

# Work Beyond Borders

## The Future Role, Career, and Qualifications of Shop Stewards in Transnational Companies

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### *Document Version*

Final published version

### *Publication date:*

2003

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### *Citation for published version (APA):*

Hull Kristensen, P. (2003). *Work Beyond Borders: The Future Role, Career, and Qualifications of Shop Stewards in Transnational Companies*. Institut for Organisation og Arbejdssociologi. Handelshøjskolen i København. Working Paper / Institut for Organisation og Arbejdssociologi (IOA). Copenhagen Business School No. 2003.6

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# Working Paper

No. 2003.6

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**Work beyond Borders:  
The Future role, Career, and Qualifications  
of Shop Stewards In Transnational Companies**

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**Work beyond Borders:  
The Future role, Career, and Qualifications of Shop Stewards  
In Transnational Companies**

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**November 2002**

**Report from the Research Project:  
Qualification Requirements to Employee Representatives  
In Transnational Companies**

## Introduction: The Challenge

Diffusion of neo-liberal, economic policies, new ways of organizing work and globalization in general have placed the labor movement with its back against the wall. But, simultaneously, local employee representatives in companies have felt that they have been allowed in from the cold to participate in change projects leading to greater responsibility, autonomous teams, up-grading of qualifications, and continuous training. In many places the most participant-oriented Human Resource Managers (HRM) have simultaneously been the ones most radically denying the labor movement seat at local negotiation tables. This picture has been most pronounced in the U.S.A.

In general, the outcome has been that the employee representatives have felt honored of being allocated this new role, have developed a new form of loyalty their employers and have been up to their ears in new problems and challenges, which they did not know how to face and solve. Though no data prove it, many of them have, undoubtedly, collapsed in the process of too much work, stress and uncertainty about how to resolve new tasks. At the same time they have been subject to criticism from every corner, because their position has been that of the “man in the middle” rather than that of “shop steward”. In most of the countries and localities, these persons have been unable to meet and collectivize their experiences, among other things, because they, whether or not they liked it, developed a tense relationship to their colleagues in the local unions.

Although these tendencies are also traceable in Denmark – as demonstrated in this report – the contrast between local inclusion and exclusion of unions is far less pronounced. The reason is that the Danish labor movement has always been far more oriented toward cooperation and, hence encounters less resistance from Danish managers. But also because employee representatives are used to drawing support from consultants, knowledge and training within the widely ramified network of labor movement institutions, when facing new challenges and problems. And in 1999 when a group of shop stewards operating in Funen decided to establish the DGA-network (an ERFA-group<sup>1</sup> for convenors and shop stewards from subsidiaries to MNCs), the local and regional division of the General Workers Union in Denmark supported them by allocating the financial resources necessary for gathering and communicating experiences among shop stewards who had been in the situations outlined above.

The purpose of this report is to accumulate the experiences of shop stewards from such situations, place them in a perspective and draw up certain lines for the role that these shop stewards might be playing in the future. The report shall demonstrate that shop stewards may come to play a major role in transnational companies, if they prove capable of developing this role in dialogue and close

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<sup>1</sup> An ERFA group is a group of people that meet regularly to exchange work related experiences.

cooperation with the unions. The report points out tasks that the Danish labor movement could assume in supporting and profiling the works of local shop stewards, such as offering them facilities for training and exchange of experiences.

The report starts from the assumption that in Denmark the conditions for forming partnerships between the labor movement shop stewards, and transnational companies may be quite different from those prevailing in most other countries. Thus Denmark could be seen as a “model” that might inspire new union politics in the age of globalization. This would, however, require a recasting of the roles usually played by the parties. Through mutual adaptations and changes unions and their local representatives might win the opportunity to affect positively and actively the new economy. This report attempts to demonstrate how this could happen by starting from the changed role and strategies on the part of shop stewards, and in particular of convenors.

Part I of the report was written to a group of shop stewards as the introduction to a series of interviews. Therefore, its nature is hypothetical though based on previous studies conducted by the author. But in problematizing the experiences of shop stewards and their views of how their work could be developed, Part I invites arguments, corrections, and further elaboration. Part I attempts to set the scene by imagining the situation in which the shop stewards find themselves, the process they have been through, their reflections and the way in which they could develop their role in the future.

