant understandings of restructuring and social change. Proponents of policies for the reorganisation of production and work are clearly drawn to claiming novelty in their discourse. In staking out a break in history they create for themselves the possibility of defining a whole new set of concepts and formulae for managing social change. Technological change is neatly extracted from any state-societal or workplace context, creating an imperative force which demands that all traditional institutions are weeded out in favour of new and dynamic alternatives. From divergent starting points and institutional bases it is claimed that all societies through movement to the dictates of globalisation, become increasingly alike in their basic structures. Conflict is confined to the transitional phase and is ultimately de-fused through the universal adoption of new norms. This ontological position is profoundly seductive to those who seek to manage change as complexity is conflated into a generalisable set of rules.

To understand this particular view of the relationship between society and change which underlies orthodox restructuring debates, is to suggest a route into its deconstruction and replacement with a more meaningful set of research questions:

- We are led to question the extent to which exogenous global forces simply 'act' on society. Are changes in production and work determined within existing state-societal contexts? Evidence suggests that embedded social institutions continue to play a significant role in the conditioning of change.

- The orthodox 'logic' of the imperative of global restructuring is opened up to question. Are traditional mechanisms simply buried in favour of new systems? Evidence suggests that we are actually experiencing a complex mix of continuity and change.

- The convergence approach to the understanding of restructuring is questioned. Do all societies implement changes in the organisation of production and work and in doing so become more alike in their institutions? Evidence suggests the salience of embedded social practices at many levels with no predetermined route.

- Questions are raised as to the prescriptions which have emerged from orthodox globalist accounts of restructuring. Can models of the successful best practice route be offered as general formulae? Evidence from the workplace indicates that the implementation of formulae is subject to negotiation and redefinition within the parameters of embedded institutions and practices.

- We are led to question the optimism which has surrounded much of the globalist discourse on global change. Does conflict dissolve with the adoption of new working and productive practices? All our evidence points to a continual process of conflict and contestation within prevailing social power relations.

In short, we are advocating the rejection of totalising models of change in the organisation of production and work, in favour of approaches which understand and represent change as embedded within, and emerging from, society. It is suggested that in studies of restructuring under globalisation, the highly lucrative agenda of providing quick-fix answers should be replaced with a more critical agenda of question-raising. In the chapter which follows we explore the implications of such an agenda for the field of IPE.

Chapter Two

International Political Economy (IPE), Restructuring and Social Change

This chapter focuses on the ways in which the field of IPE has grappled with the problematic of social change. Following the insights of Tooze (1984), we seek to investigate IPE as both a ‘set of assumptions’ and a ‘field of inquiry’. From this position we are led to argue that the dominant understandings of social change in IPE are closely related to the areas of social life we choose to focus upon, and the agents of change which we emphasise in our studies. As an ‘open’ field of inquiry,¹ IPE appears to provide an effective vantage point for understanding social change. In our first substantive section we address the ‘how we look at it’ questions of IPE, focusing on how we have tended to generate our understandings of social change and, particularly, on the ‘hi-jacking’ effect which globalisation may have had on these understandings. Here we examine three schools of thought on globalisation and restructuring, drawing out key strands of debate which position globalisation as, in the first instance, constituted of social practice. This analysis leads to a discussion of proposed ‘alternative’ understandings of social change in IPE, which offer sensitivity to the historicity of restructuring and change.

The second section then focuses on the ‘subjects’ which may have been neglected in our research agendas as a result of our privileging of ‘globalist’ accounts. In particular, the neglect of issues surrounding the human aspects of production and

¹ Strange (1984) emphasises the potential for ‘openness’ which is held out to the social sciences by IPE. This ‘openness’ constitutes both a willingness to consider the insights of a wide range of social groups, academics and practitioners, and an acceptance of the significance of a diverse range of subject matter, issues and concerns.

work is emphasised. A case is made for greater attention to be paid to the ways in which individuals and social groups participate within, and experience, 'global' change through their societal and productive relationships. Out of this 'dual' analysis of the 'field of inquiry' and 'set of assumptions' of IPE, we seek to gain some critical insight into the boundaries which have invisibly been drawn up around our studies. Some knowledge of the ontological and epistemological underpinnings of these boundaries may inform a research agenda which is more 'open' to alternative understandings and 'new' subjects and voices.

IPE and Social Change: An 'Open' Agenda?

The previous chapter emphasised the central problematic for the social sciences in resisting a totalising account of social change and reclaiming a research agenda more 'open' to societal distinctiveness. Within this broad social scientific problematic, the 'social restructuring' focus of this thesis is situated within a field of debate which, though inter-disciplinary, engages with questions raised within contemporary International Political Economy (IPE). A central question for IPE surrounds the transformation of the inter-relationships between economic activity and political organisation. More specifically, the need to study the world economy and national and international political 'governance' institutions as intertwined and inseparable, is a defining characteristic of the field.

Out of this concern with the interactions of politics and economics, emerges a focus which has conventionally provided the key terrain of debate in IPE - the relationships between states and markets. Put simply, our particular understandings of

the interaction of politics and economics, are likely to be reflected in the relative importance we place on the role of states versus markets:

...the impersonal forces of world markets, integrated over the postwar period more by private enterprise in finance, industry and trade than by the cooperative decisions of governments, are now more powerful than the states to whom ultimate political authority over society and economy is supposed to belong.

(Strange, 1996: 4).

The 'states-markets' route into IPE, then, tends to view these domains as fundamentally in tension, with the market seeking to locate economic activity in the most lucrative setting, whilst the state seeks to arbitrate and control these activities. As a result, the conceptualisations of social change in this approach to IPE tend to reflect competing understandings of the human and social roles of states and markets. In contemporary debate, these competing understandings tend to inform questions of the relative power of states and firms to define a global order.² Taken together, the problematising of politics/economics, states/markets, and state-based/firm-based authority in IPE, addresses the artificial dichotomies of the social sciences and seeks to develop understandings which cut across conventional boundaries.

Hence, out of a problematising of the social scientific tendency to dichotomise realms of social life for study, emerges the possibility for an 'open' attitude to the structures and agents of social change (Palan and Gills, 1994). Indeed, a break with traditional international relations (IR) has been widely cited as the *raison d'être* of IPE. The agency/structure divide was an inherent part of an 'old' IPE orthodoxy - with neo-

² On one face of this debate the global 'order' is characterised by the 'retreat of the state', where the market and firms are 'kings' (Strange, 1996). On the other face the state is a driving force in the new global order (Panitch, 1994).

realist analyses privileging state-centred agency; liberal analyses privileging individual-centred market agency, and Marxist-derived traditions beginning from an emphasis on capitalist structures. Scholars who have sought to shift our attention away from this “common sense orthodoxy” (Murphy and Tooze, 1991) have indicated the need for an acceptance of:

...multiple voices sharing an underlying unity: specifically a willingness to investigate and try to explain the contingent historical social construction of agents or actors.

(Murphy and Tooze, 1991: 29).

From this standpoint, the essence of a ‘new IPE’ lies in a reaction to the constraints of traditional IR paradigms and the need to explore agents and structures outside the bounds of our received understandings. The ‘new IPE’ has been variously expressed in terms of a “challenge to mainstream IPE” (Gamble, 1995: 520); a “small corner of social science as yet open and unenclosed... unfenced and open to all comers” (Strange, 1984: ix); and a “genuine exploration of the possibilities of epistemological convergences” (Amin, Gills, Palan and Taylor, 1994: 2). In each instance the unifying theme is ‘openness’ and the notion that IPE should provide the vantage point for an interdisciplinary set of understandings of social change.

However, it would seem important to consider the extent to which this promise of ‘openness’ is tangible and ‘real’. IPE as social science itself is both epistemologically and ontologically rooted in the same kinds of influences which we have identified in chapter one. The mode of knowledge which has informed the globalisation and industrial society schools of thought, has permeated the field of IPE. Indeed, if we define IPE in narrow terms as the ‘sub-field’ of its cousin International Relations (Gilpin, 1987; Keohane, 1984), we are drawn to recognise the influences of post-war American

political science in this relationship. This raises central difficulties with the outlining of an IPE 'field'. First, in many respects the states/markets focus of much of the 'new IPE' succeeds in replacing the 'old' orthodoxy with a 'new' orthodoxy which seeks to 'add actors' to the agency we consider in our research. We are urged, for example, to consider markets and technologies as agents of change alongside the more conventional state-centred agency (Strange, 1991). The focus here continues to be placed either on *which* agency is the most significant factor in any given issue, for example the power of states versus the power of finance, or on *which* structural explanation is most 'fitting', for example internationalisation or regionalisation.³ In these instances the emphasis remains on prioritising particular actors and structures in our analyses and 'closing' the field to issues beyond this.

The second problematic with the 'new' and 'open' IPE is that it is important to recognise the implicit influences of social science disciplines *outside* of international relations. Scholars who claim to 'do' IPE derive their world view from within diverse fields. As a result, aspects of geography (Agnew and Corbridge, 1995; Taylor, 1993), economics (Hodgson, 1994), sociology (Scott, 1997; Hobson, 1997), and comparative political economy (Crouch and Streeck, 1997) have entered IPE inquiry. While their entry is welcome into the patchwork that is the field, an 'open' and 'critical'⁴ IPE

³ In recent years IPE conference forums have tended to take competing interpretations of structural changes as their central theme. For example, the annual workshop of the BISA International Political Economy Group in 1997 took as its focus 'The Globalisation versus Inter-nationalisation Debate', IPEG, February 8th, 1997, University of Leeds. Similarly the First Annual Postgraduate Conference 'Globalisation versus Regionalisation: New Trends in World Politics', University of Warwick, 10-11 December, 1997.

⁴ For Cox, political economy "is" critical by its very nature. He argues that, whilst the separate disciplines of political science and economics ask 'actor-centred' questions about the capacity of political or economic actors to achieve a certain outcome, political economy "stands back from the apparent fixity of the present to ask how the existing structures came into being and how they may be changing" (1995: 32).

agenda would make these influences explicit and critically reflect on the kinds of understandings which they bring with them. Finally, and a related point, a narrowly-defined IPE is in danger of becoming 'hi-jacked' by globalisation. An IPE which conflates the complexity of social change into the study of globalisation is surely in danger of reinforcing the 'old' I.R. "...science at the service of big-power management" (Cox, 1996: 57). This is particularly significant in the study of the social experiences of global restructuring. The reproduction of simplified globalist accounts serves to feed the needs of public and private managers of change (Ruigrok and Van Tulder, 1995). It is to this problematic of the 'hi-jacking' of IPE by 'globalisation studies' which we turn next.

Globalisation and the 'hi-jacking' of IPE⁵

Following the previous chapter's investigation of the mode of knowledge underlying the use of 'globalisation' as a master concept in the social sciences, it is clear that in the field of IPE this device is widely used. More than this, explanations of restructuring and social change in IPE have become synonymous with the study of 'globalisation'. The concept itself, with the root 'global' and its use as an action-process verb form (-isation), appears to be imbued with "a special meaning and social power" (Amoore et al., 1997: 181). The literal meaning implies a 'process of becoming one' which ascribes a teleological quality to social change. If this understanding is accepted, the notion of an 'epochal shift' becomes central. As we have elsewhere argued, "globalisation as epistemology has led to globalisation as epoch" so that even scholars who take a critical stance on the 'triumphalist' idea of globalisation have perpetuated the

⁵ I owe this device to discussions with Paul Langley.

idea of societies entering a distinctively new phase of capitalism (Amoore et al., 1997: 180). In this way the concept of globalisation has been applied to explain transformations in diverse and distinctive social structures with complex implications for agents. The 'effects' of globalisation have thus been characterised as the results of restructuring programmes, predominantly within public policy agendas and firms (Gummett, 1996; Ruigrok and Van Tulder, 1995; Cerny, 1990).

We are thus left with an approach to social change which closes around the idea that 'globalisation is' and leaves open only the questions of whether: a) this is positive or negative in its effect (Gummett, 1996; Boyer and Drache, 1996; Hirst and Thompson, 1996); b) this influences all societies in the same way (Zysman, 1994; Crouch and Streeck, 1997); and c) this can in some way be 'resisted' or transformed (Gill, 1995; Gills, 1997; Mittelman, 1996). Such questions, though welcomed for their critical stance, have tended to overlook the 'first order' questions of our knowledge of IPE. These questions may be more effectively addressed through a focus on IPE as 'contested knowledge',⁶ within which our dominant understandings and ways of thinking about the problematic of social change, are 'open' to a process of critical reflection. This 'openness' is sought in terms of our research agenda (what we look at); the voices of our subjects (who we listen to); the approaches we use (how we look at it); and the epistemology (how we understand what we know).⁷

⁶ For Hettne, "political economy is one of the more complex and contested concepts in social science" (1995: 1).

⁷ This approach to the questions of IPE owes much to the insights of Roger Tooze. The 1998 IPEG meeting 'Pathways to IPE: Fifteen years on' provided a forum within which Tooze outlined an exercise in 'question raising' about our basic assumptions of IPE. These assumptions are, from this perspective, tightly interwoven with social power relations.

To argue that globalisation should not dominate our understandings of social change is not to say that it should be rejected as a concept per se. The debates which have dominated IPE forums over recent years can be effectively summarised in terms of globalisation as 'process', 'project' or 'practice'. As 'process', the economic and technological aspects of globalisation are emphasised above the social or political capacity to shape it (Ohmae, 1990; Drucker, 1986). As 'project', globalisation is variously explained as 'state-led' (Hirst and Thompson, 1996) or ideologically-driven by neo-liberal interests (Gill, 1995). As 'practice', globalisation is interwoven with, and defined by, everyday human and social practices.⁸ This is the fundamental distinction because it determines the extent to which we 'humanise' and 'politicise' the dynamics of global change. The globalist accounts of globalisation as exogenous 'process' which forces policy change and social adaptation, essentially neglect the social and political power aspects of the 'project'. There are two central problems with the dominance of the 'process' explanation, both of which are associated with the 'closure' of inquiry to a particular way of thinking. The first aspect relates to the closure of the 'set of assumptions' (Tooze, 1984) so that 'how we look' at subjects in IPE is narrowly defined. The second is the closure of the 'field of inquiry', identified by Tooze as a major element of IPE (Tooze, 1984).

⁸ Germain's (1997) paper 'Historical Perspectives on Globalisation and Internationalisation: A prolegomena', prepared for the IPEG annual workshop on 'The Globalisation versus Internationalisation Debate', emphasises the importance of an understanding of globalisation as social practice, University of Leeds, February 8th. Matt Davies' 'The Global Political Economy is Ordinary: Power, Production, Culture', presented at BISA, December 15th-17th, 1997, University of Leeds, similarly emphasises globalisation as lived experience and the inherited practices of everyday life.

Broadly, within IPE, it is possible to identify three 'clusters' of thought embodying 'sets of assumptions'⁹ about the inter-relationships between global 'forces', 'states', 'firms', and societies in the understanding of restructuring and social change.¹⁰ Within each cluster there dwells a distinctive representation of globalisation and, as a consequence, a distinctive understanding of the position of states, firms, and societies within processes of change. Some reflection on the epistemological and ontological assumptions of these competing frameworks of understanding may make visible the parameters of our received understandings. The *first* school of thought views globalisation as a *process* which undermines the ability of the nation-state to govern its territory in political, economic and social terms. From this perspective, the restructuring activities of states take place within an environment of 'exploded authority'. Social change is thus understood as *resulting from* a shift in authority from state-centred mechanisms to 'non-state', predominantly market-centred authorities. The 'effects' are thus perceived to be experienced by societies out of two strands of restructuring. The first emerges from the restructuring activities of states through, for example, the 'decoupling' of finance from social and political 'ties' (Strange, 1990; Cerny 1993; Helleiner, 1993) or the restructuring of welfare state institutions (Rhodes, 1995; Moran and Wood, 1996). The second is presented as emerging from the 'rise' of the authority of new centres of political economic organisation. These may include, for example, the 'freeing up' of multinational corporations (MNCs) from regulatory constraints and the ability of such interests to organise politically (see Reich, 1992; Dunning, 1993), such as

⁹ For Tooze it is part of the nature of IPE that "no clear set of assumptions exists... the field is perceived from several perspectives each of which offers a different and contending view" (1984: 9).

¹⁰ The development of this categorisation of approaches to restructuring and social change owes much to work undertaken within the Newcastle International Political Economy Group. The work of Paul Langley (1997) on the relationships between state-societies and the organisation of finance is particularly useful in this respect. See also the published results of the group's project on 'overturning globalisation' (Amoore et al., 1997).

in the Multilateral Agreement on Investment (MAI) negotiations.¹¹ From this position, the basic structures and policies of state and market-based institutions shift to a convergent neo-liberal and deregulatory position (Cerny, 1990). Social change is thus conceived as an inevitable 'no alternative' effect of global transformations.

Within this broad first 'cluster', however, there are scholars who seek to 'oppose' globalisation as both process and concept. Strange's (1996) analysis explicitly rejects the notion of globalisation as a route into the understanding of social change:

...change in the international political economy has so far been inadequately described and diagnosed for what it is by most of my colleagues in the academic community of social scientists. The evidence for that statement is to be found in a string of vague and woolly words freely bandied about in the literature, but whose precise meaning is seldom if ever clearly defined.

The worst of them all is 'globalisation' - a term which can refer to anything from the Internet to a hamburger.

(Strange, 1996: xiii).

Strange's analysis of the questions at the heart of IR/IPE is concerned with the 'sources' of change which she identifies as "technology, markets and politics" (p. 185). There is thus a clear attempt to extend the analysis beyond states as the key sources of change, into the realms of markets, firms, institutions, and political policies. However, there is a tendency to emphasise only the "non-state authorities" (p.x) who initiate the

¹¹ The Multilateral Agreement on Investment (MAI) is an international agreement negotiated within the OECD to facilitate the movement of assets between countries. Negotiations have been underway since May 1995. In effect, countries that sign up to the MAI would be required to open up all economic sectors to foreign ownership, removing all barriers to access for overseas investors, and treating them no less favourably than domestic firms. Member governments who apply 'unreasonable' regulation to overseas investments will be liable for compensation and damages. The proposed deadline for completion of the negotiations of April 1998, a date which represents an additional year of talks, has elapsed. Opposition to the MAI has been widespread, with resistance from key political parties, environmental and labour groups.

restructuring decisions, and not the social groups who negotiate and contest these 'decisions', or indeed the very authority on which they are based. The role of shared societal understandings of the implications of particular programmes is rather lost in the presentation of an 'epochal shift' from state-led change to non state-led change.

The *second* school of thought on social change in the IPE field seeks to challenge the 'globalist' orthodoxy from a position which argues that the 'decline' of the state thesis is exaggerated and that globalisation represents an essentially political *project*. This broad group of approaches tends to emphasise the national specificity and embeddedness of institutions and practices. The salience of nation-state rooted institutions is thus argued to create divergence between different national policy agendas (Hirst and Thompson, 1996; Vogel, 1996), firm-based strategies (Zysman, 1994; Sally, 1996), and societal capacities to 'resist' change (Boyer and Drache, 1995). This perspective engages with a wider social science debate surrounding the 'refraction' of restructuring activities through the prism of distinctive and 'rival' national capitalisms (Albert, 1993; Hart, 1992; Berger and Dore, 1996).

Overall, the institutional 'refraction' perspective on social change seeks to challenge the globalist orthodoxy through a characterisation of structural changes as 'internationalisation' rather than 'globalisation'. In this way, state institutions and policies are viewed as politically defining the features of globalisation. The argument that the nation-state remains the key site in the 'political' project of globalisation opens up a critique of the globalist position, and for this it is welcomed. However, this critique does tend to reproduce an atomised and unitary view of the state, neglecting the relationships between state and society. This position is predicated on a particular view

of history which recognises differences in social 'response' to globalisation but does not consider the 'historicity' of social change and human experience.¹² While these approaches open up an important critical terrain, they do not address questions of a 'society-centred' IPE. For our study this kind of approach would obscure the different interpretations and experiences which individuals and social groups may have of perceived global pressures.

While the first two positions dichotomise in 'globalist'/'statist' terms, a *third* approach begins from a critical position on this dichotomy. From this position, processes of global restructuring are tightly bound up with the ideas, structures, and institutions of state-societies. In this way the activities and inter-relationships of states, firms, and societies become more, and not less, significant in an era of renewed restructuring. Indeed, this route to IPE also emphasises the competing restructuring strategies of neo-liberal and social market political economies (Gill, 1995b in Hettne; Cox, 1993a). From interpretations of Gramsci and Polanyi, attempts are variously made to move beyond a structure/agency dichotomy in IR and IPE.¹³ This third 'cluster' of approaches thus privileges neither the state nor the market or firm as 'central actor' in the global political economy. Thus, the political essence of globalisation and the role of agency in producing and reproducing a particular kind of neo-liberal market-led project, becomes a central emphasis.

¹² See, for example, Goldthorpe's analysis of what he terms 'grand historical sociology' (1996: 112). For Goldthorpe, the work of Skocpol and Hall, for example, engages with a debate about the use of history in sociology without actually employing a historical mode of thought. Hence, the historical sociologists rely upon comparative historical material on differences between societies, for example, but do not emphasise the role of interpretation in these cases.

¹³ For effective analyses of the insights of Gramsci and Polanyi and their use in IR/IPE, see Hettne (1995); Cox (1996); Germain and Kenny (1998).

However, the assumptions of this third group of scholars do tend to perpetuate a periodisation of social change with phases of stability, and instability and transformation:

...change, as we now conceive it, implies 'disorder', 'turbulence' or 'chaos'.
(Hettne, 1995: 1).

The problem here is that social change is conceived as a period of transition. In this respect the dichotomies of the globalist account are simply replaced with new dichotomies which emphasise 'order/disorder', 'Westphalian/post-Westphalian',¹⁴ 'hegemony/post-hegemony',¹⁵ and 'starting-point/end point'.¹⁶ For our study, the assumption that restructuring takes place in a disordered interstice between two periods of social order, raises questions in our conceptualisations of social change. How do we distinguish specific restructuring programmes from the more general and continuous rhythms of social change? Can a period of restructuring be characterised as distinct from continuous rhythms of change due to its turbulence and instability? Rather like the layers of storytelling across generations, the breaks in political-economic organisation simply cannot be considered to be clear-cut. In order to break down this dichotomy between 'stable order' and 'unstable disorder' in social change we need to be able to think about how programmes of restructuring within states and firms intersect with the individual and collective social understandings of continuity and change in everyday

¹⁴ Cox (1992) describes the shift in the relationships of states to the world political economy in terms of a 'post-Westphalian' order.

¹⁵ Gill (1993) outlines a 'post-hegemonic' research agenda. Indeed, early IPE debates were rather dominated by the issues surrounding the possible demise of the Pax Americana and the shape of a future new world order (Gamble, 1995).

¹⁶ For Hettne: "Judging from the current debate in IPE and IR theory, we live in a period of 'transformation' or 'transition'. In historical studies of transition from one system to another, we have the record - that is, both the starting points and the end points are known to us. In studies of contemporary 'transitions' or processes of transformation, we don't know the end points" (1995: 10).

practices. A route into this problematic can be found in the insights of critical historians whose work brings “an historical mode of thought to...an understanding of structural change” (Cox, 1996: 27).

IPE as a ‘set of assumptions’: ‘How’ should we be looking?

The field of IPE has embraced a multiplicity of historical routes into inquiry. Indeed, it has been suggested that the emphasis on history in IPE is inherent and essential (Hettne, 1995: 14). Reviews of the ‘new political economy’ have emphasised diverse contributions of history which are widely drawn upon in contemporary debates. The use of comparative political economy, for example, has become normalised within IPE as a route into sensitising research to the context provided by history. In a similar way, revived attention to institutions as historical and social entities has been posited as a route into ‘historicising IPE’ (Amin and Palan, 1996). For other scholars it is Skocpol’s brand of historical sociology which provides insights into the nature of social change (Hettne, 1995: 13). The ways in which we look at our subjects in IPE, then, tend to reflect the assumption that history is inextricably woven into the IPE field.

Taking up this broad historical theme, recent debates in IPE have begun to raise the question of whether we have reflected critically on precisely how we are using history in our research.¹⁷ A central debate in this vein has surrounded the notion of critical knowledge about IPE where scholars have contemplated the historicity of our understandings (Murphy and Tooze, 1991; Gill and Mittelman, 1997) and sought to make visible the influences on their work (Cox, 1996). This kind of thinking about the

¹⁷ I owe the development of this point to discussions in the Newcastle IPE research cluster. A project on the ‘historical paths to IPE’ provided a forum for debate around the use of history in IPE.

sets of assumptions we employ adds a distinctive dimension to many of the dialectical relationships in IPE. Into the configurations of states-markets; economics-politics; domestic-international; structure-agency; or even order-disorder, is added the dimension of human knowledge and understanding of these relationships. This dimension reminds us of the nature of IPE as a study of webs of inter-relationships of which we are a constituent part, and within which we (and the subjects of our research) act, interact, experience, and understand. To explore this dimension further requires a particular understanding of history which relies upon insights provided by critical historians whose work emphasises the human essence of historical knowledge.

Out of the threads of IPE thought which emphasise the ways in which we use history, a common theme is identifiable: historicism. Though some authors do sketch the parameters of their use of this influence in fairly precise terms,¹⁸ we acknowledge here the many and, often, conflicting uses of the term and seek only to draw out the aspects which directly inform our research problematic. For this reason we conduct this exercise thematically, drawing out three major themes: reflection and self-knowledge; the historian (researcher) as part of history; and the interpretative character of historical inquiry.

First, we are led to recognise the centrality of the act of reflection in the process of historical inquiry:

¹⁸ Cox (1996: 27) explicitly outlines the 'influences and commitments' of his work. Under the broad heading of historicism, Cox highlights the work of Georges Sorel, E. H. Carr, E. P. Thompson, R. G. Collingwood, Giambattista Vico, Benedetto Croce, Antonio Gramsci, and Fernand Braudel.

...thought is not mere immediate experience but always reflection or self-knowledge, the knowledge of oneself as living in these activities.
(Collingwood, 1946: 297).

From this perspective we are led to call into question the categories and assumptions of knowledge which we have brought to our studies. Our tools of inquiry are likely to reflect something of our own experiences, beliefs and interpretations. Hence, the activities of states, markets, or firms, for example, become second order issues which may only be addressed from a position of critical reflection on how we have come to privilege these agents in our analyses. This leads us to our second theme, the historian or researcher as a participative and constituent element of history. E. H. Carr's (1961) lecture series reminds us of the historian as human being and, therefore, participant in the very processes she/he observes and documents:

The historian, then, is an individual human being. Like other individuals, he is also a social phenomenon, both the product and the conscious or unconscious spokesman of the society to which he belongs; it is in this capacity that he approaches the facts of the historical past.
(Carr, 1961: 35).

In the preface to Carr's second edition, he positions himself as historian both retrospectively, in the economic optimism of 1961, and in contemporary (1987) terms in the resumption of cold war aggression and the nuclear age. Carr thus reminds us that as we observe, write and lecture, we also exist, interpret and experience. The interpretative choices of historians, influenced by the dynamics of their era, will be reflected in the 'facts' as they are documented and communicated to others. In an age which is constantly distinguished from preceding periods and labelled as 'globalised' it is particularly important to recognise our simultaneous experience and documentation of

change. It is this recognition of the historicity of our understandings which contributes a subtlety to the bulldozer logic which has dogged globalisation.

Out of these two inter-related themes arises the question of whether, indeed, historical inquiry can yield any form of 'evidence' for research programmes. The historical mode of thought offers considerable insight into the interpretative nature of all inquiry. History, for Collingwood, "...is the science of *res gestae*, the attempt to answer questions about human actions done in the past" (1946: 9). The exercise of historical inquiry, then, becomes an interpretative project within which the researcher seeks to raise and answer questions of past actions. Carr's retrieval and development of Collingwood's ideas summarises the 'philosophy of history' as concerned with the inter-relationships between 'the past' and 'the historian's thought' about the past (1961: 21). He thus affirms that history is given shape and meaning by "seeing the past through the eyes of the present and in the light of its problems" (1961: 21). The historian or researcher, then, interprets what she/he sees through the eyes of contemporary reality. Human activity is thus made intelligible through a process of reflection which re-enacts possible past social meanings on a stage lit by our contemporary experiences and understandings. Such insights have considerable implications for our understandings of social change. We are led to recover the importance of subjective aspects of social change. From this perspective, understandings, experiences, and interpretations of social change are as 'real' in concrete historical terms as tangible technological, economic or political structures and agents.

How do the insights drawn from critical approaches to history help us to think about the 'what', 'who', and 'where' questions of IPE? An historicised IPE has

particular relevance for our study of the restructuring of social practices. The globalist orthodoxy in the understanding of restructuring has used globalisation as an all-encompassing explanatory tool. As a result, technologically-determinist and economic arguments have dominated at the expense of the contingency of human agency. A historicised reading of social change is more likely to emphasise the open-ended and contingent nature of restructuring practices. In the social realm of production and work these insights are particularly significant. We are led, via the work of E. P. Thompson, to view the material production processes emphasised by much of the orthodox restructuring literature as intimately bound up with the production and reproduction of understandings. This is a theme developed by some of the neo-Gramscian approaches to IR which seek to highlight the links between ideas and material production (Rupert, 1995; Harrod, 1987). In this way, the 'ideational' aspects of restructuring become more clearly visible enabling us to understand production in its broadest sense as the reproduction of social life. There are two important implications of this kind of understanding for our research agenda. The first is that any attempt to restructure production processes, and the working practices they constitute, does not simply challenge the tangible and material activities of everyday life, but also the shared understandings between the people who participate in this process. The second is that the outcome of any process of restructuring will reflect an array of societally-specific ideas and understandings of how questions of work and production should fit into a wider social 'order'. These understandings are likely to be negotiated and contested in an open process of debate. Our observation and documentation of these debates will engage with the contests themselves, reflecting and conditioning our understandings. Put simply, 'global' restructuring is socially rooted and subject to a myriad of divergent interpretations, understandings, and experiences.

Following the historical mode of inquiry, we are led to consider an approach to social change which positions human experience and understanding at the centre of our analysis. This defines a 'way of thinking' about IPE which may significantly influence our 'field of inquiry' (Tooze, 1984) choices of 'what' and 'whom' we focus upon in our studies:

...there is no theory independent of a concrete historical context. Theory is the way the mind works to understand the reality it confronts. It is the self-consciousness of that mind, the awareness of how facts experienced are perceived and organised so as to be understood. Theory thus follows reality in the sense that it is shaped by the world of experience. But it also precedes the making of reality in that it orients the minds of those who by their actions reproduce or change that reality.

(Cox, 1995: 31).

Thus, the 'set of assumptions' which have been brought to IPE are inextricably related to the questions of 'what' and 'who' we choose to look at in the field. The insights of the critical historians remind us of the importance of the 'history from below' provided by the interpreted experiences of individuals and social groups in our explanations. It is these experiences which have been relatively 'invisible' in IPE studies focusing exclusively on the *effects* of globalisation. In effect, this orthodoxy has begun to close down 'what we look at' so that we tend to generate problem-solving knowledge for public and private policy responses. This implicitly narrows also our definition of the 'political' realm, so that the political activities of certain agents are excluded from our explanations. Given that "theory is always *for* someone and *for* some purpose" (Cox, 1996: 87), when focusing on the subjects and scope of the IPE field of inquiry, it would

seem important to question how the field 'came into being', what the parameters of debate have become, and what kinds of subjects remain 'invisible' in our analyses.

Where should we be looking?: Production, Work and Social Change.

The challenges for IPE are all the more acute for the 'problem-solving' agenda which has pushed 'policy implications' to the forefront of our debates. For our understandings of restructuring in production and work the nature of this agenda comes with significant problems attached. First, there is a tendency to overlook those issues which involve labour or to imagine that these issues are implicitly covered in studies of, and policy prescriptions for, MNCs and global production.¹⁹ For O'Brien (1998), IPE has a blind spot in failing to recognise the agency of non-elite groupings of people generally, and the influence of labour groups on the global political economy through their productive relations, more specifically. Second, where we do focus our attention on the labour aspects of production and work, we have tended to buy into a 'globalist' reading of social change. In this way, exogenous pressures for change from technologies, intensified competition and new competitors are emphasised above the endogenous understandings of the implications of these pressures. Cox (1995) argues that our conventional understandings of the problems of changes in production and work have emphasised the technological and economic aspects of social change. The focus of many of the studies of firm-level restructuring, for example, positions technological changes at the heart of understanding.²⁰ Out of this kind of understanding, imperative 'best practice' responses such as the 'competition' state or the 'lean production' firm

¹⁹ The use of the insights of business 'gurus' in IPE is an example of the dangerously close relationship between our understandings and the generation of policy prescriptions. See, for example Drucker (1986); Toffler (1980); and Ohmae (1990).

²⁰ See, for example, Piore and Sabel (1984) or Womack, Jones, and Roos (1990).

have been constructed. Societies tend to be inserted into this kind of analysis as 'respondents' to changes. In much of the IPE literature on labour, for example, this has taken the form of a focus on the responses of trade unions to the global strategies of the firm (Stavis and Boswell, 1997).

A critical response to this kind of orthodoxy in the study of restructuring in production and work begins from a recognition of the insights which these social realms can provide for our studies. The social activity of 'work' and participation in the production process provides a key channel for the everyday experience of global restructuring by individuals and social groups. Such experience is not confined to the workplace but is enmeshed with a wider set of social institutions from the family, through welfare systems, and into industrial complexes. Changes in production relations and working practices, then, are likely to impact upon, and be constrained by, a wider web of social practices. If these social practices are distinctive to particular societies, groups and individuals then, by implication, restructuring is unlikely to be a universal or homogenising process. Take, for example, the idea of 'lean production', meaning the reduction of slack in the factors of production. According to this doctrine, at any given time there should be no 'spare' labour effort, materials inventory, production space, or technological capacity in the production process. We might expect the widespread recognition of these principles to cause a convergence in working practices. However, lean production has been subject to divergent perceptions of meaning; divergent methods of implementation; divergent understandings of what this implies for existing practices; and divergent attempts to shape, resist or undermine its dictates (Stewart and Garrahan, 1997; Moody, 1997; Hoogvelt and Yuasa, 1994). Thus, a focus on the contests and debates surrounding restructuring in states and firms should provide one

possible route into an historicised understanding of the restructuring of working practices.

In some social science fields, the historicity of social experiences of transformation in work and production has long been at the centre of inquiry. Some scholars working in industrial relations and sociology have tended to view global restructuring from perspectives which implicitly or explicitly emphasise the contested nature of changes in working practices. A group of sociological approaches to changes in the organisation of work, for example, have coalesced around the idea that perceived Japanese management mantras take on distinctive dynamics from their 'host' societies (Dore, 1973; Stewart and Garrahan, 1997; Elger and Smith, 1994). Similarly, some studies of changes in industrial relations practices have emphasised the societally-specific challenges which face social groups and the distinctive ways in which change is resisted (Moody, 1997; Streeck, 1997a).

The IR/IPE traditions, however, have tended to overlook the historicity of social change in favour of a privileging of elite-centred prescriptions for labour flexibility (Ruigrok and Van Tulder, 1995). In this sense 'work' as a social field of inquiry continues to be neglected. Following Harrod:

The attempt to make IR into IPE, and IPE into an area for the contemplation of the condition of humanity would have to begin with, following Dilthey, a 'unifying' characteristic of humankind...

...A strong candidate for a 'unifying characteristic is production... Production is ubiquitous in so far as it exists in all places and at all times. Production is, in that sense, life, for the dispensation of energy (work) which results in life (product).

(Harrod, 1997a: 109).

Hence, enhancing the visibility of production and work in our studies should bring human and social aspects of restructuring to the fore. Harrod's analysis of the '2IRs' of Industrial Relations (IR1) and International Relations (IR2) suggests that, in the past, IR (1) offered IR (2) a route into a society-centred understanding of social forces and social change which connected "workplace to world order" (1997a: 112). It is this relationship between the '2IRs' which informed much of Harrod's (1987) and Cox's (1987) twin volumes developing a critical view of societies and world orders. In the wake of the "collapse of societal analysis" and the dominance of managerial Strategic Human Resource Management in IR (1), IR (2) and IPE have lost a vital route into an historicised understanding of social change (Harrod, 1997a: 114). However, it is worth considering that the synthesis of academic and practitioner-centred analysis found in the new industrial relations literature is present also in the contemporary IPE agenda. Students of IPE in the late twentieth century are perhaps more likely to read the business insights of the likes of Ohmae (1990) and Porter (1990) than to consult the critical industrial relations journals (Denemark and O'Brien, 1997). In this way, our orthodox sets of assumptions in IPE are more likely to foster a 'solution finding' field of inquiry than a 'question-raising' field.

If we accept the value of a historicised study of production and work we are led to enhance the visibility of experiences of social groups and the observations of scholars in fields with alternative angles of vision. The insights of such alternative subjects and voices contribute to a mode of knowledge about social change which views restructuring as open, contested, and contingent. Drawing on the insights of Cox's (1995) 'critical IPE', we can outline three central questions which reflect a historicised

approach to the study of restructuring and change in the world political economy broadly, and in the realms of production and work specifically.

1) How might we think about the institutions and structures within which restructuring takes place?²¹

Following the insights of an historical mode of thought, we are led to address the dialectical interaction of structures and agents. The institutions and structures which we observe and analyse in our studies thus receive their human essence from the social agents whose interests and activities informed the structures over time. By the same token, these institutions and structures constitute the parameters of social life within which human agents “may move with the pressures or resist and oppose them, but they cannot ignore them” (Cox, 1995: 33). Structures are thus not conceived as imposed or mechanical fetters on human activity. Rather, they are viewed as essentially human and social and, therefore, malleable and mutable.

A ‘human-centred’ understanding of institutions and structures informs our understandings of restructuring in production and work in key ways. We are led to consider that embedded historical institutions and structures such as, for example, ‘corporatism’ or ‘Fordist’ production methods, are not ‘set in stone’. They are reproduced and sustained by human activities and practices and, therefore, may be subject to transformation (Moody, 1997: 117). Our rejection of globalist accounts does

²¹ A distinction is made here between ‘structures’ and ‘institutions’ as this is considered beneficial for analytical clarity. The term ‘institution’ here denotes a special kind of structure which formalises and legitimates a particular set of social activities. Structures, by contrast, may also take more tacit and less formalised forms to include, for example, the constraints of shared norms and values.

not, then, enable us to say that fundamental restructuring is not possible or, indeed, even that it could not be imposed 'from above'. However, the insights of a more historically-sensitive understanding of institutions places caveats on an essentialistic reading of restructuring. Institutions and structures represent past and present struggles between social groups. As such, we may expect any attempt by powerful social groups to transform these structures to be subject to continued contestation. The 'outcome' of a process of restructuring should not, therefore, be understood to be a pre-determined 'given'.

An acceptance of a human and social-centred understanding of structures and structural change leads us also to a more subtle understanding of the sites of restructuring in the realms of production and work. If we are to examine the meanings which particular changes in working practices have for individuals and social groups, we must find ways of reflecting on the institutional and structural constraints on those meanings while retaining the idea that such structures are themselves subject to change by human agency. In the realms of production and work this implies that states and firms become key institutional sites for restructuring within an ongoing process of contest and struggle.²² In this way states and firms cease to appear as institutional 'sponges' which soak up the imperatives of globalisation. Rather, they become social arenas within which the meanings and implications of globalisation are contested.

2) *How might we think about the individual and shared understandings which inform and reflect these institutions and structures?*

²² Within studies of industrial relations there is a strand of research which explicitly invokes states and firms as contested sites for social change. See, for example, Cohen (1991) or Edwards (1980).

The understanding of institutions and structures discussed above has an implicit ideational aspect which demands more explicit attention. A dialectical understanding of the relationships between human agents and social structures and institutions must also be capable of grasping the role of shared ideas and understandings in these connections:

...structure is a picture of reality, of the world, or of that aspect of the world that impresses itself upon us at any particular time - the power relations among nations, or those of the workplace, or of the family or local community. This picture, shared among many people, defines reality for them; and because they think of reality in the same way, their actions and words tend to reproduce this reality. These realities go by various names - the state, the family, the job market, and so forth. It does not matter whether we approve or disapprove of these realities. They constitute the world in which we live. They are the parameters of our existence. Knowing them to be there means knowing that other people will act as though they are there, even though none of these entities exists as a physical thing.

(Cox, 1995: 33).

Therefore, thought about social reality forms an important element of the parameters of our everyday lives. We can root this understanding of thought as knowledge in Collingwood's reflections on the interpretative act of historical inquiry:

Thought can never be mere object. To know someone else's activity of thinking is possible only on the assumption that this same activity can be re-enacted in one's own mind. In that sense, to know 'what someone is thinking' (or 'has thought') involves thinking it for oneself.

(Collingwood, 1946: 288).

Thus, if we take 'restructuring' to mean the changes in a set of embedded social practices which may, over time, give the image of a wholesale shift to a new set, then shared knowledge and understandings of what these practices constitute in 'reality' must play an important role in conditioning change. From this perspective, processes of

restructuring challenge the parameters of our 'known environment' of existence. Since these parameters are likely to be different for social groups within specific societal settings, it would not seem unreasonable to suggest that 'global' restructuring takes on different meanings within different societies.²³ Individual and shared understandings of the meanings and implications of programmes of restructuring exist in many realms of social life. Some of these may be 'national' in the sense that they relate to the historical development of a state-society relationship. Others may be specific to a particular industry, or to the practices within a particular firm or workplace environment.

At all levels, the acceptance of the role of shared understandings in sustaining or undermining a particular 'way of doing things', implies that restructuring does not simply transform a set of material relationships and practices. So, for example, a shift from 'production line' to 'just-in-time' production methods, though inherently material and technological, also involves challenges to a known environment of social relations and understandings. For studies in IPE, this implies that we think about how social change is contested between different interests and understandings, and how different societal contexts of structures, ideas, and institutions, may condition specific forms of contest.

3) *How might we, therefore, conceptualise restructuring and change in production and work?*

²³ Hoogvelt and Yuasa (1994) argue that "psycho-cultural" aspects of political economy are neglected. Their study emphasises the problems of the transplantation of firms and management from Japan to the US and Europe: "Attempts to create in, or transplant to, the West the ideals of groupiness or harmony on the shopfloor, or informal contracting between companies and so on, will fail precisely because the psycho-cultural moorings are absent here" (1994: 299).

For Cox (1995: 35), structural change has been approached by the social sciences in three main ways. The first extrapolates from dominant patterns observed in the present to 'predict' some future outcome. A globalist account of restructuring tends to follow such a logic, arguing that the restructuring practices of some societies are indicative of a 'best practice' which may become the future for all societies. The second approach argues that change cannot be comprehended and that only disjointed 'snapshots' of a social order can be taken. From this perspective social change is essentially chaotic and contains few identifiable patterns or rhythms. Cox's third approach, the 'historical dialectic', informs his understanding of structural change. Here each historical structure has a coherence which gives it its 'structural' nature and "elements of contradiction" which make it mutable and subject to social transformation (1995: 35). This undermines the notion that we move from one 'order' through 'disorder' to a new order. Rather, contradictions and social contest may be simultaneously necessary for the reproduction of a particular order while also potentially undermining the foundations of this order.

A conceptualisation of restructuring and social change which is 'open' to the voices and agency of contending social groups makes visible the differences in experiences of restructuring held by these groups. We may thus focus on processes of restructuring in production and work as essentially negotiated, debated and contested. These negotiations, debates and contests will themselves be conditioned by specific institutional contexts and shared understandings. Thus, the contested terrains of states and firms provide a societal context within which restructuring takes place, but do not in any sense preconfigure a particular 'response' to globalisation. It is the aim of subsequent chapters to explore these terrains as contested sites and to seek to emphasise

previously neglected experiences of restructuring. To emphasise the neglected voices of IPE such as, for example, the non-unionised members of a workforce, we must open up our understandings to the social, political and historical aspects of restructuring and change.

Conclusions: Understanding Restructuring and the Restructuring of Understandings

The purpose of this chapter has been to reassess our understandings of social change so that our ideas about global restructuring are not abstracted from the context provided by our individual and collective social understandings. These understandings may be formally manifested, in embedded social institutions, or informally manifested, in the tacit norms and expectations shared by a particular social group. From this perspective, the ‘restructuring of the state’ or the ‘transformation of the firm’ is understood in terms of negotiated and contested social relationships and understandings. For the field of IPE such insights are of particular significance. If the early promise of an ‘open’ and ‘unenclosed’ field is to be fulfilled (Strange, 1984: ix), there is a need for reflection on the dominant ‘what’, ‘who’ and ‘how’ questions of our research. In contemporary IPE the assumptions and subjects of research have tended to reinforce a new orthodoxy within which even critical scholars have ringfenced their perspectives from a wider debate on social change. The conclusions we seek to draw here all relate to ‘doing IPE’ and, specifically, how we might proceed in the light of the insights of a ‘historicised’ and ‘humanised’ approach to social change.

First, understandings of social change in IPE may benefit from a process of reflection on the *motivations* behind our studies. What is our angle of vision on social

activity? What do we seek to explain and how is this reflected in our research choices? The research agenda in IPE over recent years has clearly been ‘hi-jacked’ and driven by the challenges of globalisation. The domination of IPE by this ‘master concept’ has effectively closed our understandings of social change around the idea that ‘globalisation is’ and that societal effects will follow. Thus, social change has tended to be positioned as the outcome of a process of restructuring by states and firms under the imperatives of globalisation. A simple recognition that globalisation cannot and, indeed, should not be used as a device to explain all social change provides a basis for a more critical approach.

Second, understandings of processes of restructuring in IPE may benefit from a consideration of the dominant aspects of ‘what and whom we look at’ and ‘how we look’. In this way we would question the parameters of our field of inquiry and the set of assumptions we bring to that inquiry. Such an exercise brings an added dimension to the many dialectical relationships which IPE seeks to explore. Into the study of the relationships of states-markets; economics-politics; domestic-international; and structure-agency, is added the dimension of human knowledge of these relations. So, for example, we may be led to ask which structures and agents have been most clearly visible in the new IPE orthodoxy and which have remained less visible and obscured. The insights of non-elite groupings of people and their everyday experiences of restructuring are particularly significant in a sphere of social life such as production and work. Here, transformations in working practices are actively apprehended by individuals and social groups. Hence, a more nuanced understanding of our ability to shape globalisation can be found in the idea that global changes are experienced, interpreted, and *lived* by human agents so that they may be simultaneously externally

viewed, for example in technological changes, and internally evaluated through contrast with past experiences and practices.

Finally, IPE may more fully explore the dynamics of social change from a position of 'openness' to possible sources of knowledge and insights. We have shown that this openness is significant at several levels. At the level of the field of inquiry itself, IPE should remain open to the insights of research and frameworks outside of its conventionally-defined parameters. The insights of the critical historians outlined here, for example, provide a grasp on history which has not fully been exploited for use by IPE scholars. To draw out further examples, the more critical industrial relations approaches present states and firms as contested social terrain. These kinds of insights offer routes into IPE which challenge orthodox images of states and firms as unitary, cohesive, and convergent global actors. At the level of discrete research activity, openness to the subjective involvement of the researcher reminds us of our proximity to, and participation in, the dynamics of social change. In this sense we are uniquely positioned to account for, and document, social change as our everyday social lives are bound up with its rhythms. It is at the level of the subjects of our research, however, that there is perhaps most work to be done. The subjects which we include in our studies contribute voices to the field of IPE which tell of the experiences individuals and social groups have of change in their everyday lives. A meaningfully 'open' IPE agenda would seek to invite a more diverse range of voices to inform our knowledge of restructuring and social change.

PART II

STATE-SOCIETIES AND THE REORGANISATION OF WORK

Chapter Three

Deconstructing Global 'Best Practice': State-Society, Institutions and 'Embedded Practice'

The debate on international restructuring continues to be obscured by best-practice examples of commercial success ('how did they do it?') On the basis of isolated case-studies of particular regions, national economies or individual firms, academics have alternately argued that 'flexibility', 'team concepts', 'quality control', 'clustering' of firms, 'lean enterprise', 'high-tech', 'globalization' (the list goes on and on), have been singularly conducive to competitive advantage... As an essential requirement for the successful marketing of their books, the inventors of such fashionable concepts share a highly optimistic and reassuring view on the future of industrial society.

(Ruigrok and van Tulder, 1995:2).

... national institutional structure shapes the dynamics of the political economy and sets boundaries within which government policies and corporate strategies are chosen... national institutions, routines and logics represent a distinct capacity to address particular sets of tasks.

(Zysman, 1994:271).

Within the field of International Political Economy, and across the social sciences more broadly, analysis of restructuring in the public and private spheres, and guides to its management, have tended to use the 'master concepts' (Giddens, 1982: 9) of 'globalisation', 'regionalisation', and 'internationalisation' as organising themes. Indeed, even critical commentators have tended to amplify their claims about globalisation and restructuring so that the dominance of the neo-liberal discourse is equated with a competitive 'downgrading' of all social practices (see Rhodes, 1995). In the hands of policy makers (public and private), such ideas become interwoven with policy and can be used to legitimate restructuring around a perceived global 'best practice', or as the foundation for a process of 'learning' drawn from diverse national, industrial, and firm-based experiences of restructuring (Ruigrok and van Tulder, 1995: 1). The fundamental problem with this dual interpretation is that both 'faces' neglect the extent to which any process of restructuring must be understood as social by its nature and, therefore,

subject to the contested and contradictory dynamics of social change. Hence, a potential debate surrounding the role of socially-constituted institutions in conditioning processes of change is effectively obscured by a discourse of ‘learning’ which finds its legitimacy in globalisation and restructuring as organising master concepts.

Globalist models and their best practice prescriptions are, however, being challenged from diverse perspectives and disciplines in contemporary social science. Much of this work clusters around attempts to explain the relationship between the institutions of a given state-society, and processes of social change. The ‘new institutional economics’ approaches,¹ and the ‘economic sociology’ agenda,² for example, have provided foundations for a challenge to the view that globalisation fundamentally transforms the institutions of a state-society. The result is that, within the social sciences, concepts of ‘embeddedness’, ‘national diversity’, and institutional ‘environments’ and ‘contexts’ have informed the analysis of welfare state development (Esping-Andersen, 1996), inter-firm relations (Grabher, 1993), the behaviour of the MNE (Sally, 1994), and national ‘typologies’ of industrial relations (Lane, 1994). This broad avenue of inquiry is reflected in the contemporary call within International Political Economy for sensitivity to “context specificity” and a “historicizing” of the field’s research agenda (Amin and Palan, 1996). From a different perspective, Gramscian-inspired contributions to understandings of institutions in IR and IPE focus attention on the role of social power relations in the formation and perpetuation of institutions (see Murphy, 1994). Overall, there exists a revival of literature which calls for attention to be paid to the historical role of ‘embedded’ social institutions and practices in conditioning and constraining social change.

Engaging with this emerging agenda, the first section of this chapter analyses how the notion of a global ‘best practice’ of restructuring has been constructed and used

¹ See, for example, G. Hodgson (1988).

² See, for example, N. Smelser and R. Swedberg (1994); M. Granovetter and R. Swedberg (1992).

by a loose affiliation of public and private groups, and outlines the problems associated with this understanding of social change. The aim is not to establish whether or not one 'best practice' has emerged *per se*, but rather to problematise the process whereby it has become presented as such.³ The second section looks critically at the revival of 'contextually sensitive' institutional theories in IPE and their contribution to the deconstruction of the 'best practice' approach. Finally, we outline a tentative application of these insights to the case of restructuring in the organisation of production and work, a key social sphere in which the concept of globalisation is used to legitimate a particular 'best practice' model of social restructuring.⁴ The two countries which we focus on here, Germany and Britain, are representative of a currently widely-documented trend towards "regulatory competition" within Europe, in which the Anglo-Saxon 'model' of deregulated labour markets is commonly believed to have taken the prize (Woolcock, 1996: 297; Streeck, 1997a, 1997b). Hence, the "less well performing Anglo-American model of capitalism" is presented as a 'best practice' which is "perversely outcompeting the better performing "Rhine model" (Streeck, 1997a: 256). We seek to explore three broad and inter-related propositions which, responding to recent debates in IPE, support the notion that, far from a pre-determined 'best practice', it is institutionalised 'embedded practice' which is key in conditioning processes of social change. These can be summarised as follows:

- Social actors perceive the 'global' imperative to restructure according to existing historical institutional parameters within a state-society.

³ See, for example, E. Augelli and C. N. Murphy. Here, the realm of ideas about social life and social transformation is viewed, not as a set of 'facts' but as presented truths. The researcher's attention is directed by this analysis to "concrete social actors and the institutions they have built to protect their interests" (1993: 146).

⁴ Harrod (1997a) illustrates the insights which can be drawn from a consideration of the 'two IRs' of international relations and industrial relations; "...International Relations dealing with world orders and Industrial Relations dealing with social forces created from the sociological, psychological and political effects of the power relations surrounding the universal preoccupation with its distribution and allocation" (p. 105). From such a synthesis of attention to world orders and social forces, through the social sphere of 'work', it is envisaged that scholars may develop "...an International Political Economy which would be more than just a perception of some economists who had discovered power, or some Marxists automatically extending domestically derived concepts to the global plane", (p. 110).

- These institutional parameters are politically (and therefore historically and socially) constituted.
- Global competition and the organisation of work are perennial problematics within capitalist organisation.

Overturning the 'Best-Practice' Assumption

The tendency to seek out consistencies within processes of social change and to link these to 'globalisation' is related to the search for solutions to problems of intensified global competition. The idea that there might be a 'best practice' method of organising economies and societies under these conditions is particularly seductive to those seeking to manage change. It is scarcely surprising, then, that this type of knowledge is commonly privileged in social science above the kind that emphasises the complex and contingent nature of change. Where diversity is acknowledged in this type of analysis, this tends to be cast as diverse national models which lend themselves to observation and emulation. 'Benchmarks'⁵ of competitive performance are said to be at the heart of the restructuring of a "small club of nations" ultimately manifesting in a gradual process of convergence (Berger and Dore, 1996). In the social sphere of work it is the deregulated and adaptable labour market, the flexible firm, and the 'lean' production system, which have achieved iconic status in transnational policy literature.⁶

The forces of globalization increase both the benefits of good policies and the costs of failure... Whether a new golden age arrives for all depends mostly on the responses of individual countries to the new opportunities offered by this increasingly global economy.

(World Bank, 1995: 54).

⁵ Evidence of competitive benchmarking can be found at the level of the nation-state in the form of macro-indicators produced, for example, by the OECD (1996), and in academic analysis focusing on sources of competitive advantage, for example the attention given to Germany as a model of 'diversified quality production' (Streeck, 1992a). Meso- and micro-comparative studies offer industry and firm-level models of 'best-practice' (Oliver and Wilkinson, 1988).

⁶ See, for example, CEC, (1993); OECD, (1994); World Bank, (1995).

In this reading of the policy implications of intensified competition, the nature of 'good' policies is linked to a new global environment. Ideas as to the competitive state and the competitive firm emerge as symbols of 'efficiency', 'flexibility', and 'leanness', so that the boundaries between public and private appear blurred (see Cerny, 1991). Academic analysis thus tends to focus either on the borrowing of private sector doctrines by the state (see Weiss, 1998), or on the bargaining relationships developed by firms with public sector agencies for the state (see Strange, 1996). Symbols of restructuring success in both states and firms are thus selectively drawn into a model of best-practice. Such policy advocacy tends to be linked to specific state-societies that gain and lose best practice status over time. As Albert (1997) has argued, both the Japanese and German political economies have gained and then lost status as 'benchmarks' of international competitiveness through the 1980s and 1990s as recession has followed economic growth.

The practice of benchmarking to establish neat 'packages' of abstracted best practice ideas is also evident at the level of the firm. Packages of ideas such as 'lean production'⁷ techniques tend to be linked to specific firms within specific state-societies who have successfully implemented these practices. Womack and colleagues' (1990) 'The Machine that Changed the World', for example, presented Toyota's Japanese plants as best practice models to be emulated by North American and European firms which, they argue, operate with twice the quantity of labour and materials. Thus, firms in a given state-society become benchmarks for global restructuring. The guides to restructuring in both states and firms, then, are informed by assumptions as to 'what is

⁷ For Moody (1997): lean production is run by a system of 'management by stress'... Kaizen, just-in-time, multi-skilling, job rotation, teams, quality management, numerical and functional flexibility, extensive outsourcing, and all the well-known features of lean production are the means to reduce the resources, including labour, needed to produce a given product or service. This is done by a constant process of stretching one phase of production to the 'breaking point' by reducing the number of workers and/or the means of materials available, and then recalibrating the other phases of the production process" (p. 87).

good' about particular existing practices. We can identify key interacting dynamics which combine to privilege the deregulated and presumed to be flexible neo-liberal approach to the organisation of work as the 'good' response to globalisation in the late 1990s.

The potential hegemonic status of the neo-liberal discourse of market efficacy, flexibility and competition in the international debates surrounding restructuring has been widely documented (Ruigrok and van Tulder, 1995; Overbeek, 1990; van der Pijl, 1984; Gill, 1995). However, the dominance of this discourse cannot be understood simply in terms of the political triumph of the Thatcher-Reagan policy nexus in the 1980s. Rather, this loose agglomeration of ideas has been produced and sustained by elite groups across public and private spheres. The 'discipline' (Gill, 1995) provided by these ideas has, thus, achieved a common-sense status rooted in neo-classical economic doctrines. The neo-classical belief in an equality-efficiency trade-off presents social welfare and efficient markets as mutually exclusive human ambitions. It is this trade-off which provides fertile soil for contemporary ideas about how to restructure under intensified competition. The normative assertion that the market should be 'free' from the distortions of political intervention leads to the belief that "optimal market performance is dependent on this condition" (Esping-Andersen, 1994: 712). Ultimately, following this neo-liberal assertion, we are presented with the logic that intensified global competition replaces diverse national political economies with a single universal best practice of welfare retrenchment, competitive deregulation, and restructured labour markets (see Hollingsworth and Streeck, 1994: 279).

In the social realms of production and work, the equality-efficiency trade-off is manifested in the belief that embedded social institutions represent 'rigidities'⁸ which

⁸ Gough (1996), argues that the rise of the 'Schumpeterian Workfare State' has witnessed the subordination of social policy to the needs of labour market flexibility. Rhodes (1995) seeks to demonstrate that the global pressure to compete squeezes national systems of social policy and welfare into a distinctly neo-liberal mould.

undermine the potential competitiveness of the labour market. Neo-liberal policy literature has tended to present these 'rigidities' as disincentives to work and constraints on the managerial prerogative to flexibly manage the organisation of work:

...today, OECD economies and societies are inadequately equipped... Policies and systems have made economies rigid, and stalled the ability and even willingness to adapt. To realise the new potential gains, societies and economies must respond rapidly to new imperatives and move towards the future opportunities. To many, the change is wrenching.

(OECD, 1994: 17).

It is evident that deregulated and flexible forms of work organisation have gained best-practice status in international policy literature. OECD policy recommendations identify the maintenance of social institutions with the loss of competitiveness and market opportunity. The OECD 'Jobs Study' details policy recommendations for the flexibilisation of wages, working time, and labour costs. Measures such as the "phasing out" of employment protection legislation and collective bargaining agreements are designed to purge the "traditional patterns in the organisation of work" (OECD, 1994: 28). A similar viewpoint is identifiable at the European level⁹ in the European Commission's priorities of "improving flexibility within enterprises and on the labour market by removing excessive rigidities resulting from regulation" (CEC, 1994: 117). The ontological roots of such policy advocacy are to be found in ideas about the progressive path of technological and economic change. 'Exogenous' technological and economic transformations are held to pre-determine political stances on the reproduction or dissolution of institutions and practices. The underlying logic of this approach to the

⁹ There has been some, if limited, analysis of the relationship between the process of globalisation and Europeanisation. Whilst sceptical of the "more extreme claims for economic globalisation", Hirst and Thompson view the European Union as a radically new form of political governance for the international economy (1996: 196). For Rhodes, the interactive processes of European integration and globalisation may produce a "worst case scenario" of "subversive liberalism" (1995: 402). A central theme here is that the European project of market liberalisation reinforces political ideas as to the limits of state intervention in an efficient market. In this respect, European integration reinforces the political-economic, and ideational aspects of neo-liberal globalisation.

relationship between the social institutions which condition and regulate work; and the competitiveness of states and firms, is outlined in figure 1.

REGULATORY INSTITUTIONS	PERCEIVED INEFFICIENCIES
Collective Bargaining. Minimum Wage.	Distorted wage structure with tendency to 'sticky wages' which are unresponsive to downswings in the economy. Diminished allocative efficiency of the labour market. Artificial inflation of the price of unskilled labour. Disincentive to employer to hire/train.
Organised and 'Empowered' Trade Unions.	Increased 'insider' power with consequent exclusion of competition from labour market 'outsiders'. Thus, reducing employer's scope to employ contingent labour.
Employment Legislation and Protection.	Costly dismissals and subsequent inability of firm to flexibly adapt to fluctuations in global economy and technological change. Exclusion of competition from external labour market.
Workers' Representation and Participation in Decision-Making (Co-Determination).	Undermines firm's ability to adapt rapidly to fluctuations in markets.
Unemployment Benefits/Social Security/Income Protection. Welfare Programs.	Redistribution takes place in a 'leaky bucket' (i.e. inefficient and costly). Disincentives to join the labour market. Reduces intensity of job search. Raises cost of labour. Negative effects on savings and investment.
Housing Support/Employer-Based Health Insurance etc.	Reduces mobility of labour.

Figure 1: Neo-liberal 'trade-off' between regulatory institutions and labour market efficiency. *(Adapted and synthesised from Atkinson (1993); Esping-Andersen (1994); Blank (1994); Buttler et al. (1995); Berger and Dore (1996)).*

The dominance of the neo-liberal agenda has led even critical commentators to conclude that all industrialised states are engaged in a 'competitive downgrading' of welfare and social regulatory institutions in the name of competitiveness as "social progress is slowly becoming subservient to the perceived needs of the market economy" (Rhodes 1995: 386). Intensified global competition is viewed as having a 'squeezing' effect on all states and firms so that they face common optimising problems and search for solutions which cluster around a deregulatory 'best practice':

...the trend of the global mobility of capital and the relative national fixity of labour would favour those advanced countries with the most tractable labour forces and the lowest social overheads relative to the benefits of labour competence and motivation. Social democratic strategies of enhancement of working conditions would thus only be viable if they assured the competitive advantage of the labour force, without constraining management prerogatives, and at no more overall cost in taxation than the average for the advanced world.

(Hirst and Thompson, 1996: 13).

Thus, for state-societies whose institutions clash with the neo-liberal ethos, the political-ideational aspects of globalisation exert a pressure which is somewhat distinct from the commonly identified global economic and technological pressures. The best-practice manifestations of globalisation exert a pressure of ideas and thought which seems to close down the consideration of alternatives. The effect, in academic debates, has been an analytical abandonment of social distinctiveness, whilst political programmes demonstrate a "paralysis" of "radical reforming national strategies" under the assumption that this is now both politically redundant and economically unviable (Hirst and Thompson, 1996: 1). Indeed, in practical terms, transnational political programmes are increasingly used to reduce the distinctiveness of state-societal solutions through the dissemination of best-practice across national borders between states and firms.¹⁰

¹⁰ The European Commission's 'ADAPT' programme, for example, funds transnational projects which disseminate experiences of the implementation of new employment and working practices: "Industrial change is a global phenomenon. European companies and workers are beginning to learn that transnational cooperation and sharing good practice greatly improves their ability to compete globally... The purpose of the transnational aspect of the projects is that they should benefit from each others' experience and ideas... above all in the sharing and disseminating as widely as possible the

The conventional convergence approach has undeniably formed a “compelling set of ideas” around the notion that all advanced countries tend toward common ways of organising economy and society (Berger and Dore, 1996: 1). A workforce which can be cheaply and easily remoulded with shifts in global markets, changes in international competition, and ‘shocks’ in demand, becomes best-practice. Thus, state-societies whose institutions impede this model are urged to restructure, ultimately leading to a convergence of their basic structures. The debate surrounding the restructuring of national systems has championed this convergence reading and, in the process, counter-arguments for divergence tend to produce a ‘refraction’ account whereby state managers may find the same solution to common internal problems, but with varying effects and policy outcomes due to the ‘refracting’ influence of historical context. Hence, specificities of history and politics create divergencies between state-societies but these are presented as ‘distortions’ of the general trend (Boyer, 1996; Boyer and Drache, 1996).

Such ‘convergence’ approaches to restructuring fundamentally *underemphasise* the role of embedded institutions in conditioning social change, and *overemphasise* the extent to which these institutions are decoupled from society under globalisation. Following Vogel (1996), we can see that existing political institutions within a given state-society significantly constrain and direct regulatory strategy. It is this contextual specificity which is obscured by the rhetorical “megatrends of globalization and deregulation” and the attempts to align more closely the social and economic institutions of European countries (Vogel, 1996: 2). In the restructuring of the organisation of work the assumptions of the convergence reading of social change are particularly problematic. Despite the neo-liberal drive for flexibility in productive and working

resulting innovations, analyses and experiences” (CEC, Brussels, 1997, <http://europa.eu.int/en/comm/dg05/esf/initiati/adapt.htm>).

practices, regulatory systems reflect and condition a specific known environment of embedded institutions. Since contending social groups produce, reproduce and transform these institutions, it would seem reasonable to assume that they will continue to do so under global pressures.

The central problematic, then, is to account for institutional divergence as more than simply the 'refracted' outcome of an essentially economic process of global restructuring. This implies moving beyond the constraints of economistic models which view societies as 'reacting to' economic restructuring, to consider how the distinctive ideas and institutions embedded in societies condition processes of change. Central to this argument is the Polanyi-derived notion that "... the economy in which production takes place is at the same time a society - that is, is supported by an institutional substructure that exceeds minimalist prescriptions of standard economics" (Streeck, 1992a: 4). If economic pressures to restructure take on distinctive meanings for particular societies, we may reasonably make a case for renewed attention to the institutional context of social change. Indeed, from a different perspective, we are directly invited to undertake a "more careful historical exploration of the specificity of different sites of neo-liberalism" so that "strategies of resistance" can be developed (Drainville, 1994: 114). Drainville thus critiques the assumption that one global elite group has gained determining control of transnational ideas, arguing that this approach removes the potential identification of sites of resistance. If 'best practice' assumptions are themselves socially contested, then this should provide scope for political organisation and resistance. In the next section we assess the inter-disciplinary renewal of attention to social and institutional distinctiveness, with the aim of considering how a 'context sensitive' IPE might draw upon these insights.

The State-Societal Context of Restructuring: Institutions Revisited

The nexus of the contemporary academic ‘backlash’ against neo-classical economism is commonly held to lie with the rather uneasy relationship between ‘new institutional economics’ and ‘new economic sociology’ (Amin, Gills, Palan, and Taylor, RIPE Editors, 1994: 8). Though these approaches broadly share a research agenda which considers the neglect of ‘social context’ to be a key failing of mainstream economics, here the consensus begins and ends. Within the discipline of economics, the 1982 publication of Nelson and Winter’s ‘An Evolutionary Theory of Economic Change’ brought into question the equilibrium-oriented theories of neo-classical economics and provided the keystone around which a ‘new institutionalism’ could be developed. Combined with embryonic studies of the nature of the firm (Williamson, 1975), economic history, and institutional change (North, 1981), this trend developed into a wider debate within economics surrounding the potential roles played by social institutions, habits, norms and routines in developing efficiencies in economic life.

For the proponents of the ‘economic sociology’ approach (Granovetter and Swedberg, 1992; Smelser and Swedberg, 1994), the revisions of the institutional economists simply represent a new form of ‘economic imperialism’ whereby society remains subjugated to the dictates of the economy (Ingham, 1996: 549). Where the economists call for the incorporation of institutional analysis into mainstream economics, the ‘sociological’ school seek to demonstrate that economy is embedded in society, and thus call for a wholesale investigation of the “social construction of the economy” (Ingham, 1996: 553). For Granovetter and Swedberg (1992) there are three central propositions to the revived theory of economic sociology. First, economic action is a form of social action so that it “cannot, in principle, be separated from the quest for approval, status, sociability, and power”. Second, economic action is socially situated in the sense that it “cannot be explained by reference to individual motives alone” but is “embedded in ongoing networks of personal relationships” (1992: 7-9). Third,

economic institutions are social constructions and thus “institutions are social constructions of reality” (1992: 19). ‘New Economic Sociology’ does, of course draw on ‘old’ sociological and anthropological traditions. Durkheim’s (1915) ‘Rules of Sociological Method’ and Weber’s (1922) ‘Economy and Society’, draw attention to the economistic tendency to exclude the ‘social’ from analysis and present early frameworks for an economic sociology. The underlying foundations provided by Polanyi’s institutional thesis are also evident;

... man’s economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve this end.
(Polanyi, 1957: 46).

The overall contribution of the ‘new economic sociology’ project, drawing on diverse ‘old’ sociological contributions, is to make a case for the ‘social’ to be viewed as not merely the sum total of *regulatory forces* acting on the economy, but rather as the *constitutive forces* of the economy.

Through analysis of ‘social networks’ the economic sociology approach is broadly successful in drawing attention to the relationship between social institutions and economic activity and, consequently, the division of labour between the disciplines of economics and sociology. However, in this strength there lies also a fundamental weakness which must be addressed if the insights of this approach are to be of value. In its attempt to reach the ‘social’ level of analysis, economic sociology engages in examinations of “face-to-face interaction” (Ingham, 1996: 267). At this micro-level the non-economic motivations of embedded social relationships are clearly expressed. However, broader conceptualisations of ‘embeddedness’ of economic activity within a normative structure, as conceived by Polanyi, are neglected. Granovetter and Swedberg

themselves concede that “clearly, today’s sociologists have a lot of work left to do on macro-economic issues”, but in the chapters that follow elucidate little of how social institutions may become embedded at the level of the firm and the nation state, or indeed how these levels may themselves be studied as socially-constituted arenas (Granovetter and Swedberg, 1992: 19).

The study of changes in the organisation of work is particularly vulnerable to economic sociology’s neglect of such analysis. Granovetter’s (1992) framework for a ‘social structural’ view of labour market analysis, for example, though providing a useful route into a sociological understanding of the labour market, neglects to socially situate the labour market. At what levels of social life does the ‘labour market’ become institutionally embedded? In his call for studies to situate the “embeddedness of labour market behaviour in networks of social interaction” (1992: 233), Granovetter privileges the study of informal and interpersonal social relationships. Yet, there is little attempt to situate labour markets historically as social institutions created and sustained by the interventions of states. For example, much is made of the ‘loyalty’ factor in the relationship between employer and employee and the effects this social phenomenon may have on economic activity. Granovetter cites “reservoirs of trust and interpersonal knowledge” as sources of enhanced employee effort, and hence, improved competitiveness (1992: 245). A central question arising from this emphasis on trust concerns the structures which underpin and guarantee such trust relationships: what kinds of social institutions provide for such interpersonal relations within the firm? In the case of Germany, for example, comprehensive analysis would require the conceptualisation of the social institutions of works councils, their role in conditioning a ‘negotiated’ social arena within the firm, and the formalisation of their functions by the state. The desire to remove the labour market from its economic supply and demand orthodoxy has in many ways decoupled it altogether from its social and political relationships. For institutional analysis of social change to offer a more effective challenge to the dominant neo-classical approaches, it must find a conceptualisation of

how ‘networks of social interaction’ are contested, recognised and sustained at all levels of social life, from informal social practices to the institutional complexes interlinking states with societies.¹¹

The development of an effective conceptualisation of the institutional contexts within which processes of social change take place, demands that we reflect on our received understandings of the inter-relationship between state and society. While Granovetter and Swedberg focused their attention on ‘social networks’ in the formation of institutions, they acknowledge that “even giant economic formations - postwar capitalism in the OECD countries or the national economies in Latin America during the same period - are distinct social constructions with distinct consequences for the economic actors” (1992: 19). In order to develop this line of thought, however, we need to look beyond economic sociology to consider sociological debates which attempt to situate historically the role of the state in defining the parameters of social interaction.

As we bring the state back in to its proper central place in explanations of social change and politics, we shall be forced to respect the inherent *historicity* of socio-political structures, and we shall necessarily attend to the *inescapable intertwinings* of national-level developments with changing world historical contexts. We do not need a new or refurbished grand theory of ‘The State’. Rather we need solidly grounded and analytically sharp understandings of the causal regularities that underlie the histories of states, social structures, and transnational relations in the modern world.

(Evans, Rueschemeyer, and Skocpol, 1985: 28, *emphasis added*).

The implications here are that, first, the unique historicity of state structures must be considered to reflect, define and condition processes of social change. Second, processes of state-societal change are interwoven with changes at a world historical scale. Taken together, these points have provoked a resuscitated sociological focus on

¹¹ For an example of the effective development of such a concept, see Glasman’s Polanyi-derived study of the role of public institutions and political decision in processes of social change (1996).

the state in the form of historical sociology. Though adhering to a somewhat unitary view of the state and outlining no theoretical framework as such (see Gills and Palan, 1994b), historical sociology has drawn attention to the need to analyse states in their historical, political and social contexts.¹² The central contributions of this literature can be usefully drawn out and used to develop the insights of economic sociology to demonstrate the inextricable linkages between state and society.

First, the significance of *state form* in the conditioning of social relations and institutions is emphasised so that “various sorts of states... give rise to various conceptions of the meaning and methods of ‘politics’ itself, conceptions that influence the behaviour of all groups and classes in national societies” (Evans et al., 1985: 42). Granovetter’s ‘social networks’, then, when viewed through the lens provided by Evans and colleagues, are conditioned by their relationship with networks of institutions linking state with society, which are for their part reflective of such social relations over time. Examples of the application of the insights of this approach can be found in studies of the restructuring of industrial relations in European state-societies. Industrial relations practices are viewed as distinctive to a specific state-society, reflecting divergences in state form and the historical specificity of the organisation of class interests (see Baglioni and Crouch, 1990; Lane, 1994). Thus, pressures for the restructuring of social institutions are viewed as intersecting with existing state-societal configurations to produce “only adaptations of pre-existing patterns of industrial relations structure and styles” (Lane, 1994: 191).

Second, attention in historical sociological analyses of the state has been directed to the *relationship between state and society*. Evans, Rueschemeyer and Skocpol (1985), and Katzenstein (1989), focus on the capacities of states to effect change in their

¹² Though no clear and unified thesis of the state can be discerned, such approaches share the common objective of breaking down the theoretical divergence of state theory into society-centred neo-Marxism and state-centric realist or militarist analysis. See, for example, Evans, Rueschemeyer and Skocpol (1985), Katzenstein (1978), and Hall (1986).

societies, and the capacities of these constituent societies to condition the ‘room for manoeuvre’ of their state:

... policy objectives such as industrial reorganisation might be effectively implemented because a central state administration controls credit and can intervene in industrial sectors. Yet it may be of equal importance that industries are organised into disciplined associations willing to cooperate with state officials. A complete analysis, in short, requires examination of the organisation and interests of the state, specification of the organisation and interests of socio-economic groups, and inquiries into the complementary as well as conflicting relationships of state and societal actors.

(Evans, Rueschemeyer, and Skocpol, 1985: 20).

Following these insights, examples of contemporary restructuring can be drawn upon to demonstrate that state-society relationships play a role in conditioning processes of change. Social welfare reforms, for example, do not meet with common reactions in all societies. Whilst they appear to be legitimated in some state-society contexts, in others they are contested and resisted. In 1993, for example, the Belgian Government embarked upon the implementation of a ‘global anti-crisis plan’ to “safeguard the competitive position of the Belgian economy” (European Trade Union Institute, 1993: 6). Proposals included the encouragement of part-time working, partial early retirement, flexible working time, and measures to relax labour regulations in the use of fixed-term contracts. The restructuring programme met with widespread opposition from the trade unions and provoked a series of provincial strikes, followed by a national strike in November 1993. Following this explicit resistance to proposed restructuring, the programme was renegotiated within the context of state-societal institutions and practices. Clearly, then, some “historically grown” (Hollingsworth and Streeck, 1994: 284) and socially contested institutions conflict with a perceived best practice.

Finally, the historical sociology literature emphasises the need to conceptualise states, and their relationship to societies, within their distinctive *historical contexts*. Historical sociological studies address processes of social change in their concrete

location in historical time and space. Engaging with the 'interplay' of actions and contexts, such studies emphasise the contingent nature of social transformation so that world history is not seen as a generalisable sequence of patterned events. Rather, "it is understood that groups or organizations have chosen, or stumbled into, varying paths in the past. Earlier 'choices', in turn, both limit and open up alternative possibilities for further change, leading toward no predetermined end" (Skocpol, 1984: 1-2). Through this engagement with the historical aspects of institutions, historical sociological studies are illustrative of a further 'gap' in economic sociology's 'social networks'. In short, the nature of social institutions is historically conditioned by the inter-relationships between state and society.

Block's (1994) 'market reconstruction' perspective closely follows this conceptualisation, emphasising the role of the state in delineating and conditioning the parameters of social relations.¹³ Similarly Esping-Andersen's studies of welfare statism begin from the assumption that "the effect of a welfare state cannot be understood in isolation from the political-institutional framework in which it is embedded" (1994: 725). From this perspective the historical development of a welfare state is both reflective of political-institutional class coalitions, and determinant of future social relations.¹⁴ Further contributions to the 'mapping of the terrain' in this debate can be found in what we might term the 'Cornell School' of political economy.¹⁵ Zysman's institutional approach focuses on historically rooted national institutions as constraining and directing social activity, specifically the activity of the firm.¹⁶ This perspective outlines a four-step approach to linking institutional and social contexts to 'national

¹³ See, for example Block (1990), particularly chapter 2 'Economic Sociology' (pp. 21-45). The market reconstruction perspective is outlined in Block (1994) in Smelser and Swedberg (pp. 691-710).

¹⁴ See Esping-Andersen (1990; 1994; 1996).

¹⁵ Broadly sharing a belief that national differences remain salient, or indeed are reinforced, under global restructuring, see Zysman, (1994); Berger and Dore, (1996); Katzenstein, (1989); Vogel, (1996). I owe this point to discussions with Paul Langley surrounding the institutional themes of these texts.

¹⁶ Zysman's institutional approach is closely mirrored by Soskice's work on the institutional incentives and constraints surrounding the operation of the firm. For Soskice firms operate within the context of 'national frameworks of incentives and constraints' defined in terms of finance, the labour market, market rules and company relations. See, for example, Franz and Soskice (1994).

market systems' (Zysman, 1994: 245). The 'institutional structure' of an economy, constituted of markets for capital and labour and the state as provider of rules, is a function of a country's distinctive political and industrial development. Coupled with an industrial structure, this dynamic defines the incentives and constraints within which social activity takes place. Zysman's 'third step' emphasises the role of market and political 'logic' in defining the routine approaches adopted by governments and firms in response to perceived problems. Finally, he characterises the 'international' arena of trade and competition as emerging out of the interaction of many national institutional structures.

These existing socially- and historically-sensitive approaches have been variously drawn upon to provide the 'signposts' for a 'context sensitive' IPE (Amin and Palan, 1996; Amin and Hausner, 1997). The state-societal context comes to represent a "social construction of reality" (Granovetter and Swedberg, 1992: 17), constituting a 'known environment' within which social change takes place. Social institutions as "sets of habits, routines, rules, norms, and laws" making the "reproduction and change of society possible" (Johnson and Lundvall, 1991: 39), will reflect the reciprocal relationship between state and society. These relationships are historically contingent, having no pre-determined final 'form' and with existing 'embedded' institutions informing on the parameters of possible change. The notion of a 'best practice' model of change is thus challenged by the theorisation of a state-societal context within which change is contingent and conditional:

... purely economically driven economic behaviour is underdetermined, leaving fundamental gaps in the orientations of actors that must be filled by rules generated and enforced by more-than-economic social institutions. In the present period, most such institutions are still nationally distinct.

(Hollingsworth and Streeck, 1996: 279, *emphasis in original*).

However, the 'national institutionalist' approach to social change, though providing an effective counter to the 'globalists', could be accused of sacrificing a view of 'international society' to the cause. The current vogue in the international political economy debate gives the impression of a polarised debate, with 'global change', 'the end of the nation state', and 'disembeddedness', on the one hand, and 'national fixity', 'national institutions', and 'embeddedness', on the other.¹⁷ Caught in the crossfire of this debate, many accounts give the impression of sitting, if rather uncomfortably, at one pole, simply to demonstrate their distaste at the other. 'Bringing the state back in' to the debate on social change may, in some cases, result in overemphasising the role of the state and underemphasising social relations which extend across the boundaries of states. Zysman, for example, characterises the 'international marketplace' as "created by the interplay of national systems" (1994: 160). Similarly, for Block (1990), the structure of the world economy is determined by political negotiations and conflicts among nation-states.

The 'new IPE' agenda, by contrast, has tended to be united in the suggestion that the proper subject matter of IPE is not the international economy of exchange, but the world economy of production and exchange (see Murphy and Tooze, 1991; Cox, 1987). Similarly, the neo-structuralist agenda in IR proposes that global social change should be placed at the centre of analysis at all levels (see Palan and Gills, 1994). An effective conceptualisation of the state-societal context must, therefore, recognise the extension of social institutions beyond the bounds of the nation state, and indeed the extent to which a state-society itself is constrained and conditioned by transnational dynamics.

¹⁷ This polarity, representing as it does the outcome of debates surrounding the nature of structure in the world economy, is reflected in the 'globalisation' versus 'internationalisation' dichotomy. While those who privilege 'global' explanations of structure favour globalisation, those who emphasise nationally-derived structures favour internationalisation. The obvious perils of such a rigid dichotomy lie in the neglect of subtleties which are not captured by either approach. The British International Studies Association International Political Economy Group's workshop on the 'Globalization versus Internationalisation' debate, demonstrated that the 'beyond the state'/'between states' distinction is increasingly unhelpful in its polarity.

Much of the debate in IPE surrounding 'context sensitivity' has proceeded in isolation from the parallel debates within the discipline which take Gramscian thought as their inspiration. It would seem, at least from the viewpoint of this study, that the 'closure' of each of these debates to the issues raised by the other is to the detriment of a society-centred IPE. While the Gramsci-derived scholars emphasise the historical 'concreteness' of normative ideas, power and social struggle within, across, and beyond states, they do to an extent obscure the potential for competition between nationally-oriented historical blocs. The Neo-institutionalists, on the other hand, taking Polanyi as their broad starting point, while developing a comprehensive analysis of the distinctiveness of national level social relations, pay little attention to the role of social contestation and its potential extension beyond the state. This problem could be usefully addressed through open debate with the ideas of, for example, Cox, who develops the notion of 'state-society complexes' or relationships which are "linked to a world order that bears directly on them, as well as influencing them through their national states" (1987: 7). Through a dialectical understanding of the relationship between forms of state and production and structures of world order, Cox demonstrates that the relationships between states and societies are not insulated from broader structures. The implication, following Gill, is that by 'opening up' the debates surrounding change in the global political economy to social forces and concrete history, it is possible to 'humanise' social change so that we can consciously "shape our collective futures" (1993: 17).

Thus, from diverse perspectives, we can find evidence of a revival of a mode of knowledge which views social change as deriving meaning from the social actors and institutions involved, and not from an abstracted global 'imperative'. It is also clear from our analysis that invoking the wholesale use of a single 'context sensitive' theory such as economic sociology, does not constitute a robust counter to the globalist orthodoxy. An effective framework for research which seeks to emphasise the

contingency of social change must be able to conceive of Granovetter's 'interpersonal networks' in their wider historical social context. To understand why a particular perceived model of social organisation is positioned as best practice at a particular time, we need to understand how its social institutions relate to broader institutions of capitalism.¹⁸ The research agenda suggested by this kind of approach is particularly significant for the study of the reorganisation of work. Despite the proclaimed pressures of an increasingly competitive and 'global' economy, social change in the world of work is strongly conditioned by the institutional context within which it is experienced. It is within specific state-societal contexts that labour relations are contested and institutionalised, and as such the state-societal context remains a crucial level of analysis for studies of change in the organisation of work.

'Embeddedness' and the Reorganisation of Work.

The debates surrounding the reorganisation of work in Britain and Germany are presented in international policy literature as, broadly speaking, the flexible 'employment creating' leader, versus the inflexible 'unemployment creating' laggard:¹⁹

While Great Britain was to be feted - especially by the OECD - as the prototype of a European model of flexible labour market - and industrial relations, Germany represented the other extreme: traditional, inflexible structures, which have been labelled as 'Eurosclerosis'.

(Heise, 1997).

A number of interrelated assumptions regarding the performance of these two countries combine to provide foundations for the Anglo-Saxon 'best practice' approach. The British political economy of deregulated and low cost labour markets is widely cited as

¹⁸ For effective analysis in this vein, see Cox's (1996) examination of the political and social power relations between the ILO and the United States, viewing "these basic relationships as conditioning the problematic of economic and social development, the nature of American power in the world, and the contemporary process of international organization", p. 420.

¹⁹ See, for example, the OECD Jobs Study (1994: 11-12); "In most countries where relative wages have been flexible (the US, Canada, UK, Australia), both the relative employment and unemployment rates of the unskilled changed little during the 1980s. In comparatively inflexible Europe, on the other hand, both relative employment and unemployment rates deteriorated".

outcompeting Germany on price. Many studies show labour costs in manufacturing in the UK as below half of the cost in Germany²⁰ with much of this constituted of non-wage labour costs and employer's contributions.²¹ The German high-wage political economy with its quality value-added production focus is thus presented as outstripped by the wage-flexible price competitiveness of the Anglo-Saxon countries. The German model of 'diversified quality production' which successfully sustained German competitiveness throughout the 1980s and early 1990s has received widespread attention during the recession which followed the post-reunification boom in terms of its sustainability under intensified competition.²² Increasingly there is a perception that German firms must compete for the first time on both axes of price and quality as the 'Lexus effect'²³ takes hold and increases the pressure to constantly add value to sustain the quality-edge while not pricing beyond the customer's market. Further, the 'Standort Deutschland' debate within Germany itself has pitched debates as to the performance of the country's political economy directly in terms of its attractiveness as a production location. This debate has tended to focus on companies leaving Germany to invest overseas, particularly as in the case of BMW and Mercedes, where the production sites have been geared to the manufacture of high value-added automobiles in Eastern Europe and South America.²⁴ The shifts of German plants to overseas locations by such high

²⁰ The Bank of International Settlements calculates costs in the UK manufacturing sector for 1995 at 45% of costs in the same sector in Germany (Independent, June 13th, 1996). Taking US as the index at 100, Freeman (1994: 31) calculates hourly wages of workers for the whole of the economy in 1992, at 91% for the UK, and at 160% for Germany. It is also revealing to look at the labour costs for two plants in the same company, one in the UK, the other in Germany. Osram, a subsidiary of Siemens, calculates that costs of employment (including wages, employment taxes and related costs paid by the employer), are 66% lower in its Manchester plant in the UK than in its Augsburg plant in Southern Germany (Financial Times, March 1997).

²¹ Institut der Deutschen Wirtschaft (1997) calculates that the non-wage costs alone paid by German industry are the same as the total labour costs in Britain. Indexing Germany at 100, they show Germany's remuneration costs for hourly labour as 55, while non-wage costs account for 45. Britain's total labour costs are calculated at 45, 73% of which is remuneration, while 27% is non-wage costs, Albert, (1993: 7).

²² See, for example, Streeck (1997a: 247): "... a possible secular exhaustion of its capacity to perform the complicated balancing acts required for its success". Also, Zumwinkle (1995: 71): "...the German economy faces its greatest hurdle in the post war period".

²³ In the year the 'Lexus' car was launched, one model alone sold more in the US than all the models of Mercedes combined. For further analysis see Hancke (1997).

²⁴ Hancke's study of the restructuring of the automobile industry cites wage differentials as the principal incentive in the establishment of greenfield plants in South America by Mercedes and BMW.

profile companies as Bosch, Siemens, and BASF, for example, have been contrasted with the apparent attractiveness of Britain to foreign direct investment.²⁵

Hence, a series of debates which pitch the Anglo-Saxon deregulatory approach as outcompeting the German high-cost/high-quality approach, reinforce the tendency to assume a 'best practice' within European political economies. It is only through an approach which focuses on the distinctive state-societal context within which the organisation of work is contested and conditioned that we are able to question this assumption and open up new avenues of inquiry. Following Cox, the "hyperliberalism" of the Anglo-Saxon approach will be sustained through a "common discourse on personal survival" unless alternative approaches defend their "social institutions in times of adversity". For Cox this 'stand off' between "hyperliberalism and state capitalism" will be "tested first in Europe" (1993a: 286). Thus, the exposure of distinctive social meanings in processes of restructuring is a central consideration for the furthering of a type of knowledge which seeks to maximise social 'access' to the debates. If it can be demonstrated that global restructuring takes on distinctively different meanings within different state-societies, then it can be suggested that scope exists, at the very least, for the debate and negotiation of alternatives to neo-liberal best-practice.

First, the British and German state-societies give rise to distinctively different *questions* under intensified global competition. The Anglo-Saxon questions appear to focus on the attractiveness of Britain to foreign capital; both industrial and financial. Such questions have tended to link understandings of global restructuring to the maintenance of a strong and attractive financial centre in the City of London, coupled with a shift in the focus of industry from 'traditional' manufacturing to the provision of

Both plants were established to produce high-quality niche vehicles - the BMW roaster Z3 and the four-wheel-drive Mercedes (1997: 22).

²⁵ The German metal industry association expresses concern at the levels of overseas investment undertaken by German metal and electrical engineering firms between 1990 and 1995, in its 1997 report, 'Bericht der Geschäftsführung des Gesamtverbandes der metallindustriellen Arbeitgeberverbände', May 1st 1995 - April 30th 1997: 25.

services. The questions emerging from German state-society, by contrast, are concerned with sustaining the competitiveness of German firms in fierce globally-competitive export markets (Rubery, 1993: 2; Herrigel, 1994: 9). The implication of these competing understandings of what it means to 'be competitive' are significant for studies of restructuring. Orthodox approaches to the study of restructuring under globalisation have tended to present divergence between state-societies in terms of an adjustment of best-practices to 'fit' specific institutional contexts. These understandings of restructuring are problematised by the idea that even initial questions raised within a state-society in the light of global pressures may be historically distinct.

Second, the concept of *time* underlying the restructuring programmes within each state-society is historically distinct. The Anglo-Saxon debate is concerned with speed and flexibility of response to changes in global markets. Thus, it becomes important for firms that they can expand and contract the factors of production in line with global market trends. For the state, a key policy priority is the provision of an environment for firms which allows for this kind of rapid adjustment. Within the British state-societal context, the nature of restructuring is 'fast but fragile', involving few social groups in consultation with elites and concentrating on the short-term managerial mechanisms through which restructuring can be achieved. This 'instantaneous' conception of time reflects an overall emphasis on equity financing of ventures and the consequent need to secure rapid short-term returns on investment.²⁶ The German debate, by contrast, embodies a longer-term view of the time-scale of restructuring. This conception of time is bound up with a more holistic societal reflection on the values and constraints of existing institutions and practices. The advantage through quality, long-sustained within German industries, has tended to prioritise stability and continuity. This 'slow but sticky'²⁷ approach to restructuring involves many social groups in

²⁶ Albert contrasts the Anglo-Saxon 'shareholders value' of equity financing with the German 'stakeholders value' of bank credit-based financing (1997: 4).