Part II was written after having interviewed ten shop stewards about their companies. Each interview lasted four hours and combined with a tour of the company I almost spent a full working day with each of the shop stewards. For both parties the experience was very intense. The interview involved questions about the shop steward’s life story, career as shop steward working continuously on improving the company, the relationship between shop steward and management at different levels in a multinational, the relationship between shop steward and employees, the relationship with the local community and with the local union division and the national labor movement. The interviews were taped and later transcribed. The report is based on ten fantastic tales. These document how a group of shop stewards over the last twenty years has been working to develop companies, increase the training level and influence of employees, retain workplaces, create trust in unstable organizations, and living impossible private lives, all done in solidarity with their constituencies. Part II of the report only reflects to a limited extent the impressions that that the ten tales left the author with. Nevertheless, I hope the radical impact of the shop stewards on Danish companies will become clear. The primary purpose of the report is to give an impression of the way in which these shop stewards operate, the extent and nature of this tremendous work, its opportunities and limitations, its importance for companies, employees and employment, and how interaction between the labor movement and

shop stewards has worked and could be changed to ensure that the reach and effect of this work can be developed further in the future. Part II has been written with a sense of admiration and in surprise, with admiration of the extensive and groundbreaking work of these shop stewards. In surprise of how neglected their efforts have been in the common debate, and of how lonely they have been struggling without any mentionable support from their unions. But despite this combination of admiration and surprise the voice presenting the case of the ten shop stewards vis-à-vis the systems is not critical and reproachful. I have deliberately aimed at demonstrating new and unexploited opportunities and challenges that might make it possible to further develop, strengthen, and renew the way in which the ten shop stewards have worked so far. Part II is a gold mine of inspiration for people who wish to renew and develop the labor movement and union politics to measure up to the challenges of the global economy.

A draft version of the report has been presented to the shop stewards for comments and criticism to make sure that what is said complies with their opinions. Therefore, the shop stewards should be given credit for the value of this report whereas opinions and criticism should be directed to the “official” author.

## **Part I:**

**Ideas of the globalization game, hypotheses and questions about the participation of Danish shop stewards in the game, notions of the dilemmas of shop stewards and visions for future avenues out of these dilemmas.**

### **1.1. Background: A New Global Game**

The first oil crisis triggered a series of interacting dynamics resulting in the new economy. Paradoxically, however, the outlines of this are clearer to certain observers than to the participants of the new economy themselves. But nevertheless let us attempt to draw up a coherent picture in order to make sense of the confusing state of the world.

The unstable and fluctuating markets after the first oil crisis made it clear that a number of large, mass-producing companies was facing problems in consequence of their rigidity. States were unable to pursue a Keynesian demand-policy and thus assist the large companies in getting rid of the surplus production without simultaneously inflicting on themselves serious problems in the balance of payments. Nevertheless, a number of countries and regions proved capable of coping much better with the situation, such as Japan and the industrial regions in Italy. The secret of their success was the organizing of work along the principles of functional flexibility, which enabled them to respond fast to market demands and to develop new products. At the same time, financial institutions in various countries busily attempted to tout for each other's markets. The Japanese started and the American and the British followed in their wake. International expansion was costly for the financial institutions and they invented many new 'products' to help finance their expansion. Among other things, investment banks started to 'organize' mergers and takeovers between – and in some cases even against – their large client companies of which some were facing troubles caused by their rigidity and the general unstable economy. At the same time, the Arab countries' accumulation of the petro-dollars offered infinite possibilities for transferring financial resources globally, causing currencies to fluctuate and risk getting entire nations into a financial mess.

Gradually, a game was institutionalized on the stock exchanges and among the institutional investors in New York and London making the large companies focus on share prices. On the exchange you could make exorbitant profits and suffer dramatic losses. The rise or fall in stock prices often determined whether companies became the victims of or themselves ventured into 'hostile takeovers'. The large companies began to imitate the flexible organizing of work (lean production) that had served the Japanese and the Italians so well. In this way, they not only strengthened their image on the stock exchange, but were also better able to adjust to the volatile economy. Not only did companies strive to make their productions as flexible as possible, but also to introduce lean production and

increasingly outsource production to sub-contractors. The idea was that, jointly, the sub-contractors and large companies would engage in just-in-time production. This led to comprehensive replacements of the subsidiaries of multinationals in that multinationals tried to buy their way into production areas governed by the flexible production systems of small and medium sized companies with whom they could contract simultaneously with making their own production lean, flexible and order controlled.

Companies never having learned or never having succeeded in learning to manipulate with the stock exchange market took shelter with those better skilled at this manoeuvre if they got into financial troubles. In effect the multinationals proliferated significantly by acquiring or merging with such companies. Some are of the opinion that such transactions have enabled the transnational companies to 'monopolize' large shares of the global trade, because they, aside from coordinating their own subsidiaries, also coordinate the sub-contractors with whom they have placed large parts of their production.