²⁷ I owe this point to discussions with Professor Wolfgang Streeck, though I take responsibility for its presentation in this context.

negotiation, often because they have a state-backed entitlement to involvement. The need for consensus protracts the contestation of social changes but ensures a wider acceptance in the longer term. In the German context, each aspect of restructuring is intertwined with many strands of social life. As a result, the adjustment or removal of one strand will radically effect the position of many others. Thinking about these divergent interpretations of time reveals the vastly different implications which a process of restructuring can have in different state-society contexts.

Third, the debates surrounding the organisation of work *occupy distinctive social domains* in each state-society. In Britain the nature of restructuring in production and work is contested almost uniquely at the level of the workplace. Paradoxically, restructuring designed to create a benign industrial relations environment has structured the kind of insecurity in the workplace which makes it a tinder-box for conflict (see Rubery, 1993: 17). By contrast, the German debate is focused most intensively at the level of the state. Indeed, the firm has made conspicuous efforts to 'pass the buck' back to the state in order to sustain the 'social peace' (Streeck, 1992a) the workplace requires to sustain diversified quality production. German manufacturing firms have, for example, pursued early retirement policies while freezing recruitment. This is designed to reduce the size of the workforce and, thus, cut labour costs.²⁸ The outcomes of such policies, manifesting most significantly in high unemployment levels and public spending, are problems passed on to the state-society. Such examples remind us that sometimes specific social institutions and practices are protected and sustained precisely because they are perceived to provide valuable foundations for a particular strategy. Global restructuring should not, then, simply be understood as a 'slash and burn' exercise on embedded institutions. In specific contexts, the maintenance of existing institutions may ease adaptation through the minimisation of social conflict and the provision of relative stability. Thus, it becomes more clear that state-societies perceive, negotiate, and

²⁸ Insights drawn from interviews with directors of German-owned multinational manufacturing firm, Köln, August 1997.

experience processes of restructuring in distinctive and unique ways. It is this historicity of experience which research on restructuring must seek to capture if it is to escape the determinism of globalist understandings and uncover alternatives to perceived best-practices.

Conclusions

The conventional wisdom informing much of the international policy literature presents different models of social organisation as broadly moving towards a single deregulatory best-practice. Built upon the ethos of neo-classical economics, this best-practice has come to be defined in terms of the decoupling of the operation of the market from the ties provided by embedded institutions. In the social realm of work, this has come to imply that the competitive and flexible firm is given scope by the state to define managerially the organisation of productive and working practices. This chapter has suggested that where this single best practice is dominant, this is due largely to the privileging of one form of knowledge about social change: that which simplifies, codifies, and generalises. The discourse surrounding globalisation and restructuring has sponsored this 'quick fix' form of knowledge and, in the process, has threatened to 'close off' a wider debate on the contingency of social change. The opening up of such debates is critical if the neo-liberal or 'hyper-liberal' (Cox, 1993a: 267) technology-driven best-practice is to be overturned and alternatives are to become more visible.²⁹

One potential starting-point for such a debate is a focus on the ways in which the meanings of global restructuring are interpreted within specific state-society contexts. This is not to say that restructuring is undertaken or experienced in a national 'vacuum'. Rather, it is to argue that though the pressures of a global era permeate national boundaries, they do so in the context of existing and embedded social understandings, institutions and practices. The lens on social change developed here

²⁹ I owe this point to research conducted with the Newcastle Research Working Group on Globalisation, see Amoore et al. (1997).

seeks to emphasise the embedded and contested nature of social institutions, and of all attempts to transform such institutions. In the light of this objective, it is possible to outline three central propositions which combine to guide research agendas to a more society-centred understanding:

Proposition 1. - Social actors perceive 'global' imperatives to restructure according to existing historical institutional parameters within a state-society. There may be, for example, no absolute best-practice logic in policies designed to deregulate the labour market. Change is perceived within the context of existing institutionalised social practices.

Proposition 2. - These institutional parameters are politically (and therefore historically and socially) constituted. The social realm of work is politically and socially contested so that any attempt to map out a 'best-practice' will be subject to a process of contestation.

Proposition 3. - Global competition and the organisation of work are perennial problematics within capitalist organisation. Hence, any process of change is likely to be continuous and contingent, reflecting elements of a historical mix of pressures for adaptation and tendency to continuity.

Responding to recent inter-disciplinary calls for a sensitivity to historical context, these guiding propositions enable us to explore the embedded, contested and continuous nature of social change as it is manifested in the key dimensions of the reorganisation of work. In the chapter which follows we investigate the debates surrounding the reorganisation of work in Britain and Germany. The identification of political alternatives to neo-liberal best-practice, and the uncovering of tensions within the neo-liberal model itself, may provide scope for the understanding of the social contingency of global restructuring.

Chapter Four

The Reorganisation of Work in Britain and Germany: 'Embeddedness' and Social Change

The purpose of this chapter is to explore the extent to which programmes of restructuring in work are embedded within specific state-societal contexts. It is not, however, suggested that processes of restructuring are in any respect predictable or path-dependent. Out of the previous chapter's analysis of social institutions as sites of contest, we have demonstrated the problems associated with assuming a single best-practice logic of restructuring. Indeed, contemporary analyses suggest that the burgeoning literature on restructuring 'strategies' succeed only in translating the complexity of social change into "simple formulae and unambiguous recommendations" (Ruigrok and van Tulder, 1995: 1). Such simplified understandings of social change serve to "strengthen the hands of one particular set of interests" (Moran and Wood, 1996: 140), as particular pathways of restructuring become reified as best-practice:

It seems that G-7 was unwilling to choose between two basic approaches. On the one side are the USA and the UK, which have succeeded in creating millions of jobs, but arguably to the detriment of pay levels and social protection; on the other are the continental European countries, which have high levels of social protection but are also faced with massive unemployment.

(EIRR, May 1996: 25¹).

Clearly, the presentation of 'Anglo-Saxon' versus 'Rhenish' (Albert, 1993) strategies of restructuring is prevalent in the discourse of key actors in international policy-making bodies. Though acknowledging the divergent paths of restructuring in different political

¹ The European Industrial Relations Review (May 1996), reports the conclusions of the G-7 'Jobs Conference' held in Lille, April 1996.

economies, the report of the G7 Jobs Conference presents these paths as part of a process of policy learning via the selection of discrete and abstracted strategies. The image presented is one of a trade-off between two polarised restructuring routes. The first approximates broadly to the German model, with an emphasis on quality, skills, and high value-added production, within a framework of sustained social institutions. The second is representative of an Anglo-Saxon model, with a clear focus on the need for low labour costs, a deregulatory stance, and greater flexibility under the pressures of global competition. However, the identification of distinctive restructuring routes stop short of a consideration of processes of restructuring as debated, negotiated and contested across a wider state-society.

The approach adopted in this chapter is to draw out broad patterns characteristic of the debates surrounding the reorganisation of work in Britain and Germany. We first outline symbolic industrial 'orders'² in terms of their historical development and their broad contemporary orientations. Such 'ideal type' characterisations, though problematic, are useful in establishing the broad nature of the historical relationships between the state, capital, and labour in a particular social formation (Lane, 1994;

² The notion of an 'Industrial Order' does not imply a stabilising or automatic set of processes and may indeed describe inherent instability in certain circumstances. The concept, though problematic, effectively characterises the interaction of complex and diverse ideas, institutions and practices. First used by Herrigel (1989), it is effectively developed by Lane: "The notion of Industrial Order... focuses on the interdependence between industrial organization - the structure and behaviour of firms and their relations with other firms - and the social institutional environment in which they are embedded... Industrial Orders assume their distinctive character during critical phases of industrialization. That process was itself shaped by preindustrial social structure and particularly by the way the transition from the guild to the industrial system was accomplished... Given that an Industrial order always evolves from complex interaction between its various constituent elements, development is usually continuous, and radical discontinuous transformations are the rare outcome of war and revolution" (Lane, 1994: 168). Cox's (1981) notion of 'social order' lends support to this view of institutions as stabilising a particular order whilst remaining a 'battleground' for future struggles. Following these insights, there is no disjunction between order and contest. An institutionalised social order does not imply the absence of conflict and disorder, but rather provides the terrain within which social contests are played out.

Hollingsworth and Streeck, 1994; Esping Andersen, 1990). The use of ideal-types thus effectively ‘freezes’ a set of social relations and practices in time, rendering visible the tensions and contradictions within. Using these ideal-types as ‘base-line’ models, the chapter seeks to draw out the central themes in the debates surrounding the reorganisation of work, mapping these dynamics back through the distinctive state-societal contexts of each case. In this way the study seeks to avoid the determinism and path dependency of many institutionalist accounts. Following the propositions outlined in chapter three, the analysis seeks to address three key questions:

1. To what extent does the debate surrounding the reorganisation of work reflect the ‘known environment’ of institutions embedded within a state-society?
2. To what extent do distinctive patterns of social contestation condition, resist or transform the terms of the debate?
3. To what extent is the debate surrounding the reorganisation of work characterised by opposing pressures for continuity and change?

Britain as Industrial Order: The ‘External’ Orientation and the Voluntarist State.

The historical relationships between the British state-society, capital, and labour are widely interpreted as constituting a web of interrelated institutions and practices, forming an identifiable ‘regime’, ‘order’, or ‘complex’ (see Lane, 1994; Hollingsworth and Streeck, 1994; Vogel, 1996). A central theme in the characterisation of this order has been the dual aspects of an ‘external’ international outlook on capital and investment coupled with a voluntarist stance on the capital-labour relation. The liberal intellectual and political roots of this arms’ length and “permissive” (Gamble, 1994: 73) orientation of the state are commonly held to emerge out of the timing and nature of British

industrialisation. Britain's experience of "early start" industrialisation is widely argued to have established a unique set of "market-driven" institutions (Lee, 1997: 210). Such institutions, designed to safeguard "private interests and the liberation of private energies" (Gamble, 1994: 72), meant that "by the end of the eighteenth century, government policy was firmly committed to the supremacy of business" (Hobsbawm, 1975: 68). The cotton industry, acting as a vehicle for industrialisation, required little in the way of capital investment, enabling small-scale private entrepreneurs to grow rapidly without formalised financial or regulatory support (Gerschenkron, 1962; Hobsbawm, 1975).

The cotton industry was launched, like a glider, by the pull of the colonial trade to which it was attached... In terms of sales, the Industrial Revolution can be described except for a few initial years in the 1780s as the triumph of the export market over the home: by 1814 Britain exported about four yards of cotton cloth for every three used at home; by 1850 thirteen for every eight.
(Hobsbawm, 1975: 50).

Hence, the individualistic and private nature of early British entrepreneurialism, coupled with the 'external' orientation of the trade which supported this growth, defined a 'hands-off' laissez-faire style of industrial development. Perhaps paradoxically, this external-voluntarist historical orientation has tended to correspond with a reliance on phases of state-led restructuring and intervention. Polanyi asserts that; "economic liberals must and will unhesitatingly call for the intervention of the state in order to establish it (the market system), and once established, to maintain it" (1957: 149). From this perspective, espoused political-economic liberalism does not stand in opposition to the political interventions of the state. The British state has historically structured intervening regulation to reinforce private market freedoms. This active structuring of

support for private capital can be viewed in the relationships between the British state, finance, and the organisation of labour.

The relative isolation of British financial capital from the process of industrialisation, its historical international orientation, and the short-term relationship between banks and industry, are frequently cited and broadly accepted features of the British industrial order (Hall, 1986; Hutton, 1995; Cox, A. 1986; Woolcock, 1996). In the context of early industrialisation, Britain's industries could be financed from non-bank and local bank sources and, in particular, from profits accumulated. Thus, the organised and universal banking systems characteristic of Germany, for example, were not developed, or indeed required, in Britain's first industrial revolution (Lee, 1997: 210). A central theme in much analysis of the British political economy is the historical separation between the interests of the City of London and the interests of British industries. The City of London had established itself as the world's centre for commodity trade by the late eighteenth century, and thus was relatively decoupled from the Industrial revolution. The City's supremacy, though establishing it as part of the "core institutional nexus of British society" (Ingham, 1984: 9), was built upon trading dominance on a world scale. Ingham's (1984) analysis demonstrates that as a commercial centre the practices of the City of London are designed to protect the short-term requirements of commercial activity. Thus, the political-economic and social requirements of industrialisation may be viewed as distinct and separate from the interests of the City as a world financial centre:

British capitalism has maintained a distinctive dual character - as the first industrial economy and as the world's major commercial entrepot.
(Ingham, 1984: 6).

Ultimately the 'dual' nature of British capitalism has meant that the two faces (industrial and financial) have competing and contradictory needs. British financial capital is oriented towards securing high short-term returns on investment with no regard for the particular 'nationality' of the investment. In this respect it is relatively footloose and requires from the state policies of 'financial orthodoxy' - a strong and stable currency, balanced budget, relatively high interest rates - to guarantee this freedom and secure the continued dominance of the City as a financial centre. For British industry this locks firms into raising capital on the stock market with its emphasis on short-term returns. As Hutton argues, the City's need for liquidity or "the ability to reverse a lending or investment decision" clashes with industry's need for some medium to long-term planning (1995: 132). Thus, British systems of corporate governance are preoccupied with financial 'soundness' to the detriment of longer-term manufacturing ideas and innovations (Woolcock, 1996: 183). Britain's equity-based industrial order is thus drawn into a kind of 'competition of regulation' with the German order³ where industrial capital tends to take the form of bank loans to industry, leading theorists to present 'market-based' versus 'bank-based' industrial finance (Underhill, 1997: 4). The British industrial order has thus been historically contested by the competing demands of

³ Arrighi (1994) develops an analysis of two distinctively different approaches to the understanding of financial capital. John Hobson and Rudolf Hilferding, both writing in the late nineteenth and early twentieth centuries, demonstrate a fundamental historical difference in their conceptions of financial capital. Hobson's British-oriented analysis of financial expansion focuses on the role played by private investors and foreign capital, while Hilferding's German-oriented explanation emphasises, by contrast, the role of banks in centralising money capital and pushing industrial capitalism. For Arrighi "... these two forms of finance capitalism are nothing but expanded and more complex variants of the two elementary forms of capitalist organization that we have identified as state (monopoly) capitalism and cosmopolitan (finance) capitalism. Hilferding's notion corresponds to the first, and provides a fairly accurate picture of the strategies and structures of German capital in the late nineteenth and early twentieth centuries... Hobson's notion, in contrast, corresponds to the second and captures the essential traits of the strategy and structure of British capital during the same period" (Arrighi, 1994: 162-63).

social groups, reflecting and conditioning a particular understanding of the relationship between financial and industrial strength. The prevailing social power relations have tended to reproduce institutions which support a financial centre oriented to the needs of international financial transactions rather than domestic industry.

The voluntaristic and arms-length practices within the British industrial order are evident also in the organisation of labour. The organisation of labour has tended to be decentralised, fragmented, and workplace-focused:

The system of industrial relations evolved at the workplace, and the state did not attempt to regulate it through legal rules. Rules of bargaining and employment and the definition of rights and obligations of either side of industry developed through daily practice at the workplace, and, by long usage, acquired authority as 'custom and practice'. Through long historical evolution there developed a system characterized by minimal involvement and 'arms-length' relations on both sides, as well as by an adversarial approach, leading easily to industrial action rather than lengthy negotiation.

(Lane, 1994: 173).

The early and gradual process of industrialisation in Britain saw the development of craft unions representing, predominantly, the economic interests of skilled workers in a common trade. The craft unions actively sought to admit only those workers within the same occupation, and hence the system of worker representation has its foundations in a fragmented and piecemeal set of institutions (Hobsbawm, 1964; Middlemas, 1979; Gospel and Palmer, 1983; Visser and Van Ruysseveldt, 1996). Unskilled workers, excluded from the craft unions, organised their interests in more politically-oriented general unions, representing workers from across industries. This dualist and internally competitive system established the organisation of workers' interests at a sub-industry

craft level, and at a trans-industry general level, mitigating against the development of industrial unions such as those characteristic of continental Europe (Visser, 1995; Fulcher, 1991; Heise, 1997). The combined effects of the historical organisation of labour in Britain around the TUC, a “loose confederation with few sanctions” (Hall, 1986), the relative unwillingness of the state to intervene in the industry-labour relation, the weak organisation of employers’ interests through the employer organisations,⁴ and the lack of a industry-wide agreements, have been to focus the development of industrial relations ideas, practices, and institutions, at the level of the individual workplace (Baglioni and Crouch, 1990; Ackers, Smith and Smith, 1996).

The dominant international orientation and ‘voluntarist’ state stance of the British industrial order which developed through the era of British hegemony (see Overbeek, 1990: 35-57), continues to influence the distinctive parameters of contemporary restructuring debates. This is not to say that the institutions which emerged from the social struggles of the industrial revolutions were in any way set in stone. Rather, it suggests that contemporary debates continue to raise similar questions of how a political economy should develop, reflecting elements of past understandings:

...even now, many in the UK...hark back, sometimes unconsciously, to the ‘golden period’ of the British Industrial Revolution and the years that followed, carrying in their minds lessons from the efforts of a few brilliant entrepreneurs.
(Graham, 1997: 119).

⁴ The 1990 Workplace Industrial relations Survey demonstrates that multi-employer bargaining has been replaced with single-employer bargaining across British manufacturing industries in the 1980s and 1990s (Millward, 1992). 13% of all firms sampled reported membership of an employers’ association. For Visser and Van Ruttseveldt this trend reflects an historical underdevelopment of formal employer organisation rooted in an voluntaristic state stance (1996: 56). The Confederation of British Industry (CBI) is now the central organisation of employers’ associations, though this is essentially a lobby organisation with no mandate to co-ordinate wage agreements or other central arrangements.

For Graham, it is this perception of socio-economic success and productive growth which has informed British Conservative capitalism. Vogel's analysis suggests that a state-society complex will tend to favour either a programme of "pro-competitive disengagement" where the state actively seeks to promote competition; or "strategic reinforcement", where the state sustains and reinforces its role in institutionally regulating economic and social change (1996: 263). From this perspective, the political programmes of the 'Thatcher revolution' represented a "pro-competitive disengagement" which exerted strategic strain on the social 'fault lines' left by past historical understandings. Thus, for example, the historical strength of the City of London and the corresponding weakness of manufacturing industries was effectively reinforced by neo-liberal deregulatory policies.

It is possible, then, to view the major themes in contemporary British restructuring debates as drawing upon historical understandings of capitalist organisation, contesting and rearticulating these past understandings in the light of contemporary questions. As we have suggested, a key focus of British restructuring debates is the issue of 'attractiveness' of Britain as an investment location. There are two key strands to this focus, both of which exhibit a preference for state disengagement and space for private agency. The first is an emphasis on *attractiveness to foreign financial investment* through the provision of a deregulated location for finance in the City of London. The Eurodollar markets, which emerged in the City from the late 1950s, and the Big Bang deregulation of 1986, designed to protect the position of the London stock exchange, combined to sustain an international perception of London as an attractive financial centre. As Ingham demonstrates, citing the chairman of new York's Citibank:

The Eurodollar market exists in London because people believe that the British Government is not about to close it down. That's the basic reason and it took you a thousand years of history.

(1984: 41).

Thus, within British state-society, financial interests are able to appeal to a wider international set of interests to maintain the state's guarantee of their market freedoms.

The second strand is an emphasis on *attractiveness to foreign industrial investment* through the provision of a deregulated and flexible labour market. The institutions conditioning the social sphere of work and employment, though arguably more 'nationally coupled' than other spheres of social and political life, in the British case reflect both the 'external' orientation of British capital and the voluntarist stance of the British state. In a similar sense to the international finance question, the interests of large overseas firms are dominant in the labour restructuring debate. The central restructuring questions are concerned with the relationship between the national regulation of the labour market, the 'openness' of the national political economy to the dictates of the global market, and the competitiveness of firms in an open world economy. In a sense it could be argued that in the case of the labour market, firms continue to locate in Britain because they can be sure that the government will not withdraw the flexibility. The contemporary thrust of restructuring in labour and work, then, has been a devolution of responsibility to the level of the firm for the organisation of industrial relations and working practices (see Crouch, 1986; Kavanagh, 1987; Marsh, 1996; Visser and Van Ruysseveldt, 1996).

In the light of an understanding of social institutions as sites of contestation, it is clear that processes of restructuring involve contending tendencies to both reproduce and transform embedded practices. The social power relations which historically contested the form of particular sets of institutions may continue to be reflected in contemporary contests in the restructuring of those institutions.

Germany as Industrial Order: Internal Orientation and the Enabling State

The German industrial order broadly exhibits an 'internal' domestic approach to capital and investment, predisposed to the maintenance of "a social infrastructure highly supportive of industry" (Lane, 1994: 174). This 'facilitating' or 'enabling' state role historically provides clear and unequivocal legal and institutional frameworks within which the potentially conflicting interests of social groups can be negotiated (Hollingsworth and Streeck, 1994: 272). The emphasis on concerted harmony between groups as a basis for a social market economy (Soziale Marktwirtschaft) is rooted in the intellectual tradition of Ordo-liberalism⁵ (Sally, 1996; Glasman, 1996). The development of the Ordo-liberal tradition, out of the universities of Freiburg and Münster, advocated a social market economy as the 'third way' alternative to the polarised extremes of the free market society and the centrally planned economy. The ordo-liberals sought to critique the laissez-faire liberalism of Anglo-Saxon and Austrian economists, accusing these traditions of a "sociological blindness" (Sally, 1996) to the

⁵ The Ordo-liberal theory of the social market is broadly derived from the works of two groups of theorists; the ordo-liberal economists and lawyers of the Freiburg school, notably Walter Eucken and Franz Böhm; and the more sociological approaches of Alfred Müller-Armack, Wilhelm Röpke and Alexander Rüstow. The central contribution of these schools of thought is the notion that, far from representing a spontaneous and naturally efficient allocative device, the market requires state direction to encourage a decentralisation of decisions relating to social and economic life. See, for example, Röpke (1942) *The Social Crisis of Our Time*; Eucken (1951) *This Unsuccessful Age - Or the Pains of Economic Progress*; Eucken (1990) *Grundsätze der Wirtschaftspolitik*; Böhm (1989) *Rule of Law in a Market Economy* (English translation).

need for a stable social and economic order. Social and economic activity, it was argued, required regulation through the institutions of the liberal interventionist state. Erhard's 1948 'Soziale Marktwirtschaft' programme closely followed the intellectual tradition of the ordo-liberal approach, seeking to reconcile the ethos of market freedom with the ideals of social protection. Indeed, the German ordo-liberal tradition engaged with a debate surrounding the social functions of institutions in a market economy which has resonance in contemporary debates (Sally, 1996). Clearly the ideas which framed early definitions of the 'market' and the role of politics and society in the functioning of that market have a continuity and salience which reflects and informs the shape of social institutions through history.

Though elements of the historical German industrial order were purged in the second World War and rebuilt under allied influence in the post-war period, the continuities of the ideational tenets of ordo-liberalism demonstrate a clear salience of ideas, institutions and practices over time:

...a set of institutional practices embedded in daily working and religious life provided the ethical orientation which organised West German reconstruction. These were carried within the labour movement, Church and locality. No-one 'designed' post-war Germany, it was hewn out of more durable and sophisticated moral and ethical materials than those provided by economic theory or any other social science methodology".

(Glasman, 1996: 55).

The Christian Democratic Catholic teachings guiding the German experience of late nineteenth century 'catch-up' industrialisation, positioned the principle of subsidiarity at the core of relations between the state and the interests of capital, industry, families and

social groups (Glasman, 1996: 38-40; Esping-Andersen, 1996: 224). Esping Andersen (1990, 1996), for example, roots the historical development of a “transfer heavy, service lean” German social insurance system in the status-preserving roles of the Christian Democratic parties and the Catholic church.⁶ The post-war management of economy and society, guided by the stabilising ‘Ordnungspolitik’⁷ federal government stance, continued to reflect the strong emphasis on the role of the state and religious and social groups in the establishment of legal and institutional frameworks, coupled with the devolution of responsibility for codetermined decision-making to the most immediate possible social level. The role of the ‘family’, the ‘industry’ and the ‘region’ in defining social institutions is thus historically embedded in the German national institutional context.

Germany’s experience of relatively rapid and late industrialisation towards the end of the nineteenth century, in contrast to the British case, necessitated a role for the banks in supporting capital intensive industrial development. While Britain’s early industrialisation through textiles required relatively low levels of capital investment, Germany’s iron and coal oriented industrialisation focused the attention of the state on the capital requirements of indigenous industries, particularly in terms of the industrial capital required for investment in education, training, and technological development

⁶ This dynamic had considerable implications for the institutional parameters of the labour market, with low levels of female participation, the creation of a ‘male breadwinner’ high wage/high tax strata, and correspondingly high non-wage insurance costs for the employer (Carlin and Soskice, 1997).

⁷ As Dyson (1992) suggests, there is a considerable ambiguity surrounding the use of ‘Ordnungspolitik’ and ‘Subsidiaritätsprinzip’, as the organising principles of the post-war development of the Sozialmarktwirtschaft. There is considerable continuity in the development of these concepts from the nineteenth century. “Paradoxically, the strength of the idea of the ‘social market economy’ as a guiding interpretation of social reality seems due to the reinforcement of the historical legacy by the belief that the ‘social market economy’ constituted a fundamental innovation of the early post-war period under the leadership of Ludwig Erhard (1957) and the Christian Democrats. Seen in a historical perspective, the innovative element of this policy has certainly been overstated” (Lehmbruch, 1992: 34).

(Hobsbawm, 1975: 41-45). By contrast to the British predilection for industrial finance raised on the stockmarkets, the German financial system is broadly based around the principle of “debt finance by banks” (Woolcock, 1996: 183) so that:

...in the Rhine model, the ‘golden boys’ and their breathless exploits on the floor of the Stock Exchange are conspicuously absent. Banks, not stockmarkets, are the principal guardians of the capitalist flame in Germany.

(Albert, 1993: 106).

This distinctive organisation of capital is characteristic of a close relationship between the financial capital managed by banks, and the industrial capital required by firms (Hall, 1986). German shareholders tend to deposit their shares with banks who, whilst holders of equity in other firms, also ‘vote’ these shares, giving the banks considerable influence in the decision-making of firms and, perhaps most significantly, an interest in the their long-term industrial performance. German banks have competence in industrial matters, play a role in the distribution of regional development aid to industries, and hold current information for the benefit of their client companies (Albert, 1993). Overall, the German banks are distinctively oriented towards the establishment of long-term investments, the support of the development of technological innovations, and an emphasis on long-term investments in skills and training.

The dominant themes of state concertation, subsidiarity, and industrial ‘partnerships’ are strongly replicated in the sphere of the organisation of labour. The labour market has historically been constituted in a distinctively separate sphere from the markets for finance, goods and services, underpinned and regulated by state-initiated institutions from industrialisation so that, “integration into the world economy was not accompanied by deregulated markets in labour and land” (Glasman, 1996: 51). The

institutions governing the shape and form of industrial relations reflect both the continuities of pre-war practices such as, for example, the centralised structure of bargaining and the role of works councils, and the changes made in the post-war period under allied influence, notably the organisation of trade unions along industrial lines (see Koch, 1992; Lane, 1994; Visser and Van Ruysseveldt, 1996). In the post-war period German workers were organised into sixteen large trade unions, extending across entire industries and with memberships reaching into several million. Most of these unions were affiliated to the central federation of the *Deutschegewerkschaftsbund* (DGB) and demarcated from one another by sector. Collective bargaining is broadly regional and industrial, with a given sector (usually metalwork) setting a trend in a particular Land which subsequently becomes a 'benchmark' for further bargaining rounds (Jacobi and Muller-Jentsch, 1992). The principle of co-determination (*Mitbestimmung*) establishes a legal framework within which trade unions are represented on advisory company boards, and confers rights on works councils in the work-related decision-making of the firm. The centralised organisation of the interests of labour, coupled with the predisposition of the trade unions towards the maintenance of a 'family wage', job security, and status differentials, significantly delineates the parameters within which firms operate (see Esping Andersen, 1996). Downward pay flexibility, competition through price, workplace-level autonomy in industrial relations, and hiring and firing practices, are made problematic by the embedded institutions of labour organisation, explaining, for some, the German focus on competition through quality (see Streeck, 1992).

The historical development of the German industrial order demonstrates an emphasis on internally-oriented organisation and investment, contrasting with the externally-oriented international focus of the British national institutional context. In the

German case, late industrialisation and the 'remaking' of industrial institutions in the post-war period predisposed an orientation which looked to the potential of indigenous firms and harnessed this to the credit-based financing of German banks. The principles of subsidiarity and co-determination carried through the social institutions governing labour relations and social welfare tended to favour, in the spirit of Ordo-liberalism, the maintenance of stability and continuity, actively structuring disincentives for radical social 'rupture' and change.

The symbiosis of *internal* industrial focus and collective social regulatory institutions in the German case appears to contrast strongly with the *external* financial focus and individual-oriented deregulatory institutions of the British case. However, this is not to say that British state-society has radically restructured while German state-society has remained static. While much of the literature tends to characterise the distinction between British and German social change in terms of the 'embeddedness' of German institutions versus the 'disembedded' nature of British institutions, this would seem to rather miss the point.⁸ The notion that the deregulatory stance of the British state has in some way 'decoupled' the organisation of economy and society from embedded social institutions, while the more piecemeal German approach reflects a greater degree of 'embeddedness', neglects the extent to which the market is constituted and sustained by political interventions. Both Germany and Britain demonstrate

⁸ As Vogel (1996) demonstrates, the deregulatory stance taken by the governments of some advanced industrialised countries does not imply a 'hands off' abandonment of historical regulatory institutions. For Vogel, this misconception has come about through a semantic confusion between 'liberalisation' and 'deregulation'. Liberalisation, Vogel argues in the spirit of Polanyi's thesis, often requires reregulation and direct government engagement. This approach offers rich pickings for those concerned with countering the 'globalist' approach to liberalisation: "... the deregulation story is one rich in paradox. A movement aimed at reducing regulation has only increased it; a movement propelled by global forces has reinforced national differences; and a movement purported to push back the state has been led by the state itself" (Vogel, 1996: 5).

distinctive legacies of embedded institutions which serve to constrain and condition the terrain of institutional restructuring. The embedded German Industrial Order of close cooperation across a network of 'parapublic institutions' (Katzenstein, 1989) has led theorists to characterise the German approach to contemporary restructuring as "pragmatic, piecemeal revisions in existing practices", effectively decelerating the pace of reform through the need for codetermination and consensus (Vogel, 1996).

Examples of restructuring in the German context which exhibit a clear process of change with a simultaneous regard for existing practices can be found in the debates surrounding Germany as a site for financial investment - 'Finanzplatz Deutschland'. The institutionalised relationships between banks and industry are undergoing some significant changes. The large German banks have shifted their focus from credit to equities, reducing their stakes in firms and their representation on supervisory boards. However, analyses of financial restructuring in German state-society have highlighted the distinctiveness of the German universal banking system, emphasising that the restructuring is not in an Anglo-Saxon direction (Schröder, 1996; Jackson, 1997; Moran, 1992). Assessments of the resilience of German financial practices have emphasised that, though the major German MNCs have been drawn to stock-market financing and shareholder value, small and medium-sized enterprises (SMEs) have maintained traditional banking arrangements, often with regional banks. Jackson's analysis of shifts in corporate governance suggests that, despite some evidence of bank restructuring and the increased use of the criteria of shareholder value, the relationships between industrial and financial capital continue to be debated and contested:

the traditional corporate governance relations between banks and industry remain resilient... Despite all these pressures, opposition to the shareholder-value is evident from other corners of German management and labor... Many in

Germany are still sceptical of a strong orientation on share prices, which are viewed as too easy to manipulate and subject to speculative excesses. Others fear that shareholder value will lead to short-sighted emphasis on short-term stock price developments to the detriment of long-term company strategy. (1997: 40-41).

The image of negotiated restructuring between social groups is supported by Moran's analysis in which changes are characterised as "tactical choices by regulatory authorities in an environment of international competition" (1992: 151). These choices are constrained by social institutions which are designed to promote consensus decision-making among coalitions of interests. The example of debates in financial restructuring clearly demonstrates the 'slow but sticky' nature of restructuring in the German context. While reforms may be slow when viewed through an Anglo-Saxon lens, they tend to achieve a broader social support as they interlock with a wider array of social institutions in the search for consensus.

The identification of 'ideal type' industrial orders in Germany and Britain serves to establish broad historical parameters within which contemporary restructuring debates may be framed. It is recognised that it is neither useful nor possible to identify absolute and exhaustive accounts of all of the related institutional frameworks governing the relationships between the state, capital and labour. Rather, we seek to use the stylised industrial orders to establish baseline orientations through which we may analyse the degree to which distinctive social institutions, ideas and practices condition, shape and reform the terms of the restructuring debate in the key aspects of the reorganisation of work.

Social Institutions and the Reorganisation of Work

Training, Skills and Demarcations

The form of knowledge which informs the 'globalist' position of the reorganisation of work posits social change as deriving meaning from economic and technological processes. Hence, it is assumed that the firms which adapt most rapidly and flexibly to changes in workload, market demand, and technological change, best survive the intensification of global competition:

...a premium seems to be placed on speed of reaction: on rapid product change and an ability to cut costs fast.
(Crouch and Streeck, 1997: 6).

For the 'package' of skills and competencies carried by workers, this position implies that demarcations between skills and tasks represent barriers to greater flexibility. These demarcations may include, for example, contractually defined job descriptions, or the provision of specific training packages in a given demarcated job. The strategic removal of such demarcations are thus viewed as the best-practice which enables the flexible redeployment of workers and the organisation of 'teamworking' required under US interpretations of Japanese lean production (Sengenberger, 1993). This globalist position has been critiqued for its essentialism and the fundamental neglect of the social specificity of the reorganisation of work (Streeck, 1992a; Hyman and Ferner, 1994; Elger and Smith, 1994). For state-societies which depend upon a more steady and cohesive process of negotiation of change, the neo-liberal emphasis on speed of reaction is anathema. In the debates surrounding skills and demarcations in Germany and Britain it is possible to see that, despite the widespread dissemination of deregulatory best-

practice, the ways in which specific problems are perceived, and solutions sought, are informed by the institutions and practices embedded within a state-society.

Streeck (1996) argues that, contrary to management literature which posits US interpretations of Japanese 'lean production' as the best practice response to the need for functional or 'task' flexibility, debates surrounding the direction of change in Germany have actually reinforced the embedded occupationally-organised institutions of skills and training. From this perspective, the perceived best-practice conflicts with the 'known environment' of ideas and institutions governing skills and job demarcations. In the German context skills are embedded in society through occupations (*Berufe*) which constitute a body of theoretical knowledge (*Wissen*), coupled with a set of practical and portable skills (*Können*) (Streeck, 1996). In Germany around two thirds of young people learn an occupation through an apprenticeship of three to three and a half years, gaining a universally recognised diploma which is regulated by the institutions of local chambers of commerce, trade unions, works councils, employers' associations, and the *Länder* governments. Workers are essentially endowed with a package of skills which is recognised across an industry so that; "... an occupation is not a job. A job belongs to an employer, and an occupation belongs to an employee" (Streeck, 1996: 145). The implication of this embedded occupational 'status maintenance'⁹ is that change must be negotiated within these existing institutional parameters. There is little or no scope in this context for a direct 'blurring' of demarcations between tasks. Where multi-skill tasks or new tasks are required which do not 'fit' into the parameters of an existing

⁹ On the status maintenance of the German system of occupational structures, see Esping Andersen (1996: 67-68).

occupation, new occupations are defined and developed through specifically designed apprenticeship programmes.

Perhaps the most significant aspect of the constraints on the restructuring of training and skills in Germany is the institutionalised requirement for a negotiated strategy shared by the social partners. In the 1984 metalworking industry agreements, for example, the German metalworking union 'IG Metall' and the employers' association 'Gesamtmetall', agreed on a programme designed to improve the internal flexibility of firms with regard to skills and tasks. Within this sector there were traditionally forty-eight demarcated occupations with associated apprenticeship training regimes. The negotiated reforms of 1984 reduced these specialisms to six, providing the scope for a greater degree of skills flexibility through a general foundation programme of one year, whilst maintaining the high-skills bias of the vocational training system. A new nationally-recognised occupation of 'Anlagenführer' or 'equipment monitor', with overlapping skills and competencies and a corresponding vocational training programme was also created to provide greater internal flexibility within the production process (Streeck, 1996: 157).

In contrast to the Anglo-Saxon emphasis on skills flexibility through the use of sub-contracts and the external labour market, the German debate is negotiated and contested in a wider arena. As a negotiated strategy, the debate in the sphere of skills and training in Germany has created a competitive 'upgrading' of skills, with training extended to improve the versatility of skills and to expand occupational qualifications (Turner and Auer, 1994; Streeck, 1992a, 1992b; Leithäuser, 1988). Jürgens (1991) identifies the German approach to the organisation of work as 'skills oriented', reflecting

the influence of codetermination procedures which ensure that trade unions and works councils have a determining role in the shape of change (see also Mahnkopf, 1992).¹⁰ First, through the embedded system of vocational training, the costs of 'hire and fire' practices, and the statutory involvement of works councils, firms are predisposed to the maintenance of; "...a skilled worker potential which is also deployable for semi-skilled tasks, and which can also be used for new forms of work organisation and new job descriptions in direct production" (Jürgens, 1991: 244). Second, to overcome the 'rigidities' of contractual regulations and maintain 'social peace' in the workplace (Streeck, 1992a: 20), German employers are more likely than their British and American competitors to look for innovations in job design and 'internal' flexibility, rather than to adopt 'hire and fire' practices. Finally, the high quality, high value-added focus of German 'diversified quality production' tends to promote longer work cycles of production, requiring higher levels of skills from assembly line workers and creating incentives for employers to give workers more autonomy over the organisation of work within these cycles¹¹ (Jürgens, 1991; Streeck, 1992a).

The shape of the debate surrounding the 'flexibilization' of skills and demarcations thus reflects the embedded interests which have historically organised to

¹⁰ The 1987 IG Metall initiative sought to extend the influence of unions in the arena of training, from an initial role in the frameworks of vocational training, to involvement in the development of company-level training.

¹¹ This point is illustrated effectively through the example of the implementation of 'teamworking' practices. The notion of 'teamworking' is central to the perceived global 'best practice' of the reorganisation of work, implying that teams of multi-skilled (or general skilled) workers can adapt more quickly to changing requirements (Elger and Smith, 1994). In the German context this idea reflects the distinctive institutional context within which it is implemented. The German unions promote a codetermined 'version' of teamworking as a method of enriching jobs and expanding skills bases. The emphasis here is on the rotation of highly skilled tasks, rather than the general 'blurring' of tasks or 'de-skilling' of the British approach: "According to both parties, the introduction of semi-autonomous or self-governing working groups will on the one hand increase the productivity, modernisation and competitiveness of the industry, whilst on the other hand improve employee participation in reforming working arrangements and making the workplace more user-friendly" (EIRR 274, 1996: 22).

promote and sustain a particular approach to social change. In the German case this has been conditioned by a particular form of production which requires embedded institutions which favour stability and social peace in the workplace, and a configuration of social interests which favour marginal and negotiated change in the context of existing practices. The result is the salience of:

A training regime that is capable of obliging employers to train more workers and afford them broader skills than required by immediate product or labour market pressures. The result is an excess pool of 'flexible', polyvalent workers and skills that constitutes an important advantage in periods of fast technological change.

(Streeck, 1992a: 33).

This 'excess pool' is also evident in the British approach to the reorganisation of training and skills, with the significant difference being that in this context the 'pool' of workers exist outside of the 'insider' workforce and represent a 'reserve' supply of numerical flexibility. Where in the German context we can clearly see that the excess 'pool' of skills resides internally within the firm, the British employer-based system of training orientates skills flexibility toward 'flows' of workers in and out of contracts. Indeed, it has been suggested that the British orientation towards 'external' labour market flexibility or 'labour cheapening'¹² is prefigured by a lack of training in the workplace, precluding the development of 'upskilling' internal flexibility (Marsden, 1995).

¹² On the analysis of 'labour cheapening' versus 'labour reduction' strategies of restructuring see Esping Andersen (1996: 17).

In the British context we can clearly identify a restricted emphasis on productivity and training, manifesting in a tendency to compete on the price axis rather than on the high quality production axis which is underpinned by comprehensive training and skills. The absence of interests and institutions mediating between the state and the firm on industrial training and, more generally, the absence of a coherent union influence in training structures, means that 'skills poaching' continues to create disincentives for the firm to incur the costs of training.¹³ The relationship between trade unions and training structures has historically been weak (see Lane, 1994; Rubery, 1993), reflecting a more general ad-hoc approach to training and skills, and a preference for workplace-based arrangements:

[A] common way of ensuring labour discipline, which reflected the small-scale, piecemeal process of industrialization in this early phase, was sub-contract or the practice of making skilled workers the actual employers of their unskilled helpers. In the cotton industry, for instance, about two-thirds of the boys and one-third of the girls were thus 'in the direct employ of operatives' and hence more closely watched... Nor is it accidental that the English word 'engineer' describes both the skilled metal-worker and the designer and planner; for the bulk of higher technologists could be, and was, recruited from among these mechanically skilled and self-reliant men. In fact, British industrialization relied on this unplanned supply of the higher skills, as continental industrialism could not. This explains the shocking neglect of general and technical education in this country, the price of which was to be paid later.

(Hobsbawm, 1962: 66-67).

¹³ From 1964, the establishment of Industrial Training Boards structured a clear framework of institutionalised incentives and disincentives within which the firm made its training investment decisions. State involvement in the form of levies raised as a percentage of payroll saw some penalties put in place for firms who failed to develop effective training programmes, and structured rewards and incentives for firms who undertook quality training in the workplace. In the 1989 Employment Act, the demise of the Industrial Training Boards was accelerated through the abolition of union representation on the Boards, and the downgrading to non-statutory status.

This broad orientation towards ad-hoc and ‘unplanned’ training arrangements was historically reinforced by the sectional attitudes of the craft unions, mitigating against the development of an inclusive and universal system of training with broad access (Sorge, 1995: 277). The craft unions’ predilection for ‘exclusivity’ and control over the intake of apprentices has historically structured an embedded dichotomy in the labour market between skilled crafts-people and semi-skilled manual operatives. It is this division and fragmentation of skills and training provision which continues to condition the contemporary restructuring debate. The relative lack of union influence in training in the British context, coupled with the ease with which the workforce can be divided along skilled/semi-skilled lines, structures pressures in favour of employer-biased industrial training institutions and practices. The debate in Britain has been characterised as ad-hoc and management-led, reflecting existing practices which favoured ‘free-rein’ for the employer. Lane’s analysis uncovers a “...shift in the balance of power towards a management not renowned for its innovative capacity, nor for making full use of shop-floor expertise” (1994: 181). This specific orientation of restructuring contrasts with the German experience where “...it is important to recognise that flexibility ...does not flow from unlimited managerial discretion” (Streeck, 1996: 158).

The debates in Germany and Britain surrounding the restructuring of training and skills under intensified international competition clearly do not conform to universalist notions of a global ‘best practice’. The embedded restrictions on the ‘blurring’ of demarcations between tasks and the ‘generalisation’ of skills in the German context reinforce an orientation towards competitive skills ‘upgrading’ and a ‘qualification offensive’ consolidating a vocational training structure which supports the ‘insiders’ in

the labour market, and a system of diversified quality production more generally (Streeck, 1992a: 185). Thus, polyvalent skills are built into the German system of training through the codetermined expansion of competencies and training requirements. By contrast, the management-led British orientation reflects an emphasis on 'multi-skilling' which in effect erodes demarcations between tasks and compresses established job 'grades'¹⁴, manifesting in a 'low trust' industrial relations environment (Rubery, 1993: 11-12). It is clear from both our cases that the debates surrounding the restructuring of skills and training reflect the contested terrain of embedded institutions and practices.

Working Time

The debate surrounding the organisation of working time tells us a great deal about the negotiated and contested nature of social change in the sphere of work. While the orthodox globalist assumption seems to be that adaptations to new technologies and shifts in global competition create an imperative for employers to exercise greater discretion over the length and 'shape' of the working week, in practice the reduction of working hours has become an issue subject to bargaining and 'trading' in much of continental Europe:

In a climate of high unemployment, threatened job losses and feared economic stagnation, the priority for trade unions has increasingly become the securing of job guarantees, usually as a trade-off against lower wage settlements and shorter working time with no or partial wage compensation. For employers, the main concern has been to increase working time flexibility in order to be able to respond to fluctuations in demand at minimal cost.

(EIRR 268, 1996: 27).

¹⁴ The practice of 'teamworking', for example, while a long-established method of maximising skills utilisation and 'humanising' work in Germany, has become a management-defined method of weakening the boundaries between occupations in Britain (Ackers et al., 1996).

This form of bargaining between the trade unions' need to guarantee job security and to redistribute employment, and the employers' need to gain room for manoeuvre in the organisation of the working week, is a key feature of the debates surrounding restructuring in the German context. Within the institutionalised parameters of extensive employment protection which limits the employers' access to the external labour market as a source of flexibility, the German context conditions the negotiated search for strategies which more closely 'fit' the embedded social institutions. An agreement at Volkswagen in 1993, for example, began a policy trend towards the 'trading' of job security guarantees, for a reduction in working time with pay reductions. The Volkswagen deal reduced working time from 36 to 28.8 hours per week with a corresponding 10% reduction in pay. The pressures of falling sales and profits forced a debate which presented the reduction of the working week with pay cuts as an alternative to 30, 000 job losses. This 'trade' was extended for a further two years in September 1995, and expanded to other industries in the sector by an IG Metall agreement in March 1994, giving firms the option of reducing the working week to 30 hours with reduced pay in return for job guarantees (EIRR 268, 1996: 7).

Despite the failure of Klaus Zwickel's 'Bündnis für Arbeit' programme,¹⁵ there is evidence in the German case of negotiated adjustments within existing statutory

¹⁵ 'Bündnis für Arbeit' (Alliance for Jobs) was proposed by the IG Metall leader Klaus Zwickel and adopted by Chancellor Kohl in 1995. The government and the social partners agreed a set of proposals designed to halve unemployment by the year 2000. The early proposals included working time flexibility, wage restraint, and social security cuts. In 1996 the trade unions withdrew from 'Bündnis' as it became apparent that the agenda was dominated by the austerity programme aimed at cutting the budget. The proposal that unemployment insurance be reduced appeared to be the final blow in what the unions described as a 'catalogue of horrors' (Visser and Van Ruysseveldt, 1996: 171).

frameworks.¹⁶ The use of part-time employment, for example, has increased as part of a series of moves to combat unemployment. The 'Altersteilzeitgesetz' (part-time working for older workers), in force from August 1996 makes provision for workers aged fifty-five or over to halve their working hours, receiving seventy percent of their former pay. The state effectively compensates the firm's finance for the pay over and above hours worked. This framework legislation is designed to encourage the recruitment of trainees in place of older workers (EIRR, 280, July, 1997: 21). The 'trading' of the interests of potentially contending social groups - the trade unions' job security interests, the employers' flexibility interests, and the state's employment promotion interests - has become a central characteristic of restructuring in German state-society.

While it is clear from the German case that the working time debate has been negotiated between social groups through the use of specific 'trades', the British case attaches far more emphasis on the value of 'numerical flexibility': the ability of the employer to organise the working week in terms of numbers of hours worked and numbers of workers employed, through the use of sub-contacting or the employment of part-time or casual staff, for example. The adoption by the Council of the EU of the Directive concerning aspects of the organisation of working time in November 1993 provoked a very distinctive response from the British Conservative Government, indicative of a direct resistance to statutory regulated working time. The main

¹⁶ There is evidence of increased working time flexibility in the German case, but this is constituted within existing social and legal parameters. Working time in Germany is regulated through the 1994 law on working time (Arbeitszeitgesetz). The maximum working day is regulated at 8 hours calculated over a six day week, allowing a maximum working week of 48 hours. Some flexibility is provided within this framework, with the daily time extended to a maximum of 10 hours if the average taken over six months remains eight hours per day. The framework also stipulates statutory rest and break periods. The ILO social research institute's study finds that 81% of participants surveyed in 1995 were engaged in some flexibility of working time, compared with 77% in 1993 (EIRR, 274, 1996).

provisions of the Directive regulate the working week to 48 hours, stipulate minimum rest periods, and set a minimum level of annual paid holiday.¹⁷ The British Government challenged the Directive on the grounds that it was introduced through the 'back door' of qualified majority voting in the area of health and safety. Following the failure of their challenge to the legal basis of the Directive in the European Court of Justice, the UK Government issued a consultation document to the social partners regarding implementation of the Directive in January 1997:

...implementation needs to be carefully tailored to the circumstances of British business so as to minimise disruption and avoid undue burdens.
(Consultation document, cited in EIRR 276, 1997: 14).

The emphasis here clearly lies with the discretionary nature of management authority over the organisation of working time. In Britain the organisation of working time is regulated at the level of individual firms. It is estimated that 4 million people currently work more than 48 hours, representing around 25% of the full-time workforce (EIRR 275, 1996: 12). An International Labour Office Report 'Working Time Across the World' finds that in the British case there has been "a concerted effort to substantially deregulate working time in the 1980s and 1990s" (ILO, 1995, Cited in EIRR 274, 1996:17). The 1989 Employment Act, retracting the regulation of the hours worked by young people and by miners working below ground, and the 1993 Trade Union Reform and Employment Rights Act, abolishing the wage councils, were framed

¹⁷ It has been suggested that European labour law reflects, and is inspired by, national experiences of labour legislation. The EU Directive clearly follows a continental European approach to the regulation of working time and is in conflict with Anglo-Saxon liberal flexibility (Bercusson, 1997).

within the context of an individualised employer-oriented approach to the organisation of working time.

A report published by the Employment Department Group (Beatson, 1995), explicitly frames the working time debate in terms of employer-access to the external labour market and the ability to manipulate employment levels in the short-term:

The UK exhibits a good deal of flexibility on the extensive margin, both in terms of the prevalence and use made of part-time and self-employed workers, and in the degree to which employers face constraints on their ability to change employment levels. While UK employers may face greater constraints on their behaviour than in the USA, these constraints and regulations are liberal compared to other EU countries.

(Beatson, 1995: 134).

Increased competitiveness and decreased unemployment levels are manifestly perceived to result from the growth of a part-time, mainly service industry, based political economy where a “low wage strategy nurtures employment growth in low-productivity “lousy jobs” (Esping-Andersen 1996: 17). A report funded by the Department for Education and Employment estimates the creation of 1.5 million new jobs over the next ten years. Full-time jobs with regular working hours are, however, unlikely to contribute to this figure, with 50% of new jobs thought to be generated through the part-time service sector, and the remainder related to trends in self-employment (EIRR 276, 1997: 14).

The terms of the working time debate in our two cases reflect the distinctive institutional parameters within which they are framed. The British emphasis on ‘liberal

flexibility' (Lipietz 1997: 4) asserts the managerial prerogative to liberalise the regulation of working time within the workplace, coupled with the freedom to access a 'pool' of external part-time, fixed contract, or sub-contracted workers to broaden the spectrum of possible time organisation. The German working time debate, by contrast, reflects the institutionalised need to secure the participation of the trade unions and works councils. This 'negotiated involvement' (Lipietz, 1997: 4) characterises the process of social change in this sphere with a series of contested social 'deals' whereby the interests of the competing social groups are 'traded'. Contemporary restructuring debates in this sphere reflect distinctive ongoing contests, with the British case privileging the workplace as a key site, and the German case privileging an industry-wide process of negotiation.

Pay and Collective Bargaining

Perhaps the most visible sphere of the debate surrounding the reorganisation of work has been that which relates to wage levels, and most importantly, to the relationships between embedded bargaining structures, wage levels, and the competitiveness of firms. The dominant ideas seem to be those which emphasise the competitiveness of the devolved and deregulated bargaining structures of the Anglo-Saxon political economies vis-à-vis the dense regulatory constraints of the German political economy (OECD, 1994). Such ideas, however, tend to naturalise the intensification of competition, assuming that a best-practice will emerge. However, in both our cases the restructuring of collective bargaining exhibits a strong historicity, with processes of change subject to contestation within the context of existing institutions.

The contemporary debate in Germany has tended to be predominantly concerned with the relationship between embedded bargaining practices and the determination of wage levels, and ability of the employer to access the external labour market:

In recent years the debate has shifted from 'Modell Deutschland' to 'Standort Deutschland'. Now the emphasis is on the costs of regulation, bureaucratic red tape, high labour standards, short and inflexible working hours and high non-wage costs. Will Germany remain an attractive production location for global firms that can find highly skilled computer experts in India, hard working engineers in Scotland and low wages just across its borders in Poland, the Czech lands, or further east?
(Visser, 1996: 40).

Over the period of five years between 1992 and 1997 it is estimated that wage costs in Germany have risen by over 37%, whilst wages in most other European countries have frozen or fallen. Further, non-wage costs are estimated to have doubled over the past fifteen years, accounting for more than 80% of direct wage costs.¹⁸ Throughout the post-war period German industry adopted non-price competitive strategies of 'diversified quality production' (Streeck, 1992a) which effectively compensated for these high labour costs and 'rigid' employment practices. The problem, of course, is that this 'competition through quality' strategy is increasingly 'squeezed' by the combined dynamics of competitors who appear to compete on both axes of price and quality,¹⁹ the "deregulation and open borders" which "give national capitalists the chance to escape constraints on wages, working conditions, lay-offs" (Berger, 1996: 12), and

¹⁸ Report commissioned by the German motor industry association 'Verband Der Automobilindustrie' (VDA), cited in EIRR 277, 1997: 22.

¹⁹ Japanese moves into the luxury car market have been cited as significant pressures on the German strategy of non-price quality competition (Carlin and Soskice, 1997).

“an almost unlimited supply of high-skill, low-wage labour in Eastern Europe” (Streeck, 1996: 162).

The combined effects of these ‘squeezing’ dynamics have led policy-makers to ask the question of whether any individual country now has the room to manoeuvre to implement policies which are more costly than those of its neighbours and competitors. If capital is footloose and can seek out the ‘best deal’, then do burdensome social policies position a country out of the running? It is this question which dominates the debate surrounding bargaining practices and their effects on wage levels in the German context. The central concern in the ‘Standort Deutschland’²⁰ debate seems to be that with countries such as Britain providing a flexible low-wage environment, attractive to foreign direct investment, a competitive ‘downward spiral’ results, exerting a squeezing effect on the quality-competitive strategies of German firms. A recent report surveying 6000 German companies indicates that around 28% of German industrial companies plan to move production to other countries within the next three years, while 25% stated that they had moved production facilities overseas in the last three years. Further, 62% of the 6000 companies cited high labour costs as the main reason for relocation overseas (EIRR 277, 1997: 23). Overall, such questions have tended to present the pay and bargaining debate in terms of a search for greater flexibility to prevent job losses:

Altogether, since 1990, German industry has invested around DM 216 Billion abroad, and created over half a million jobs - at the same time, in this country, around 2 million jobs were lost. For example, at the end of January, Porsche announced the future production of 5000 cars in Finland, resulting in 500 new jobs there. The lack of new jobs in

²⁰ The Standort Deutschland debate has been heavily concentrated in the social spheres of production and work. For Smith; “German workers must yield their high wages, long vacations, and comfortable working hours to defend Standort Deutschland; unions must give up centralized wage bargaining so that labor can be more responsive to the local needs of firms” (1998: 36).

Germany is caused by the unwillingness of everybody to accept flexibility.

(Stern 8, 1997: 46, *own translation*).

However, despite these pressures, the kinds of perceptions and definitions of 'flexibility' which characterise the German debate do not follow the neo-liberal 'best practice' of devolved workplace-level bargaining. Indeed, if the inward and outward investment flows of Germany and Britain are compared, it is evident that, despite British strategies designed to attract foreign direct investment (FDI), Germany has 'caught up' in relative terms since 1985 and both countries have experienced a net outflow of investment over time.²¹ Thus, it would be misleading to assess German competitiveness on the criteria of pay flexibility and attractiveness to foreign firms. Collective bargaining in the German context has historically extended beyond the quantitative sphere of pay, into the more qualitative domains of workplace rights and participation in decision-making.²² The 1996 bargaining round, for example, was characterised by moderate pay increases of between 1.3 and 2% 'traded' for job security guarantees (EIRR 277, 1997: 7).²³ Similarly, the pay settlement for 1997 and 1998 for the metalworking industry of Lower Saxony traded wage restraint for a compromise on the 'thorny' issue of sick pay:

²¹ The OECD (1998) present figures for FDI which show levels of inward and outward investment in Britain and Germany as increasing over a decade from 1985 to 1995. Both countries demonstrate net outflows of FDI, making it problematic to assume that Britain outcompetes Germany in attracting FDI.

	1995 Inward Investment (million \$).	1985 Inward Investment (million \$).	1995 Outward Investment (million \$).	1985 Outward Investment (million \$).
Germany	189,545	22,181	252,928	36,441
UK	233,077	64,027	331,354	100,313

Source: International Direct Investment Statistics Yearbook (1997).

²² Germany's works councils were established by law in 1916, and strengthened through the Codetermination Act of 1951 and the Works Constitution Act of 1952. The rights of workers to participate in decision-making are historically institutionalised, and make it problematic for employers to push initiatives through without extensive bargaining and consultation. The workplace thus comes to represent a negotiated social arena (Streeck, 1996: 153).

²³ The circumvention of the Government's legislative cuts has been echoed throughout the metalworking industry in Germany. In January 1997 regional collective agreements maintaining sick pay at the 100% level for approximately two thirds of the 3.2 million metalworkers. The trade union

The deal seems to have satisfied the honour of both sides - unions have been able to maintain sick pay levels of 100% of normal pay, whilst employers have been able to keep down the cost of the deal.
(EIRR 276, 1997: 7).

The employers effectively agreed to compensate for the Government's 1996 twenty per cent cut in statutory long-term sick pay, through a commitment to the payment of an allowance to employees sick for over seven weeks. Here, the paradoxical situation arises whereby the Government puts measures in place to reduce the employers' statutory 'burden' and the employers reject this in favour of maintaining continuity and stability. The 1997/1998 bargaining round has continued the trend of negotiated bargains with measures to annualise hours and provide time-banking systems and an overall average settlement of 1.55 in the west and 1.9% in the east (EIRR, 295, 1998: 17). The collective bargaining debate is conditioned by embedded practices which value the maintenance of 'social peace' so that "for a firm to have a sufficient supply of social peace when it needs it, it must be willing to incur potentially significant costs at times when it apparently does not need them" (Streeck, 1992a: 90). The suggestion is that bargaining in the German context is more of a continual, potentially costly in the short-term, process of negotiation and compromise. Even under the pressure of the competitive downgrading of neighbouring countries, it would seem that long-term cohesion and cooperation in the workforce is considered a 'rigidity' worth paying for.

confederation (DGB) estimates that some nine million employees across Germany are now covered by collective agreements maintaining sick pay at 100% levels (EIRR 277, 1997: 6).

In the British debate, by contrast, there is no identifiable cohesive representation of the interests of workers in the changing shape of work organisation. The historical fragmentation of the trade unions and the increasing polarisation of 'secure' and 'insecure' employment within the workplace, make a cohesive response problematic and, hence, strengthen the hand of management in defining the shape of change. Pay and bargaining debates in Britain tend to focus on a perceived need to decentralise bargaining practices to the lowest possible level (Millward, 1992). The 1990 Workplace Industrial Relations Survey (WIRS) (Millward, 1992: 67; Millward et al. 1992), reports a shift towards non-unionism and single-union agreements which effectively reduced the constraints placed on management's ability to organise work. The establishment of 'greenfield' and 'brownfield' sites in Britain has further exacerbated this trend, with only thirty percent of new workplaces recognising unions in 1990. The *focus* of the bargaining debate has therefore concentrated at the workplace and has involved few social groups in negotiation. This narrow focus has mitigated against a more innovative debate which might consider bargaining to extend beyond the sphere of pay into other spheres such as training, working-time, and worker-led initiatives. While the resulting pay flexibility has been feted as the highly prized "competitive labour market" (Beatson, 1995: 70), the emergence of a segmented workforce with vastly diverging levels of influence in bargaining forums, and the absence of a coherent and cohesive union 'line' on the shaping of the organisation of work, may inhibit co-ordinated cross-sector and industrial strategies.²⁴

²⁴ There is evidence that the policies proposed by the Labour Government exhibit a substantive continuity with Conservative policies, particularly in the realm of the labour market (Gray, 1998: 1). The emphasis remains very much on the strengthening of employer manoeuvrability and the discipline of neo-liberal flexibility policies. This can be seen, for example, in the 'New Deal' linking benefits to compulsory workplace training with little or no industrial coordination. The agreed minimum wage of £3.60, in force from April 1999, continues to embody the themes of individualised and differentiated measures. Workers aged between eighteen and twenty-one will have a minimum of £3 and sixteen and

In both our cases it is clear that the parameters of the bargaining debate are historically and socially conditioned by embedded practices. The perceptions of the pressures on bargaining practices, the debated range of possible 'solutions', and the resulting problems and contradictions, are shaped and constrained by the 'known environment'. Far from 'uprooting' embedded institutions, the restructuring process in both cases seems to emphasise and reinforce the dynamics of these institutions.

Industrial Relations Practices

Industrial relations practices, representing as they do the 'interface' of the relationships between the state, industry and society, form a fundamental aspect of the national institutional context of policy restructuring. As socially constituted institutions the 'robustness' of national systems of industrial relations demonstrates their sponsorship through an ongoing process of "social creativity", subject to continual contestation and reaffirmation by organised social groups (Hyman, 1994; Crouch, 1993). It is in this sphere, then, that we might be least surprised to find nationally embedded practices continuing to shape and condition the terms of the restructuring debate. And yet the 'globalist' position which assumes that globalisation and technological advance will cause a universal shift towards a US-style erosion of trade union powers and an arrogation of managerial powers, continues to pervade much of the academic and policy literature.

seventeen year olds will be exempt. The level will also include centrally organised gratuities, affecting particularly part-time service-sector employees. Thus, even attempts to lever up low wages embody policies which divide the interests of worker groups by age, sector, and gender.

Perhaps the most pertinent question is this: in the face of pressures for regulatory reform, do embedded systems of industrial relations diverge in their abilities to mobilise an effective response to policy proposals? And if they do, then is this attributable to differences in their political and social organisation? Presenting statistics on trade union density, Boyer (1995) suggests that the ability to organise a unified and coherent response to deregulatory policies diverges significantly among countries. The much-proclaimed decline in trade union membership and organisational power, far from representing a general trend, from this perspective takes on distinctive dynamics according to the national context. In a critique of Freeman's thesis (Freeman, 1994; Blank and Freeman, 1994), Boyer questions the economic determinism of perspectives which assume a 'global shift' to deregulated workplace-level industrial relations:

... economic institutions derive from the political processes according to which capitalism has emerged and become viable. Any comparative study of the unions over the course of a century confirms the strong national flavour of industrial relations and specially of trade unions... Whereas conventional neoclassical theory would argue that competition and globalisation will select more drastically than ever the various economic institutions on the basis of their efficiency, historical studies and international comparisons suggest a much more balanced view. Industrial relations is a social construction, exhibiting a strong historicity and a clear national flavour.

(Boyer 1995: 552-555).

Thus, we may reasonably expect that the 'room for manoeuvre' which an employer has in making 'adjustment decisions' in the reorganisation of work, continues to be shaped by the social system of industrial relations within which the firm operates (Abraham and Houseman, 1993). As figure 1 demonstrates, the divergent trade union traditions of our two cases condition uniquely distinctive conceptions of 'work' and 'employment', and

embody specific notions of where the social domain of work is located, organised and contested.

Figure 1: The National Orientation of Trade Unionism in the UK and Germany.
(Adapted from Boyer 1995, Original adapted from Freeman 1995, Buechtemann 1993, and Streeck 1992a).

	UK	GERMANY
Objectives	Defence of specific occupations.	Representation of wage earners.
Services provided	Defence and representation for the unionised.	Extended representation, defence of workers, social services and negotiation.
Level of representation	Both local and national.	Firms and sectors (within national and industrial frameworks).
Mode of union recognition	By managers.	By general social laws.
Pluralism/unity of union representation	Multi-unions (by skills) within the same workplace.	Multiplicity but with a leading union.
Role of the state	Define 'rules'; since 1980s legislation to weaken powers.	Sustain a balance of power among social partners.
Collective bargaining	Market forces. Wage and benefits annually.	Outside the firm: sector/nation. Inclusive of skills, training, working time. A year or more.
Style of labour laws	Individuals' and union rights.	Laws relating to social bodies, few purely individual rights.
Economic impact	Inflationary bias (as politically presented), wage differentials.	Homogeneity of wages by skills; wage settlements compatible with diversified quality production-oriented competitiveness.

The industrial relations restructuring debate in Germany has broadly seen incremental 'marginal change' with some consolidation of employer manoeuvrability and shifts towards firm-level practices, but in the context of relatively stable social institutions and sustained trade union influence (Lane, 1994: 182; Lansbury, 1995).²⁵ Perhaps the most significant legislative change in industrial relations has been the 1986 Employment Promotion Act. Until 1986 employees in companies who were affected by strikes in other companies in the same industry could apply for unemployment benefits to cover temporary unemployment due to industrial action. The 1986 Act removed this entitlement and reduced the ability of the trade unions to freeze up an industry while only paying those who were directly involved in the strike. The Act also raised the threshold of required social plan negotiation from a requirement that 10% of the workforce must be threatened by the changes, to the requirement that 20% of the workforce must be under threat for negotiations to take place.²⁶ Further, the ability of the employer to hire workers on fixed term contracts was consolidated. Previously fixed-term contracts were only permitted if the nature of the work was best suited to temporary workers, and then only for a six month period. The Act lengthened the permitted duration of such contracts to a maximum period of two years and removed the requirement for 'temporary status'.

²⁵ German trade unions have experienced some decline in membership and support under the combined pressures of spiralling unemployment, reunification, and the expansion of employment in the service sectors (Visser and Van Ruysseveldt, 1996: 142). In 1995 IG Metall lost around 4% of its membership, in 1994 it lost 4.8%, and this is a trend which can be traced back until 1991, when the workers of the former East Germany expanded the membership (Independent, April 1996).

²⁶ The 1986 Employment Promotion Act also gave new firms a four year exemption from the requirement to engage in social plan negotiations in order to implement major changes.

The German system of industrial relations is thus manifestly not a 'static' set of institutions, but demonstrates change within the context of existing institutional parameters. Visser and Van Ruysseveldt (1996) identify three key explanations for the enduring relative stability of the German context of industrial relations. First, the 'Grundgesetz' of 1949 clearly distinguishes between the political terrain of the state and the political and social (socially constituted) arena of industrial relations, constraining the scope for the government to directly intervene in collective bargaining. The introduction of new legislation and changes to existing laws are, thus, likely to be incremental, dependent on consensus with the social partners and with the Bundesrat, and characteristically sponsor continuity of social institutions. Second, the continuity of embedded industrial relations practices were not threatened by the stagflation and economic decline of the 1970s in the same way as was much of Europe. The German high quality manufacturing production continued to compete effectively in the wake of the 1970s oil crisis and the rise of East Asian competitors (Visser and Van Ruysseveldt, 1996: 160). Put simply, at a time when much of western Europe was struggling under lost productivity and stagflation and looking to restructure institutions to counter 'Eurosclerosis', Germany took an early stance of 'if it isn't broken, don't fix it'. Finally, a commonly cited explanation for the difficulties of 'uprooting' German industrial relations practices is the political dynamic of the CDU workers' wing, and the need for both middle class and working class electoral support (Visser and Van Ruysseveldt, 1996: 134). The combined effect of such dynamics has been to 'explode' the domain of the industrial relations restructuring debate into the domains of social security, welfare, the family, and social life more broadly. In a tightly woven institutional context such as Germany's, where the social sponsorship of industrial relations practices is broad and

cohesive, it is unlikely that the reorganisation of work will ever be focused simply on the relationship between employer and employee.

In the British context, by contrast, it is this micro-level relationship between employer and employee which has become the central focus of the industrial relations debate. Trends in the Conservative Government's employment and industrial relations legislation between 1979 and 1993 demonstrate that, with the exception of those policies required by EU directives, the emphasis has been on restricting union influence and devolving the terrain of industrial relations down to the lowest possible level (Figure 2).

Figure 2: Direct Reforms in the British Context: Conservative Employment Legislation Since 1979. (Adapted from Visser and Van Ruysseveldt, 1996: 53).

1980 Employment Act	<ul style="list-style-type: none">• restriction of the closed shop• restriction of picketing; secondary picketing restricted to first supplier or customer• removal of provisions for compulsory arbitration in the case of unions seeking recognition from employers• reduction of employee rights in the case of unfair dismissal provisions; maternity rights to reinstatement reduced
1982 Employment Act	<ul style="list-style-type: none">• restriction of lawful union action; removal of immunity of trade unions against claims for damages in the case of an unlawful strike; restriction of definition of trade dispute to make solidarity action, sympathy strikes, and inter-union disputes unlawful• further restrictions on closed shop (ballot required on existing closed shop and 85% majority vote needed for its lawful continuation)
1984 Trade Union Act	<ul style="list-style-type: none">• members of principal executive bodies of trade unions must be elected by secret ballot every five years; unions lose immunity unless a secret ballot is conducted and won before strike action
1986 Wages Act	<ul style="list-style-type: none">• restriction of minimum wage provisions; removal of workers under the age of 21 from the jurisdiction of the Wages Councils.
1988 Employment Act	<ul style="list-style-type: none">• post-entry closed shop is made illegal and unenforceable; no strike seeking to enforce post-entry closed shop is lawful• during a lawful strike, union members who cross the picket-line cannot be disciplined• extension of secret balloting in union elections
1989 Employment Act	<ul style="list-style-type: none">• various provisions which extend labour market regulation to the small firm sector are withdrawn; repeal of discriminatory provisions restricting hours of work for women and young people above school age; abolition of Training Commission - previously Manpower Services Commission - its functions being taken over by the Department of Employment; unions no longer represented on industrial training boards, which are downgraded to non-statutory status
1990 Employment Act	<ul style="list-style-type: none">• abolition of all legal protection for the pre-entry closed shop; refusal of employment to non-union members made unlawful• employers given greater freedom to dismiss workers taking part in unlawful strike action; immunity removed for union officials, including shop stewards, who organise support for

1993 Trade Union Reform and Employment Rights Act

persons dismissed for taking part in an unlawful strike; all remaining forms of secondary action made unlawful

- workers given right to join union of their choice; employers allowed to offer workers financial inducements to leave the union
- employer must be given seven days warning in advance before official industrial action; all pre-strike ballots must be postal and subject to independent scrutiny; users of public services have right to seek an injunction against unlawful strike action
- withdrawal of support for collective bargaining (removal of requirement for Arbitration Commission to encourage collective bargaining)
- removal of all remaining minimum wage fixing (abolition of Wage Councils)
- requirement for employers to give written statement of terms and conditions to full-time employees under regular contract; extension of jurisdiction of industrial tribunals to cover breaches of employment contract; extension of maternity leave for women and protection of pregnant women against unfair dismissal; protection of workers victimised over health and safety at work issues

Taken together, this legislative assault on industrial relations practices, coupled with the 'human resource' management debate, has led commentators to speak of the 'end of institutional industrial relations' (Purcell, 1993; Bassett, 1986) and the rise of the 'new' workplace-based trade unionism (Freeman, 1994; Ackers et al. 1996). The results of the 1990 Workplace Industrial Relations Survey demonstrate that between 1984 and 1990 the number of workplaces with recognised union representation fell from 52% to 40% (Millward, 1992: 119). A significant proportion of this decline can be accounted for by the process of union 'derecognition', with approximately one fifth of panel workplaces sampled that reported recognised unions in 1984, having no recognised unions in 1990. The other prevalent source of 'deunionisation' identified is the shifting population of workplaces. 'Greenfield sites' tend to have low rates of union recognition, with only 30% of new workplaces recognising unions in 1990, as compared

to 40% of recognition across all workplaces.²⁷ Firms with union recognition tended to be established enterprises with centralised arrangements for the determination of pay and 'embedded' industrial relations practices. Of course, the 'Greenfield site' workplaces in the British context tend to be in service and leisure industries with a low proportion of skilled manual workers and a correspondingly high proportion of semi-skilled part-time and casual workers. The WIRS study, however, identifies the fundamental roots of the shift toward non-recognition of trade unions as the withdrawal of the statutory foundations for union recognition. Given the 'space' by the state to determine the complexion of workplace industrial relations, managements have chosen to favour derecognition, particularly where the establishment of a 'Greenfield Site' means that this can be implemented with relatively little conflict and struggle. This room for manoeuvre has not promoted innovations in workplace representation arrangements and there is little evidence that the increase in apparent 'worker involvement' through HRM has created scope for worker autonomy or participation in decision-making (Lane, 1994; Millward, 1992). Indeed, despite the direct assault on trade union powers, there has been little in the way of a co-ordinated and coherent union response to such strategies (Grahl and Teague, 1991). The British industrial relations debate, then, has broadly occupied the social space between employer and employee, emphasising deregulation and managerially-defined flexibility.

If the British industrial relations debate diverges from the German debate in terms of both the restructuring 'discourse', and the social 'terrain' that it occupies, then can we attribute this distinctiveness to the conditioning forces of embedded institutions

²⁷ The growth of single union agreements in newly established workplaces has exacerbated the trend towards decentralised representation (Millward, 1992: 32).

and practices? British industrial relations institutions and practices have historically emerged out of an unregulated, decentralised and individualised process of social struggle at the workplace (Lane, 1994; Crouch, 1994). The regulation of bargaining, employment rights and collective organisation developed out of 'norms', tacit understandings, customs and workplace practices. Institutions governing consultation, co-operation and negotiation are therefore weak, built around conflict lines and divisions which orientate them towards competition and adversariality, both between management and the workforce, and within the workforce itself, between sectional unionised interests. British industrial relations legislation has developed through the 'negative' rights of exemptions to the common law, making it vulnerable to shifts in political power and ideas. The right to strike, for example, exists only in the form of immunity from damages claims and even this 'negative' right has proved vulnerable to deregulatory legislation.

The British trade union structure itself has also contributed to the decentralised focus of industrial relations' restructuring. The bulk of the British unions do not organise their interests industrially or sectorally, but rather along general or vocational lines, often competing for members and for influence at the dominant firm-level of industrial relations. Overall the social sphere occupied by the trade unions in Britain contrasts strongly with the German system of centrally regulated codetermination. The British institutionalised tradition of decentralised industrial relations has facilitated the 'cost reduction'²⁸ route of restructuring so that "a decade and a half of Thatcherism has only served to reinforce the voluntary nature of British industrial relations. The

²⁸ See Esping-Andersen (1996: 17), for analysis of the roots of the cost reduction strategy of restructuring.

company, more so than before, now occupies centre stage” (Visser and Van Ruyseveldt, 1996: 78). Our cases demonstrate a fundamental divergence in the ways in which the problem of the restructuring of industrial relations is perceived, understood and communicated. Indeed the very terrain which the distinctive debates occupy is bound and conditioned by divergent institutionalised understandings and social practices.

Conclusions.

The analysis in this chapter has demonstrated a remarkable degree of institutional embeddedness in the policy debates surrounding change in the organisation of work in Britain and Germany. Remarkable, that is, given the apparent ‘bulldozer logic’ of globalization which masks the historical and institutional specificity of social change. Rigid dichotomies between ‘models’ of industrial regimes are generally unhelpful in the exercise of demonstrating the distinctive orientations of social change. Typically this approach can lead scholars to characterise the British/German distinction as one of ‘thin’ institutional context versus ‘thick’ or ‘rich’ institutional context. By contrast, we have demonstrated that each country views the problem of restructuring from a perspective informed by a distinctive ‘mix’ of embedded ideas, institutions and practices. Some distinctions, however, are useful here, if it is acknowledged that these are broad ‘ideal types’ symbolic only of general patterns.

First, we can conclude that the *focus* of the policy debates in the two countries diverges according to the ‘known environment’ of social institutions. The German debate is broadly focused ‘internally’ on the fabric of national industrial political economy, and tends to coalesce around the question of “how can work be reorganised to enable German industries to compete more effectively?” The British debate focuses

more ‘externally’ on the changing nature of the international political economy and asks the question “how can work be reorganised to best suit the new dynamics of this economy?” By implication, we then find that the *orientation* of the debate surrounding the reorganisation of work also diverges between different national contexts. The perceptions of existing embedded institutions and their role in the organisation of society tend to condition the response to increased global competitive pressure. Indeed, these pressures themselves take on very distinctive dynamics in the context of different societies. The ‘labour reduction’ (Esping-Andersen, 1996) approach to restructuring is conditioned by an emphasis on competitive quality, skills and high value-added production, within a framework of sustained social institutions. Given these dynamics, training is extensive and work is structured for a group of highly paid and taxed ‘insiders’ within the labour market.

Within British state-society, with its emphasis on industrial price competition the deregulation of the capital-labour relation, the policy orthodoxy has demonstrably been more indicative of a ‘labour cheapening’ approach to restructuring (Esping-Andersen, 1996). Hence, even the lauded concept of ‘flexibility’ itself exhibits a myriad of social guises. The German emphasis on functional and skills flexibility within the existing ‘core’ workforce reflects a perceived need to gain maximum comparative advantage from relatively costly labour. The British emphasis on pay and numerical flexibility, by contrast, reflects a perceived need to respond rapidly to shifts in global demand without incurring costs which might hinder price competitiveness. Finally, then, our analysis demonstrates that the social terrain which the restructuring debate occupies diverges according to state-societal context. The German debate requires the involvement and participation of the social partners in a kind of ‘flexi-corporatism’ of traded bargains in

order to ensure that change is broadly consensual. Such bargains occupy a regional, sectoral and industrial terrain which is in stark contrast to the workplace oriented scope of the British debate. In this context the debate requires the strengthening of the managerial prerogative, and to an extent also the fragmentation of the workforce to prevent resistance to this less socially-acceptable form of flexibility.

Taken together, such insights support our first proposition, that the debates surrounding the reorganisation of work reflect the 'known environment' of embedded institutions within a state-society. As a contribution to the IPE restructuring debates, this serves to remind us that globalisation should not become synonymous with a convergence around a notional 'best practice' method of organising diverse societies. The insights of this chapter have, further, raised questions relating to our remaining two propositions. The roles of embedded social interests in the 'sponsorship' or maintenance of a particular social institutional complex, coupled with the ongoing process of social contestation in which they are engaged, would appear to be central to the conditioning of restructuring. In particular, our analysis has been indicative of a series of tensions which are inherent within each restructuring debate, and which reflect contending interests within social power relations.

Essentially, for as long as German industry continues to focus on a strategy of high value-added quality production, it will depend upon the maintenance of social institutions which foster a skilled workforce, devolved autonomy in the workplace, and long-term ties between firms and their employees, firms and other firms, and firms and financial institutions (Streeck, 1992a). Hence, German society faces a distinctive set of challenges relating to the embedded institutions of cooperation, negotiation, training and

development, which have historically underpinned their growth and prosperity. Within the labour force itself, there is a persistent tension between skilled and semi-skilled workers. Though the trade unions represent all workers in a given sector, the workforce is constituted of an approximate 60/40 split between skilled and semi-skilled workers. The 40% of semi-skilled workers, many of them women, are from a less highly qualified educational background, often with apprenticeships in 'artisan' sectors. Historically the trade unions have sponsored the maintenance of relatively compressed wage differentials between these social groups. The pressure, of course, is developing from the larger manufacturing companies to reduce the wage levels of the semi-skilled sector of the workforce (see Soskice, 1997; Rhodes, 1997). Perceptions of 'divided' futures for different social groups are growing:

The number of 'losers' is increasing. Now the working members of society sit in different boats, one of which quickly sinks, another sinks more slowly, while a third stays afloat.

(Stern 8, 1997, : 49; *own translation*).

This tension between the fates of different social groups, with its implications for social solidarity and the highly-prized 'social peace', is exacerbated by reunification and the absorption of the less highly skilled East German labour market. The low cost labour markets of the East European states seem ever more accessible at a time when German unemployment levels continue to climb (Carlin and Soskice, 1997). The high labour costs of the West German labour market can only make these escape routes appear more tempting.

The British orientation of the reorganisation of work, with its emphasis on price competition and rapid adaptability, raises its own problems and tensions. The instability and insecurity generated by the general 'casualisation' of work has exacerbated the long-term productivity problem identified with British manufacturing (Wilks and Wright, 1987). While British industry has pursued a flexibility strategy which has focused on the ability of employers to hire and fire and to recruit on short-term contracts, there has been little attempt to counter this with skills and functional flexibilities. The historical fragmentation of employers' associations and trade unions has increased, making a cohesive and negotiated strategy extremely problematic. In a sense, what the British strategy has sought to gain in terms of a fragmented and benign industrial relations climate, it is paying for through the loss of a potentially dynamic and inclusive debate on the future of work. The vulnerability of the 'fast but fragile' restructuring route is manifested in an industrial skills shortage and general lack of collective public goods, such as training provision for example, which increases the risks for individual firms in providing public goods alone. This vulnerability is exacerbated by the problems associated with an FDI-focused global strategy. In essence, British state-society has sought to compete through attracting foreign firms to a business environment which allows them to remain free from long-term links to a particular region or workforce. As a result, there are few ties binding inward investment firms to the British production location. Global shocks such as the East Asian financial crisis and the collapse of prices in particular product markets have an acute effect on British state-society.²⁹ In this respect the debate in the British context is not proactive, but rather responds to shifts in

²⁹ The loss of 1000 jobs at the Siemens semi-conductor plant on Tyneside after only 15 months of location is an example of the vulnerability of much FDI. The collapse of prices for semi-conductors prompted a process of restructuring in which the British plant with its 'loose ties' was an early and relatively 'cheap' victim. Similarly, South Korean electronics plants in South Wales have stalled their recruitment, and in some cases their construction, as a result of the East Asian crisis.

global competition. Engaged as Britain is in the price-competitive 'race to the bottom', this competition is increasingly difficult to respond to, as prices fall in East Asia and the pound reaches its highest level against the Mark for nine years (Economist Intelligence Unit, 1998).

Our analysis indicates, then, that not only do policy debates diverge, but the state-societal contexts of which they are constituted generate their own distinctive dynamics of conflict and contestation. Taking this observation as our starting point, the following chapter seeks to develop the notion of contested restructuring through a focus on the firm as a site of social contest. The trends and tensions which we have identified here are most visible in the contests between social groups within and across the workplace.

PART III

FIRMS AND THE REORGANISATION OF WORK

Chapter Five

The Contested Firm: Production, Work and the Challenges for IPE

Orthodox understandings of the nature of restructuring, it has been suggested in this thesis, tend to follow a 'globalist' logic which obscures the social roots of change in favour of economic and technological explanation. Indeed, the 'logic' of these approaches tends to imply that the social roots of a 'Fordist' post-war order have been purged by the forces of globalisation. Under 'Fordism', broadly conceived as an institutionalised complex of social relations, the relationship between 'firm'¹ and 'society' was explicitly institutionalised and the role of the state in this relationship was visible in its support for a mass-production/mass-consumption social order (Rupert, 1995: 83). The globalisation 'project' suggests that intensified global competition has 'decoupled' the firm from its institutionalised relationships within state-societies, and indeed the neo-liberal variant of this approach holds that the state should actively facilitate this decoupling through deregulation. This thesis finds two central problems with the 'globalist' position as adopted by both critical and neo-liberal theorists. First, the firm has not been decoupled from its social context in either of the cases examined here, even within the Anglo-Saxon deregulatory state-societal context. The firm was essentially a contested social arena under 'Fordism', as it continues to be in an era dominated by ideas about 'globalisation'.² There are indications that social actors within

¹ The 'firm' is defined here as a key social site within which the 'fictitious commodity' (Polanyi, 1957: 72) of labour is employed to 'add value' in a production process.

² Moody suggests that the methods associated with 'lean production' are, in many instances, merely adjustments at the margins of methods long in operation: "...flexibility in lean production lies primarily in the combination of information-age technology and worker experience with archaic forms of work organisation such as contracting out, casualisation, old-fashioned speed-up, and the lengthening of working time... Nor is there anything particularly 'post-Fordist' about lean production.... most of the techniques associated with 'Fordism', notably the labor-intensive assembly line, along with the

the firm are acutely aware that restructuring which explicitly 'decouples' is effectively restructuring 'without a safety net'.³ Second, academic approaches to the firm which view the firm as unitary 'reactor' to global change neglect the study of alternatives.⁴ If social contestation is restored to the analysis of the reorganisation of work, the potential for alternative political responses to intensified competition is opened up.⁵

As a response to this orthodoxy, this thesis has sought to 'open up' research in IPE to the social and human sources of 'global' change. Responding to calls within the discipline for a 'context sensitive' and 'historicised' agenda, the need to reassert the distinctiveness of social alternatives in the reorganisation of work at the level of state-societally embedded institutions and practices has been demonstrated. The purpose of this chapter is to examine the socially-contested nature of restructuring, as expressed within and across firms. Given that the essence of 'work' is the reproduction of social life,⁶ the reorganisation of work is critical for the relationships between civil and political

'scientific management' design of jobs through time-and-motion measurement, remain in practice today", (1997: 86). The insights of Moody's analysis serve to problematise the notion that global forces have in some way decoupled the productive relationships of the firm from their social context. If we are to identify a 'shift' in the relationships between states, firms and societies, it is perhaps that they are less explicitly 'visible' under intensified competition than they were under a loosely defined global 'Fordism'.

³ Insights gained from interviews with middle- and board-level managers and production workers in German and British manufacturing firms, November 1996 - July 1998.

⁴ Pauly and Reich suggest an Anglo-Saxon dominance in the theoretical literature which obscures the existence of alternative restructuring experiences: "...American and British scholars, studying American and British firms, writing for American and British audiences, and exporting conclusions packaged as deductive theories to the rest of the world", (1997: 26).

⁵ The notion of contestation in the social relations surrounding production and work is not a new one. For Edwards the 'contested terrain' of the workplace is characterised "over time by the processes of conflict and control which have transformed the way work is organised.... Conflict exists because the interests of workers and those of employers collide... Control is rendered problematic because, unlike the other commodities involved in production, labour power is always embodied in people, who have their own interests and who retain their power to resist being treated like a commodity" (1979: ix). See also Cohen (1990) for analysis of international labour contestation.

⁶ Cox outlines the nature of work, emphasising its role in human transformation and reproduction; "Work takes place in an artificial world - a world made by people - and the artificiality of this world is maintained and expanded by work" (1987: 13).

society. Viewed in this way the 'firm' is not simply 'embedded' within a national social formation in the global political economy. Rather, the firm becomes a nexus of world order, state-societal order, industrial order, and financial and productive order. If we are to conceptualise restructuring as an ongoing process of struggle and contestation, then how do social relations as expressed in the nexus of the firm engage with this process?

Contemporary IPE is itself undergoing a process of contestation on both political and theoretical grounds. Questions surrounding how we are to conceptualise and understand, for example, the relationships between states and firms, and states and societies, intersect with questions surrounding our role as scholars in this theoretical and political activity. As Rupert summarily reminds us:

What is at stake in the contest of social ontologies is the manner in which the human world is reproduced in thought and action.
(Rupert, 1995, p. 14).

The implications of such insights, for this study, are that to move beyond the states/firms orthodoxy in IPE,⁷ the firm should be viewed as existing within, and constituting, sets of social power relations. Further, the dominant ways of thinking about the firm in IPE should be viewed as contributing to the production and reproduction of such power relations. So, for example, IPE studies which draw upon the insights of business and management literature are likely to adopt and reinforce a particular view of the firm (see Stopford and Strange, 1991).

⁷ On the IPE orthodoxy, see Murphy and Tooze, (1991).

In part one, the analysis ‘unpacks’ orthodox explanations of the ‘firm’ in IPE which present the firm as an ‘actor’, responding to the imperatives of globalisation and diffusing knowledge about restructuring practices. This mode of knowledge, it will be argued, obscures the open and socially contested nature of restructuring within the firm, and in doing so, restricts the opportunities for political and social debate. In part two, responding to calls for interdisciplinarity in IPE, we assess the alternative understandings of the firm which have been put forward in recent debates across the social sciences. Insights drawn from diverse perspectives are illustrative of a substantial ‘gap’ in the literature on the firm, where processes of firm-level restructuring are characterised by ongoing social struggle and contest. In part three the analysis moves to support a critical turn in understandings of the firm. A Gramscian-inspired focus on the “ideological struggles within particular workplaces”⁸ directs our attention to social contestation in the relationships between firms and other firms; between firms and social institutions such as banks and industry associations; and within firms, between employers and employees. This analysis will enable us to draw conclusions regarding the social contestation within and across firms, which exists within and contributes to, a series of social contests within and across states.

PART ONE

The Firm in IPE: Orthodox Understandings

The central questions in debates surrounding the agenda of IPE, concern the ‘what, where, and how’ of analysis. The “objects of inquiry” (Rupert, 1995: 14), or ‘what’ we choose to single out for analysis, are likely to both reflect and condition

⁸ For Rupert (1995: 11), the study of struggles at many levels of analysis, from world order and the state, to industrial complexes and workplace contestation, is central to a Marxian-Gramscian IPE.

‘where’ and ‘how’ we look at them. If we seek out simple ‘reproducible’ explanation, for example, we are likely to look in fewer places, at fewer levels. If, looking at a single unit, we are struck by commonalities in different places, we are likely to adopt a ‘generalising’ approach. This has been the basic departure point for IPE from its International Relations (IR) cousin. The ‘state-centrism’ of neo-realist analysis, has provided a critical platform for analysis which ‘adds units’ or ‘adds levels’, to analysis.⁹ Thus the firm, from the 1970s, became a ‘new unit’ in the sense of a challenge to both the *power of* the state and the *analysis of* the state, and a ‘new level’ in the sense of a ‘vehicle’ of global change, existing between the national and global levels of analysis. (Stopford and Strange, 1991; Porter, 1990). Thus, the firm has in many respects been represented as ‘standing outside’ of society and state-societal relations. It is commonly positioned in a dialectic relationship of restructuring with the state so that policy shifts in one both reflect and influence policy shifts in the other (Strange, 1988; Porter, 1991; Ohmae, 1990).

Thus, the firm, in orthodox IPE analysis, has come to be conceptualised as ‘actor’, ‘reactor’, and ‘transmitter’. As ‘actor’, the firm’s actions are viewed as combining to further intensify global competition:

What is loosely termed ‘global competition’ is the outcome of how individual firms have reacted over time to the changing balance of opportunity and threat.

(Stopford and Strange, 1991: 65).

⁹ The neo-realist and liberal debates surrounding ‘non-state actors’ tend to seek out new units of analysis or ‘new things to look at’, and new ‘levels’ of analysis or new places to find historical material (see Krasner, 1994; Keohane, 1984). From a very different perspective, World-systems theorists tend to look at institutions and actors in addition to the state in order to understand capital accumulation, their basic ‘level’. What these approaches do not do, however, is consider new ways of looking at the units or levels or, indeed, reflect upon how they have conventionally looked.