According to many observers 'competition has grown tougher' in recent years which is probably due to the fact that the mentioned system entails systematic pressure from the management in the headquarters of multinationals. They systematically measure the efficiency of their companies by listing benchmarks for turnover, surplus, time of delivery, stocks, quality, customer complaints, etc., and they use such benchmarks for asking why – for example – the German subsidiary is not as proficient as the English one, etc. They play off the subsidiaries against one another and those subsidiaries best skilled in playing the game take the largest share of the investment budget. This in turn makes the management of subsidiaries put pressure on both own employees and local sub-contractors. And if the subsidiaries are not responding to headquarters with promising readjustment projects they will be subject to cuts in manpower, reallocation in investment budgets, and sub-contractors will be passed over. The reason is not that headquarters are especially evil minded. But if the bottomline is not satisfactory, prices on shares will drop, and the company becomes an easy target for a hostile takeover. On the other hand, if subsidiaries contribute in raising the price on shares, this will enable the company to buy some of those companies that did not succeed in producing satisfactory outcomes.

The modern information technology has strongly supported this development as regards to production, management of production and stock, logistics from customer to sub-contractor, the reporting of results via management information systems, information on websites accessible for both share purchasers and share analysts. And the global chain dance of financial institutions has added to sustain the development. It has in many ways eased the readjustment process, but it has also created a time-pressure, impatience and a demand for fast reactions never witnessed before in the industrial world.



Those populating the subsidiaries experienced the readjustment as a confusing and flickering event: new managers, new management concepts or consultants arrived; mumbo-jumbo with catchwords like just-in-time, total-quality-management, turn-around-engineering, customer-centricity, core-competencies flying in the air. Human Resource Managers talked about 'employees being the most important resources in the company' while simultaneously writing notices of dismissal to the very same employees and down-sizing the company: many in production, more in middle-manager functions, and many in planning and technical staff functions. Even in the upper hierarchies of the national or the multinational headquarters people were sacked from positions that no one would ever have imagined could be spared.

At no point during this process did the new managers feel inclined to involve the unions. Maybe the new managers were too impatient, maybe they felt the pressure to be too great, and maybe they did not do so for ideological reasons. But one thing is certain, the old 'pyramids were demolished', and managers feared – and in certain countries justifiably so – that the union movement might put a spoke in the wheel to protect the privileges of the privileged groups.

But many companies showed readiness to involve those employees that had survived the massacre. Production managers needed to consult the workers, because many of the routines previously undertaken by the administrative staff now had to be integrated into the very production. Those undertaking production were now also responsible for its planning. In certain cases production and product development were located closer to one another. Production groups that technically formed a whole were created and the workers had to form teams responsible for production and quality assessment and for presenting proposals for increasing productivity and other types of continuous improvements. In many cases, the new managements were willing to invest considerable resources in continuous training of the remaining workers. Many shop stewards suddenly witnessed some of their wildest dreams about 'the good work', better career possibilities for their colleagues and desires for training turning into reality. Implementing these reforms required involving the unions in relation to agreements on training and new team wage systems, severance agreements, and job seeker services for those that could not be fitted into the new heaven.

In certain countries, the unions chose – though the new managers gave them the cold shoulder – to see the transnational subsidiaries as partners. This, for example, applied to Spain where the transnational companies – probably because of this attitude – have played, and still are, a significant role in stimulating employment and economic development. In other countries, the unions have been viewed as a necessary evil and in effect development has been characterized by 'trust is good, but control much better' which has not made it easy to live with the impatience prevailing in the new economy. In those countries in which the unions have

approached negotiations with transnational companies perceiving them as 'villains', investments have dropped. One recent example of this is Argentina that is currently in a tight corner.

In Denmark, the local managers of subsidiaries have probably experienced the Danish unions as partners and in effect they have seen the local shop steward, the union representative, as a magician capable of making things happen at a speed that even these impatient managers had to recognize as 'magic'. And this magic often benefited themselves by way of promotion or salary raises when the transnational company (perhaps somewhat erroneously) credited the local managers for the magic of the shop stewards.

## 1.2 The Shop Steward Moving in Exalted Company

Many shop stewards have probably felt uneasy with the first involvement in the process of readjusting production. When the management invited them to the first meeting about radical changes, many shop stewards automatically asked first themselves and then the management: What are we going to gain from this in terms of money? In what way can I retain existing privileges for my members, and how can I gain new advantages?