The first problem here centres around the notion of ‘individual firms’ as ‘actors’, as though acting with one ‘voice’ and a single set of objectives. Consider, for example, that competition has arguably also increased within firms, between plants, and between different production sites. The social groups and interests within the firm itself are rarely cohesive. There may, for example, be conflict between interests at the corporate level, between financial and technical roles, or at the shop-floor level, between permanent and contingent workers.¹⁰ Second, and a related point, the idea that the firm ‘acts’ in the manner of an individual has led to a belief that it exhibits observable behaviour (Stopford and Strange, 1991: 204). Though the relationships between levels, such as between the state and the firm, are problematised, the contests within these levels and their contribution to the overall ‘balance of opportunity and threat’, is neglected:

...we shall make little progress on the vaster issues until we have collected and analysed much more data on the relations of firms to governments and governments to firms.
(Stopford and Strange, 1991: 236).

Such relations, between the governance of states and the governance of firms, are defined by the orthodox IPE literature in terms of ‘diplomacy’, or a kind of advanced ‘interdependence’ within which the perceptions, strategies and actions of states and firms are closely inter-related for their mutual competitive gains.¹¹ If the perceptions,

¹⁰ For Ruigrok and Van Tulder, “...it is false to suggest that a firm or government has *one* strategy since it was top management that came to this decision, after an internal and external bargaining process. One should also consider whether it was a unanimous decision, which interests or departments or persons prepared the decision and which opposed it” (1995: 65).

¹¹ For Dunning, “Industrial competitiveness is becoming the number one item on the political agenda. But, the determinants of competitiveness rest on the ability of a country to provide the right economic and cultural environment for its firms to be innovatory and productive in world markets, and to attract the subsidiaries of foreign firms to its borders”, (1993: 327).

strategies and actions of firms are to be viewed as contested, then attention must be focused on the broader webs of social relations which link states and firms into complex sets of contests, bargains, and negotiations.

As 'reactor', the firm has been positioned by much of the key IPE literature as 'absorbing' and 'responding to' technological change in the global political economy so that it becomes 'decoupled' from the social institutions of the nation-state:

...technology has had by far the greatest impact, by permitting structural changes in internationally linked production systems. These could be described as a New Form of Production.
(Stopford and Strange, 1991: 34).

Technological advances are broadly viewed as driving changes in production systems and the strategies of firms. These 'forces' are not, however, treated as integral elements of a contested social system of production. Rather, much of both IPE and non-IPE analysis of the relationship between technology and the firm adheres to some variant of the 'imperatives' of 'lean production'.¹² Womack, Jones and Roos' (1990) 'The Machine that Changed the World',¹³ for example, equated the loss of competitiveness in the European and North American automobile industries with the superior technologies and production processes of the 'Toyotist' Japanese model. As critical approaches to the reorganisation of production and work have demonstrated,¹⁴ this simplistic view of

¹² The concept of lean production essentially combines the technological and productive labour elements of kaizen (continuous improvement), kanban and Just-in-Time, multi-skilling and teamworking, TQM (total quality management), numerical and functional flexibility, and outsourcing and supply-chain innovations. The key emphasis lies in the reduction of 'slack' in both materials and labour to reduce costs and increase management control.

¹³ The MIT International Motor Vehicles Program (IMVP) group's 'The Machine that Changed the World', essentially *describes* the Toyota system of production, *analyses* potential 'improvements' to this model, and *prescribes* its application to "every industry across the globe" (1990: 8).

¹⁴ For critical analysis of the use of the concept 'lean production', see Moody (1997), chapter 5.

the relationship between technology and the firm suffers from “an unhealthy mix of analysis, description and prescription” (Ruigrok and van Tulder, 1995: 6). The firm becomes a disembedded ‘entity’ to be studied outside of the realm of state and society, except insofar as it ‘impacts’ on these levels in its pursuit of competitive advantage.¹⁵

Finally, and related to the idea of the firm as both transnational ‘actor’ and ‘reactor’, is the dominant notion of the firm as ‘transmitter’ or ‘transmission belt’, diffusing restructuring knowledge to other firms across national boundaries. Orthodox understandings of the relationships between firms as ‘actors’ under intensified global competition, has led commentators to prescribe how these actors should behave in a competitive environment. Piore and Sabel’s (1984) analysis of the ‘industrial districts’ of Emilia Romagna and Baden Württemberg, for example, adopts an explicitly normative approach to the utility of flexible specialisation for managing the shift to a global strategy. Analysis of the firm in an interdisciplinary IPE under globalisation has thus become synonymous with providing an optimal strategy for global competitiveness.

What, then, are the problems with this mode of knowledge about the firm? The notion that the firm in IPE has become a new ‘unit’ and a new ‘level’ in analysis, invokes, paradoxically, the same kinds of criticisms that we tend to level at traditional IR frameworks. The firm as actor, reactor and transmitter, is rather like the neo-realist view of the state as atomised, unitary and essentially rational. Orthodox understandings of the firm in IPE tend to neglect to ‘open up’ the firm to examine the social power relations within, and their extensions into, and relationships with, wider social struggles

¹⁵ Sally argues that “Corporate nationality still matters, given the asymmetrical skew of value-added, overall embeddedness and public policy involvement by MNEs in the source country” (1996: 77).

across state and firms. Pauly and Reich, for example, emphasise the “nationality of the firm”, arguing that this reflects “historical experience and institutional and ideological legacies” (1997: 4). Their analysis, however, assumes that while ‘core’ MNC activity changes slowly within the constraints of institutions and ideologies, “firm-level operations” change more rapidly (1997: 5). There is a clear privileging of the notion of firms *existing within* sets of social institutions, to the neglect of the idea of firms as *constituted of* competing social relations. While states and firms are acknowledged to be competing with one another, and in doing so further intensifying global competition, the most basic and fundamental every-day social contests are neglected. The states-markets orthodoxy in IPE, while seeking to add agents and structures to the analysis of the global political economy, has not yet exposed the social power relations which contest, sustain and undermine these agents and structures. If as Drainville suggests, this “critical decade of restructuring” demands that social forces are restored to their central position in contesting processes of change, then the first step must be to view the firm as a socially-contested environment (1994: 107). The identified “crisis of IPE” may, thus, somewhat paradoxically, provide opportunities in the form of a space which has been cleared for the investigation of alternatives.

PART TWO

The Firm in the Social Sciences: Alternative Understandings.

Recent debates across the social sciences demonstrate a challenge to the dominant IPE orthodoxy in that they question the notion of the firm as ‘actor’. Responding to the proclaimed interdisciplinary nature of IPE (Amin, Gills, Palan, and Taylor, 1994) this section seeks to explore attempts to ‘socially situate’ the firm, drawing on work from outside the IPE mainstream.

Razeeen Sally's (1994; 1996) institutional approach to the Multinational enterprise (MNE), though within a broad IPE field of inquiry, embraces the spirit of interdisciplinarity in its investigation of the 'embeddedness' of Multinationals in broader networks of social institutions. Sally draws upon the Polanyi-inspired renewal of attention to the relationships between firms and networks of external institutions, locating the MNE "in networks of relations with a number of important external actors, not only governments" (1994: 161). Sally's work explicitly acknowledges the contributions of scholars whose work focuses on government-business relations and, by implication, on the relationship between the competitiveness of states and the competitiveness of firms.¹⁶ However, the critical insights he brings to this kind of analysis is of particular significance for political interpretations of the firm in IPE:

The extant literature in international political economy (IPE), domestic political economy, international business and international economics is unable analytically to account for the institutional political economy enveloping the MNE, exogenizing what is an increasingly endogenous dimension.

(Sally, 1994: 162).

For Sally, IPE's dominant conceptualisation of the firm fails to invest the MNE with a 'political identity', and focuses instead on "what governments do", subsuming the MNE into this question. The value of Sally's contribution lies in his understanding of the firm's relationship to a wider social context of institutions. It is this understanding which provides a potential route for IPE studies into viewing the firm as a site of contest. For Sally, the institutions within which the firm is situated are not simply those

¹⁶ See, for example, the work of Porter (1990), or Dunning (1993).

created and sustained by the policies of national governments, but also less formalised social practices which reflect and shape the activities of MNEs.

The insights which Sally's studies offer, however, also pose problems for the analysis of the firm as a contested social and political site. From the 'embeddedness' perspective proposed by Sally, the firm becomes the 'interface' between global and national levels of practice and analysis. The reader is urged to "...consider the MNE as the nodal point of and interface between two realms: that of internationalisation in global structures, and that of embeddedness in the domestic structures of national/regional political economies" (1994: 162). Viewed in this way, the firm remains fundamentally a 'level' of analysis existing between the levels of national, regional, and global.¹⁷ Whilst Sally's attempts to imbue the firm with a political identity are welcome, it is perhaps also important to question his limitation of this politicisation to 'external relations'.¹⁸ Thus, while Sally calls for the MNE to be "located and analysed in its outer politico-economic environments", this request stops short of an uncovering of the *politicised* and *socialised* nature of the firm which might reveal social contestation as it extends within and across firms and national social formations. Many of the "constellations of external actors" identified by Sally - for example Trade Unions, industry associations, and research institutions - cannot simply be considered to form the environment within which the firm is 'embedded'. Rather, they are an integral part of the social contests which extend into and across firms. Indeed, it may be considered that such 'external actors'

¹⁷ For further reading on the 'Janus-faces' of the MNE as it stands between global and national levels of analysis see Sally (1996) where the MNE is positioned with an "...outward gaze of international production and the inward glance of policy action within national structures, particularly in terms of the firm's embeddedness in the home state where it is headquartered", p. 65.

¹⁸ Jeffrey Harrod's (1997) call for an integration of the insights of industrial relations into the questions of IPE, for example, illustrates how 'internal relations' may also be politicised.

are not only 'national' but also international, so that the firm may be embedded in both national and transnational norms and institutions simultaneously (Mizruchi and Schwartz, 1987). Constellations of social forces within the firm will, then, both reflect and influence the patterns of social power relations in Sally's 'external' institutions. Such social forces form part of a seamless web of relations which are not embedded in any static or fixed way, but contribute to an ongoing process of social contestation.

The 'Societal systems' approach¹⁹, developed by Maurice et al. (1980), and applied widely to studies of industrial or firm-level change in the form of 'Social Systems of Production' (SSP), explicitly characterises the firm as a 'social arena', linked to social relations within and across the firm:

...it is not possible to look at the production system of an economy independent of its social structure.
(Rubery, 1993: 2).

Thus, the central proposition of the SSP literature is that social practices both reflect and contribute to, the organisation of production and work. Such social practices, from this perspective, encompass:

...the industrial relations system; the system of training workers and managers; the internal structure of corporate firms; the structural relationships among firms in the same industry on the one hand, and on the other firms' relationships with their suppliers and customers; the financial markets of a society; the conceptions of fairness and justice held by capital and labour; the structure of the state and its policies; and a society's idiosyncratic customs and traditions as well as norms, moral principles, rules, laws, and recipes for action.
(Hollingsworth and Boyer, 1997: 2).

¹⁹ Clear statements of the societal systems approach are expressed in Maurice, Sellier and Silvestre (1986) and Maurice, Sorge and Warner (1980).

Thus, the SSP approach demonstrates that human experiences, interpretations and perceptions, of the ways in which production and work are organised, are wrapped up with the social relations within and across firms and state-society complexes. This implies that, for example, the way in which skilled workers are inserted into the social relations of production will reflect social understandings of the value of education and training. This will, in turn, contribute to the reproduction of a certain configuration of power relations which may seek to sustain and defend these social institutions under restructuring.

The central problem with the use of the SSP literature is that it stops short of a conceptualisation of the firm as a ‘contested’ arena. Though broadly successful in drawing our attention to the firm as a ‘social environment’, there is a tendency to overemphasise the coherence and the ‘nationalness’ of the system of production within which the firm is situated. The firm is viewed as interwoven with relations with social institutions, but these are not ‘problematized’, indeed this approach is used to disseminate ‘best practice’ information between firms in different countries.²⁰ Rubery identifies the key problems with the use of a ‘societal systems approach’ as related to the assumption of “static” and “coherent” systems (1993: 4). She emphasises the tendency to assume “the internal coherence and functioning of the productive system” and, thus, to neglect “the internal contradictions and tensions and the pressures for change inside and outside the system” (1993: 4). There is an underlying assumption of system continuity and, thus, the role of agency in sustaining or transforming the system is

²⁰ See, for example, Wever’s argument that there is a need to present analysis of social distinctiveness in a form of language which can be understood by managers in different countries (1995: 10). It is suggested that this facilitates the sharing of best-practice knowledge across national boundaries.

obscured.²¹ What is forgotten, then, is that the very power base of the social groups will itself be subject to contestation, as will the institutions which represent their interests. The SSP approach has, however, been critically re-interpreted to address these problems. Hollingsworth and Boyer (1997) draw upon the insights of Polanyi in an attempt to re-interpret the SSP institutionalist literature. It is this Polanyi-inspired approach which offers a problematised definition of institutions, raising questions about power in social relations. As Streeck argues, social institutions are sustained, not through immobile, static, and cohesive social support, but through the pressure applied by “strong opposing forces” in a process of contestation (1997b: 207).

Taken together, the broad sweep of institutionalist insights are illustrative of a gap in the IPE literature on the firm and restructuring. In short, we are led to consider that the firm does not simply ‘act’ and ‘react’ to exogenous imperative, but rather forms an integral part of a social environment within which globalisation and restructuring are perceived:

...the whole internationalisation and integration trend depends not on automatic and inevitable market forces, but on how these influences are taken up and used within specific consumption, production and social reproduction systems.

(Rubery, 1993: 20)

Thus, the ‘embeddedness’ and the SSP literature together provide an effective counter to the notion that processes of globalisation structure similar responses from firms as

²¹ See, for example, Whitley and Kristensen’s SSP-inspired study of the restructuring of European firms, which holds that “...the nature of firms is embedded in the larger societal context of nations”, (1996: 2). This approach clearly neglects social relations, both within the contested arena of the firm itself and across and beyond the boundaries of states.

‘actors’ in a world market. Boyer and Hollingsworth suggest that the use of SSP encourages research to embrace a “strong sense of historicity”(1997: 449). This implies that understandings of the organisation of production such as, for example, the allocation of resources and tasks; the value of skills and other forms of capital; the relative value of managerial autonomy and ‘social peace’, are socially *distinctive*. The problematic at this point is to re-interpret these insights to characterise these meanings as socially bargained, negotiated and *contested*. The insights of the alternative institutionalist approaches that have been drawn upon here indicate that, while renewed attention to ‘embeddedness’ is entering into IPE debates, ‘contestation’ remains a neglected notion.

PART THREE

The Firm and Social Contest: Towards Critical Understandings.

The analysis of orthodox understandings of the firm, and of possible ‘routes in’ to their reassessment has served to uncover key questions which must be addressed by a critical theory of the firm. First, the existence of dynamic patterns of social relations within and across firms must be acknowledged and addressed. Second, the process of struggle and contest in which these social groups are engaged, must be conceptualised within a framework which seeks to ‘politicise’ the firm as a site of social struggle in the global political economy. Third, the political implications of such questions must be considered, in the sense of how critical avenues into the understanding and theorising of the firm might be opened up.

The Gramscian-inspired critical works of authors such as Cox (1981; 1983; 1996), Gill (1990; 1993; 1995), Gill and Mittelman (1997), Harrod (1987; 1997a;

1997b), Murphy (1994), and Rupert (1995; 1997), engage directly with this agenda. For Gill "...social relations and social structures are the basic elements to be established, because they constitute the source of and limits to the possibility of social transformation in any given epoch" (1997: 17). Thus, historical events are considered to be the products of a multiplicity of competing social forces. Similarly, Rupert's interpretation of Gramsci's lessons on social contestation leads him to argue that "...the hegemonic liberal narrative of globalisation is being contested" (1997: 142). The overwhelming implication of these contributions for this study, is that processes of restructuring may be contested at many levels. Within the broad Gramscian-inspired literature in IR/IPE the firm is rarely explicitly analysed in these terms. This is perhaps explained through its treatment as inextricably 'bound up' with the social forces of production. Cox (1987), for example, provides a framework for examining production relations in a broad sense. Society is thus viewed as constituted of several types of 'production' and 'work', such as household production, and a competitive labour market, interconnected through their common role in "human transformation" (1987: 13). However, given Harrod's reminder of the connections between "workplace and world order" (1997a: 112), and his call for attention to be paid to the large firm in IPE,²² it would seem pertinent to outline how we might view the 'contested firm' in the light of such insights. In this section we will first draw out from the potential interpretations of Gramsci's work, those 'versions' which we consider to be of most significance to our questions. It is recognised here that the original context and meaning of Gramsci's work has to a great extent been interpreted

²² Insights drawn from comments made by Harrod in the presentation of 'Globalisation and Social Policy: the Corporate Impact', BISA 22nd annual conference, University of Leeds, 15-17 December, 1997.

and re-interpreted to 'fit' the requirements of a late twentieth century IR/IPE agenda.²³ To the degree that it is possible, the process of interpretation will be made explicit in the analysis. The insights of IR Gramscian interpretations will then be explored in terms of how they might inform the analysis of the firm as a site of social contest.

Gramscian Insights in IPE: Critical Concepts.

Questions about society

...for Gramsci, it is the ensemble of social relations configured by social structures which is the basic unit of analysis, rather than individual agents, be they consumers, firms, states or interest groups.
(Gill, 1993: 25).

From the perspective of an IR/IPE-defined Gramscianism, the first-order questions are concerned with society, and the possibilities and limits of social transformation. A critical difference, of course, is that while for Gramsci the central terrain of societal organisation was the national social formation, for the IR/IPE approaches this terrain may be transnational or global (see Germain and Kenny, 1998: 15). Much of Gramsci's work provides a critique of atomised individualism, focusing critically on the capacity (and, by implication, limits) of political agents to communicate with, mobilise, and invoke changes in, society. Gramsci's insights allow us to see that there is little 'meaning' to social change as viewed in an economistic, essentialist, or teleological way. Rather, social change derives its meaning as it is brought about by agents acting within and through social relations. Through the concept of 'civil society', Gramsci's work

²³ Germain and Kenny (1998) raise questions as to the use of Gramsci's work in the IR field. Specifically, they call for attention to be paid to the concrete historical meanings of Gramsci's work and for a process of reflection on the interpretations of Gramsci's work which have been adopted and rejected in IR/IPE.

demonstrates the cultural and ideological role this realm plays in linking the production relations of the economy to the political realm of the state.

Any notion of the restructuring of state and society, defined from this perspective, thus takes on a contested form, engaging competing social forces through 'lines of communication' from trade unions to education practices; management 'mantras' to academic debates; popular cultural representations to newspaper slogans. As Augelli and Murphy argue:

...in employing Gramsci's theory to analyse international relations we are forced to learn a great deal about society... Analysts may start with any concrete relations at any level of analysis; it is Gramsci's questions about society that will begin to make the boundaries of the objects in question clear.

(Augelli and Murphy, 1993: 138).

For the dominant IPE orthodoxy, restructuring is about the essential adaptations of society to the dictates of exogenous imperatives created by intensified competition and the progress of technology. In essence, the insights of the Gramscian approach, as interpreted by the IR/IPE literature, serve to 'resocialise' and 'humanise' knowledge about restructuring so that "reality" becomes "a product of the application of human will to the society of things" (Gramsci, 1971: 171). For Murphy, the insights of Gramsci highlight the roles played by "coercive and non-coercive structures at all levels - from the factory floor to the boardrooms of the world organizations" in the production and reproduction of world orders (1994: 26). The social aspects of 'shared understandings' required to sustain a world order are clearly related to the need to sustain 'bonds' of agreement that are powerful enough to counter conflict and dissent (Femia, 1981: 35; Rupert, 1995: 13).

Contestation and the 'Historical Bloc'

Murphy interprets Gramsci's "historical bloc" as a unified social order "...linked by both coercive institutions of *the state proper* and consensual institutions of civil society" (1994: 10). Invoking an architectural metaphor, he demonstrates how an urban 'block' of flats and shops might have many faces which had to 'fit' together to provide stability and security:

When a historical bloc is stable, life goes on 'as it should', following its own inner logic, like the normal day-to-day lives of people sharing the same block of flats. When a society is in crisis, when a historical bloc is crumbling or partially deserted, like a house in a city under siege, normal life cannot go on until the bloc is rebuilt, reclaimed, or other structures found.

(Murphy, 1994: 29).

For the purposes of this study, Murphy's interpretation of Gramsci serves to direct our attention beyond institutional analysis which deals only with static, formalised public and private institutions, to expose the roles of informal and tacit social ideas, practices, and institutions within, beyond and across states and firms. From this perspective, the political projects of restructuring codified by elite groups, require some form of social expression in order to legitimate their agendas:

The active politician is a creator, an initiator; but he neither creates from nothing nor does he move in the turbid void of his own desires and dreams... What 'ought to be' is therefore concrete; indeed it is the only realistic and historicist interpretation of reality, it alone is history in the making and philosophy in the making, it alone is politics.

(Gramsci, 1971: 172).

The normative contests and bargains over ‘what ought to be’, in the sense of the ‘shape’ of the historical bloc or how society should be organised or reorganised, are thus, for Gramsci and his IR/IPE interpreters, the only concrete historical reality. For a study such as this, which seeks to emphasise the struggles of the reorganisation of work, the Gramscian-derived insights facilitate the development of a view of restructuring as a process of social contestation over “what ought to be”. Inevitably, different social groups are likely to have competing views of “what ought to be”, and to invest the process of restructuring with these views: this brings us to the question of power.

Power and Production

Cox’s (1987) and Harrod’s (1987) seminal twin volumes on the relationships between social forces and world orders, have become essential reading in the consideration of production and power in the global political economy. Both volumes contribute to a framework for understanding the social relations of production in a broad sense, acknowledging that societies may be constituted of several interconnected kinds of production, within, for example, the firm, the household, the ‘formal’ and the ‘informal’ economies. Production is, thus, equated with the ‘universal’ experiences, perceptions, and lives, of human beings:

Production is ubiquitous in so far as it exists in all places and at all times. Production is, in that sense, life, for the dispensation of energy (work) which results in life (product). ‘Social forces’ was the identifiable social energy precipitated by production, the expenditure of which affected directly or indirectly the existing order.

(Harrod, 1997a: 109).

In this sense, studies of the social relations of production and their power dynamics are not concerned only with class. The structure of social power which

decides “what kinds of things are produced”, “how” they are produced, and how the rewards of their production are distributed, reflects divisions which extend beyond class²⁴ (Cox, 1987: 12). In many firms where it may be considered that all shop-floor workers share a common class interest, for example, the interests of permanent unionised, and contingent non-unionised workers, may be starkly divided. Looking beyond and across the firm, the self-employed groups who receive ‘outsourced’ work from firms may have yet a different position in social power relations. The work done in the household, particularly the care of the young and elderly, may also have a direct relationship with the costs of the firm in terms of social taxes. Overall the density and “variety of patterns of power relations of production” (Harrod, 1987: 325) is made explicitly visible by this Gramsci-inspired analysis. For the purposes of this study, attention is directed to the firm as a constitutive element of a broader and more complex web of social power relations.²⁵

The Gramscian IR/IPE interpretations of power and production have provided the framework for studies which have emphasised how these ‘webs’ of social power relations have been produced and reproduced over time. Rupert, for example, in his study of the post-war hegemony of American Fordist mass production, effectively raises the question of power, critiquing approaches which neglect the “crucial processes through which power has been produced, and the conflicting social relations which at once underlie and make possible that production, and which also make problematic its

²⁴ ‘Class’ is used here in the narrow sense, in terms of the relations of ‘material’ or workplace-based production.

²⁵ An example of the inextricable relationships between the social power relations within the firm, and the broader social forces of society, is Harrod’s insight into the ability of the firm to ‘externalise’ its costs onto society through, for example, the use of contingent labour. The actions of the firm, in this way, both reflect and contribute to wider social power relations (Comments made in discussion following paper presented at BISA 22nd Annual Conference, 15-17 December, 1997).

long-term reproduction” (Rupert, 1995: 1). Gill’s (1995) analysis of the political and social groups constitutive of a ‘transnational historical bloc’, further emphasises the power of capital as manifested in manufacturing, finance, and services, groups of ‘privileged’ workers and small firms linked as contractors or suppliers to larger firms, and groups servicing the needs of international capital, such as accountants, consultants, and political lobbyists (1995: 400). Thus, we can see the significance of ongoing social contests which paradoxically both underpin a given historical bloc, and raise the contradictions likely to call it into question.

Following the IR/IPE interpretation of Gramsci’s concept of ‘organic crisis’ (Gramsci, 1971: 210-218), a period of ‘loss’ of the social expression of a historic bloc is equated with a struggle between competing versions of “what ought to be” in an emergent order. Gill depicts the contemporary era as one of ‘organic crisis’, where the social aspects of the historic bloc are in question, and a potential space is clearing for alternative expressions of social organisation (1995: 399). Rupert similarly suggests the possibility of a “collective counter-hegemonic project” following the expulsion of key social groups from the neo-liberal consensus (1995: 175). This Gramscian-inspired approach sits comfortably alongside the Polanyian notion of a ‘stark utopia’ within which the ravages of the market system whip up social forces as they disrupt the ‘known environment’ of social practices:

...the idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society... Inevitably, society took measures to protect itself.

(Polanyi, 1957: 3).

Polanyi's insights are useful here in that they remind us of the societal foundations of the market economy. From this perspective, "there was nothing natural about laissez-faire".²⁶ Just as the forces of the market are empowered by the state, so will their most damaging effects be countered by society:

Our own interpretation of the double movement is, we find, borne out by the evidence. For if market economy was a threat to the human and natural components of the social fabric, as we insisted, what else would one expect than an urge on the part of a great variety of people to press for some sort of protection?

(Polanyi, 1957: 150).

Following the insights of the 'double movement', the restructuring strategies adopted by the corporate governors of firms and the political governors of 'firm friendly' states, will not necessarily find the social expression required to bind them into the everyday social practices of the workforce. The agendas of neo-liberalism displayed by many states and firms may, paradoxically, both threaten and mobilise social groups. Indeed, the 'cases' of British and German restructuring indicate that in some social contexts clear attempts are made to maintain lines of communication across the competing social groups within the firm. In others, strategies which have actively sought to damage those lines of communication to increase flexibility have met with resistance. The insights of the Gramscian-inspired approach encourage a process of reflection on the possibilities of alternative ways of understanding the nature of restructuring within the firm as part of a broader web of social power relations. Following Gill, this form of knowledge, through its uncovering of human self-understanding, raises the potential for social actors to consciously consider their

²⁶ For Polanyi's full analysis of the political creation of 'laissez-faire' see chapter 12 of 'The Great Transformation' (1957), 'The Birth of the Liberal Creed'.

experiences of, and roles within, processes of restructuring. Given that “history is made by collective human action” (Gill, 1995: 428), in an era characterised by a loss of social identification with the ‘globalist’ project, the idea that societies may actively reflect on the need to restructure, or indeed to resist restructuring, offers some hope of resistance to the ‘hyperliberal’ version of events.

A central problem with the wholesale adoption of Gramscian-inspired insights in IPE, is the sustained separation of an apparently coherent ‘global elite’ from potential, and apparently less coherent, ‘local resisters’ (Drainville, 1994). Generally, the image is one of a transnationally-organised ‘hyperliberal-thinking’ elite posing both challenges and, potentially, opportunities to nationally-rooted social groups. Exceptions to this approach include various analyses of the activities of international labour groups, but these tend to use a narrow conception of ‘production’, including only those groups who are ‘in work’ and are ‘represented’ as such through labour organisations (Stewis and Boswell, 1997). Restructuring, then, tends to retain the image of a ‘top-down’ process ‘perpetrated’ by global elites and ‘resisted’ by opposing social forces. As Drainville suggests:

The politics of open Marxism, constrained by assumptions of an organic unity of global elites, and the political cogency of transnational concepts of control, leaves few possibilities for political organisation. (Drainville, 1994: 111).

Thus, the project of ‘open Marxism’²⁷ is critiqued for its over-emphasis on the coherence of the transnational neo-liberal political project, and its neglect of the

²⁷ Drainville, following Cox, defines the broad agenda of ‘open Marxism’ as, “a Marxism which reasons historically and seeks to explain, as well as to promote, changes in social relations” (1994: 106).

possibilities for “active politics in the world economy” so that struggles are relegated to the “sphere of national social formations” (Drainville, 1994: 121). Given that this thesis seeks to critique the IPE orthodoxy for its focus on social groups ‘responding to’ the imperatives of globalisation, we should perhaps consider that there it is just a short step from ‘responding’ to ‘resisting’. The ideas of ‘response to’ and ‘resistance to’ global pressures both position society on the ‘outside’ of global changes. An overemphasis on the dynamics of a transnational historic bloc may serve to obscure the specificities of the experiences of states and firms within intensified competition, and of the societal perceptions of what this means for social practices. The assumption of a coherent hegemonic project implies that the firm was somehow ‘uncontested’ under the transnational hegemonic project of Fordism, and that it is now ‘up for grabs’ for a ‘counter-hegemonic project’. Responding to the insights of a broadly Polanyi-inspired institutionalism and to the agenda of ‘open Marxism’, tempered by the cautionary analysis of Drainville, the next section raises questions as to the nature of social contest within and across the firm.

The ‘Contested Firm’: Critical Questions

The development of a conceptualisation of the firm as a key site of social contest hinges on a synthesis of the insights of both the Polanyi- and the Gramsci-inspired political economy/IPE literature. From the Polanyi-derived interpretations, the ‘embeddedness’ of economies in the institutional expressions of human society is made visible. The Polanyian “double movement” suggests that the embeddedness of economy in society may provoke a “reaction to the expansion of market economy” (1957: 150). Whilst Polanyian insights provide a cautionary tale against an overemphasis of the

coherence of 'global' political projects, neo-Gramscian analysis provides a society-centred understanding of the dynamism of institutions:

Gramsci's method requires us to consider changes in the international economy in light of concrete social actors and the institutions they have built to protect their interests.
(Augelli and Murphy, 1993: 146).

For this study, such insights invite a question-raising exercise in which attention is focused on the contested relationships between social groups. The dominant ideas, practices and institutions are viewed as expressions of social power relations which have 'risen to the top' through a process of contest. As such, social institutions are produced, sustained, and potentially transformed by competing social power relations. Through a conceptualisation of the firm as one constitutive arena within which these social power relations are contested, the orthodox IPE understandings of firm-centred restructuring can be effectively problematised. Production and work as it is expressed within the firm comes to be viewed as closely bound up with production and work, as conceived more broadly, in terms of the reproduction of social life.

The problematic, then, is to account for restructuring as it gains its meaning from contestation within given social arenas. A reading of Cox's use of 'ideal types' enables us to recover notions of 'national specificity' which may be lost by some neo-Gramscian accounts, while not displacing society and social power relations:

Ideal types 'stop' the movement of history, conceptually fixing a particular social practice (such as a way of organising production...) so that it can be compared with and contrasted to other social practices. To conceptually arrest movement in this way also facilitates examination of the points of stress and conflict that exist within any

social practice represented by a type. Thus there is no incompatibility between the use of ideal types and a dialectical view of history. Ideal types are a part of the tool kit of historical explanation.

(Cox, 1987: 4).

Research concerned with the contestation of restructuring in firms within distinctive webs of social institutions can usefully draw upon this 'tool kit'. The 'ideal types' of British and German firms, though highly 'stylised', offer insights into the social contests which produce, sustain, and potentially transform, institutionalised social practices under processes of restructuring. The analysis here will follow central questions which reformulate Polanyi-inspired notions of 'embeddedness' to account for the social power relations emphasised by the neo-Gramscians.

1. *The State, The Firm, and Social Power Relations.* How does the firm relate to the institutions and practices of a state-society? What are the 'sources of' and 'limits to' restructuring within this context?

2. *Social Relations Across the Firm.* What kinds of social contests characterise the relationship between the firm and other firms, such as suppliers and contractors, and social institutions such as research institutes and financial institutions?

3. *Social Relations Within the Firm.* What kinds of social contests characterise the relationship between social groups within the firm, between employer and employee, and between different groups of employees?

The State, the Firm, and Social Power Relations

As a key site of social contestation, the firm both contributes to, and is reflective of, wider power relations within a given society. The recent attention which has been

paid to the ‘embeddedness’ of large firms in the institutional complexes of their home nations, is perhaps indicative that it is at this level that the sources and limits of social transformation are most evident. In many senses, of course, as an arena of social contest, the firm is bound up with the social power relations of states *and* world orders simultaneously. It should be emphasised here that this study does not seek to reject the significance of the firm as a trans-national site of contest. Rather it is believed that a focus on the firm in its immediate social relations can highlight the deficiencies in the ‘globalist’ approaches to the firm, while at the same time providing a more nuanced understanding of the context specificity of experiences of globalisation. The relationship between the state-societal context and the restructuring debates of firms has been discussed in chapter four, though some central points can be usefully raised here.

The institutionalised social power relations within a given state-societal context exert a significant shaping and constraining influence on the shape of social contest within the firm. The “social context of production” (Cox, 1987: 12), or for our purposes the social institutions within which, and of which, the firm is constituted, condition, for example, ‘what’ kinds of things are produced and ‘how’ they are produced.²⁸ As it has been suggested in previous chapters, for example, British and German manufacturing firms are differently inserted into distinctive state-societal debates surrounding international competitiveness. In this respect the social power relations of workplace, state, and world order are inextricably inter-connected.

²⁸ We could also, of course, raise questions surrounding ‘where’ production takes place, whether in the ‘home’ country, in an attractive ‘host’ territory, in the household, or in the public welfare sector, for example.

Focusing on German firms broadly, as ‘ideal types’, we are able to ‘conceptually fix’ a distinctive set of social practices to view their underlying relationships and tensions. In the German case, the dominant social practices tend to produce and reproduce a ‘high value-added’ set of answers to the ‘what’ and ‘how’ questions of production, transforming the high cost of labour into a “competitive factor” through a focus on quality products (Wever, 1995: 69). Paradoxically, the social power relations which sustain the dominant production practices may also give rise to the contradictions which undermine them. An example of such social power relations is clearly visible in the relationship between production and social costs in the case of the German firm. A high proportion of Germany’s working population are employed in export-oriented industries,²⁹ which has the effect of directly binding their experiences of production and work with perceptions of international competition.³⁰ Given the comparatively low levels of growth in local service-sector and welfare services employment,³¹ the competitiveness of the products produced by export industries becomes critical in balancing social costs. Anything less than the production of high quality, value-added products quite simply will not ‘pay the bills’ which are demanded in employer and employee contributions:

Employers who find themselves permanently prevented by rigid high labor standards from being competitive low-wage mass producers may

²⁹ In Germany 36% of the working population are employed in export-oriented industries, as compared to 32% in the US and Sweden, and only 27% in the Netherlands (Scharpf, 1998: 8).

³⁰ In terms of manufacturing exports, Germany cannot be said to be pursuing an unsuccessful strategy under global competition. Germany sustains a substantial trade surplus with other European countries and does so through the production of high value-added consumer goods. The ‘value-added’ is ultimately rooted in the skills of the workforce and the innovations of a longer-term time horizon. Employees in the German export manufacturing sector experience their skills, pay, and interest representation in close relation to international competitiveness.

³¹ Local services such as retail, for example, provide work for only 28% of Germans, which compares to 41% in the US and 39% in Sweden. The public welfare sector provides employment for less than 10% of the working population, which compares with 23% in Sweden and Denmark (Scharpf, 1998: 8).

discover that what they *really* want to be is producers of quality-competitive, customised products, oriented towards markets in which the expensive social system of production that they have to live with may not just be competitive, but may in fact be a source of competitive advantage.

(Streeck, 1997c: 203).

The social relations within German firms, in a national institutional context where welfare services are relatively underdeveloped (Gough, 1995: 31), are more likely to be part of the reproduction of the institutions of a 'family wage' society (Esping-Andersen, 1996: 75), paying relatively high wages and providing relative job security. In contrast to societies which have high social welfare service costs but which provide employment in these services, Germany's cost burden is in transfer payments which must be found by the social groups within the industrial firm, through employers' and employees' contributions. The social context of production, represented in this example by social welfare institutions, thus exerts constraints on 'what' kinds of things are produced and 'how' they are produced. Conversely, the reproduction of such social institutions is itself contingent on the continued dominance of certain social groups in a process of contestation. The production and reproduction of these institutionalised relationships is, thus, neither 'automatic' nor 'natural'.³² An ongoing process of contestation which emphasises the value of the 'virtuous circle' of high quality and high cost on the one hand, and the lack of job creation in the export-oriented sector on the other, is

³² The relationship between social institutions and competitiveness is debated in Germany across a relatively large section of society. Broadly, the liberal-conservative ruling coalition and some large multi-national business interests have focused attention on the unions as constraining forces in the search for greater flexibility. However, as the problems with Kohl's proposals to cut unemployment in half by the year 2000 demonstrate, many social interests within and across the firm have contested the proposals, particularly as they are perceived to damage the 'social peace' underpinning a value-added strategy. Casper and Vitols suggest that there is a widely-perceived fear of reform creating the "worst of both worlds", neither creating employment in the service sectors, nor improving the flexibility of the medium-tech manufacturing industries (1997: 10).

characteristic of the restructuring debates between the German state and its indigenous industries.³³

In the British case, by contrast, the dominant social practices tend to produce and reproduce a 'low cost' set of answers to the 'what' and 'how' questions of production, focusing on "low-tech" and service industry growth. The deregulatory strategies of the British state have generated employment growth in the low-skill service sector which is not 'internationally-traded' (Marsden, 1995: 71). With this growth in the casualised service sector, social practices have adapted and provided manufacturing industries with an environment within which they can 'externalise' their costs through the employment of temporary and part-time workers (Harrod, 1997b: unpublished conference paper). The social relations within British firms, in a national institutional context "content to compete for jobs and for trade on the basis of low wage levels", tend to reinforce the dominance of 'price competitive' production (Rubery, 1993: 27). In effect, the British context individualises firms in their external and internal social relations, encouraging a process of fragmented contestation which effectively passes the cost burden like a 'hot potato' between social groups. As a result, 'risk sharing', whether between firms for technological development, or between banks and firms for investment, or between groups of employees in consultation practices, is inhibited (Lane,

³³ A central problem in examining the contests surrounding the competitiveness of firms in 'Modell Deutschland' is the blurring of the lines in the debate between the 'unemployment problem' and the 'competitiveness issue' so that the relationship between the two is oversimplified (Casper and Vitols, 1997: 10). In terms of competitiveness Germany now attracts the largest amount of FDI in the EU, \$14.7 billion into Germany in the first half of 1997, as compared to \$11.6 billion into Britain (Financial Times, 10th and 16th August, 1997). On the competitiveness of German firms, Lipietz provides useful insights: "The lesson of the years between 1982 and 1995 is clear. Whatever the policy pursued by the US... the deficit in the balance of goods and services has become structural, to the tune of \$10 billion a month. On the other side, whatever the difference in economic climate from the USA, the trade balances of Japan and Germany have stayed positive. From the point of view of intercapitalist competitiveness, negotiated involvement outclasses neo-Taylorism at least on an important range of tradable goods and services" (1997: 15).

1996b: 275). Thus, 'shared understandings' are relatively limited and the process of contest surrounding 'what ought to be' under restructuring tends to be fragmented and individualised.

These stylised examples demonstrate that the social relations of production within the firm are closely bound up with the reproduction of social life more broadly:

A mode of social relations of production is not isolated; it exists in relationship to other contiguous modes and in a society regulated by a state.

(Cox, 1987: 15).

Changes within these social relations of production, it is thus suggested, are debated and negotiated within specific societal contexts. Thus, the "hegemonic liberal narrative of globalisation is being contested" (Rupert, 1997: 142), though in distinctive ways in different social contexts. Broadly, the German firm finds its internal productive relations bound up with a dense set of institutions regulating social relations. The contests in this context are, generally, bound by 'shared understandings' or 'formal rules' reflective of the power of particular social agents. This is not to say that these shared understandings are not subject to contestation, but that they will be contested within the parameters of a 'known environment' and not under the thumb of neo-liberal practices.³⁴ The British firm, by contrast, dwells within, and is constituted of, social power relations which have tended to reproduce individualistic and voluntaristic social institutions and practices.

³⁴ There is considerable support among German and non-German academics for the notion that the 'Modell Deutschland' continues to be fiercely contested but that this contestation reflects 'old' social practices and not the 'new' dictates of neo-liberal globalisation (Marsden, 1995; Soskice, 1996; Sorge, 1991; Becker and Vitols, 1997).

The contestation which characterises restructuring in the British firm, then, is likely to be more fragmented and less codified by the formal and informal rules of social groups than the German case.

Social Relations Across the Firm

Following the insights of Cox (1987) and Harrod (1987), attention is drawn to the interconnected nature of production and work *within* the firm, with social ideas, practices, and institutions *across* the firm. Questions may be raised, for example, surrounding the relationships between firms, such as with suppliers and contractors (Lane, 1996a, 1996b), and between firms and 'external' social institutions, such as financial institutions and research institutes (Becker and Vitols, 1997). Contests and bargains over 'what ought to be' in terms of the organisation or reorganisation of production and work will be informed by the social power relations which find their expression within such institutions. The relationships between firms and financial institutions, for example, are not viewed simply as 'embedded' or in any way static. Rather, they become expressions of the relative power of social groups in an ongoing process of contestation.

The relationships between 'ideal type' German firms, banks and shareholders are characterised by credit-based finance, cross-shareholding, and interconnected directorships (Becker and Vitols, 1997; Lane, 1996a, 1996b). German banks hold 10.3% of total shares, a figure which compares to 2.3% in the British case (Deutsche Bundesbank, 1997). This voting control which is held by German banks on the boards of industrial firms, is strengthened by the system of proxy voting. Hence, the social relations between a firm and its sources of finance are characterised by long-term

‘hands-on’ negotiated involvement.³⁵ Indeed, the incidence of single-owner and family-owned firms in Germany remains relatively high, and further strengthens the profile of close ties between finance, ownership and management (Vitols and Woolcock, 1997).

The strength of institutionalised support for long-term finance has significant implications for the social relations of production. The absence of the threat of hostile take-over contributes to shared perceptions of long-term horizons for investment in human and technological capital (Lane, 1996b). Thus, the dominant social practices favour ‘risk sharing’ and a re-investment of value in the reproduction of quality-based production:

The German concept of Technik... tends to stress skill and technical knowledge.... It tends to differentiate engineering from natural science and is a factor in the standing of the engineer in West Germany... German ideas of Technik have conditioned the approach to profits, this approach being both less overt and more successful (*than the British approach*). German companies show an implicit grasp of the fact that profits are not to be pursued directly. To use a grammatical metaphor, profit is never the direct object of the verb to make. Companies do not make money, only the mint does that; they make goods and services and if people want to buy them, profits ensue. In the author’s experience there is far less obsession with the various indices of performance and profitability in German companies. But then they have a different obsession. The German corporate obsession is products. Their design, construction and quality.

(Lawrence, 1980: 186-187, *text added*).

The social relations across German firms thus tend to privilege ‘qualitative’ values within the firm, linking the training and skills of workers to “long-term strategies of high-quality product standards” (Lazonick and O’Sullivan, 1996: 33). The social

³⁵ The large-scale institutional investors characteristic of equity-based systems of industrial finance are less evident in the German case. The German pension system, as contrasted with Britain, is predominantly ‘pay-as-you-go’, with occupational pensions tending to remain within the firm where they receive favourable taxation treatment. Hence, the short-termism of equity systems is not present in the German case.

relations which underpin such understandings tend to reinforce particular ways of thinking about the relationships between firms and social institutions of innovation, from training and education, to the high-tech innovations of research institutes and universities. For Soskice, German social practices which “facilitate education and training of engineers, scientists, technicians and skilled manual employees” require an ongoing process of “co-operation from and between companies, universities and research institutes” (Soskice, 1996: 17). The interdependencies between large export-oriented firms and small and medium sized enterprises (SMEs) tend to foster shared innovation strategies and close supplier relationships. Restructuring debates thus become bound into a process of negotiation between social groups with different relationships to, and experiences of, production and work, but shared interests and understandings.

This ‘ideal type’ sketch suggests that the institutionalised relationships between firms and their suppliers, and firms and their sources of finance, reflect the relative power of social groups in a process of contest. For Gill, the German context plays the role of “host to a small number of large, efficient, profitable, and innovative transnational corporations and a galaxy of smaller satellite producers. This generates an impressive level of productive power” (1991: 307). Hence, contests over ‘what ought to be’ in the reproduction or restructuring of such social institutions will arise from and reflect the relative power of these same interests. There is considerable contestation and debate, for example, surrounding the relative values of long-term financial relationships versus fluid equity capital. Jackson (1997) identifies support from some large firms for a shift to shareholder value as a business strategy. Hoechst and Daimler-Benz are given as examples of firms who refer to the benefits of fluid capital in their annual reports.

Jackson also documents opposition from other large firms who argue that shareholder value leads to short-termism.³⁶ Thus the 'Finanzplatz Deutschland' debate cannot be effectively explained as a shift to Anglo-Saxon social practices under global pressure. Rather, it emerges from historical social contests which remain salient. For Deeg (1997) there is an emerging dualism in industrial finance between a 'Mittelstand' finance model based on credit from large banks and, increasingly, regional banks, and a large-firm finance model based on the sale of equities. However, he emphasises that the social power relations continue to privilege stable, long-term shareholdership, and that "they are achieving this largely by holding large blocks of shares in each other" (1997: 70). Hence, while the corporate interests within some key multinationals may seek greater access to the world financial markets, the essence of risk minimisation and stability maintenance remains. For Gill, "the key elements in German industry and banking see benefits in the Europeanisation and globalisation of the German economic position" but these are pursued in the context of "many elements of continuity... harnessed to widely based support for qualitative modernisation and organisational innovation" (1991: 306). A broad consensus has emerged among commentators that, despite ongoing change and adaptation, such change does not reflect 'Anglo-Saxon' practices, and the co-ordinated relationships between German firms and their sources of finance are a salient feature of social contestation in the German context (Jackson, 1997; Vitols and Woolcock, 1997; Schröder, 1996).

The relationships between 'ideal type' British firms, banks, and shareholders tend to be 'arms length' and fragmented, reflecting the centrality of the stock-market (Lane,

³⁶ See 'Die Woche', June 14th 1996, for further detail.

1996a). The dominance of fluid equity capital reflects the profile of large institutional investors such as pension funds. The assets of pension funds totalled \$879 bn in Britain in 1995, as compared to \$140bn in Germany (Schröder, 1996: 357). The fragmented nature of this kind of share-ownership tends to reproduce a separation of 'ownership' from 'control' and a decoupling of firms from their sources of financial capital. Thus the dominant social practices characterising the relationships between a firm and its sources of finance tend to be profit-focused,³⁷ privileging the short-term and, therefore, the support of entrepreneurial 'start-ups' and venture capital (Soskice, 1994: 271).

The dominance of social practices which favour short-term returns on investment, has significant implications for the social relations of production. The vulnerability to takeover in the individualised market system and the lack of stability in ownership and management profile create disincentives to the formation of long-term investment between social groups. The returns from a particular agreement must be seen in the short-term as changes in ownership may undermine returns in the long-term. Perceptions of time-scale in the relationships between social actors are, thus, restricted to short-term horizons. This, of course, has implications for the kinds of social relations which are played out across firms. British firms tend to be weakly organised in terms of their relations with institutions of training, bargaining and technology transfer. Thus, the

³⁷ See, for example, Mizruchi and Schwartz (1987), who emphasise the fragmented ownership of British firms. Large companies tend to have the majority of their shares held by multiple shareholders, usually financial intermediary groups such as pension funds and bank trust departments. The ownership profile is thus too diverse to act as a coordinated set of interests, and can therefore only respond to financial indicators of performance. Soskice (1990), argues that competitive and 'fluid' financial systems with multiple actors are unable to value assets for which information about future profitability is uncertain. Therefore, more resources are likely to be devoted to short-term forecasts of profits, and decision to buy or sell shares are likely to be taken based on this short-term information.

dominant social practices across firms in this case do not favour long-term investment in people and technology:

British firms do not see themselves as producers but as asset managers; issues such as developing new products and technologies to enhance Britain's long-term competitiveness are treated very much as of second or third order importance to ensuring a decent return on capital.

(Rubery, 1993: 10).

Corporate interests are, therefore, likely to privilege 'price-based' strategies and seek out multiple sources of supply rather than form partnerships and alliances (Lane, 1996b). Social groups within supplier firms who are tied into the productive relations of larger manufacturing firms will tend not to benefit from shared innovation strategies, technological or skills investment.³⁸ British firms are characterised as viewing skill formation "not as a productive investment... but as an operating expense that depresses returns in the present" (Lazonick and O'Sullivan, 1996: 33). This contributes to a general environment of competitive individualism, between firms, and between 'providers' of skills and innovations, so that close co-operation between firms becomes problematic (Soskice, 1996: 17).

The 'ideal type' British firm tends, then, to be bound into a process of rather individualised contestation, in which 'shared interests' are problematic to identify. The short-term horizons of all of the actors in these relationships - bankers, managers, employees, shareholders, suppliers - weaken the lines of communication between social groups and make alliances fragile and vulnerable to dissent. It is these 'lines of

³⁸ Rubery talks of a 'low skills equilibrium' in the British productive system which contributes to a "skills shortage whenever the economy speeds up" (1993: 16).

communication' which seem to be central to the restructuring debates and contests across British firms and social institutions. On the one hand, dominant social interests organise to reproduce and sustain the equity-financed/price-oriented approach to productive relations, while on the other, this approach is contested by groups who seek to foster a 'stakeholding' approach to production. The radical neo-liberal restructuring agenda has tended to support the former and in doing so has contributed to a further weakening of lines of communication between social groups across firms. The debates surrounding 'stakeholding' focus on the potential benefits of strengthened lines of communication.³⁹ Thus, even within the neo-liberal 'Anglo-Saxon' context, the reproduction and restructuring of relationships of production and work are bound up in a process of contestation. Indeed, social contests in the deregulatory environments may be considered more fragmented and less 'manageable' than in the German context. Clearly in both state-societal cases the firm as a contested social arena is engaged in complex relationships with other firms and with social institutions. Such relationships reflect past contests between social groups, and form the parameters within which future struggles about 'what ought to be' are likely to be played out. The 'restructuring' of the firm's relationships with other firms and to social institutions thus becomes problematised to reveal the contested nature of processes of change.

³⁹ Vitols and Woolcock (1997) make a valuable contribution to identifying the key actors in the contests surrounding 'stakeholding'. They refer to the 1987 CBI-sponsored City-Industry Task Force; the 'stakeholding' messages of Will Hutton (1995); Tony Blair's (January 1996) 'Stakeholder Society' speech; the IPPR (1997) paper on 'Promoting Prosperity'; and the private sector 'Hampel Committee'.

Social Relations Within the Firm

It is perhaps the social relations within the firm itself which are most self-evidently engaged in a process of bargaining and contest. Indeed, studies of industrial relations begin precisely from the point of observing such contests in their distinctive social settings.⁴⁰ However, within IPE debates there has been a neglect of labour relations, and where labour has been studied it has been viewed through the lens of changes in industrial relations practices. As such, labour organisations have become ‘agents’ to be studied for insights into the labour aspects of globalisation. There are two key problems with this approach. First, as emphasised by Hyman “...to be representative is to share the main characteristics of a broader population; but trade union and other employee representatives are never representative in this sense” (1997: 311). Thus, a focus on the changing shape of trade unions, for example, may not closely reflect experiences of change in the workplace. Second, and a related point, if employee representatives are taken as indicators of the interests of all social groups engaged in production, then the many social groups who are not unionised or who exist in a ‘contingent’ relationship to the production process, will be obscured from view. Hence, the contests and struggles of these groups will be ‘invisible’ and processes of ‘deunionisation’ under intensified global competition will tend to be equated with a diminution of contestation at the workplace. If trade unions can be studied within the broader dynamics of the social relations within the firm, we can perhaps see that ‘no union’ does not necessarily mean ‘no conflict’, just as the maintenance of trade union institutions does not necessarily mean ‘perpetual conflict’.⁴¹

⁴⁰ For Harrod the study of Industrial Relations as “a field in which the focus was work and its relationship to production” has had much to offer the scholar of IPE through its absolute focus on social forces as “the identifiable social energy precipitated by production” (1997: 109).

⁴¹ It is important to consider here that embedded industrial relations practices may serve precisely to focus social contestation and provide a vent for potential conflict. As Hyman emphasises, industrial

There is a delicate balance here, then, between ‘embedded’ social practices which stabilise a particular set of social relations of production, and the ‘contested’ terrain which is inherent to such relations. These insights lead us to ask critical questions about the relationships between different social groups within the firm, and about how these relationships inform processes of restructuring. How do the social relations within our ideal type firms produce and reproduce specific social practices, and how might these practices be contested and transformed? For Cox, distinctive “orientations to action” provide social groups with different ways of thinking about a problem:

Specific social groups tend to evolve a collective mentality, that is, a typical way of perceiving and interpreting the world that provides orientations to action for members of the group.
(Cox, 1987: 25).

Hence, the experiences different social groups have of embedded practices within the firm will be imprinted on the world view that informs their understandings, actions and contests. For Pauly and Reich such ideas provide “broad orienting frameworks or belief systems that, when combined with national institutions, define ‘collective understandings’ of roles, beliefs, expectations, and purposes” (1997: 6). The social practices which ‘rise to the top’ in a process of contest between social actors are likely to reflect the relative power of social groups to engage with the debates surrounding

relations institutions may provide a “filter” for fragmented grievances so that effectively the workforce is represented by a single “coherent employee voice” (1997: 310).

restructuring, and to shape these debates in a way which reflects their interests and understandings.

Focusing on the German firm as an ‘ideal type’, the social relations within the ‘dual’ trade union/works council model of employee representation are dominant (see Thelen, 1992; Sadowski et al. 1995). The social relations within this pattern of employee representation are commonly held to be ‘mutually reinforcing’ (Hyman, 1997). The member unions of the Deutsche Gewerkschaftsbund have consistently gained two-thirds of all works council seats, with works councillors tending to be the representatives of unions within firms. This close linkage between trade unions and works councils is intensified by the reliance of the works councils on the resources and expertise of the trade unions (Sadowski et al, 1995). For Glasman these social relations produce and reproduce a particular distribution of power within the firm:

By means of... Works Councils... the representation of employees on company boards and democratically administered pension funds, the economy was entangled within social institutions based upon the upgrading of skills and the preservation of ethics. By recognising the importance of shop-floor expertise, local knowledge and experience were utilised to achieve product innovation and enterprise restructuring by the negotiated distribution of power within the firm.
(Glasman, 1997: 22).

The formalised negotiation between social groups within the firm, supported by trade union structures across the firm, reproduces relationships of “responsible autonomy” within which the employer receives the full value of the knowledge and experience of workers in return for their “negotiated involvement” (Lipietz, 1997: 4). In terms of the social relations of production these social practices tend to produce ‘shared

understandings' and lines of communication, both between employers and employees, and between different groups of workers. In a sense the contestation associated with trade union bargaining is kept outside of the parameters of the workplace, but given legitimate channel of access through the elected works council.

Following Lipietz (1997:5), the level at which the relationship between employer and employee is negotiated institutionalises constraints on the form social change may take. Thus, in a society where bargaining and negotiation is broadly sectoral, shared experiences of production and work will tend to reproduce a cohesive response to restructuring. Employer access to bargains with the 'external' labour market will, however be limited by this pattern of social relations. It is this tension between perceptions of the "beneficial constraints" of formalised collective employee representation, and the "rigidities" they may represent, which is characteristic of the contemporary contests within the German firm (Soskice, 1994: 282; Streeck, 1997c).

The social power relations in the firm-level restructuring debate tend to produce and reproduce a kind of 'managed contest' of structured bargains. Pressures and changes in 'Modell Deutschland' are thus broadly held to be informed and constrained by the interactions of competing social groups (Wever, 1995: Allen, 1993). An example of such a contest is the long-running dispute between IG Metall, the metalworkers' union, and the employers' organisation Gesamtmetall, surrounding the issue of 'Altersteilzeit'⁴² or part-time working for older employees. The central point of contest between the groups was the issue of whether the agreement should confer individual

⁴² The Altersteilzeit agreement entitles the employee to 82% of normal full-time net salary. Pension contributions are maintained at 95% of former levels.

rights on employees to shift to part-time working from the age of 55, or if this should be a matter to be decided by individual firms:

... a compromise solution which satisfies the honour of both sides. Employees will have the right to switch to part-time working after the age of 61. If employees wish to do so from the age of 55, this must be effected within the framework of a company agreement.
(EIRR, 286, 1997: 6).

The agreement, reached first for the region of Nordwürttemberg/Nordbaden in September 1997, represents one outcome in an ongoing contest between IG Metall and Gesamtmetall. It is reflective of a much broader debate surrounding the location of negotiation between employer and employee. Pressures from the employers' organisation for a decentralisation of bargaining to the company level are manifested in proposals by Gesamtmetall for collective agreement reform, arguing that "...companies feel straightjacketed by the present agreement and want room to manoeuvre" (Werner Stumpfe, President of Gesamtmetall, EIRR, 287, 1997: 7). Certainly the "association flight"⁴³ from employers' organisations has prompted a debate about the degree of flexibility open to individual firms in negotiating compromises under intensified competition (Silvia, 1997: 192). But, even this apparent dissent from institutionalised industrial relations is not a simple Anglo-Saxon style assertion of employer power. This debate is strongly characterised by divisions between the interests of large producer firms who seek to "buy labour peace" to secure productivity, and the smaller supplier firms who are faced with a price they "cannot afford" (Silvia, 1997: 195).

⁴³ On the evidence for "association flight" from the leading employer organisation Gesamtmetall, Silvia provides figures which suggest that the number of firms belonging to a western German Gesamtmetall regional affiliate fell 19.3% from 9,610 to 7,752, between 1974 and 1993 (1997: 192).

Hence, the relationships between social groups within the German firm are clearly not simply ‘embedded’ in any static way. Rather, they are engaged in an ongoing process of contestation which provide insights for the ways in which we view social relations in processes of restructuring. The ‘lines of communication’ between employers and employees are produced and reproduced not because they are embedded institutions with ‘static’ social support, but precisely because they are open to contest between competing social groups.

Focusing on the ‘ideal type’ British firm, the relationships between employer and employee are bound up with an intensified emphasis on the individual in society more generally (Williams, 1997: 498). In terms of production and work, the historical voluntarism of industrial relations implies a dual fragmentation, of the firm from its external social relationships, and within the firm between competing social groups:

One common theme of much of the Conservative legislative offensive has been the isolation of the individual company... from the possibility of broader solidarity.
(Hyman, 1997: 314).

This decoupling of the experiences of work and production from a broader set of shared social understandings, has implications for the ways in which social groups seek to organise their interests. We can see several key mutually-reinforcing strands to the individualisation of the interests of social groups within the firm.

First, the lines of communication between employer and employee, historically represented by a “single channel” of trade union centred collective bargaining, are increasingly “dominated by the employer, with no independent representation of workers

interests” (Hyman, 1997: 314). The 1990 workplace industrial relations survey reported that 38% of firms had a union representative from a recognised trade union, compared with 54% reported in the 1984 survey (see Millward, 1994). The result has been a privileging of social practices which favour ‘ad-hoc’ concession bargaining and fragmented “wildcat cooperation” (Streeck, 1984). This process of ‘decollectivisation’ has been paralleled by an increased emphasis on individual mechanisms of control and monitoring such as those inherent to systems of human resource management, total quality management, and indeed many systems of ‘employee involvement’ (see Rubery, 1993; Moody, 1997). Second, the individualised nature of the employee-employer relationship has contributed to the fragmentation of the interests of employees within the firm. Corporate managers tend to divide workers into categories of wage structures and terms and conditions, fragmenting social groups into various degrees of ‘contingent’ labour using part-time and temporary contracts. Crouch has equated this recurring pattern with the dissolution of the concept of ‘employment’, “replacing it by a series of contracts between a customer firm and a mass of small labour-contracting firms, temporary agencies or, in extreme cases, individual providers of labour services” (1997: 375). This effectively both externalises and individualises the social relations of production, with employers sustaining and reproducing a longer-term set of relations with a core of employee groups who are “inculcated into a culture” and a larger group of contract workers who are “outside that circle” (Crouch, 1997: 375). Finally, this fragmentation has distinctive implications for the bargaining terrain of trade unions. The social relations within which trade unions organise are likely to reinforce their links with the ‘insider’ fragments of the workforce. British trade unions have sought to respond to this environment by becoming individual ‘service providers’, for their ‘consumers’ (Williams, 1997: 498), representing employees as individuals in disputes with employers.

This process has, of course, further strengthened the role of certain social groups within the firm and placed significant constraints on the intermediation of contested interests.

The patterns of social relations within British firms, then, tend to be fragmented and individualised, providing the employer with unlimited access to ad-hoc contract relations with the 'external' labour market, but significantly limiting the potential for production practices which require collective intermediation.

...the demands for increased labour market flexibility grow more strident by the day while assorted management gurus tell our young people that regular, life-time employment is a luxury they cannot expect to enjoy in this brave new world... Paradoxically these demands are increasingly based on threats rather than promises. Wage reductions, the intensification of labour, the elimination of trade union influence, are all now said to be necessary in order to avert disaster and decline, rather than to attain greater prosperity. This shift is highly significant because the threat of decline constitutes a more compelling argument for change... There are no gains to be distributed, only losses to be averted. The stick has replaced the carrot.

(Bienefeld, 1991: 4).

Following the insights of the Gramscian-inspired IPE approaches, an 'organic crisis' may isolate, fragment, and marginalise social groups and, thus, fail to find legitimacy in the interests of a cross-section of social groups.⁴⁴ In the case of British firms, the reorganisation of work has circumscribed the interests of workers in many sectors, and with varying skills and specialisms.⁴⁵ Indeed, it has presented greater 'risks' and insecurities for both 'blue-' and 'white-collar' workers alike:

⁴⁴ For Augelli and Murphy "domination rooted in fraudulent hegemony" is "bound to fail" (1993: 132).

⁴⁵ For Cox, the state policies of 'hyperliberalism' "...are geared to an expansion of employment in short-term, low-skill, high turnover jobs that contribute to further labour-market segmentation" (1993a: 267).

... some firms are seeking to discover how far they can proceed with a policy of 'eating one's cake and having it': seeking strong but unreciprocated commitment and loyalty from staff. Anxieties about the constant pressure to demonstrate to shareholders adequate achievements in down-sizing and delayering lead managers to do this, these managers themselves being vulnerable to redundancy through these processes.

(Crouch, 1997: 375).

Current debates in the British management literature about the potential costs of disaffected labour would suggest that the 'loss of legitimacy' factor is recognised by those who seek to manage change.⁴⁶ Indeed, the most recent trends include an emphasis on 'employee-centred innovation' as the skills-shortage backlash is felt by industry (Independent on Sunday, 19.10.97). The social practices which characterise the restructuring of British firms with their 'nod' to empowerment, employee involvement, and the humanisation of work, are likely to encounter problems both in terms of 'skills-focused' production practices which require negotiation and cohesion, and in terms of dissenting social groups.⁴⁷

Taken together, the 'ideal type' sketches of the social relations within German and British firms demonstrate distinctive dynamics of contestation. Dominant social practices within German firms tend to favour the provision of legitimate 'vents' through the mandated channels of the trade unions and works councils, negotiating "outcomes that are both mutually and socially acceptable" (Wever, 1995: 63). Hence, those social

⁴⁶ Rubery's (1993) study of the 'low skills equilibrium' in British firms emphasises the "unwillingness to invest in developing high skills and training" in the context of a lack of coordination in the social relations between firms and between social groups within firms, p. 10. Rubery finds that "British firms have adjusted to a low skill equilibrium, but this does not prevent the emergence of skill shortages whenever the economy speeds up a little or even whenever a firm wishes to expand over and above their planned for levels", p. 16.

⁴⁷ On the implementation of management-led lean production techniques and problems of dissent among social groups within the workforce, see Moody (1997).

groups in employment within the firm, despite differences in skills and tasks, find 'shared' and institutionalised channels of communication for their interests. The dominant social practices in British firms, by contrast, tend to reflect managerial autonomy, dividing and excluding social groups within the workplace and externalising the employment relationship to 'outsources' and external labour agencies:

The restructuring of production has accentuated segmentation and divisions within the working class, but this tendency has not been uniform... Two principal directions of change in political structures are visible in the erstwhile neo-liberal states of Western Europe: one is exemplified by the confrontational tactics of Thatcherism in Britain... toward removing internal obstacles to economic liberalism; the other by a more consensus-based adjustment process that has been characteristic of West Germany.
(Cox, 1993a: 267).

From this perspective, contestation between social groups within the British case reflects a lack of legitimacy and social support for the restructuring programme, creating divisions within the workforce between social groups, and replacing the 'carrot' with the 'stick'. Contestation between social groups within the German case reflects the divisions between 'insiders' and 'outsiders' in competitive export-led production. Alliances between firms and workers in the key 'producer' sectors reflect broad shared understandings of the value of worker autonomy, the reproduction of a high-cost/high-skill system, and the competitiveness of a high value-added focus. For the increasing numbers of social groups excluded from this consensus, their 'outsider' position closes off legitimate channels for the communication of their interests. Viewing the firm as a key site of social contest thus makes visible the patterns of social power relations which may produce, sustain, and potentially transform institutionalised social practices.

Conclusions

This chapter has suggested that orthodox understandings of the activities of firms in a global era present the firm as an 'actor', responding to the imperatives of globalisation, diffusing knowledge about restructuring practices, and transforming its relations to society. The critical questioning of this orthodoxy has implications both for the challenges facing IPE and for our broader understandings of social change in production and work. The challenge for IPE hinges around the recovery of a human-centred approach to social change. We have suggested that the opening of a debate between the Polanyi-inspired institutionalists and the Gramsci-inspired historical materialists may go some way to position social struggle and contestation at the centre of our understandings of change. From the Polanyian approach we are reminded of the embeddedness of economy within society, and hence for the potential of societies to transform economic forces. From the Gramscian approach we gain insights into the role of social relations in framing the potential for social transformation. We are thus led to view dominant ideas, practices, and institutions as expressions of social power relations which have 'risen to the top' in a process of contestation. Viewing the firm as one constitutive arena within which these social power relations are contested, we effectively problematise the orthodox IPE understandings of firm-centred restructuring. Production and work as it is expressed within the firm comes to be viewed more broadly as bound up with the social power struggles surrounding the reproduction of social life:

...no involuntary changes have ever spontaneously restructured or reorganised a mode of production; they have, perhaps, brought new forces onto the scene, altered the balance of power and wealth as between different social classes: but the consequent restructuring of relations of power, forms of domination and of social organisation, has always been the outcome of struggle. Change in material life determines the conditions of that struggle, and some of its character: but the particular outcome is determined only by the struggle itself... changes in productive relationships are experienced in social and cultural life, refracted in

men's ideas and their values, and argued through in their actions, their choices and their beliefs.

(E. P. Thompson, 1994: 222).

Following Thompson's insights, social struggle and contest become central to processes of social change. The notion of contestation and its centrality to the reorganisation of production and work, provides challenges in the shape of the need for a more 'open' agenda in IPE, both in terms of the debate within the discipline itself, and in terms of the openness attributed to the restructuring experiences of different societies. The 'ideal type' models of British and German firms explored here are indicative of the need to view social contest as distinctively shaped and constrained by the specificity of social relations. Patterns of competing social relations within and across each case indicate that the experiences social groups have of embedded practices within the firm will be imprinted on the world view that informs their understandings, actions and contests. Through the use of the insights of the 'contested' firm developed here, chapter six will investigate the specific experiences of restructuring in British and German firms.

Chapter Six

Restructuring in the Contested Firm¹

The firm has become a central focus, within the field of IPE, for studies of restructuring under intensified global competition (see Ruigrok and van Tulder, 1995; Stopford and Strange, 1991). As global restructuring has tended to imply a ‘freeing up’ of the firm from institutionalised constraints such as, for example, regulations governing the use of land or labour, the relationships between firms and their state-societal contexts have become a kind of ‘proving ground’ for globalisation. The extent of ‘embeddedness’ or ‘disembeddedness’ of a firm in its state-societal context has commonly been viewed as indicative of its freedom to roam and, therefore, the global reach of its production practices (see Sally, 1994, 1996). As a result, the orthodox questions in IPE studies of the firm have tended to focus on the nature of bargains and negotiations between corporate actors and governments (see Stopford and Strange, 1991; Porter, 1990). In this ‘states-markets’ understanding of the restructuring of the firm, other kinds of contests have been less ‘visible’. In particular, the contests and negotiations between social groups within the workplace, and between employers and employees, have tended to be subsumed into the analysis of international labour and the struggle against the dominant neo-liberal form of industrial relations (see Stevis and Boswell, 1997). Though such analyses are crucial in their emphasis on ‘that which is contested’ and their problematising of globalisation, they suggest an important terrain for debate which has not been fully taken up.² Equating the analysis of ‘labour’ with the

¹ Academics, union officials, managers, workers, employers’ representatives, and industry spokespeople have contributed to the insights explored here. For details of interviews, see Appendix A.

² O’Brien’s (1997) paper presented to the Globalisation and Labour Panel of BISA, emphasised the need, twenty years after the publication of Cox’s ‘Labor and Hegemony’ (1977), to avoid the reification of globalisation through an emphasis on “that which is contested” and a “return to the question of labor

study of organised trade unionism obscures the struggles of growing numbers of social groups who are excluded from formalised industrial relations.

A central problematic for contemporary IPE in the understanding of the restructuring practices of firms, then, is the identification of social groups which, while tightly bound up with these practices, have conventionally been rendered invisible in our analyses of restructuring. Following Harrod, if it is to be argued that the experiences of production and work, broadly defined, are in some way 'universal', then ways of grappling with "the relationships between dominant and subordinate groups" within social power relations (1987: 1) must be found. Harrod's categories of 'established' workers, 'unprotected' workers, and 'dominant' groups³ can be used to illuminate the contests surrounding restructuring at the levels identified in chapter five: firm-state, inter-firm, and intra-firm. These categories are clearly simplistic. A categorisation of social groups clearly cannot be used without caveat. The contending interests between social groups are not effectively made visible simply through an understanding of their different insertion into the production process. Taking a broader definition of production, to imply the reproduction of social life, the contending groups are likely to

and hegemony". Harrod has recently re-stated his own call for attention to be paid to the "Two I.R.s" of International Relations and Industrial Relations, (1997: 105). These studies emphasise the need to look "below the surface of the daily events that make up the standard fare of international relations" (O'Brien, 1997: 1).

³ 'Established' workers are broadly taken to be those with formalised and 'stable' contracts of employment, some social provisions such as rights to sick pay, pension provisions, and redundancy entitlements, and some redress to employer power through a recognised system of industrial relations, usually a trade union or works council. 'Unprotected' workers have an informal, unstable, or indeed no recognisable contract of employment. They have little or no social protection against sickness, work-related injury, redundancy, or provision for retirement, and no collectivised or formalised system of representation. Such groups are usually engaged in a two-way social relationship of subordination, with both their employer and other more established or 'core' workers in the firm. 'Dominant' groups tend to have a privileged position in the control of the material and ideational aspects of production and work. They include employers, landlords, bankers, shareholders, purchasers of casual labour, agencies selling casual labour, and often established representative groups such as employers' organisations and

both reflect and condition the social power relations of a wider society. In some societal contexts, for example, the boundaries between established and unprotected workers is increasingly blurred as many groups are moved in and out of 'established' worker contracts.

However, from a position which acknowledges the limitations of categorising social groups, it is considered that the identification of such social groups within and across the firm is useful in illuminating the social power relationships which condition restructuring. Indeed, shifts in these power relationships are likely to be central to the experiences of restructuring:

...the unprotected workers are subordinate workers within subordinate forms of social relations, because even the groups with the most immediate control or domination in the production process are themselves manipulated and controlled from elsewhere in the wider society.

(Harrod, 1987: 2).

The purpose of this chapter is to explore the experiences which social groups have of restructuring at the firm-state, inter-firm, and intra-firm levels outlined in the previous chapter. This restructuring process, while experienced and communicated by groups, also involves and includes these groups as active human participants. The focus here is on the specific insights of restructuring experiences as expressed by social groups in British and German firms, though of course the make-up of the groups will diverge according to country and firm. Insights are drawn from a wide range of empirical evidence, including secondary case studies, relevant secondary literature such as union

trade unions. My interpretation of Harrod's original categories reflects shifts in these groups during the decade since Harrod published his seminal study (1987: 1-43).

and employer organisation literature, internal company publications and management memoranda, and information drawn from a series of primary interviews undertaken between November 1996 and July 1998, with senior executives, directors, union officials, middle managers, and production workers in the commercial vehicle components engineering sectors in Britain and Germany.⁴

The commercial vehicle engineering sector provides an effective ‘spotlight’ on the restructuring of working practices in that it has directly engaged in the debate surrounding globalisation and restructuring. This can be seen on a number of levels.

- The sector was directly implicated in perceptions of a broad need for change in the 1970s. Its production practices were perceived to be challenged by the oil crises of the 1970s and the intensified competition generated by the East Asian economies. The need to compete on world markets, adopted as a mantra by the light vehicle automobile sector, spread to the ‘heavier’ automotive industries.
- The sector generally adopted Fordist production practices in the 1950s and 60s. It traditionally used production-line working practices coupled with Taylorist ‘scientific’ management practices. Therefore, restructuring is visible in most instances in terms of a shift away from Fordist mass production methods (though the extent and direction of change diverges significantly between countries and firms).

⁴ This sector includes engineering firms manufacturing brake system components, brake linings, wheels and axles, and also ‘end’ producer firms manufacturing trucks and trailers. All of the primary firm studies are focused on firms with more than 1500 employees, with manufacturing or assembly operations in more than one country, and at least 500 workers employed in overseas subsidiary plants. Most of the interviewees and focus groups were male, reflecting the gendered employment profile in this sector in both countries. Approximately 60% of respondents within management and the shop-floor had worked for the company for ten years or longer, though in the British cases this employment tended to be punctuated with redundancies. Examples from other sectors (primary and secondary) are used where this is appropriate for purposes of comparison. It is not assumed that the dynamics of restructuring in this sector are generalisable to other sectors.

- The sector offers scope for vastly different ‘choices’ in the ‘what’ and ‘how’ questions of production. Specifically, there is considerable scope for choices to be made between ‘price-based’ and ‘quality-based’ competition, and between different methods of reducing costs or adding value. For our focus on Britain and Germany this enables us to view the implications of restructuring for different ‘choices’.
- The sector is directly involved in the production of internationally-traded components and ‘end-products’. Production operations tend to be based in more than one country and firms tend to have a ‘formalised’ strategy for world market share. This is often reproduced in company literature and documentation. Thus, for our study, the dominant ‘ideas’ for restructuring and competitiveness are usually clearly visible within a given firm. These dominant strategic ideas provide a benchmark, from which point it is possible to ask ‘to what extent are these ideas contested, negotiated and debated?’
- The sector is characterised by large webs of supplier relations. Thus, even a small supplier firm with operations in one country is likely to be bound up in supplier relations with larger multi-national corporations. These relations position the small and medium sized enterprises (SMEs) directly in a situation of heightened global competition. Thus, the opportunities and constraints for alliances between firms represent a key level of inquiry.

The use of ‘ideal types’ of German and British firms within this sector will inevitably raise questions surrounding the ‘generalisation’ of trends from a small sample.⁵ It is not our intention, however, to generate generalisable trends of

⁵ Marsden emphasises the “fragmentary nature of the evidence on firms’ behaviour” (1995: 3). It is acknowledged that our evidence is drawn from a sample representative of a specific sector. However, it is held that in a field dominated by ‘totalising’ global accounts of social change, some insights into

restructuring experiences in each social context. Rather, this exercise is considered useful first, because it renders visible experiences of restructuring 'from below' and second, because it 'freezes' social practices to enable us to view tensions which are inherent to experiences of restructuring and to compare these across societies:

...to crystalize a social practice, enabling it to be compared and contrasted with other practices and, even more important, making it easier to highlight its points of stress, conflict or contradiction which always leads to transformation.
(Harrod, 1987: 13).

Thus, we focus here on the contests, tensions and contradictions in the interactions between social groups as participants in restructuring. This enables us to see, for example, that the social groups charged with implementing restructuring strategies, though in a 'dominant' group within the firm, are likely themselves to experience changes in their daily working practices as a result of their actions.⁶ In certain societal contexts this may mean that middle managers are implementing changes which paradoxically weaken their position in the social power relations of the firm, making them vulnerable to the insecurities that their policies produce. Similarly, the uncovering of points of stress in the relations between 'established' and 'unprotected' workers may demonstrate that restructuring practices within the firm are not simply contested between employers and employees. Highlighting these kinds of contradictions through the use of ideal types renders visible the contests and debates between social

human experiences of change is important. We can, of course only suggest 'patterns' of perceptions in given state-societal contexts.

⁶ For Rubery one of the most significant changes to the social relations within the workplace under new working practices has been that "...previously advantaged groups are sharing in the risks of instability, unemployment and low income previously faced only by secondary sector workers...However, sharing the risks of segmentation does not remove the unfairness or the uncertainties, or indeed improve conditions for those in the secondary sector" (1996: 36).

groups which, though central to an understanding of social change, have been neglected in orthodox studies. In the sections which follow the chapter moves to a consideration of the dynamics of contestation between social groups using the tripartite framework outlined in chapter five.

Restructuring in the Contested Firm 1: Between Firm and State-Society.

Following Cox (1987) and Harrod (1987), we are led to position the experiences of work and production at the centre of “..social, political, and world power and fundamental to all national and international change” (p. 1). Thus, an understanding of the relationships between states and firms, and the struggles and contests which these represent, becomes central to an effective conceptualisation of national and international change. Contemporary IPE has tended to communicate the dynamics of national and international change, and the relationships between states and firms, through the broad rubric of globalisation. Certainly, it does not require an enormous leap of faith to argue that globalisation has squeezed power from the state to give to the firm (see Strange, 1996: 45). Indeed, even critical IPE scholars have conceded that it is increasingly problematic to identify and analyse the interactions between states and firms as production has become more globally integrated (Cox, 1987: 244). As large firms invest overseas, either through the establishment of branch plants or through the purchasing of a foreign firm, a social group in one country may clearly serve the needs of a dominant group in another country through their work in a branch plant or for a supplier used in ‘outsourcing’.

However, the acknowledgement that internationalised production has rendered state-firm relationships more complex and less ‘rooted’, should not lure our attention

away from the continued resonance of such relationships under restructuring. Indeed, attention to the interactions between social groups across states and firms would seem increasingly important. As these relationships become ever-more complex webs, corporate ideas and understandings may reflect the social relations of the 'home' nation state, whilst shop-floor workers may simultaneously exhibit the working practices and social relations of the 'host' nation state, and have their opportunities and constraints for action interwoven with the social power relations of the 'home' corporation.⁷ This raises questions which extend beyond the problematic of the 'nationality' of the firm or the 'incentives' for the location of a multi-national corporation. These become second order questions which can only be addressed from a consideration of the social power relations which underlie the interactions between states and firms. It may be more useful to think of a 'social formation' in this context, rather than a territorially-bound nation-state, as "a combination of forms of social relations that usually corresponds to the territory of a country", but does not necessarily do so (Harrod, 1987:28).

The notion that the interactions between social groups across states and firms has fundamentally transformed under globalisation is reinforced by the attention given to the growth of multi-national labour forums. Within IPE, studies of Multi-national Collective Bargaining (MNCB) may suggest that labour groups are directly responding to challenges posed by the transnationalisation of state-firm relationships (Stevs and Boswell, 1997; O' Brien, 1997). Evidence for the significance of MNCB can be found, for example, in the International Metalworkers' Federation agreement with Nissan, and

⁷ The announcement on Friday July 31st, 1998, that Siemens was to close its £1.5 billion semi-conductor factory on Tyneside, clearly demonstrates the fragility of the employment opportunities offered by inward investors. Attracted by freedom from social responsibilities offered to firms in British state-society, there are few bonds tying the firm to its host location.

in the European Directive on works councils.⁸ Studies which emphasise such developments may be indicative of a fundamental transformation in the activities of the firm and traditionally 'national' labour representation institutions under globalisation. However, O'Brien (1997) warns against an overemphasis of the potential of MNCB, suggesting that even in Western Europe, where we might expect such ideas to find fertile soil, trade unions remain dominated by national ideas and structures and business organisations resist international bargaining. This reminder of the predominance of nation-state level social power relations in the organisation of labour warns against the abandonment of studies which take state-firm relations as their focus.

Thus, though global changes clearly make it problematic to identify the 'nationality' of either a firm or a system of industrial relations, the social relations which underlie the firm-state relationship remain critical to both national and international social change. It is at this level that the sources of and limits to social change and restructuring are most evident:

...durable national institutions and distinctive ideological traditions still seem to shape and channel crucial corporate decisions... the institutions worth emphasising should be seen as embodying durable ideologies that link states and firms in distinctive ways.

(Pauly and Reich, 1997: 3-5).

So, for example, the ways in which a particular state-society addresses welfare, unemployment, part-time work, homework, and the like will have significant implications for the sources and limits of firm-level restructuring. The institutions and

⁸ Examples drawn from an unpublished paper presented by Robert O'Brien, BISA, 1997.

practices of a state-society will condition, for example, the extent to which a firm can shift cost burdens onto the state. Though increasingly large sectors of the populations of industrialised countries are excluded from 'work' in the conventional sense, the social relations of which they form a part continue to condition the 'what' and 'how' questions of production and work:

During... the restructuring of the production process of international production, the burden of adjustment has been disproportionately borne by non internationalized subordinate sectors. Households in the core countries have had to support unemployed male workers by drawing on savings and the aid of relatives and by the uncertain secondary-labor-market earnings of wives.

(Cox, 1987: 252).

The social power relations of a given social formation are likely to reflect and condition the 'what' and 'how' questions of production so these patterns of relations condition firm-level contests beyond the territorial bounds of the nation-state. Indeed, we may consider that firms establish plants in other nation-states precisely to broaden the range of possible solutions to the 'what' and 'how' questions of production by reconfiguring power relations. Questions such as 'will the state-society pay for training schemes?'; 'Can the employer freely access informal and casualised labour?'; and 'Will households support the flow of workers in and out of casualised work?' may be raised. The answers to such questions will be distinctive to the social relations which underpin state-firm relationships.

In previous chapters we have emphasised the distinctiveness of questions asked under globalisation within specific state-society contexts. It was suggested that whilst public and private actors in Britain have tended to ask questions surrounding the

competitiveness of Britain in attracting foreign industrial and financial capital, in Germany the questions have focused on the competitiveness of export manufacturing firms. In terms of the interactions between the state and firms, this can be viewed as state-sponsorship of labour inclusion in the German case, versus the state-sponsorship of labour exclusion through human resource management (HRM) practices favouring management prerogative in the British case.

The central theme in the relationships between the British state and the firms within the British context, is the state-sponsorship of the firm's ability to externalise social costs. In effect, the state restructures social welfare to enable the firm to 'flexibly' manipulate workforce levels and to reduce the internal costs of the firm. The costs of restructuring are thus borne socially by state-society, rather than economically by firms. The 'externalising' of social costs is clearly evident in the prevalence of 'greenfield sites'⁹ in the British context. The establishment of such sites with no existing embedded patterns of industrial relations, production, or working practices, is a key illustration of the state-firm nexus in restructuring. Locations effectively become 'greenfield' through active deregulatory government policies which create preferential social spaces for firms. The perceptions of management groups within our study demonstrate that a spectrum of greenfield possibilities are open to British firms because of the 'space' cleared for them by the state. Firms which represent new ventures, for example, or 'mover' firms from

⁹ Increasingly state-firm relations are also important in the establishment of 'brownfield' sites. These social spaces are old industrial locations where unemployment is often high but residual skills are usually in abundance. In these instances it is not the case that there are no pre-existing social practices which the firm must take into account, but rather that pre-requisites can be attached to the firm's location decision. A single-union agreement, for example, could be negotiated prior to location. Thus, for example, the location of a new plant in an old mining or steelwork region, will be conditioned by embedded industrial relations forms. However, levels of unemployment may facilitate the restructuring of these relations.

home industries or overseas investment, may negotiate prerequisite terms such as single bargaining units before making a location decision. Similarly a firm which is 'in crisis' may be declared a 'greenfield site' as workers are laid off and re-employed with new terms and conditions. New working practices are also introduced 'via the back door' as firms establish new product lines in 'satellite' units. These units effectively become greenfield sites as a new workforce is employed on pre-established terms. All of these methods of introducing new practices on a 'blank page' or 'greenfield' function through an externalisation of costs onto state-society as they rely upon flows of people in and out of employment.

The central theme in the relationships between the German state and firms, by contrast, is the maintenance of costly social structures to sustain the 'high everything' production solutions.¹⁰ This tends to be manifested in a predilection for continuity in social practices and a conscious reflection on the role these practices have in industrial strength:

I cannot emphasise enough the importance of stability, continuity and strategic soundness. The idea that the 'customer is king' is ridiculous. Sometimes what is good for the customer is not good for us.
(Finance Director, German multi-national).¹¹

The neo-liberal mantra of the importance of response to global demand is clearly not expressed here. The reduction of 'slack' in labour and capital stock which is required to produce direct to customer order, usually termed 'just-in-time', is antipathy

¹⁰ Herrigel defines the "traditional strategy" in the German "decentralised industrial order" in terms of aiming "...for the high quality segments of markets for particular technologies or products" (1994: 4).

¹¹ Interview with finance director, German manufacturing firm, Nordrhein Westfalen, September 3-5, 1997. See Appendix A, firm F.

to the expressed belief in “the way we have always done things” (Wever, 1995: 4). The relationships between the state-society and firms within the German social formation provide a frame of reference within which collective decision-making and cohesive support for long-term change are privileged. Within the context of a particular state-society, then, firms experience the ‘limits of the possible’ in terms of the potential for a restructuring of social practices. Critical IPE scholars have identified the state-society as a key level at which the distinctive social understandings of ‘how things should be done’ under global pressure are sustained.¹² This has effectively raised the profile of the possibility of alternatives in a potentially ‘neo-liberalising’ world. A focus on the specific restructuring experiences of social groups within and across the level of the firm should increase the visibility of potential alternative ideas and understandings.

Restructuring in the Contested Firm 2: Between Firm and Firm.

The presence or absence of alliances and ‘networks’ between firms has been a key theme in firm-centred studies of restructuring.¹³ Globalisation; increasing research costs; the quickening pace of technological change; and the costs of attaining market share, have tended to be equated with the need for strategies of network and alliance building between firms (see Stopford and Strange, 1991: 92). Much of this literature, which identifies economic and technological imperatives for alliance-building, implicitly also presents social and ideational aspects of inter-firm relations. It is within these realms that it becomes clear that the alliance relationships between firms are, in essence,

¹² Cox identifies the struggle between ‘hyperliberal’ and ‘social market’ responses to globalisation in Europe as “critical in determining the balance of social and economic power in the global economy” (1996: 34). Focusing more specifically on the realm of labour and industrial relations, Robert O’Brien’s (1997) BISA paper suggests that the ongoing struggles between different forms of production and social relations are characteristic of global restructuring.

¹³ See, for example, Porter (1990); Piore and Sabel, (1984).

embedded in wider sets of social power relations within which social groups seek to pursue their interests:

What information gets traded is determined day-to-day, often by engineers and operating managers. Successful companies inform employees at all levels about what skills and technologies are off-limits to the partner and monitor what the partner requests and receives.
(Hamel, G., 1989: 134).

Hamel's research clearly demonstrates the potential for social groups to invest the restructuring process with their ideas and understandings. Such ideas and understandings will reflect different perceptions of, for example, the possibilities for risk-sharing and the time-scale limitations on alliances. The restructuring of working practices should, then, exhibit an element of 'historicity', reflecting distinctive understandings between social groups across firms.

In the previous chapter it was suggested that the 'ideal-type' relationships between firms in the German context favoured risk-sharing practices and the linking of quantitative issues of finance to qualitative values of innovation, training, and skills. It was thus argued that alliance and supplier relationships between firms are broadly based on co-operation and the recognition of interdependencies. Insights from across dominant groups in component supplier and end-producer firms show an understanding of inter-firm relations which hinges on the qualitative aspects of alliance-building and information-sharing.¹⁴ Alliance relations between firms may, for example, take the form

¹⁴ One finance director stated: "We do not mind spending money in the short-term and we are prepared to wait three years or more to see the gains. We simply do not have the gambling mindset of the Anglo-American casino economy", (Finance director, German manufacturing firm, Nordrhein Westfalen, September 3-5, 1997, see appendix A, firm F).

of the purchasing and part-purchasing of supplier firms by larger end-producer multi-nationals. Production management groups expressed the view that, despite the cheaper available options of 'outsourcing' or buying-in parts, the part-purchase of a supply firm enabled the end-producer to share information and control quality.¹⁵ This view was extended to overseas supplier plants which are purchased or part-purchased by the end-producer. One German multi-national, with a majority share of an Hungarian supplier firm, operates exchanges of workers between plants over a six month period with the intention of imbuing the partner firm with the ideas and understandings of the parent firm.¹⁶ Such examples tend to suggest that the establishment of overseas subsidiaries or alliances by German firms, cannot be simply understood in terms of the constraints within German social relations on labour costs, and the need to find cheaper sources (Pauly and Reich, 1997).

The exchange in 'know-how' and ideas in the formation of alliances between German firms suggests that the restructuring of inter-firm relations does not follow a neo-liberal logic of seeking pay flexibility and fluid venture capital. Hollingsworth (1997) draws out the themes of high employment security, high levels of skills, and strong technical and engineering training, in order to emphasise the distinctiveness of the

¹⁵ Interviews with production managers (German manufacturing firm, Nordrhein Westfalen, September 3-5, 1997, see Appendix A, firm F).

¹⁶ Initial perceptions of the incentives for establishing, or merging with, overseas plants, tended to be expressed in terms of labour and land costs. These perceptions tended to change over time as the branch plant established relations with the 'home' firm. "The axles which we began producing in the partnership firm in Hungary are fairly low-tech and so they have their value-added in labour and not in materials. The core production in the German plants has its value in materials as well as labour... We have been surprised, though, by the skill levels in our east European subsidiaries and, as a result, some of the heavier components are now produced in product clusters there. There are many aspects of design and production which we would not consider moving though. The labour costs are still around half of the German levels, but this has to be carefully balanced against the lower productivity levels. It really is not a simple equation at all." (Finance Director, German manufacturing firm, Nordrhein Westfalen, September 3-5, 1997, see appendix A, firm F).

German model of vocational education and training (VET). This system, he argues, increases the opportunities for “long-term close co-operation between assemblers and suppliers in controlling quality and in product research and development” (1997: 288). Put simply the social provision for simultaneously broad and specialised training of workers at all levels provides the foundations for a continuous emphasis on learning and innovation. Examples of the use of co-operative relations with suppliers include collaborative quality projects between suppliers and end-producers. Such projects involve social practices such as the sharing of experiences in the implementation of production changes and the use of collaborative component testing facilities.¹⁷ These kinds of practices require sustained ideas and institutions which support shared understandings across social groups within and between firms. Taken together, these understandings contribute to a strength in the application of new technologies and techniques to existing products and incremental and continuous learning and adaptation, and, it is often argued, a corresponding weakness in new ‘risk’ industries.¹⁸

In the previous chapter it was suggested that inter-firm relationships in Britain tend to be ‘arms length’ and fragmented, reflecting the centrality of equity finance and shareholder value. The short-term nature of enterprise capital tends to promote a competitive environment between firms which is not conducive to long-term alliances. We suggested that the returns from a particular investment (whether in terms of money, time, knowledge, or skills), must be seen in the short-term as changes in ownership or

¹⁷ Insights from Production Director, German manufacturing firm, Nordrhein Westfalen, August 26-28, 1997, see appendix A, firm G.