It is predictable that the workers' representative – elected to safeguard the interests of his members toward management - posed these questions, but it is just as predictable that the management shook its head and said: 'This ends negotiations'. And this might very well have been the end of that story.

The imperative questions are: Why did most of the stories not end even before they got started? Did the parties have such great understanding of each other that they were willing to listen? Had they previously collaborated constructively on technical and organizational projects? Were the workers' representatives trained in or socialized into being open to see the issues from the management's perspective? Or was the management sufficiently skilled in being patient and giving the workers' representatives one more chance?

The questions are important, because the 'situation' is decisive. The opening game determines which of two possible games the two parties will subsequently play. It is decisive of whether the negotiations become *distributive*, that is they address one another as adversaries sharing a 'given cake' or *integrative*, searching for common and complementary interests and resolving problems in a way that results in a 'larger cake' and development of the company? No negotiation is neither/nor, but always contains elements of both/and. In such situations it is, and has always been, important to shift the balance toward the integrative giving the distributive secondary priority. In this situation it is determined whether the two sides will collaborate on the project as *partners* or continue as parties.

In most productions, integrative and distributive negotiations usually jumble together. People attempt to, jointly, solve minor issues, and it is important that the shop steward uses his or her practical knowledge and experience with production to help find solutions that work and add to eliminate the potential bad feelings among the workers and among different groups. In such cases, distributive negotiations are often part of the solution in that such negotiations are determining for whether people are for or against the ideas, whether new privileges are constructed, or whether envy impedes collaboration.

But the situation is different in case of significant organizational changes. Here, the management usually introduces new radical ideas, such as the introduction of CNC technology, zero-stock, just-in-time, total quality management, autonomous groups, and quality circles. The management has usually imported these ideas from education and research institutions, from reading professional literature, that the corporate management has imputed to them, or they draw inspiration from collegial contexts or from management consultants. Researchers at technical universities and business schools are incessantly 'inventing' new management concepts that race through the companies as managers feel continuously under pressure to propose new solutions to problems they hardly experience.

In order to enter into the process as partners it seems imperative that shop stewards form their own opinion of what these new management concepts imply and what they can be used for.

And here the questions are: Do shop stewards have opportunities to discuss new concepts at training courses with their unions locally or centrally, with colleagues at shop steward meetings or in other fora thus enabling them to form an opinion on the pros and cons of such concepts? What are the hidden hazards and possibilities in the short, medium and long-term? Can they visit one another to discuss the concepts and make sense of them in practice, be inspired and return to their company with a few 'good stories'? Or are they left to management informing them about new concepts and setting the conditions?

The questions are important because the answers are decisive for whether or not shop stewards are able to commit themselves to the idea. At the same time it is also clear that the deeper they are involved in establishing relations with partners outside the company, the greater is the network from which they can draw if they face problems in understanding and implementing the ideas in practice. In this way the shop steward can become an equal and constructive partner of the internal collaboration in the company. If shop stewards do not become equal partners they will always feel that they are participating in a project the meaning of which they have not got the faintest idea.

Through critical involvement in the idea, managements and shop stewards develop a mutual commitment to implementing change projects in the company, because it allows them to develop in dialogue visions for the company. They can also produce rationales for how the imagined changes can be used in an offensive way to meet challenges in the market, within the corporation, in relation to the labor market, etc. Through this process the partners reach a new and shared understanding of the company in relation to its environment and they generate ideas and energy that make them work 'enthusiastically' for the unlimited work they are now facing.

But even if management and workers' representatives have succeeded in establishing an equal and mutually constructive partnership and a shared understanding of the ideas, the greatest challenge to the partnership is the very implementation of the ideas. Most managers are bound to have, or perhaps forced by superiors to have, a very functional, result-oriented, and mechanical attitude toward change processes. In their view, shop stewards are responsible for selling the ideas, for making the workers accept the new division of labor and new roles, and then the train can take off. Those workers unwilling to play the game should be dismissed.

From their positions and roles in organizations, shop stewards know that companies are extremely complex organisms of subtle balances that are easily disturbed and which must now be changed and reconstructed. And if something goes wrong in the construction process, the risk is that they will lose the most vital parts of the organism – the best skilled workers who have in the past made production smooth and who are going to ensure the same smoothness in the new organization. If such workers decide to leave the ship, the entire project may fail. If they decide to stay and support the project, the technical prospects are that it will succeed. If they become fiery souls, enthusiastic for the project, it might turn out to be a huge success.

Possessing this insight shop stewards have often been confronted with huge problems related to change projects over the last twenty years. It has become the norm to dismiss middle managers to trim the organization and to push responsibility downward in the organization. There is no doubt that certain middle-managers were tough and primarily interested in sustaining their power, and they often stuck to routines implying the pushing around of papers between departments and levels. But others had been promoted to middle manager positions, because the management recognized the difficulty of managing without their competencies even though they got on well with the workers and often pleaded 'the production's cause' at management meetings. In many companies the baby was thrown out with the bath water, i.e. middle managers with whom the shop stewards had previously collaborated to make things run smoothly in problematic situations were dismissed.

This raises new important questions: From where did the shop steward draw wisdom, experience, inspiration, understanding of management, insight into the functions of various groups of Danish workers enabling him or her to assume the role of practical change agent? Do shop stewards have any knowledge about motivation and management methods? Do they know how to avoid conflicts from arising among various groups and personalities? How to build bridges between and balance the many groupings, making it possible for them to live and work together? Has the union movement functioned as a source of wisdom? Has the shop stewards' training? Has the culture as such? Did we all simply learn it in the public school? Or are the workers so wise that they simply elect the right person for the job as shop steward?

These questions are crucial for understanding how the change projects have succeeded. If I am right in claiming that the organizing of Danish production has been subject to tremendous reorganizations, we are confronted with a puzzle of enormous proportions. First, the level of industrial conflicts has been very low. (Some would assert that the fear of unemployment has deterred the workers from striking). Second, paradoxically the groups of low paid unskilled workers (hit hardest by unemployment) have experienced the highest wage increase. It is well known that in most western countries the new organizational forms were implemented simultaneously with the introduction of novel economic incentives that made wage differentials explode. But it seems as if the reorganization of the organization and production in Denmark has happened without the concurrent emergence of new systems of inequality and privileges. And that solidarity and collaboration have slipped into not only the relationship between shop steward and management but also into teams of workers in the workplaces.

The solution to the puzzle could be the way in which shop stewards have acted in the managerial vacuum emerging after the dismissal of large numbers of middle managers, and which they somehow had to fill in. And it is ironic that they have had to fill in this vacuum in a way quite different from that suggested by employers' associations. Furthermore, simultaneously with implementing changes in the organizing of work, they may also have assumed 'control' of the investment logic, the planning of training activities, and the career system in the company. This they did not do merely for the sake of gaining control, but because they exploited the only advantage they had in relation to management in a situation in which they risked turning either vital parts of or the entire workers' collective against them.

Shop stewards have the great advantage of being able to put themselves in the place of the individual worker and view the world from his or her position. Simply because they either are or have been in a similar position themselves. What is decisive is that the representative is capable of reflecting on the coming changes in view of the workers' interests: What will they gain? What will they lose? Are they given new challenges? Will their present job improve their future employability?

What makes them uncertain? What sets their minds at ease and contents them?  
What will make their everyday life easier? What will make it more difficult?

By starting from such questions the shop steward could communicate proposals for investments in new technology to the management. Such proposals might imply elevation tables to eliminate workers' heavy lifts, courses for those having technical problems with their work, and new technology and, hence, new challenges for those who desire a more interesting workplace. In the same way the shop steward might suggest training courses for workers raising their capabilities of assuming greater responsibility, while others, who evidently were highly competent, could be offered courses in issues that they were personally interested in – knowledge that subsequently would inspire the company to new improvements.

The reorganization meant that certain of the best-paid groups gradually would see their wages reduced simultaneously with the usual hierarchical career ladders being axed. But new technology, new qualifications, and new training offers might compensate the 'clever' workers for this loss. Offering training courses also makes it possible to mobilize the most 'timid' of the workers enabling them to acquire basic skills and gradually relieve them of their uncertainty as to whether they were capable of learning anything at all. A feeling deeply rooted in the numerous defeats they had suffered in their school days.

The management often yielded to the shop steward proposals for investments and training agreements, because it - supplementary to its own efforts – wanted to help him getting the agreed reorganization accepted among the workers. But the shop steward's relation to local and central unions was also very helpful, giving him access to the entire vocational training system with a myriad of existing courses and the possibility of negotiating courses that would meet the training needs of the company. Often the shop stewards would also be in a position to mobilize the local political system if permissions, construction work and infrastructure were required. During these years many managers discovered, probably for the first time, the multiple training possibilities embedded in the Danish system, and how cheap further training actually was when including the public support, and how such measures could radically improve qualifications, productivity, and commitment in the workplace.