¹⁸ Herrigel’s analysis suggests that early perceptions of competitiveness problems in Germany were related to the inability of German manufacturers to bring new products onto the market quickly, and the corresponding tendency to focus on incremental innovations on existing products which may lead to ‘overengineering’ (1994: 3). Marsh concurs that Germany is less successful in the ‘cutting edge’ high-tech industries than in the ‘medium-tech’ areas (1996: 400).

economic climate may undermine returns in the long-term. Managers thus tend to seek multiple sources of supply,¹⁹ providers of training and potential investors, eschewing longer-term relations with suppliers, education and training providers, and alliances of skills and technology transfer. Thus, the orthodox perception of globalisation within dominant social groups across British firms tends to be that it increases the rivalry between firms and reduces the gains to be had from collaborative alliances. Our study indicates that key management groups perceive globalisation as a process which demands that the competitiveness of other firms is 'benchmarked':

To understand what needed to be done, we started back in the mid 1980s by benchmarking ourselves against similar firms with comparable processes. Initially we looked at Japanese firms - they were our major competition... The benchmarking helped to identify some of the process and cultural changes necessary to close the gap.

(Human resources manager, British multi-national).²⁰

Hence, the development of information on 'best practice' is not conducted through alliances or innovation-sharing but through competitive benchmarking. Presumably, if firms privilege benchmarking as a source of information on improving competitiveness, they are unlikely to share their own innovations in this process. Such practices are indicative of the problems for firms situated in neo-liberal frameworks to build stable, long-term partnerships. Insecurity tends to build up on all sides - in the global market, between competing firms, and within the supply chains. Insights from across social groups in British engineering firms suggest a 'gap' in conventional

¹⁹ The restructuring experiences of an Anglo-American firm based in North Wales indicate that sustained periods of introspection have stifled potential links with supplier firms. Respondents reported that the drive to reduce production costs had forced a focus on the minutiae of within-firm production processes. As a result, few links were made with other firms and, where these links existed they tended to focus only on the setting of common standards. (Insights from interviews, British manufacturing firm, North Wales, July 2-3, 1998, see appendix A, firm E).

²⁰ Insights from interviews conducted in manufacturing firm, North East England, February 23-24, 1998.

understandings of the *sources* of global competition. The sense of uncertainty which is commonly ascribed to the forces of globalisation does not, in the British context, derive simply from 'exogenous' shocks. Uncertainty and volatility are derived also from the relationships between firms, and between plants in the same firm. There are broadly two aspects to this. First, there is pressure on the individual plant to compete with other plants within the corporation. In one instance, for example, wire harnesses produced in a British plant were produced also in Mexico and Brazil. The sharing of information and innovation was stifled by this environment of internal competition.²¹ Second, the relationships between different departments within a firm, and between firms and their sources of finance offer a further source of instability.²² Here, the fluctuations in global demand which we commonly attribute to global competition, and which form the basis for transformations in working practices, are exacerbated by the setting of targets and corporate level bonus schemes. Salespeople are commonly asked to hold off an order until a particular period in the financial year. The need to satisfy shareholders is clearly a source of instability and insecurity in this instance.²³

²¹ Insights from interviews conducted in Anglo-American manufacturing firm, South West England, November 29-31, 1996.

²² Interviews conducted with different departments within a firm indicate that, even within management groups, there are different experiences of intensified global competition. For example, a European procurements manager expressed an understanding of globalisation which focused on purchasing globally standardised components for products for world markets. By contrast, the site production manager expressed an understanding of globalisation in terms of intensified pressure on costs. This was particularly linked to the strength of sterling and the sudden fall in prices of East Asian products. In essence, the East Asian crisis had made the purchase of components from overseas relatively cheaper while simultaneously making the final product to be exported more expensive. The advantage of cheaper raw materials for one department is thus a disadvantage for another department in terms of depressed global demand. (British manufacturing firm, North Wales, July 2-3, 1998, appendix A, firm E).

²³ Managers of a British manufacturing firm identified a source of instability in the 'distance' between the shares traded on the London and New York stock exchanges, and the everyday production decisions in Wales. (North Wales, July 2-3, 1998, see Appendix A, firm E).

The foundations of the dominant understandings of the peaks and troughs which characterise globalisation are, thus, challenged. We can see that corporate strategies which seek to manipulate demand to achieve a certain level of output at a specific time of the financial year exacerbate the uncertainties of global change. A not uncommon experience for line managers in British firms is the 'reactive' environment created by the lack of alliances and 'risk sharing' with other firms. In the lean production model it is usually a smaller and less influential supplier firm that holds the inventory 'slack' in periods of low demand. The absence of stable supplier relations means that managers are more likely to respond to a shift in demand by laying-off contract workers than by consulting with suppliers and sharing the risks. As little as a few weeks later capacity may need to be increased and the manager has to recruit and retrain from scratch.²⁴ The inefficiencies of this 'go it alone' individualism are manifest, but notably occur through the loss of tacit knowledge and production 'know-how'. When a firm perceives other firms as competitive threats rather than potential allies, its defence mechanisms will tend to constitute periodic 'capital freezes' which has the effect of stalling technological investment and new product design innovations. The contests and frustrations which emerge from the inability to collaborate to share risks can be clearly seen in the contemporary debate surrounding the skills shortage in British industry. By definition the development of an 'industrial skills' base requires industry-level inter-firm support. The British engineering skills debate is characterised by firms pointing at 'outside' state-society institutions such as education in apportioning blame, but failing to perceive the role they *collectively* may have in sustaining these institutions.²⁵ It is difficult to see how

²⁴ Insights from British manufacturing firm, North Yorkshire, March 17-19, 1998, see appendix A, firm D.

²⁵ As the editorial of an engineering industrial magazine argues: "Some of industry has taken a careless approach to its skills base, seeming to believe it can discard and rehire people at whim, as if skills can be switched on and off like a light bulb. They can't, and the corollary is that skill shortages don't just

British firms can have their cake and eat it too. If they respond to globalisation with abstracted individualism, can they expect social support in crises such as a skills shortage?

Distinctive ideas and perceptions of what the 'limits of the possible' in the relationships between firms are under global pressures, clearly condition and shape the restructuring process. The kinds of contests and negotiations between social groups across firms are likely to reflect shared or conflictual understandings of what these 'limits' might be. Indeed, our insights suggest that even the notion of globalisation itself is open to distinctive interpretation by social groups in a particular setting. While for some, the uncertainties of globalisation are perceived to intensify the need for countervailing stable alliances, for others it provides an almost paranoiac atmosphere of 'dog eat dog' individualism. These very perceptions form part of a bounded terrain within which possible social solutions are debated.

occur at times when companies are recruiting: they are long-term too" (Professional Engineering: The Magazine of the Institution of Mechanical Engineers, February 11th, 1998: 3). The UK automotive sector has been vocal in the expression of its skills shortage problems. Land Rover got just 20 responses to a recruitment drive in January 1998 for 150 production and manufacturing engineers. When criticised for lack of on site or industrial training, the Rover Group responded by arguing that it could not spare time to train its engineers. Honda in Swindon has also expressed dissatisfaction with the British skills base, whilst seemingly abstracting itself from the collective responsibility for sustaining a skills base. Ann Bailey, head of training and educational affairs at the Engineering Employers' Federation, argues that the skills shortage is rooted in the individualist and short-term mind-set of the engineering industry. "We need to create a culture where staff training is seen as an investment and not a cost" (Professional Engineering, February 1998: 7). This debate continued in the magazine the following month, when an interesting insight was provided by an ex-employee of Land Rover: "I asked my managing director why he had reduced the apprentice intake from 80 a year to zero. He replied that he could get all the skilled engineers from other firms... He would not accept that, by taking youngsters from school and sponsoring training he would sustain a core of staff both skilled in the company's requirements and possibly with that rare commodity, company loyalty. He was, at that time, the MD of Land Rover" (Letter, Professional Engineering, Wednesday 11th March, 1998: 33).

Restructuring in the Contested Firm 3: Between Social Groups Within the Firm.

A central problematic in the analysis of experiences and perceptions of restructuring within the firm is the question of *whose* insights we seek to understand and convey. If we focus on the insights of trade union representatives, for example, it may be problematic to impute these understandings to all of the individuals and groups who make up the membership. Such problems are exacerbated further when attempts are made to gain insights from non-unionised and contingent workers who may have no formalised channel of communication. However, the interpretations of the world which are produced and reproduced in the actions and discourses of diverse social groups within the firm tell us something of the importance of the ‘subjective’ aspects of restructuring (Harrod, 1987: 13). Shared understandings, both about how restructuring might be achieved, and about how it might be resisted or transformed, may be manifested in diverse ideational and material motivations for action.²⁶ For Harrod “coercion, contract, co-operation, or corporatism” may provide the channels of communication through which social groups seek to influence production and work (1987: 13). Hence, whilst acknowledging the problems and shortcomings of communicating the experiences of individuals and social groups in the workplace, we seek here to demonstrate the importance of such insights to the understanding of social change.

²⁶ Pauly and Reich’s (1997) study is a clear example of the analysis of subjective perceptions of certain priorities in productive relations. Their study focuses on differences in the priorities attached to: the maximisation of shareholder value; the relative autonomy of managers; and the stabilisation of employer-employee relations.

Employer-Employee Social Relations

Intra-firm employer-employee relations in Britain have tended to coalesce around management-led initiatives to transform working practices. While initially in the 1970s this is widely associated with automation and technological change, in the 1990s it has taken on a more ideational dynamic which extends beyond technological imperatives for changing practices (Stewart and Garrahan, 1997: 230). This shift is supported by insights from management groups in British firms who suggest that early restructuring in the 1970s was triggered by technological advances and competition from Japan. The same groups identify current pressures for restructuring in terms of the need to adapt to dominant 'ideas' such as 'Just-in-Time' manufacturing, 'kaizen', 'kanban', and 'absolute quality'.²⁷ This would suggest that the perceived imperatives to restructure work and production have themselves shifted ground, from technological and economic competitive pressures, to ideational competitive pressures. In many instances these ideas have achieved a momentum of their own so that they are perceived as imperatives by management groups and are used to coerce responses from worker groups.²⁸

The implementation of new management initiatives for transforming working practices tends to be legitimated through 'nods' to cooperation and employee

²⁷ Insights from interviews and focus groups, British manufacturing firms, November 29-31, 1996; February 23-24, 1998; July 2-3, 1998, see appendix A, firms A, C&D.

²⁸ When asked about the perceptions managers had of the attitudes of workers to changes in working ideas such as 'Just-in-Time' and 'kanban', a human resources manager stated: "...one of the problems we have had here has been changing the mindsets and attitudes of the older workers. This used to be a mining area and tinplate works. As those industries faded, people changed their jobs but not their attitudes which still reflected strong unions and anti-management". Insights from interviews with human resources departments, Anglo-American manufacturing firm, November 29-31, 1996, see appendix A, firm A.

involvement (Moody²⁹, 1997; Fernie and Metcalf³⁰, 1995). The introduction of total quality management (TQM) practices, for example, is often founded on the ethos that every individual within the firm is both a supplier and a 'customer' of someone else, responsible both for assuring the supply of a quality 'product' and monitoring the quality of others' products. A 'customer' may, in this instance, be the next worker on a production line, or an immediate line manager. Such practices tend to be presented by dominant groups as worker 'involvement' in product and process innovation and quality assessment. Social groups across the shop-floor, however, emphasise the individualism which is reinforced through these practices as individuals become 'assessors' of the quality of work of other individuals, and have their own work individually scrutinised.³¹ These practices are often accompanied by inducements to make quality improvement suggestions. The suggestions made by each employee are registered and calculated by some firms as indicators of involvement.³² Thus, the dominant ideas for the restructuring of working practices which exist within the British workplace tend to be management-led and to have a fragmenting effect on worker groups.

²⁹ For Moody "Writers of the Human Resources Management (HRM) school tend to emphasise the 'empowerment' and participatory side of lean production... HRM propagandists seem to believe the hype about worker autonomy and empowerment. Their emphasis is on how teams, broad job definitions, rotation, pay for knowledge, etc., transcend Taylorism" (1997: 89).

³⁰ For Fernie and Metcalf "...employee involvement is not necessarily synonymous with co-operative industrial relations.. and possibly the 'caring halo' surrounding employee involvement masks a greater concern for the bottom line" (1995: 405).

³¹ Insights from union representatives and worker groups within British engineering firms suggest a paradox between the desire to achieve greater individual scrutiny of quality, and the promotion of worker 'involvement' as an ethos. The difficulty in involving workers in practices designed essentially to reduce costs (some of them labour costs) was a recurrent theme. Ultimately employee involvement of this kind could lead to redundancies. Overall, it seems that achieving change through individualisation in an environment of insecurity is extremely problematic. See appendix A, firms A,C,D&E.

³² Focus group interviews conducted in British manufacturing firm, North East England, February 23-24, 1998, see appendix A, firm C.

A central problem in the analysis of 'ideal type' intra-firm social relations in Britain, then, is that much of the thrust of restructuring has promoted an explosion of widely varying relationships between employer and employee. Following Herrigel, 'flexible' restructuring practices, taken to their ultimate conclusion cause "...the old style 'firm' to disintegrate entirely into an infinitely recombining set of roles and relations that the participants themselves reflect upon and restructure" (1994: 6). In this way the basic unit of social relations between employer and employee has become the individual. This reinforcement of the influence of dominant social groups in the restructuring process suggests that we are witnessing the rise of Harrod's 'enterprise labour market' social relations (1987: 207). The 'individualised' employment contract which characterises these social relations was, for example, central to the employment experiences of foreign workers in Europe. Within such social relations the employer has the power to define the terms of individual employment contracts in a competitive and deregulated labour market with little or no right to worker redress. Contingent³³ workers in British firms experience a similar kind of individualisation of the employment contract, where such social relations may occur alongside collective bargaining relations for core workers. Our study illuminated problems associated with the exclusion of contingent workers from union representation. The conflicts produced by divisions between the industrial relations of core and contract workers are manifested in a multiplicity of ways. A key emergent theme was the notion that non-unionised employees might seek to organise their interests in new ways:

³³ There are many different terms used to describe the situation of unstable and unprotected employment. In Britain such groups are described variously as 'contract workers', 'part-timers', 'peripheral employees' working on 'atypical' or 'anti-social' employment contracts. However, the US term 'contingent' embraces the universal subordination and contingency of such social groups to the dictates of global demand, management decree, or even core worker relative power (Moody, 1997: 5).

It's a whole new ball game for the new generation of workers. They are expected to plan a life, a family, manage their own pensions and insurance schemes, while working on a temporary contract. Their security is knife-edge. Eventually something will capture the imagination of this group - which is, after all, likely to become the largest group of interests.

(AEEU official).³⁴

It is possible, given such insights, that though employers may seek a 'benign' industrial relations climate through the individualisation of the employment relation, they may simultaneously reproduce a non-cohesive and uncooperative set of relations within the workplace.³⁵ Thus, though direct resistance to new working practices may be problematic for unprotected groups, these groups may be exhibiting new ways of shaping practice:

...management cannot simply impose new technology and new patterns of work organisation upon employees. Workers will influence and shape the introduction of new technology and systems of work organisation. They are not simply passive respondents and more research is required into the ways in which employees resist management and are able to shape new work innovations.

(McCabe, 1996: 37).³⁶

In short, where the policies of British managers succeed in fragmenting the interests of workers they incur 'hidden' costs in terms of lost cohesion. The reduction in indirect labour costs,³⁷ and the increase in flexibility, which the employer seeks to gain from restructuring, is not without a considerable price. The costs of losing trained and skilled workers in lay-offs are widely recognised by management groups.

³⁴ Insights from interview with AEEU full-time official, March 19, 1998.

³⁵ A common experience in British firms is that, as trade unions become more moderate and are perceived as "on side", non-unionised groups become increasingly excluded from decision-making and more problematic to involve in processes of restructuring.

³⁶ McCabe (1996) effectively analyses the social power relations which potentially undermine and transform management 'strategy'. He emphasises the lack of communication with unions and the workforce as a key factor in the 'failure' of particular restructuring projects.

³⁷ 'Indirect' labour costs may include provisions for dismissal, sickness, retirement, paternity or maternity, for example.

With contract workers commonly reporting returning to work three or more times following lay-offs, not only are re-training costs incurred, but also the possible lines of communication between employer and employees are reduced and information-sharing becomes increasingly difficult to promote.³⁸ Thus, the kinds of production practices which require 'employee voice' (Marsden, 1995: 17), cooperation and shared information are excluded from restructuring strategies in many of the British cases.

The intra-firm employer-employee relations in ideal-type German firms are situated within a formalised system of industrial relations which incorporates 'employee voice' into production and management decisions. However, these social relations cannot be explained simply in terms of a system which privileges the interests of established worker groups. Rather, the distinctive 'managed contestation' which flourishes within this system offers the employer a range of possible solutions to the questions of production which require the involvement of employee groups. Wever (1995) suggests that German employers will tend to sustain and defend their institutionalised social relations within the firm for three main reasons. First, industry-wide collective bargaining discourages firms from competing with each other on labour costs. In effect, this can be seen as reducing some of the uncertainties of globalisation as 'end-producer' firms can assess the price of suppliers' components since all firms within a given industry will adhere to the same collective bargaining agreement. Second, German firms can distribute labour costs within the workplace according to specific circumstances, such as for example supplementary training costs in the operation of a

³⁸ For Rubery "...labour markets have been allowed to become fragmented and opaque, with both employers and employees increasingly losing access to information on norms and practices outside their immediate employment relationship" (1996: 32). This suggests that the individualisation of the employment contract in Britain significantly reduces the opportunities for information-sharing.

new technology, and not simply in response to a competitive downgrading.³⁹ Finally, the involvement of works councils in processes of change eases the transition process and facilitates the flow of information and ideas between employers and employees.

Overall, there is an emphasis in German employer-employee social relations on negotiation and involvement. The 'dual' system of formalised industrial relations effectively 'insulates' the firm from politically-sensitive negotiations (Wever, 1995). German managers express a desire to remain distanced from negotiations over quantitative issues such as pay settlements, preferring to limit the damage such contests can do to negotiations over the day-to-day planning of production. In these everyday negotiations there is an emphasis on the 'responsible works council' as an effective line of communication between employer and employees. Many of the insights drawn from German workplaces lead us to see that in this societal setting business questions and labour questions are considered together as inter-related issues. The 'business' and production solutions offered by employees via the works councils are generally seen to be taken seriously by management groups and are acted upon.⁴⁰

³⁹ Insights from across social groups in German supplier and end-producer firms suggest an emphasis on qualitative rather than quantitative evaluations of labour use: "...if you believe that you can quantify labour costs and savings, this is nonsense. How do you calculate for skills developed over a lifetime? An example of this is the sick pay issue here. How do you quantify that? You may know that you reduce labour costs by 3%, but how do you know that the reduced morale of your workers has cost you 10%? You cannot know this, I doubt it very much" (Works councillor, German manufacturing firm, Nordrhein Westfalen, August 26-28, 1997, see appendix A, firm G).

⁴⁰ One example is provided by a group of managers who required the support of the works councils to implement new technologies on a chemical metal-treating process line in a component firm. Automated chemical treatments for metals had reduced labour input on a single production line from 25 to 2 workers over a period of 15 years. The cooperation of the works councils was sustained through their involvement in developing early retirement and pay packages which were considered to be 'worth paying for' by the company. Insights into the 'value for money' to be had from spending to sustain social peace in the workplace were widespread and recognised by many social groups: "We are quite interdependent in our interests here. The management is conscious of the need to keep an atmosphere of relative peace within the firm... the trade unions, in particular, keep the basic fundamentals out of the company. This enables us to concentrate on the day-to-day issues such as skills and training on which we build our quality strategy" (Production director, German manufacturing firm, Nordrhein Westfalen, September 3-5, 1997, see appendix A, firm F).

It would be a mistake, however, to assume that embedded lines of communication between employers and employees have favoured 'stasis' over change in employment relations. There may be, for example, transformations in the employer-employee relationship to resemble more closely a client-contractor relationship. In some key areas German firms have established 'job shops' run by highly skilled former 'Meister', where the worker is effectively 'self-employed' but will supply the firm with certain components while also supplying other firms to achieve economies of scale. Fluctuations in demand are thus addressed through changes in the employment contract but these do not fragment the cohesion of interests in the workplace. Such 'internal' flexibility can be seen also in the 'value adding' practices of German firms. It is widely assumed that British firms will consistently outcompete German firms on price. However, through the use of skilled and 'functionally flexible'⁴¹ workers who can rapidly change and adjust the production process, prices for a particular component can be 'customised' to suit the cost and 'value-added' requirements of the customer.⁴² The production of customised products requires a workforce which can adapt quickly to new specifications. This 'internal' flexibility is sustained by employer-employee relations which are cooperative and consensual. If the sales department agrees a particular price and specification with a customer, the firm must be able to depend on the ability of production workers to meet these requirements. A similar kind of internal flexibility can

⁴¹ Marsden (1995) suggests that British and French firms have not achieved the level or nature of functional flexibility found in German manufacturing firms.

⁴² An example of such customisation can be drawn from the experiences of one production manager: "We do not have uniformity of product. We actually use a broad range of customisation. You see, the problem is that our customers are also experiencing a fiercer kind of competition. Their capacity to pay for quality is reduced and often the components they require from us to do a specific task do not need to be excessively 'overengineered'. The product we supply can be tailored to suit the demands of the customer, both in quality and in price", (Production manager, German manufacturing firm, Nordrhein Westfalen, September 3-5, 1997, see appendix A, firm F).

be seen in the widespread adoption of 'hour accounts' to increase working time flexibility. This practice of crediting workers' accounts when demand is high and debiting when demand is low enables the employer to pay a standard 35 hour week while creating flexibility within these parameters. Restructuring practices such as these indicate a considerable problem with the assumption that German employers seek to emulate neo-liberal social practices and 'freedoms' in the employer-employee social relation. The contending groups within the German ideal-type workplace tend, rather, to sustain different kinds of freedoms and opportunities such as, for example, the freedom from wage negotiations and the ability to customise the 'value-added' on particular products.

Social Relations Across Worker Groups

Studies of the restructuring of production and work, while focusing on the relationships between states and firms and, within industrial relations studies, on the relationships between employers and employees, do tend to neglect the relationships between worker groups within the workplace. Yet, at its most basic, the idea of 'restructuring' at the level of the firm is to seek to sustain or transform patterns of social relations across workplace groups. The patterns of social power relations within the firm are diverse, with a given social group likely to experience many overlapping relationships of authority. This contested 'essence' of the terrain of the firm has important implications for the ways in which we seek to understand the restructuring of working practices as they are experienced across social groups. First, it is clear that dominant ideas about the restructuring of the firm, which view the process in terms of a transformation of social relations in a pre-determined direction, neglect the power dynamics inherent to social change. Second, and a related point, ideas about the

‘perfectly lean’, ‘absolute quality’, or ‘just-in time’ firm must be reconsidered through the insights of diverse understandings of what these constitute. Our studies suggest that, while there is undoubtedly perpetual social change occurring within firms, this does not resemble a pre-determined ‘best practice’ response to global challenges. Rather, social groups across the firm negotiate and contest the transformation of working practices in the light of their distinctive interests, experiences, and understandings.

Restructuring in British firms tends to be characterised by a fragmentation of the workforce which divides broadly along ‘unionised’ established workers and ‘non-unionised’ contingent workers. A worker with a temporary contract, for example, may experience pressures not simply from the ‘employer’ within the firm, but also from the agency through which he or she is contracted. Similarly, the relationships between ‘core’ and ‘contingent’ workers are increasingly complex in British firms, with ‘core’ workers variously experiencing the employment of a contract labour force as a pressure on their employment, and as a ‘buffer’ between them and the loss of their jobs.⁴³ This ‘duality’ in the representation of interests in the workplace has become a key route into ‘structuring insecurity’ through the deunionisation of the entire firm and a reintroduction of enterprise labour market social relations (Harrod, 1987: 208).

⁴³ Insights from focus group interviews with unionised employees of British medium-engineering manufacturing firm, North Yorkshire, March 17-19, 1998, (see appendix A, firm D). The group indicated that the numerical proportion of the workforce employed on temporary contracts was a key factor in their experience of job security. When the numbers of temporary workers employed reached close to half of the workforce, this tended to weaken their bargaining position. Sorge (1991) characterises the organisation of working practices in Britain as ‘segmented’ between production and maintenance roles and management and engineering roles. These groups are further segmented with the growth of informal and individualised employment contracts which divide their interests.

The 'structuring of insecurity' within the firm can be viewed through a focus on the patterns of redeployment of established 'core' workers and unprotected 'contract' workers. Older, unionised workers, who have worked with a given firm for between fifteen and twenty years commonly report redeployment to a lower grade as a key factor in lost motivation. Firms with a large proportion of contract workers (30-50%) tend to redeploy established core staff across business units within the firm as contract labour was shed. This 'reshuffling' ensures that each unit, production island, or line, has a balance of core and contract workers so that the numerical 'up and down' flexibility provided by contract staff is maintained. Worker groups in large manufacturing firms who employ contract staff are moved frequently between production units within the firm. This redeployment can often leave higher grade skilled workers working on a task below their grade. The loss of acquired skills and know-how inevitably has a depressing effect on productivity and quality and the horizontal redeployment of core workers contributes to the instability of the (often highly skilled) unprotected workers as they are laid off to make room for the established core staff. Within firms which operate from established sites, this kind of redeployment of workers is used to create a virtual 'greenfield site' in a particular production unit. The introduction of a new product in a new unit, for example, can be used as a catalyst for the redeployment of worker groups and the means to change embedded working practices. This kind of practice, we may argue, actively structures divisions between worker groups and uses the insecurity which results as a means to change mindsets and shared understandings.

The maintenance of formalised lines of communication in the German case, by contrast, seems to reflect a perceived need to promote and sustain shared understandings and 'tacit knowledge' across different groups within the workplace. Following Harrod,

“attempts are made to place power relations within a single structure” (1987: 14). This active management of social power relations manifests itself in both formal and informal mechanisms. Wever’s (1995) case studies reveal the role of works councils in formally sustaining cohesion among worker groups. Beyond the formalised lines of communication provided by works councils, more ‘tacit’ and informal shared understandings play a role in sustaining cohesion across social groups within the workplace. These tacit collective understandings within the workplace are likely to both reflect and influence the formalised lines of communication between groups:

...company studies do show work discipline in operation. However, its persistence is due to the construction of social relations in the work-place and the employment sphere, which is also reflected in the ‘mental map’ of the individual, of legitimate and advantageous expectations, forms of behaviour and outcomes. The simple fact is that Germans... comply with the ground rules of the work-place because they appear legitimate... Anyone who has seen Germans work will find the interpretation entirely plausible.

(Sorge, 1991: 162).

An example of the role played by established and formalised ‘ground rules’ in fostering shared understandings can clearly be seen in the structures which constrain the employment of temporary workers. German regulations make it problematic for employers to respond to intensified competition through the employment of part-time or casual workers. The duration of temporary contracts is strictly time-limited so that the worker groups on temporary contracts know that they will receive full benefits after an initial period. Formalised constraints such as these do not simply force social actors into sustaining a workforce with employment security. Rather, within the parameters of these formal constraints, tacit understandings of the benefits of an interdependent and cohesive workforce have flourished. Though some firms have restructured to take full advantage of the use of temporary contracts, such practices have been widely assessed

as destructive to workplace cohesion.⁴⁴ Indeed, our studies found resistance to the use of temporary contracts on the grounds that they divided worker groups into competing factions with a consequent loss of quality and productivity. Shared understandings across worker groups in the German case seem to be more highly prized for their contribution to high value-added production than the use of temporary labour would be for its cost efficiencies. From this perspective the social relations across groups within the workplace are characterised by contests and contradictions. A particular pattern of social relations within the workplace will influence the possibilities for change in working practices, and yet these social relations are themselves open to contestation and transformation.

Considering the social relations across worker groups within the German and British contexts, we are struck by the vastly different understandings of how questions of labour relations relate to questions of production and competitiveness. The ways in which worker groups act and interact with each other, and the understandings which inform and reflect this everyday activity, constitute a kind of bounded terrain within which restructuring problems are perceived and addressed. The development of so-called 'teamworking' practices in British and German firms effectively illustrates the distinctiveness of perceptions and experiences of restructuring. Teamworking, in essence, implies that workers' individual tasks are restructured into collective groups or production islands within which some level of collective decision-making and group autonomy exists. The actual experiences of the introduction of these practices thus

⁴⁴ The practice of using temporary contracts to 'screen' workers before deciding to employ on a permanent bases is effectively documented and critiqued in Finegold and Wagner's (1997) study of workplace changes in the German pump industry.

provides us with insights into what constitutes a 'team' for the social groups within the workplace, and of how this 'team' is perceived to interact with other groups.

The distinctiveness of perceptions and experiences of 'teamworking' can be viewed through the consideration of three broad questions: 'who' constitutes the team; 'what' constitutes teamwork; and 'how' does the team fit with the social relations of the firm. First, in terms of 'who' constitutes the team, the perceptions of necessary skills held by workers, and the degree of autonomy which should be afforded to these skilled groups, diverge considerably. In the German 'Gruppenarbeit' or 'groupwork' model, computer-aided production processes are organised and implemented by equally qualified production workers with relatively distinct occupations and autonomous but shared responsibility for decision making (Schutz-Wild, 1988; Turner and Auer, 1994; Institut der Deutschen Wirtschaft, 1997). The teamworking practices in German firms appear, by comparison with British equivalent practices, to be less formalised and more worker-led. Cross-functional teamworking is more likely to be found in the British case, with reduced task demarcations between workers and a tendency to 'flatten' the hierarchies of skills between workers.⁴⁵ The scope for autonomous decision-making within the team is also constrained by the imposition of structured targets linked to a just-in-time production system.

⁴⁵ A 'core' worker focus group within an Anglo-American manufacturing firm explained the problems associated with a 'blurring' of the demarcations between tasks. The restructuring of working practices around a teamworking model replaced three previously separate roles of mechanical tool inspection, end of line mechanics, and electricians, with a single 'multi-skilled' technician role. Generally, the electricians were previously at grade four and a restructured role would effectively mean they would be working below their grade. Simultaneously, the mechanics would be working above their previous grades in the new 'flat' grade. As a result of a series of grievance procedures, a new 'technician' role was created and framed as an 'upgrade'. This kind of inter-skill contestation was widely communicated by social groups as a central problem. (South West England, November 29-31, 1996, appendix A, firm A).

Second, in terms of 'what' constitutes teamwork, the length of production cycle-times and the performance pressure on the team varies significantly. Turner and Auer (1994) provide case study evidence of teamworking practices in VW, Ford and Opel plants in Germany. Their studies suggest that, as compared with US firms, German firms were more regularised in their response to restructuring pressures due to the coordination between different industrial interests. Teamworking, in particular, has been significantly influenced by the metalworkers' union IG Metall, favouring "...human-centred features such as longer cycle time and more group autonomy" (Turner and Auer, 1994: 50). The length of a production cycle is important in that a longer cycle allows scope for workers to autonomously influence aspects of the production process, while a shorter cycle is likely to involve more repetitive tasks with little scope for worker input. Stewart and Garrahan's (1997) study of changing working practices in the British automotive industry suggests that most employees in large manufacturing plants interpret changes in working practices as being about 'teamworking'. The worker groups' perceptions of changes to their working practices centred around an intensification of pressure on the individual within the team linked to competition within the group and the pressure of time-limited tasks.⁴⁶ It would seem that without the prerequisite of relative job security, team-working pays only lipservice to the involvement of employees. Ultimately part of the responsibility of the 'team' may be to improve productivity levels and, hence, reduce its members. For both established 'core' workers

⁴⁶ Stewart and Garrahan's (1997) study focuses on the shop-floor workers in three British-based automobile manufacturing firms. 90% of respondents reported the intensification of physical and mental effort under new management-initiated working practices. These working practices were defined in their terms as teamworking.

and unprotected contract staff this implies an *illusory* 'team spirit' with an *actual* experience of increased competition between individuals within the team.

Finally, in terms of 'how' teamworking fits into the social relations of the firm, it is clear that the introduction of such practices is wrapped up in distinctive patterns of contestation in specific social settings. Herrigel (1994) posits the virtual 'end of the firm' as one possible characteristic of German restructuring. In an increasingly decentralised environment of 'webs' of firms linked in supply alliances and 'job shops', the possibility of teams or production 'islands' further decentralising practices is raised. Alliance relations with external firms would thus be matched by "...the dissolution of the internal architecture of the firm in a way that integrates development and purchasing with the shop floor in the form of self-recombinatory teams" (Herrigel, 1994: 20). Herrigel's analysis emphasises the contested nature of the restructuring process. Decentralising production relations to autonomous teams and dissolving the boundaries of the firm with supply alliances, while succeeding in including workers in management drives for change, necessarily also challenges the embedded status of highly skilled workers within the firm. Studies show that German firms have approached this problem by maintaining status differentials through the positioning of skilled tool-makers outside of the team structures.⁴⁷

⁴⁷ Herrigel's (1994) analysis of the restructuring of a large machine tool company in Baden Württemberg demonstrates some of the inter-group contests which characterise restructuring. The company has successfully implemented the use of production islands within the production process. In effect, these 'islands' focus work on the processes needed to make a particular product or group of products. The 'teams' working on each island operate with a considerable degree of autonomy over issues including production planning, allocation of tasks, and coordination with other teams. They have, however, encountered two key problems. First, the islands have only been introduced in the direct areas of production, and not, significantly, in tool making or materials purchasing. The teams thus have external constraints on their cost level autonomy and resent the privileged position of the skilled tool makers who do not have their position 'outside' the teams challenged by management. Second, the overall hierarchy of the management -worker relation has remained intact. Hence, appraisal of the

The patterns of contestation which emerge from British firms in the use of teamworking practices are similar in that the most skilled and 'established' workers tend to resist inclusion in a 'multi-task' team. However, the contest is played out in a distinctive way which reflects embedded social relations within the firm. In the British context the established worker groups will tend to be included in the teamwork structures despite resistance, making the team a 'top-down', mechanistic creation. The resulting problems are thus manifested in a lack of cohesion within teams and a perpetuation of individualistic interests. Thus, we can see that there is transformation in the relations between worker groups in both the British and German contexts. We could not, however, argue that these transformations were convergent around a single pre-determined model. The ability of the firm to metamorphosise under global pressures is manifest, but as Turner and Auer argue, "new work organisation will be significantly determined by national and local institutions, circumstances and negotiations" (1994: 59). Put simply, restructuring is conditioned by the contests and negotiations between social groups with contending interests in the outcome. Following Harrod we may characterise workplace restructuring as a series of contests within which "the exercise of power and resistance to it determines the outcomes" (1987: 9). The insights from our study suggest that we should add to this the conditioning influence of different ways of thinking about the problem of restructuring and the different experiences of potential solutions.

performance of the team is done externally and poses a threat to the cohesion of the worker groups (Herrigel, 1994: 18).

Conclusions

The first order questions addressed in previous chapters have sought to challenge a mode of knowledge which views the technological and economic forces of globalisation as imperatives for social change. In terms of analysis of the firm, this globalist mode of knowledge privileges a focus on the firm as a 'global actor', acting and reacting to intensify global competition. The central problem with this understanding of the firm is that it presents processes of restructuring as natural and automatic responses to these global activities. In this chapter it has been suggested that, while strands of thought within IPE have sought to challenge this mode of knowledge through an emphasis on 'that which is contested', certain kinds of contestation continue to be emphasised above others. In short, contest and negotiation between governments and firms, and within firms in terms of industrial relations, have been made more visible than the everyday contests which characterise workplace restructuring.

The challenges to everyday practices within the workplace form a key part of human experiences of processes of restructuring. An uncovering of these human-centred experiences goes some way towards opening up research to focus on the social specificity of the perceptions and effects of globalisation. We have sought to show that experiences of change in the organisation of work are indeed society-specific, and that these reflect and inform the interests of contending social groups within and across the workplace.

At the level of relationships between states and firms, we have indicated that the possibilities open to a firm in its restructuring agenda are defined and limited by broader state-societal understandings of the position of firms in society. The maintenance or

dissolution of particular welfare state institutions, for example, has a profound effect on the firm's costs and on the ability of the firm to externalise some of these costs onto society. Similarly, the education and training practices of a given state-society structure a unique environment for the firms which locate there. Overall, there is considerably more to state-firm relations than an understanding of government-industry bargains. The social groups actively involved in these contests extend beyond public and private managers, into a multiplicity of social organisations such as industry associations, employers associations, trade unions and training agencies. Thus a 'project' of firm-level restructuring is likely to run a gauntlet of competing social interests.

At the level of the relationships between firms, much of the orthodox restructuring literature adopts a prescriptive approach which argues that globalisation intensifies the need for alliances and 'risk sharing' (see Stopford and Strange, 1991). However, this chapter has demonstrated that the ability of firms to build alliances is conditioned by social understandings of the potential gains and losses of such relationships. Hence, debates as to the potential for training or innovation alliances, for example, are infused with the norms and values of a wider state-societal complex. Whilst some firms will seek to strengthen their partnerships with suppliers as a response to intensified competition, others, located in a different state-society, will experience an individualisation of their interests as competition increases.

At the level of social relations within the firm, much of the globalist literature assumes that increased global competition has a single overwhelming effect: the strengthening of the division between the interests of employers and employees. However, this chapter has suggested that processes of restructuring are bound up with

more complex patterns of social relations between worker groups. The social practices which characterise the relationships between worker groups, and the understandings which inform these practices, form the 'limits of the possible' within which restructuring problems are perceived and addressed. In some contexts, the dominant practices and understandings favour a collective restructuring effort which facilitates the exchange of information between different groups within the workplace. In others, by contrast, the insecurities which are generated by a neo-liberal flexibility approach to restructuring serve to divide the interests of worker groups. Hence, employee groups will often experience differential effects of restructuring proposals. Within British firms, the restructuring process will be invested with the interests of established groups, while marginalising unprotected groups. Within German firms the emphasis is on the development of an inter-group consensus which effectively oils the wheels of restructuring.

Overall, this chapter has suggested that all processes of restructuring at the level of the firm are more effectively conceptualised as 'contested' than simply 'enacted' under globalisation. It has been argued that there may be insights to be gained from a shift in our thinking away from the firm as 'actor' in the global economy, to focus on the social relations within and across the firm which condition that action. Within the field of IPE, the neglect of the voices of contending social groups in research on restructuring has resulted in them being 'theorised out of the picture'. The examination of the firm as a site of contest has demonstrated that social actors should be 'theorised back in' so that their voices and experiences can be heard amidst the 'babble' that has become the global restructuring debate.

The firms which have been examined here represent ideal types of British and German restructuring practices. As such, they have served to 'freeze' particular relationships in time, rendering visible the tensions and contradictions within each type. The British firms, broadly representative of neo-liberal practices, have tended to coalesce around individualised contracts between social groups which continue to be contested and challenged. This 'fast but fragile' approach to restructuring has tended to reflect employer power in social relations and to effectively 'push through' change from the top while failing to achieve the social cohesion which would stabilise and institutionalise the changes. Viewed in this way, we may reasonably expect the British approach to decline as the best practice model due to its failure to address the social costs of the individualist firm. The resulting skills shortages and loss of stable industrial relations are likely to demand an adapted restructuring response from within the neo-liberal model itself.

By contrast, the German firms demonstrate a brand of social market 'flexi-corporatism' which seeks to combine internal flexibility with the maintenance of formalised lines of communication. As a result, processes of restructuring appear 'slow but sticky', producing and reproducing a 'clustering' of webs of social groups in the form of decentralised production teams, job shops, production islands and supplier alliances. Both state-societal cases demonstrate that change is not effectively conceptualised in terms of epochal shifts in work organisation. Rather, it seems that processes of restructuring should be understood with and through the social relations which constitute the contested terrain of the firm. In this sense, contestation and order

are simultaneous and congruent.⁴⁸ The energies of contending social groups simultaneously perpetuate and challenge particular understandings and practices within a process of restructuring.

⁴⁸ Insights gained from discussions following a presentation by Ronald Dore at the Max-Planck Institute, Cologne, September 1997. Wolfgang Streeck suggested that the dominance of particular 'models' of labour market social order were cyclical. Fritz Scharpf highlighted the relationships between work and social practices: "In Germany and Japan we as workers are exploiting ourselves as consumers, in the UK and US we as consumers exploit ourselves as workers".

Conclusion: The Social Roots of Global Change

Modern social science, policy making, and planning have pursued a model of scientism and technical manipulation which systematically, and deliberately, neglects human, and above all historical experience. The fashionable model of analysis and prediction is to feed all available current data into some artificial or real supercomputer and let it come out with the answers. Plain human experience and understanding does not... lend itself to this. And such ahistorical or even anti-historical calculation is often unaware of being blind, and inferior to even the unsystematic vision of those who can use their eyes.

(Hobsbawm, 1997: 27).

The central problematic of this thesis has been that, in the drive to simplify and codify the meanings of rapid global changes, dominant accounts in the social sciences have tended to neglect the human and social roots of these changes. Thus, as Hobsbawm suggests (1997), “plain human experience” has been neglected in favour of the identification of calculable, usually technological or economic, material. We have investigated this problematic through a focus on the global imperatives that have dominated explanations of restructuring in the realm of production and work. A ‘globalist’ discourse has been identified here at the levels of both state-societies and firms. For state-societies this instrument for engineering change has produced and reproduced the idea that states should, through their policy programmes, create competitive and deregulated labour markets, essentially playing a ‘facilitator’ role for the competitiveness of firms. For firms, the ‘lean’ and ‘flexible’ organisation has achieved a best-practice status which has achieved its own momentum as a powerful set of ideas. At both levels, it is the neo-liberal agenda for the restructuring of states, social institutions, and workplaces which has dominated the debate to the exclusion of alternatives.

Thus, the structure of this thesis has reflected a desire to achieve two key objectives. First, to critically assess the orthodox conceptions of restructuring in thought and practice. Revealing the dominant ways of ‘thinking’ and ‘doing’ restructuring, this exercise offers one potential route into the consideration of alternative theories and practices. Second, this thesis has sought to offer one such theoretical alternative, in the outlining of a society-centred understanding of processes of global change. By ‘society-centred’, we have implied that human agency and social power relations are relatively absent in orthodox understandings, and that their dynamics should be placed centrally in studies of social change.

It was thus suggested that, in order to open up alternatives to the neo-liberal assumptions and prescriptions, the ‘states’ and ‘firms’ which have dominated international political economy (IPE) analysis must be viewed as social terrain within which restructuring is contested. Contestation was conceptualised here as embodying several inter-related dynamics. First, processes of globalisation and restructuring have been conceived as *contested concepts* within the social sciences. In this sense, the potential ‘openness’ of our studies to alternative understandings of the nature of global change has been emphasised. Second, we have presented processes of restructuring in production and work as *contested practices*. From this perspective, globalisation is perceived and interpreted distinctively by social groups in specific societal settings, and these perceptions and interpretations are reflected in divergent practices. These societal settings are, to a degree, expressed through the institutional arrangements that dominate in a particular state-society. We have thus sought to express the vast range of societal experiences of global restructuring and, therefore, the different interests invested by social groups in restructuring debates.

The purpose of this conclusion is broadly to restate the key themes of the thesis and to reflect on its contribution to knowledge and the potential avenues for further research. I also wish to make some comment on the possible implications of these conclusions for the ways in which restructuring is conceived, understood, and executed in practice. Some normative assumptions of ‘how the world should be’ are necessarily implicit in an approach which emphasises the intimacy of thought and action. It is not the intention to conclude with our own ‘socially acceptable’ version of best-practice restructuring, but rather to highlight the immediate tensions made evident by this research and to suggest some concrete social and political responses.

Key Themes

The central themes of this thesis were explored through three inter-related parts: reflecting on understandings of social change, reconceptualising change in state-societies, and recovering alternative understandings and practices at the level of the firm. Part one contained two chapters that reflected upon received understandings of social change. The first focuses on the conceptualisation of social change in the social sciences, whilst the second focuses more specifically on the field of IPE. Part two then outlined an alternative ‘society-centred’ understanding of social change in the realm of state-society. The two chapters in this section explored the dynamics of restructuring debates in Britain and Germany, focusing on the historicity of social experiences of global change. Part three proposed a reconsideration of the dominant understandings of social change in the social arena of the firm. Within this section, chapter five assessed alternative understandings of the firm from a variety of social science perspectives, with the aim of uncovering the firm as a key site of social contestation under global change.

Chapter six focused specifically on the insights of restructuring experiences as communicated by social groups in British and German manufacturing firms. Overall, it is argued that social change in production and work is more effectively understood through a focus on the contests and negotiations which reflect and condition the social meanings applied to globalisation.

Part One: Reflecting on Social Change in a Global Era

In chapter one we uncovered a common understanding of social change underlying the industrial society thesis of the 1950s and 1960s, and the contemporary accounts of globalisation. It was suggested that periods of rapid change and instability in the world political economy are commonly accompanied by social scientific attempts to apprehend the meaning of, and to seek to manage, such change. In focusing on the management of rapid change, the social sciences have tended to neglect key inter-related aspects of social change. First, it was argued that processes of change are experienced within specific contexts. Of course, much of the literature of globalisation has argued precisely the opposite: that social contexts are of diminished significance under the forces of globalisation. Marshalling evidence for this argument, for example, the global production operations of a multinational corporation may be viewed as creating similar working imperatives for workers in many different state-societies. Despite these proclaimed global imperatives, however, it has been suggested that restructuring takes place within the bounds of embedded institutions and practices specific to a state-society. This is not to say that globalisation does not have transnational consequences, but rather that interpretations and experiences of these consequences be societally distinct.