And in many workplaces investments in new technology and further training really made a difference from the mid-eighties onwards. Never before had the workers felt that the management (was it actually the efforts of the shop stewards?) had taken them so serious that it invested in the technology and training they wanted. The remodelling of the companies was rejuvenating. The workers were allowed to use themselves to an unprecedented degree. For the shop stewards the task had been, and still was, one of unlimited work because in the vacuum emerging after the fall

of the middle manager, they functioned as a mixture of technical unit, industrial psychologists, foremen, and HRM-managers.

Soon the shop stewards had to throw themselves into new tasks as the collaboration across autonomous groups sometimes creaked or implied waiting for each other, or new types of 'papasies' had emerged. Sometimes this would lead to 'foolish', short-term wage increase for everybody if such measures would help eliminate or reduce problems (e.g. reduce readjustment time, eliminate bottle-necks).

In other situations new organizational tasks were constructed by linking workers to several groups and departments simultaneously making new collaboration possible across departmental borders. Possibilities for moving around at the internal labor market horizontally from one group to another offered great training potentials and challenges without reintroducing the traditional hierarchy. The boost in the level of further training often implied that workers proposed new technical undertakings and functions and if the management hesitated they were frustrated. Then shop stewards would have to carry the wind of change in the opposite direction, experiencing the management as conservative, a party that did not really understand the necessity of keeping these processes alive in order to appear attractive to workers who were ambitious on behalf of themselves and others. Simultaneously the workers became increasingly skilled in proposing improvements that were reflected in the bottomline or in some of the new benchmarks.

In many companies, shop stewards did not feel that the management really understood how to manage in view of the new dynamics. And managers often seemed migratory – either in effect of corporate policy or due to personal career ambitions – and companies seemed to be recruiting (and dismissing) a lot of different managers of widely different backgrounds. Some of these functioned well in the system, while others were totally hopeless. In certain companies the workers and their representatives realized that they had a powerful means for separating the sheep from the goats. They would simply work to yield managers that collaborated good financial results and benchmarks, while they would do everything possible to ensure that non-collaborating managers ended up with results that would force higher-ups to dismiss them. The new autonomy made it easier for the workers to affect the running of the company – also financially. This approach never turned into an ideology that disseminated, in part because the workers did not like having to resort to such measures, and in part because they might lead to unpredictable outcomes vis-à-vis corporate management. Even in cases where the mechanism was used constructively to ensure a highly appreciated manager good results it might have the opposite effect in that the top management would promote him to a higher position elsewhere exactly due to the extraordinary good results.

Against this backdrop of instability at management level – and often enduring long periods void of managers when the old one had left and the new one not yet arrived – witnessing managers whose ideas seemed contingent and uninformed, many shop stewards began asking themselves in which direction to head. Some began to look up potential managers whom they imagined would be visionary, others tried to identify the governing idea of what had been going on, and from which they could draw expertise and further develop based on their practical experiences. But many of the shop stewards soon found themselves facing new questions concerning the company's long-term strategic development. They had to ensure stability in the many periods waiting for the new manager to arrive and take over from the one who had left, and to manage difficult and unclear negotiations over investment budgets in relation to transnational headquarters. The shop stewards had turned into capitalist entrepreneurs, but they were caught up in the most unpredictable organizational structure since the Roman Empire: the transnational corporation.

One is tempted to ask to whom should they turn for advice in this situation? Could they apply for admittance to the Danish Employers' Confederation? Could they seek assistance from their unions? Was there any place at all where they could ask for guidance in formulating the questions to the answers the nature of which they had no idea about?

For some of them the period of distress was short. Having developed an identity the outlines of which they were unfamiliar with, they often clashed with those members who had elected them and now did not support them. Even those that went on had many reasons to reflect.

### **1.3. The Unbearable Clear Light of Retrospection**

Many shop stewards involved in the changes up to this point were (or should we say are) caught on the horns of a series of dilemmas and self-critical questions. The first series of dilemmas are related to the workers in the company:

#### *1. Dilemma: Negotiating Wage and Working Conditions*

Negotiating wages is not as simple as it used to be. Earlier, achieving wage increase required significant smartness and cunning to secure that only too late would the management realize that it had been overrun. Great wage increases have now become dangerous. First of all they imply that the top management is most likely to economize on investments. Second, tight budgets are often further tightened, because wage increases put a limit to the resources available for improvements of safety, education, and equipment that make work easier or the work day more pleasant. And anyhow, taxation in Denmark takes the largest share of the cake. Some of the shop stewards could almost hear the voice of the



employer when reflecting on various issues themselves. Bearing this in mind it has not been easy to act 'militant' in wage negotiations. And those who once elected a colleague shop steward, because he or she possessed this very quality might begin to look for a replacement.

## *2. Dilemma: Developing the Company and Protecting the Weakest Groups*

It is evident to most people that if Danish companies are to continue producing they must compel the most difficult, the most advanced tasks and the segments of production involving the highest demands for functional flexibility, and cede the easiest, the most stable and monotonous production tasks. While pursuing the former is quite in keeping with the spirit of the reorganized companies, the latter causes a lot of troubles. Many shop stewards have suddenly found themselves in a difficult situation when the company had to abandon some of the latter tasks in order to win some of the former ones. For the shop steward it is hard being accused of lack of solidarity by some of the workers for whom it will be most difficult to find new jobs. This has often resulted in unpleasant conflicts among shop stewards. No one who perceives himself as having worked to promote the interests of the workers' collective wants to be denounced as 'class traitor'.

## *3. Dilemma: Front Runners and Loyalty*

This dilemma is almost as hard as the one above, but in the reverse. In particular Shop stewards have been drawing on the best skilled, those willing to put special efforts into making the new technology spin, and who do not mind being away from home several weeks each year to acquire skills necessary for the company. And these people had often been active in union issues, ready to defend or help colleagues. To many shop stewards these workers seemed, gradually, to become 'too skilled and make difficulties'. The more skilled they become and the more specialized knowledge they acquire, the less they feel like participating in solving the most elementary kinds of problems for colleagues and, thus, make the company run smoothly and keep the workers' collective together. It is as if they were becoming disloyal both toward the professional work and the company – and they seek the company of like-minded nerds by applying for non-residential courses, the importance of which only these nerds understand. At the same time it may be difficult to find jobs for them in the company due to the discrepancy between the tasks to be performed and the nerds' ideas of challenging jobs.

The next group of dilemmas concerns management at local and corporate level.

## *4. Dilemma: When Victory Implies Loss (of Good Managers)*

As mentioned earlier, many shop stewards have, succeeded in establishing partnership with a specific manager. The company runs smoothly, yields a

comfortable profit, and may attract a certain amount of attention. The manager gets the credit, which is ok. But it often means that he – from higher levels – is offered a higher salary and better position elsewhere in the transnational corporation. When such a manager goes elsewhere, the shop stewards experience the loss of a partner with whom they were willing to take greater risks. Investments in creating trust, in a sense of intellectual brotherhood and in rules for give and take seem lost.

In a different version of this dilemma, the corporate top management chooses to reward the local manager financially with a significant salary raise. The effect on those having contributed to secure growth through voluntary wage restraints and doing the donkey-work is like that of a red rag to a bull. And if the manager's salary raise is to be financed by a tight budget it is adding fuel to the fire that will slowly consume trust. The manager will be viewed as an obstacle for developing the company.

#### *5. Dilemma: No Connection Between Contribution and Remuneration at the Collective Level*

Transnational corporations seem only to operate with individual ways of remunerating extraordinary contributions. In earlier times the entrepreneur may have rewarded himself by raising his salary at the end of a profitable year, but this situation would also be reflected in larger investments, recruitment of more workers and a less frugal attitude toward his employees in the following year. But the corporate management seems to win the trick when the year is out and my data hold no stories about the top management automatically raising budgets in the following year. Individuals may be remunerated with large salary raises, but a collective contribution cannot be remunerated collectively. In effect it makes no difference to the collective whether or not the year has required extraordinary contributions – their paycheck and working conditions remain the same.

#### *6. Dilemma: No influence on How the Profit Is Spent*

Money in a multinational corporation seems to slip away into a huge tank. It is shared out to management salaries and stock options, to dividend in other countries, spent on buying companies that later prove to be loss-making, or it is eaten up by the rivalry among subsidiaries that seems to lead nowhere. You are easily left with the impression that the burning of firewood gathered laboriously does not have any effect at all. Having contributed to create a good result, it is difficult to understand why you have no influence on which projects and subsidiaries should benefit from your efforts.

When shop stewards come to this issue in their reflections, they encounter cascades of novel dilemmas and self-reproaches in relation to the local community and the organizations with which they have been collaborating.