Second, it was argued that programmes of restructuring will be negotiated and contested by individual and collective agents within prevailing sets of social power relations. From this perspective processes of global restructuring are imbued with the interests of particular groups in society and will affect the lives of different groups in different ways. Thus, the 'effects' of global restructuring cannot be strategically plotted in any way as they are likely to be contingent on the many social contests which characterise a process of change. Finally, in the specific realm of production and work, the realities of restructuring exhibit a profound historicity. At the level of the workplace, processes of restructuring pose specific challenges to existing 'ways of doing things' and embedded understandings of 'how things should be done'. As such, it is problematic to assume that global imperatives for change cause wholesale shifts from 'old' ways of working to 'new' lean and flexible methods. The existing 'known environment' of shared practices strongly influences and constrains the range of potential options for change.

In chapter two, we explored the orthodox approaches adopted in the field of IPE in the study of social change. An assessment of the dominant assumptions embodied in mainstream IPE research revealed that the field of inquiry is closed off by a narrow conception of 'what we should look at' and 'how we should look' at it. We proposed that the orthodox accounts of global restructuring in IPE should be reappraised so that they are not abstracted from the context provided by the understandings of social change held within the field. If IPE is to realise its initial promise as an 'open' and 'unenclosed' field (Strange, 1984: ix), then it must acknowledge that certain aspects of human agency and structural power have been emphasised above others. It is, for example, commonplace to consider the collective agency of certain international organisations, or

the structural power of global finance. It is less common to consider the ‘everyday’ agency of, for example, works councils or industry associations, or the ‘ordinary’ structures of a particular production process. Drawing on the insights of critical historians, the chapter emphasised the importance to IPE research of the forgotten histories of particular social groups, and the subjective aspects of social change. From this perspective, human and social understandings, experiences and interpretations of social change are as ‘real’ in concrete historical terms as the tangible technological and economic forces commonly identified in IPE research.

In the light of the analysis in chapter two, three key and inter-related conclusions can be drawn. First, understandings of social change in IPE may benefit from a process of reflection on the motivations behind the dominant research agenda. If we stand back from our studies and ask what our angle of vision on social activity has illuminated, this may reveal shadows which tell us something of what our research choices have neglected. Certainly, the political and corporate thirst for answers to the problematic of globalisation has influenced the angle of vision adopted within IPE. Thus, social change has tended to be linked to the ‘explain all’ device of globalisation so that dynamics of social change are explained as effects of the restructuring activities of states and firms.

Second, IPE understandings of processes of social change may benefit from a consideration of ‘what and whom we look at’ and ‘how we look’ in our studies. Such an exercise brings an added dimension to the many dialectical relationships which IPE seeks to explore. Into the study of the inter-relationships between states and markets, economics and politics, and structure and agency, is added the dimension of human knowledge of these relationships. Thus, our received knowledge of ‘who’ the important

agents are in IPE is opened up to question. In the study of the reorganisation of production and work we may thus question the dominant focus on government-corporate negotiations, to consider the experiences of non-elite social groups whose agency is less visible. As a result, global changes are viewed as rooted in social activity and human experience.

Finally, it was suggested that IPE might find more effective theoretical avenues into social change from a position of ‘openness’ to possible sources of knowledge and insight. This openness, it is concluded, has potential on many levels. At the level of the field of inquiry itself, IPE must be open to the insights of frameworks of thought and research projects existing outside of its orthodox boundaries. The insights of the critical historians, for example, offer a grasp on history which has not fully been recognised by the IPE agenda. At the level of our discrete research activities, an openness to the subjective involvement of the researcher makes explicit our human involvement in the processes of social change we seek to apprehend and document. It is at the level of the subjects of our research, however, that a call for openness is perhaps most pertinent. In short, a meaningfully ‘open’ IPE agenda would seek to invite a more diverse range of voices to inform our knowledge of restructuring and social change.

Part Two: State-Societies and the Reorganisation of Work

Chapter three outlined the power dynamics which underlie the idea that the challenges posed to productive and working practices under globalisation demand a single best-practice response. It was suggested that neo-liberal models of a deregulated labour market and flexible firm have gained a best-practice status in academic and policy forums. In the grip of such powerful ideas, even critical commentators have been led to

conclude that all industrialised state-societies are engaged in a common dissolution of regulatory social institutions in the name of competitiveness. The damaging effects of this best-practice knowledge are felt in political terms, so that non-neo-liberal state strategies are derided, and in academic terms, so that any consideration of alternative social reform is perceived to be mere folly.

In a critical analysis of the foundations of the neo-liberal best-practice, it was argued that this form of knowledge tends to *underemphasise* the role of embedded social institutions in conditioning social change, and *overemphasises* the extent to which these institutions are decoupled from society under globalisation. In the restructuring of the organisation of work, adherence to globalist accounts of social change is particularly problematic. Despite the neo-liberal drive for flexibility in productive and working practices, processes of restructuring in specific contexts tend to reflect a known environment of embedded social institutions. Given that contending social groups produce, reproduce and transform these institutions, it would seem reasonable to conclude that they will continue to do so under intensified global competition. Informed by an assessment of the revival of institutional ‘context sensitive’ approaches in the social sciences, it is concluded that research into social change in the sphere of work must acknowledge the conditioning role of embedded institutions in defining the nature of that change. It is, first and foremost, within specific state-societal contexts that productive practices are contested and institutionalised, and as such the state-society remains a crucial level of analysis for studies of change in the organisation of work.

A series of debates as to the competitiveness of state-societies in a global era have pitched the British deregulatory approach to restructuring as outcompeting the

German ‘high everything’ approach. Thus, the restructuring debate has tended to follow a best-practice logic which privileges neo-liberal state and corporate responses. However, it has been demonstrated here that global restructuring takes on distinctive meanings within different state-societies, and that scope exists for alternatives to the neo-liberal best-practice. First, it was suggested that British and German state-societies give rise to *distinctive questions* under intensified global competition. The dominant British questions have focused on the attractiveness of Britain to foreign industrial and financial capital. Thus, understandings of global restructuring have been linked to the maintenance of a strong and attractive financial centre in the City of London, coupled with the deregulation of the social constraints on capital investment. The questions emerging from German state-society, by contrast, are concerned with sustaining the competitiveness of indigenous firms in global export markets. Thus, different understandings of what it means to ‘be competitive’ imply that even initial questions raised within a state-society under global pressures may be historically distinct.

Second, the *concept of time* underlying the restructuring debates in each country is historically unique and specific. The British debate, with its predilection for equity finance and shareholder value, is concerned with the speed and flexibility of response to changes in global markets. Thus, the nature of restructuring tends to be ‘fast but fragile’, involving few social groups in consultation and concentrating on the short-term management of social change. The German debate, by contrast, embodies a longer-term view of the time-scale of restructuring. This ‘slow but sticky’ approach involves many social groups in negotiation, often with a state-sponsored entitlement to involvement. The need for consensus protracts the contestation of social change but ensures a wider acceptance in the longer-term.

Finally, the debates surrounding the reorganisation of work occupy distinctive social domains in each state-society. In Britain the debates as to the 'right' way to organise productive and working practices have taken place almost exclusively at the level of the workplace with the state actively clearing space for private managers to exercise freedom in restructuring decisions. By contrast, the German debate is focused most intensively at the level of the state, with firms seeking to sustain the sanctity of the workplace as a site of relative social peace. Though German firms are undoubtedly pursuing strategies that increase unemployment, it is essentially the state that bears this burden. Thus, it is concluded that state-societies perceive, negotiate and experience processes of restructuring in distinctive and unique ways. It is this historicity of experience which research on restructuring must seek to capture if it is to escape the determinism of globalist understandings and uncover alternatives to perceived best-practice models.

In chapter four, using the British and German 'industrial orders' as ideal type models, the central themes in the debates surrounding the reorganisation of work were drawn out. The use of such ideal type characterisations, it was argued, effectively serves to freeze a pattern of social relations in time, making it possible to study the rhythms, tensions and contradictions within. It was shown that the social institutions which historically characterise a particular state-society both reflect and condition the relative power of social groups. Thus, the possibilities for the reproduction or transformation of these institutions are bound up with a wider web of social contests. From this perspective, a programme of restructuring is precisely about the possibilities for the transformation of existing social institutions. These institutions, reflecting past struggles

and contests between competing groups, provide also the parameters for contemporary contests between social groups. It was thus suggested that in key areas of the restructuring of working practices the debates as to 'what ought to be' demonstrate a strong embeddedness in historically distinctive understandings and experiences.

With regard to the specific debates surrounding the reorganisation of training, skills and task demarcations, the globalist account suggests that the maintenance of any institutionalised demarcations between tasks and skills specialisms represents a barrier to flexibility. The strategic dissolution of traditional job descriptions and task-specific training is thus presented as the best-practice. It was emphasised in this chapter that, in contrast to the globalist view, the training and skills debates in Germany and Britain do not conform to notions of a global best-practice. While institutionalised constraints on the erosion of job demarcations in the German context privilege restructuring around competitive skills upgrades, the management-led British response emphasises the vertical compression of job grades and the establishment of horizontally-linked teams.

In the area of working time, it was similarly found that restructuring debates continue to reflect ongoing historical contests within a state-society. In Germany, for example, it was emphasised here that employers' needs for a reduction of labour costs through a reduction in the working week, and workers' needs for job security, are more likely to be engaged in a process of negotiation than in a neo-liberal style assertion of management autonomy. The development of bargains which 'trade' time flexibility for job security guarantees, and the use of annualised working time accounts, have become common innovations in German firms. By contrast, it was found that the British working time debate attached virtually no importance to cooperation between workers'

representatives and employer groups. The emphasis was found to lie in the ability of the employer to freely adjust time worked and numbers of employees working.

It is perhaps in the realm of collective bargaining and industrial relations that the societal distinctiveness of restructuring debates has been most clearly emphasised. The social institutions governing industrial relations and worker entitlements have felt a great deal of political heat in the face of globalisation. Indeed, as it has been suggested here, there seems to be a degree of consensus even between neo-liberal commentators and their ‘opponents’ that perhaps globalisation forces the destruction of the traditional institutions governing industrial relations: the difference remaining that, while neo-liberal commentators are optimistic about this development, critical commentators are pessimistic. However, it is suggested here that the debates surrounding industrial relations and collective bargaining in Britain and Germany express historically distinctive social understandings. In short, the German maintenance of comprehensive industrial bargaining structures underpinning a ‘high everything’ export strategy is in strong contrast to the British assault on union representation and reinforcement of fragmented industrial relations.

Chapter four concluded by suggesting that within each restructuring debate, a series of tensions are visible which tend to reflect the contending interests of social groups. For as long as perceptions of competitiveness in German industry focus upon high value-added production, it is likely that a skilled workforce, devolved autonomy in the workplace, and long-term ties between firms and their employees, firms and other firms, and firms and financial institutions, will be valued and sustained. Thus, German state-society faces a distinctive set of challenges relating to the embedded institutions of

cooperation, training and innovation which have historically underpinned competitiveness and prosperity. The tensions become clearer when one considers the social groups whose interests are excluded from this industrial order. Small and medium-sized firms, for example, experience a relatively greater burden from social on-costs such as sick pay or pension costs. Their expressed lack of faith in employers' organisations indicates that they would support reforms in the institutions governing bargaining and industrial relations. At a broader level, the groups in German society who are excluded through unemployment from the 'virtuous circle' of high-skills, high pay, and high quality, will continue to pose some of the most critical restructuring questions in the 'post-Kohl' era.¹

Part Three: Firms and the Reorganisation of Work

Much of the literature on restructuring within the firm presents globalisation as an imperative force which effectively decouples the firm from its societal underpinnings. Indeed, the neo-liberal responses to perceived global pressures have prescribed a deregulatory state agenda which actively 'invites' firms to avoid the social ties of, for example, permanent contracts of employment, land and planning regulations, and collective bargaining institutions. The fifth chapter of this thesis sought to reconceptualise the firm in a 'global era' through a focus on the firm as a key social site within which restructuring is contested.

¹ The conclusions drawn here in August 1998 were completed as Germany elected a new 'red-green' coalition government and Gerhard Schröder became Chancellor after sixteen years of Kohl leadership. The 'new centre' (Neue Mitte) electoral stance of the SPD was reminiscent of the 'new Labour' campaign in Britain and suggests a pro-reform agenda. Though it is unclear as yet what shape the policy agenda of the SPD-Green coalition will take, it has been suggested that reforms of the social security system may form one element of a drive to reduce non-wage labour costs.

Part one critically re-examined the orthodox understandings of the firm in IPE. It was suggested that the firm, from the 1970s, became a 'new unit' of analysis for studies in international relations (IR) and political economy. In this way, the firm challenged the state as a focus for IR analysis and offered also a 'new level' for the analysis of authority which cut across the 'national and 'global' levels (see Stopford and Strange, 1991; Porter, 1990; Dunning, 1993). It was argued that the firm in IPE has thus come to represent an 'actor' in the world political economy through its competitive activities, a 'reactor' in its reactions to technological and economic change, and a 'transmitter', diffusing knowledge of restructuring to other firms. The problem with this orthodox view of the firm, it was suggested, is that it neglects to 'open up' the firm to make visible the human agency and social power relations of which it is constituted. We are thus inclined to neglect the contests surrounding firm-centred restructuring, believing firms to be 'natural' and homogenous global players.

The chapter then moved to a consideration of alternative understandings of the firm in the social sciences which attempt to 'socially situate' the firm. Taken together, the insights of a broad sweep of institutionalist literature indicate that, whilst there has been renewed attention to the 'embeddedness' of a firm in a societal context, there has been less emphasis on the contests which characterise the relationship between the firm and society. It was suggested that the Gramscian-inspired IR/IPE works of, for example, Robert Cox, Stephen Gill, Jeffrey Harrod, Craig Murphy, and Mark Rupert, raise central questions which may contribute to a more human-centred reading of the restructuring practices of firms. For this study, the insights of the neo-Gramscian scholars facilitated a view of social change as deriving its meaning through the understandings and actions of social agents acting within and through social power

relations. In this way, processes of social change are given their meaning through ongoing social contests over ‘what ought to be’. It is concluded that a dialogue between Polanyi- and Gramsci-inspired paths to IPE may go some way to reveal the social contest that is represented in global restructuring. Thus, Polanyi-inspired concepts of embeddedness and the Gramsci-inspired emphasis on social forces are used to raise the central guiding questions in our study of the firm:

- ***The state, the firm, and social power relations*** - How does the firm relate to the institutions and practices of a state-society? What are the social sources and limits of restructuring within this context?
- ***Social relations across the firm*** - What kinds of social contests characterise the relationship between the firm and other firms, such as suppliers and contractors, and social institutions, such as innovation and financial institutions?
- ***Social relations within the firm*** - What kinds of social contests characterise the relationships between social groups within the firm, between employer and employee, and between different worker groups?

The analysis in chapter six sought to draw out and ‘make visible’ the experiences which social groups have of restructuring at the three levels outlined in chapter five. The chapter focused on the specific insights of restructuring experiences as expressed by social groups in the commercial automotive sector in Britain and Germany. This sector offered a spotlight on the restructuring of productive and working practices for several interrelated reasons. The sector is tightly linked to the ‘globalising’ changes identified to have taken a grip on manufacturing sectors in the 1970s. Before this time, there are clearly identifiable Fordist production practices embedded within firms in this sector. It

was argued in this chapter that the choice of this sector enables a comparison to be made between the price-based strategies of archetypal British firms and the quality-based strategies in ideal-type German firms. Indeed, the greatest world market shares in this sector are divided between competing British and German firms. These market leaders tend to compete on a price versus quality basis. In this respect, it could be argued that this sector offers an ‘artificially’ archetypal example of the German and British approaches to production and competitiveness. However, the case-study sector was not intended to provide generalisable conclusions about restructuring. Rather, it was used to provide insights into some of the restructuring debates which have been most closely linked to traditional manufacturing industries. Debates as to the need for neo-liberal style flexibility in working time and the use of contingent labour, for example, have raged most fiercely in the heavier manufacturing sectors. It may, thus, be reasonable to assume that if we can identify the contradictions of restructuring in this sector, there are grounds for optimism in the search for an alternative to neo-liberal restructuring more broadly.

The insights presented in chapter six demonstrate the importance of an ‘open’ attitude to the voices and experiences which we may draw upon in our research. From a focus on the human experiences of global restructuring, it becomes more clear that patterns of contestation and relative order can exist simultaneously. In the restructuring of working practices, a commonality in the German and British experiences of restructuring was that social groups seek to variously sustain or transform particular practices in a process of contestation. The dominant social relations within British firms have tended to coalesce around individual social contracts: between employer and employee, between individual workers in a production ‘team’, between purchasers and

suppliers, and between institutional shareholders and production managers. These contract-based social relationships do, however, continue to be contested, negotiated and challenged. It was found that this was not simply a contest between employers and workers, or between capital and labour, but rather a more complex array of contests resulting chiefly from a widespread and cross-cutting loss of security and stability. In German firms, by contrast, restructuring has tended to reproduce 'clusters' of social groups: this is seen, for example, in the use of decentralised and relatively autonomous teams linked in 'webs' of production, 'job shops' supplying the firm, and supplier alliances between smaller satellite firms and a core, usually multinational, producer. Insights such as these lead us to conclude that global restructuring and social change cannot be effectively understood in terms of 'epochal shifts' from 'old' to 'new' practices. Rather, it is concluded that processes of restructuring and social change should be understood with and through the social relations which constitute the contested terrain of the firm.

Theoretical Implications

Having drawn out the key themes of the thesis, we shift our focus here to a consideration of some of the implications of these conclusions for the ways in which we understand and theorise restructuring and social change. The theoretical implications of the study will be discussed in three broad areas. First, we focus our attention on the implications of this study for the theoretical problem of globalisation. The concept of globalisation has tended to dominate theories of contemporary social change, imbuing them with a teleological and deterministic quality. Indeed, it could be argued that even the critical consideration of globalisation that we have sought to adopt here serves to legitimate and perpetuate globalisation as a powerful explanatory theory. Second, and

responding to this problem, we focus on the implications of the understanding of global change developed here for the potential of human agency within globalisation. To this end, we reflect on the implications of a rejection of ‘best practice’ models of global restructuring and the furthering of a society-centred understanding. Finally, we assess the implications of the theoretical claims of this thesis for the competing strands of thought in contemporary IPE. Here we seek to steer a course between those who have invoked a revived institutionalism in a search for ‘context sensitivity’ (see Amin and Palan, 1996) and those who advocate the rooting of explanation in “concrete situations and circumstances of people as they organise their lives on a daily basis” (Gill and Mittelman, 1997: xvi).

Questioning globalisation

In addressing the ‘hi-jacking’ effects of globalisation on research into social change, the central implications of our framework are that, in a normative sense, research should seek to challenge the dominance of the globalist orthodoxy. First, the assumption that exogenous global forces simply ‘act’ on societies, demanding specific responses, was thrown open to question. Second, we sought to question the assumption that all state-societies transform their embedded practices along convergent lines defining a ‘best practice’ route. Finally, we questioned the assumption that social conflict is diminished and diffused by globally-derived changes. The overall claim was that perceived ‘global’ changes have their roots in social understandings and practices. The case of the reorganisation of work demonstrated that if globalisation can be understood as experienced and interpreted within the context of everyday social life, then research may be guided to focus on the social sources of apparent global changes.

Having raised questions of the dominant understandings of global and social change, this thesis sought to address these questions through the development of alternative theoretical propositions. It was proposed that we consider the apparent ‘global imperatives’ themselves to be socially-derived. From this perspective, key social groups within political, financial, and management domains tend to push a particular view of restructuring best-practice. However, this is not to say that some state-societies do not resist this version of change. Globalisation and the imperative to restructure may take on infinitely diverse meanings in different contexts. Where social change and institutional adaptation is visible, this receives its shape and form from the social contests and embedded practices of a particular state-society. It is these ‘social roots’ which provide a potential route to the outlining of alternatives to the neo-liberal use of globalisation. An emphasis on the opening up of theoretical alternatives to globalist neo-liberalism has critical implications for how we view the scope for human agency in shaping change.

Thinking about human agency

Analyses of the restructuring of productive and working practices have been dominated by a best-practice defined in terms of the freeing-up of the social and institutional constraints on economic activity. The discourse surrounding globalisation and restructuring has sponsored this ‘quick fix’ way of looking at the world and, in the process, has closed off a wider debate on the contingency of social change. In a sense, the dominant discourse privileges the structural forces of world markets over the agency of either the powerful political elites who form a part of these forces, or the social groups who may potentially resist or transform them. While emphasising structure,

these approaches do not account for the asymmetries of power which mean that structures offer opportunities for some agents while simultaneously constraining others.

A key theoretical implication of this critique of global best practice is that, if this model is to be overturned, research must address two interrelated issues. First, the contradictions and tensions of the neo-liberal best-practice need to be rendered clearly visible. Second, the alternatives to this model need to be emphasised in both theory and practice. State-societies and social groups can and do conceive of very different approaches to the restructuring of production and work and, hence, their agency in thought and action has implications for research which seeks to develop a human-centred approach to change. This thesis served to map out one potential route into the 'humanising' of studies of global restructuring. There are three major strands to the core argument, each of which has implications for the ways in which we think about the problem of restructuring and social change.

1. Social actors perceive 'global' imperatives to restructure from within a known environment of existing social institutions. Thus, there is no single best-practice logic to the deregulation of institutions governing the labour market, production and work. The neo-liberal restructuring 'route' is a political and social choice which is informed by a specific normative set of understandings in the same way as a rejection of the deregulatory approach is also a specific social and political choice. This is not to say that intensified global competition does not constrain these choices and that there are not more choices open to some state-societies than there are to others. Rather, it is suggested here that even these constraints are interpreted and experienced in distinctive ways by different social groups.

2. The institutional parameters which define the 'limits of the possible' in a process of restructuring are politically (and therefore historically and socially) constituted. The social realm of work, from this perspective, represents a terrain within which any attempt to map out a best-practice is likely to be subject to a process of contestation. As such, it is important that our theoretical understandings of institutions embody their human and social nature and their mutability. We thus ensure that our studies are able to identify and emphasise the potential for human agency to sustain or transform existing social institutions and practices.

3. Global competition and the organisation of production and work are perennial problematics within the organisation of capitalist economies and societies. Hence, any process of change is likely to be continuous and contingent, reflecting contending social pressures for the maintenance and dissolution of specific institutions and practices. In this sense, restructuring is most effectively characterised as a contested process within which human agents actively seek to apprehend the meanings and contours of specific changes.

There are, of course, many counter-arguments which could be levelled at the identification of a state-society as the key terrain within which restructuring is contested. Perhaps most prominent among the challenges would be the question of whether this overemphasises the nation-state as a site of struggle in an era of apparent global restructuring. Of course, there are indications in some cases that cross-border regional and transnational contests are intensifying and that these may by-pass the level of state-society. The growth of multinational cooperation in collective bargaining, for example,

would suggest that transnational social contests represent an important area for inquiry. However, it would seem that, despite pressures on the state to surrender social regulation to the dictates of global markets, much of the activity of the ‘marketised’ competition state invests processes of restructuring with a particular character derived from historical state-society relationships (see Palan and Gills, 1994). One example of this would be the European works councils directive which, though it may appear to coordinate cross-border contests, actually strongly reflects existing works council arrangements at the level of state-societies (see Bercusson, 1997).

Thinking about a society-centred international political economy (IPE)

A key theoretical implication of our arguments is that the field of IPE must embrace a dialogue between ‘factions’ of thought which have tended to compete for followers. It has been emphasised throughout this thesis that the Polanyian-inspired institutionalism of groups of political economists whose work has been drawn upon by IPE offers a welcome route into a society-centred field. From the central assertion that economic activity is embedded within fundamental social relationships, we can begin to challenge the economic-determinism of much of the globalist discourse. Polanyi’s insights render visible the social roots of economic activity. From this position it is suggested that, faced with a “stark utopia” of market forces, “society took measures to protect itself” (Polanyi, 1957: 3). The use of Gramsci’s “organic crisis” (1971: 210-218) by IR/IPE scholars has similarly evoked images of a social struggle to influence an emergent order. For studies of restructuring, these theoretical insights suggest that the strategies adopted by managerial and political elites will not necessarily find the legitimacy they need to bind them into the everyday social practices of the workforce. The agendas of neo-liberalism exhibited by many states and firms, it is implied, may

paradoxically both threaten and mobilise social groups. In this respect, the theoretical implications of a Polanyian- and Gramscian-influenced IR/IPE are closely related to the practical implications for research which seeks to pinpoint the opportunities for social influence of processes of change. A field of inquiry which embraces a broad spread of influences and a reflective attitude to its core assumptions is, it has been argued here, more likely to receive insights from a diverse range of social groups and, therefore, to reflect their interests in its conclusions. Thus, the ways in which social change is theorised within IPE and in the social sciences more broadly, has a profound effect on the relative ‘openness’ or ‘closure’ of academic and political debates.

Theory and Practice in Research

A central argument in this thesis has been that there is a dialectical relationship between how we think about and understand social change in *theory*, and how we might influence this in *practice*. In simple terms, for example, there is a direct relationship between the theoretical development of alternatives to globalist models of restructuring, and the active pursuit of alternatives in practice. Put another way, if approaches to the restructuring of production and work are closed down around the identification of one best-practice, it becomes increasingly difficult for state-societies or social groups to challenge this with alternative practices.

In theoretical terms, it has been suggested here that the social activity of work and participation in the production process provides a key channel for the everyday aspects of global restructuring as they are experienced by individuals and social groups. Given that production and work are distinctively inserted into the social institutions, norms and values of a particular state-society, then, by implication, restructuring is

unlikely to take on the same dynamics in different contexts. In terms of actual social practice, the opportunities, constraints, tensions and contradictions of a particular restructuring programme must be interpreted and evaluated in their own terms and within the parameters provided by a particular social context.

Implications for Social and Political Practice

The comparison of the 'ideal-type' restructuring debates in Britain and Germany has provided insights into the distinctiveness of restructuring pathways. Above all, the comparison has highlighted the problems associated with assuming a convergence of government policies, social institutions, and workplace practices in an era of globalisation. This is not to say that processes of global integration do not exert similar pressures upon different state-societies. Indeed, we may even concede that the neo-liberal strategies of successive British governments have exerted a clear 'global' pressure on German state-society. In becoming the 'lean and flexible' economy of Europe, Britain has, to an extent, contributed to an intensification of global competition. However, what this does not result in is an abandonment of all historical social institutions. Indeed, as we have shown, British state strategies have strong roots in historical institutions and understandings. A key political implication, therefore, is that it is problematic to argue in any meaningful way that 'there is no alternative' to restructuring around a best-practice of flexibility. The range of possible problems and solutions under globalisation remains society-specific despite an intensification of cross-border flows of information. Social groups within different contexts draw distinctive understandings of globalisation and assimilate restructuring into their lives in vastly different ways.

A central danger of identifying strong comparisons along ideal-type lines is that the researcher may be tempted to identify ‘heroes and villains’ in the restructuring of social practices. It may, for example, appear that the German approach to restructuring is simply ‘superior’ to the British one on the grounds of social acceptability. However, it was not the intention to simply replace the neo-liberal best-practice with a re-styled social democratic best-practice. To argue, as I have, that experiences of restructuring are historically and socially located is also to imply that ‘good’ practices cannot be replicated in a different societal context. This does not, however, preclude a consideration of the tensions and contests inherent within each context. The strengths and problems of a particular restructuring programme in a given firm, for example, can to an extent be interpreted so as to inform a more general consideration of the opportunities for transforming social practice. A reconsideration of some of the contemporary opportunities and tensions of the German and British debates may offer one route into the uncovering of potential alternatives for social and political practice.

An overarching conclusion to be drawn from this research is that in both of our ideal-type state-societies there are social ‘insiders’ and ‘outsiders’ in the debates and contests surrounding restructuring. Within each state-society there are asymmetries in the relative power of social groups and, therefore, disparities in the opportunities for influencing debates. It is these power-based divisions which tend to imbue the ‘global’ restructuring debates with their distinctive conflicts and tensions. Indeed, as the twentieth century reaches a close, it is these social contests which will define much of the political terrain for addressing issues of global competitiveness.

Writing in the summer of 1998, in the grip of a world economic slowdown triggered by the East Asian crisis, it is difficult to ignore the exacerbation of tensions within and across state-societies. Over the past weeks and months, the distinctive restructuring practices of different state-societies have been particularly visible. The British drive for attractiveness to foreign direct investment has exposed its fragility as the East Asian financial crisis cripples world demand and triggers plant closures. The German unemployment problem will undoubtedly be heightened by the East Asian and Russian crises, as German banks are large lenders to both regions. However, in terms of potential resilience to an economic downturn, it would appear that the 'corporate anorexia' of many British firms, identified within this research, leaves firms with little in reserve to sustain economic hardship. German social practices, by contrast, provide an expensive but comprehensive insurance policy which can be drawn upon in lean times.

In a sense, the restructuring stances of British and German state-societies and firms bring to mind the fable of the hare and the tortoise. The British 'fast but fragile' approach, like the 'hare', set out at a furious pace with only the finishing line in mind. The hare, with no thought for long-term resilience and stamina, collapses exhausted mid-way through the race. The tortoise, more characteristic of the German 'slow but sticky' approach, sets out steadily and, eventually, overtakes the prone hare. Of course, in reality, there is no 'finishing line' in the global restructuring race. However, it does seem that there are indications that alternatives to neo-liberal deregulation are showing their worth. The codetermination and consensus procedures in German politics, and in industrial bargaining, have provided a kind of social 'think tank' which has generated innovative practices under global change. Early debates emerging from Schröder's coalition government seem to suggest that, though institutional reform is on the agenda,

this is likely to be conducted through negotiation and consensus, and continues to exhibit a 'slow but sticky' character.

Certainly, according to many indicators, it is currently more difficult to argue that Germany has 'lost out' to the more deregulated Anglo-Saxon model. Of course, a comparison of economic indicators in Britain and Germany is problematic given that their political economies are believed to follow divergent cycles.² However, since the neo-liberal debates have tended to present British dominance in the mid-1990s as 'best-practice', it would seem valid to consider that underlying economic trends in Germany now challenge that dominance. Economic growth for 1998 is predicted to exceed 2.5% and inflation in western Germany is less than 1%, with earnings rising by only 1.5% (see Economist Intelligence Unit, 1998). Britain, by contrast, experienced headline inflation of 3.7% in June 1998 with private sector earnings growing by 6% (see Economist Intelligence Unit, 1998). For firms, the picture is very similar. Productivity in western Germany has risen by 6.4% in two years, whilst it has fallen in Britain. German firms have demonstrated their power in world markets. The 'merger' between Daimler-Benz and Chrysler in November 1997, for example, represents, in all but name, a German take-over. The British firms Rolls-Royce and Bentley were purchased by VW and BMW. Of course, the picture is more complex than German success and British failure. Unemployment in Germany remains in excess of 10%, at over four million people, with a figure of 18% in the east. The need to reduce the social cost burden on employers in

² This argument has been particularly prevalent in the debates surrounding European monetary union. There has been a wide acceptance of the idea that Continental European countries follow a broadly similar economic cycle, making it easier for them to meet the convergence criteria than it is for Britain, which follows a different cycle.

order to encourage recruitment is a key aspect of the proposed revised ‘alliance for jobs’ by the SPD-Green coalition.

Thus, whilst the ‘hare’ lies exhausted on the track, watching as its foreign investment leaves the country, it is critical that opportunities are created for social and political groups to address the fragility of the neo-liberal model and to offer alternatives. In particular, the root causes of short-termism need to be addressed so that the pervasive insecurity, and the loss of skills which result, can be overturned. For the tortoise, though still moving steadily, it is critical that some of the restrictions on job creation are addressed. The advantages of a collaborative, cross-group approach to social change may provide some of the compromises which need to be made to invite the ‘outsiders’ into the debate. For those who seek to research and document the concrete historical experiences of global restructuring, the tensions highlighted here, between competing state-societies, and within state-societies between contending social groups, provide one potential starting point for a society-centred understanding of change.

Appendix A: Primary interviews and cases

The names of firms have been changed due to the commercial sensitivity of the information disclosed.

Firm Code	Name	Production	Location	Date of Interviews	Interviewees
A	Zecon (Anglo-American)	Manufacturer of brake systems for the commercial automotive sector.	South-west England	November 29-31, 1996.	Semi-structured interviews with : managing director, production director, European marketing director, human resources manager. Focus group interviews with: AEEU representative, product line supervisors, unionised and non-unionised production workers.
B	ABW (German)	Manufacturer of components for the commercial automotive sector.	East Midlands, England	July 10-11, 1997.	Semi-structured interviews with: managing director, European procurements. Focus group interviews with: unionised production workers.
C	Coldstar (British)	Manufacturer of refrigerated trailers.	North-east England	February 23-24, 1998.	Semi-structured interviews with: managing director, European procurements manager. Focus group interviews with: unionised and non-unionised production workers, human resources manager.

D	Northco. (British - merged with US corporation in summer, 1998)	Manufacturer of vans and trailers.	North Yorkshire, England.	March 17- 19, 1998.	Semi-structured interviews with: production director, sales director, AEEU representative. Focus group interviews with: AEEU representative, unionised production workers, contract production workers.
E	R.O.C. (British)	Manufacturer of wheels and axles for automotive sector.	North Wales.	July 2-3, 1998.	Semi-structured interviews with: European procurements manager, production manager, AEEU representative, unionised and non-unionised production workers.
F	ABW (German)	Manufacturer of components for commercial automotive sector.	NordRhein- Westfalen, Germany.	September 3-5, 1997.	Semi-structured interviews with: finance director, production director. Focus group interview with: production manager, works councillors, production workers.
G	Thermo (German)	Manufacturer of brake systems for commercial automotive sector.	NordRhein- Westfalen, Germany.	August 6- 28, 1997.	Focus group interview with: finance director, production director, works councillor, production workers.

Appendix B: Reflections on Primary Research

Identification of sector

In the process of identifying the commercial automotive sector as a key sector from which insights could be drawn for the research problematic, several considerations were taken into account:

- The sector, as a manufacturing and engineering sector, was directly challenged by the oil crises of the 1970s, and the general intensification of competition experienced around this time. The sector is directly involved in the production of internationally-traded components and 'end products'. Techniques such as 'lean production', developed in the light vehicle automotive sector in response to these challenges, were adopted also by heavier automotive producers. Thus, the sector potentially 'fits' with the 'globalist' assumptions that the economic and technological forces of globalisation pose restructuring challenges for manufacturing industries.
- The sector is one of the key sectors in which it is commonly argued that production practices have shifted from a Fordist to a 'post-Fordist' model. However, the specific form of Fordist mass production varied significantly between state-societies and industrial sectors. Thus, the sector offers the potential to demonstrate differences in response to global pressures.
- Within this sector, then, the production process is not 'fixed' and, indeed, social choices can be made which condition a particular approach to restructuring. In the production of trailer axles, for example, choices can be made in relation to how much 'value' to add in the production process. As a result, it is possible for the

researcher to observe the differences, for example, between ‘high quality’ and ‘low price’ production strategies

- The sector also provided the opportunity to observe the role of social relations and embedded practices in conditioning restructuring strategies. First, the sector is characterised by large webs of supplier relations. Thus, there is an opportunity for the researcher to focus on the impacts of intensified competition on the potential for inter-firm cooperation and alliances. Second, the sector traditionally organises its industrial relations around trade unions in both countries, though these industrial relations are differently organised and understood. German firms in this sector tend to conduct their industrial relations through the large metalworkers union ‘IGMetall’ and the employers’ association ‘Gesamtmittel’, and, within the workplace, through works councils. By contrast, British firms in this sector tend to have varying levels of union recognition, often with large numbers of contract workers who are not union members. Thus, the researcher is able to view the dominant ‘what’ and ‘how’ questions of production within a particular firm within the context of distinctive sets of social relations and embedded practices.

Overall, the commercial automotive sector provided insights into an area of production that is commonly held to have transformed its social practices under globalisation. In terms of the theoretical assumptions of this research, the sector offers a prime site for viewing the possibilities for alternative understandings and practices. In a sense, if divergences in experience of restructuring can be identified within this prime ‘globalist’ sector, then orthodox assumptions of convergence appear rather questionable.

The firms: identification and access.

The firms were selected on the basis of their positions as key producers within the chosen sector. All of the firms selected have at least 1500 employees, with manufacturing or assembly operations in more than one country, and at least 500 workers employed in overseas plants. Thus, the firms are representative of a cross-section of multi-nationals producing components and end-products in the commercial automotive sector in Britain and Germany. Four British firms were selected, with two of these representing the market leaders in Britain. One of these firms is also the second largest producer of axles in Europe; outcompeted only by one of the German firms selected. Thus, from the British sample it was possible to draw out some of the central strategies of British producers in this sector. Three German firms were selected; one of which was a branch-plant located in Britain. This British plant provided initial information and contacts with the German market leader. The two German multinationals were selected on the basis of their strong market position in components manufacture. Both of these firms had their key export markets in Europe, but also produced and distributed in East Asia, North and South America, and Australia.

In each of the seven firms selected, contact was sought initially via the managing director. Only one of the firms contacted declined to participate in the research. The managing director, in this case, felt that the recent lay-offs in the firm would give a false impression of restructuring trends. However, all of the firms that agreed to participate had undertaken significant restructuring over the past five years. Thus, the sample represented a diverse range of restructuring experiences. In all of the firms, access was negotiated on the condition that the researcher submitted the written

material derived from the interviews to a senior manager. In most cases this took the form of an executive summary or report on the central findings. In all cases, access was granted subject to conditions of anonymity and confidentiality.

Once access had been negotiated, the initial contact was followed by a more extensive discussion with the individual designated by the MD to organise the research visit. This included an explanation of the discrete research within the context of the project as a whole, and a negotiation of terms and conditions. In each case, interviews were requested with a director, managers in production and personnel/human resources, permanent and contract production workers, and trade union representatives. A key problem was that the 'gatekeeping' which was particularly prevalent in British firms prevented access to some of the 'least visible' groups within the firm such as, for example, agency-contracted workers. In all of the British cases, however, the research process tended to have a snowballing effect, with additional interviewees volunteering on site. In general, the level of access in the German firms was much greater and there seemed to be a much greater enthusiasm for involvement in academic research. The research studies of the two German firms were more comprehensive than the British studies at the level of the responses provided in the interviews. The respondents in the German firms demonstrated a greater awareness of the 'issues' of globalisation and the links between these issues and the changes in the workplace. This contrast emerged quite strongly in the case of 'ABW', a German components manufacturer with a British production site, where access to the German core site was negotiated through the British plant. Within the corporation, the response from the German site demonstrated a clearer set of understandings of the issues surrounding global restructuring than did

the British site. This observation, in itself, provides an interesting insight into the distinctiveness of British and German workplace debates.

Interviews and focus-groups

In all of the firm studies, the approach used in research was one of semi-structured interviews with individuals and with groups of employees. The researcher guided the discussion along broad themes whilst also providing scope for interviewee-led discussion. Each firm provided, prior to the interviews, a portfolio of information on the product manufactured and the workplace restructuring over the past decade. This included, for example, in-house magazines and memos, quarterly financial reports, industrial journals and magazines, customer brochures, newspaper cuttings, and notes from presentations of 'best-practice'. Hence, from this information the researcher was able to draw a background 'picture' of the productivity, profits, redundancies, and overseas ventures, of each firm. Thus, though a single 'master' set of themes was used in each firm, the semi-structured interviews took on an organic momentum of their own, tending to reflect locally-specific issues.

The use of such an 'open-ended' interview method enabled the researcher to interpret the experiences of restructuring as expressed by specific individuals and groups. Interviews with directors and senior managers were conducted on an individual basis. At this level, there was some reluctance, particularly among British managers, to engage in a discussion with fellow managers. The atmosphere was often rather competitive, particularly between departments such as finance and manufacturing. Interviews with production workers and union representatives were conducted in the form of focus groups. In these sessions, the researcher introduced key themes for

discussion by the group. This method enabled the researcher to observe some aspects of the group dynamics of the workplace. For example, focus groups that contained both technical and electrical production workers revealed considerable differences in the experiences of restructuring. In the German firms, focus group interviews were conducted with a broader cross-section of groups. This seemed to reflect a relative 'normalcy' of dialogue between managers and production workers. On occasions during the interviews, explanations were given, or material used, which, if it was explicitly requested, could not be directly drawn upon by the research. In these instances, though insights could be drawn from the material, no direct reference could be made to the source. In some of the firms, for example, extensive observation of factory-floor practices was permitted, but this could not be described due to the commercial sensitivity of the material.

Insights into the context specificity of restructuring experiences were particularly evident from the British and German approaches to the research exercise. In general, British respondents were initially reluctant to participate and had a sceptical view of what they perceived as 'academic meddling' in industrial affairs. In part, this was perhaps due to the degree of restructuring experienced within the British firms at the time of the research. In two of the British firms, for example, the firms were in the process of merging with US corporations. The threats of job losses, and even plant closure, thus created an atmosphere of uncertainty which may have contributed to a relative reticence in the interview exercise.

In the German cases, by contrast, there was a much greater willingness to participate in the research, and an explicit acknowledgement of the links between

research and industrial practice. Both of the German firms located on German soil had previously participated in social science research projects, in contrast to the British firms, where there was only one firm with previous experience of research visits. In the German cases there was a more widespread experience of consultation and discussion between groups within the workplace. A point of some interest was that the managers, directors and works councillors had clear views on issues of global restructuring. Most, for example, commented on the nature of global financial markets and the impacts on decision-making in production. Generally, the German interviewees made more points that directly related workplace experiences to broader state-societal and global dynamics. On the one hand, then, the differences between workplaces in Britain and Germany generated some problems in terms of comparability. In a sense, as Wever (1995) emphasises, the business and industrial ‘language’ of each case is state-society specific. On the other hand, however, the distinctiveness of the research experience in each state-society, and in each firm, contributed to an overall understanding of the social distinctiveness of particular meanings attached to global restructuring.

Overall, the process of conducting primary research into restructuring has provided insights on several levels. First, the commercial automotive sector itself provided a prime site for the investigation of ‘globalist’ assumptions. It is the ‘heavier’ manufacturing industries such as this, which are perceived to feel the greatest ‘heat’ from intensified global competition. Thus, if we can identify contested restructuring practices here, then we can perhaps call into question the globalist suggestions of a convergence around best-practice.

Second, the specific firms selected enabled the researcher to gain insights into a cross-section of experiences of restructuring. The firms all produce for the same industrial sector and for the same world markets, and yet they organise their productive and working practices in very different ways. These differences were particularly acute when viewed across state-societies.

Third, the individuals and worker groups selected for interview provided insights from a broad sample of the workplace population. The insights gained from this cross-section of groups demonstrated the diversity of restructuring experiences *within* the firm. The participation within, and experience of, processes of restructuring, can thus be seen to diverge between individuals and social groups.

Fourth, the use of semi-structured interviews enabled the researcher to glean some insights into the different ways in which restructuring is understood and expressed. The use of particular phrases and metaphors by groups in an effort to communicate the experience of restructuring, for example, informed the researcher of the specificities of social understandings.

Finally, the primary research exercise provided the researcher with insights into aspects of contemporary IPE. In terms of how we think about problems of restructuring within IPE, it would seem clear that particular ‘voices’ in global restructuring are emphasised over others. In particular, the close relationship between management ‘guides’ to restructuring and IPE analyses of restructuring may be counterpoised with material relating to the everyday experiences of global restructuring. It was the intention within this research to make some preliminary moves towards opening up the

research agenda to a wider range of voices. The insights gained from listening to the experiences individuals and social groups have of processes of restructuring, have, it is suggested, reinforced the call for a socially- and historically-sensitive IPE.

Appendix C: Interview Proforma

Key themes for discussion

1. Origins of the firm and general background.

- ***Nature of manufacturing and organisation of production and work.***

- Technology? In R&D or manufacture? Located?
- Skills, workforce? Skilled/semi-skilled production?
- Mass production? Flexible specialisation?
- Workplace industrial relations? Unions? Works councils? Employers' associations?

- ***What is the nature of the market within which the firm competes?***

- Competitors? Basis of competitiveness – price, quality?
- How is the enterprise financed? What is the impact on productive decisions?
- How important is innovation?
- Markets? Where are the largest markets? Where do you manufacture for these markets?

- Suppliers, integration of subsidiaries etc.? Cooperation between plants or supply chains?

2. Perceptions of intensified global competition and responses.

- *When did the firm begin to perceive globalisation or intensified global competition?*
- *What were the sources of this intensification perceived to be?*
- *To what extent did they reflect broader trends in industry in this country? I.e. to what extent do you consider this experience to be typical?*
 - The need to flexibilise labour?
 - The need to transform industrial relations practices?
 - The need to restructure to compete with rival firms?
 - The opportunities/constraints of the liberalisation of finance?
 - The opening up of cheaper, less regulated labour markets overseas?
- *To what extent has the firm restructured since the 1980s? In which spheres?*

- *Has the process been linked to the introduction of new technologies?*

3. The implementation of strategies and experiences of restructuring.

- *To what extent and with what effects has the firm implemented the following practices?*

- Flexible working practices -working time; skills; pay.

- Japanese methods - JIT, Kanban; Kaizen.

- Teamworking/participation/employee involvement.

- Downsizing/outourcing.

- Establishment of branch plants - a foothold in markets or cost cutting?

What kinds of tasks are done here? Where are the products exported to?

- *If restructuring is recent or insignificant how can we account for this?*

- *Is restructuring negotiated in any way? Costs and benefits?*

- *To what extent has restructuring been conditioned by the ways of working which were established and embedded?*

- *What were/are the key problems associated with restructuring here?*

- *Are these problems rooted in local factors (plant specific)? Or national? Global?*

4. Conclusions and future competitiveness.

- *How has the climate for manufacturing changed in the 1990s? Can these changes be explained through globalisation?*
- *What kinds of restructuring practices would you like to see implemented?*
- *What future strengths and weaknesses of the existing restructuring of productive and working practices do you envisage?*

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