### *7. Dilemma: Save the Workplace – Steal the Taxpayers Money*

Has the shop steward, with his enthusiasm during the transition process, been the puppet of the transnational company merely to strengthen his own position and reputation? Has he persuaded local politicians to make municipal facilities in terms of building sites and development and other public works available as cheap resource paid by the taxpayers, including his own members? Resources for increasing the wealth of managers and shareholders of transnational corporations.

### *8. Dilemma: Further Training or Cul-de-sac*

Has he merely acted to strengthen his own position and reputation in persuading the Further Training Centers and Technical Schools to invest in and develop courses that fit the needs of the company? And have both his members and numerous others attended courses that, even though they were first-rate in the narrow context to which they were tailored, did not furnish the workers with competencies that improved their employability and thus future careers? Or has he caused Further Training Centers and Technical Schools to recruit large quantities of citizens to attend courses that did not lead to anything which could be used to develop local business life or enhance the employability and career of his fellow citizens?

### *9. Dilemma: Has the Labor Movement Been Rejuvenated or Seduced?*

During the process, the shop stewards seldom doubted that they participated in projects that would also benefit the labor movement in the long-term. In persuading the local union branches to spend time on working out agreements on further training and collaboration they made them commit to investing time in tasks involving the governing of vocational schools, the union, and the central education committees. And their conviction and enthusiasm were so great that they obtained sympathetic responses from people at the central union level who involved themselves in comprehensive and serious discussions on rejuvenating the politics of the labor movement. But did the shop stewards rather prevent the labor movement from spending time on essential issues, such as wages, distributive negotiations, and class struggle? And on recruiting new members in new branches of the economy?

The answers to these dilemmas are almost self-evident given that the shop stewards surrender themselves to such reflections. Then the words capitalist entrepreneur ring hollow echoing “class traitor”.

But there is also an offensive answer to these self-reproaching dilemmas, an answer that points further, developing experiences and other dilemmas. In short,

this points toward the tasks of the contemporary shop steward in relation to the local community, the transnational corporation, the labor movement and the democratization of the larger society. The shop stewards, having performed unlimited tasks, are now facing even greater and more comprehensive tasks that transform the role into a genuine *social entrepreneur*.

#### **1.4 Shop Stewards as Social Entrepreneurs in a Global Economy**

Shop stewards will be able to resolve most of the dilemmas if they put their efforts into reforming the way in which (1) institutions interact locally; (2) decisions and allocation processes are made in transnational corporations; and (3) the structure and functioning of the labor movement.

##### *Reforming the Local Community, the Local Labor Market, and the Vocational System*

It makes sense to invest in training and renewal at the company level at the expense of larger wage increases, if the shop steward is convinced that short-term restraints will lead to long-term benefits for the members, the local community, the labor market, and the vocational training system. The problem is, however, that no single individual knows when this is the case in concrete situations as the visions about in which direction the local institutions should be heading are multiple and diverse.

Shop stewards can affect this situation by simply creating a forum for the many local and regional parties thus enabling them to place on the agenda “development strategy” and discussing the issue. Shop stewards could initiate the establishing of such fora in which the discussion could start from the desired occupational composition of the local population in the medium- and long-term. Here they could discuss which tasks they are good at solving currently and what they might wish to be good at in the future. Which benchmarks are possible to list for various objectives of the local community? What counts as progress? Which should be the general benchmarks, and which should pertain to educational institutions in particular? And are these in compliance with the institution or should they be replaced with benchmarks selected by the institution itself?

It is evident that such a forum should involve as many stakeholders as possible: occupational associations, employers’ associations, institutions (in particular educational institutions), authorities, councils and committees. The parties must enter into a local social contract. Having negotiated the objectives, a novel series of questions arise: How do we achieve our objectives? Which investments does it take? What are the ideas for reorganization projects in the companies, organizations and institutions? Are they interrelated? Can we identify synergies where resource investments in individual companies and institutions may have

significant impacts on other companies and institutions? Which larger projects should be given priority?

Such a forum may lead to a dialogue and create certain benchmarks in the individual institutions for what points in the right direction and what in the wrong one. It offers all parties guiding points and even though they may disagree, they may understand through this dialogue that each of them is subject to different considerations. It becomes possible to identify on which dimensions it is possible to form local partnerships and on which they are still divided by different agendas.

### *Reforming decision-Making and Resource-Allocation Processes of Transnational Corporations.*

This situation constitutes the point of departure of a dialogue within the transnational corporation following the same principles as those applying to the dialogue among partners in the local community. But in the transnational corporation, the dialogue partners are representatives of other subsidiaries, headquarters and diverse middle levels, such as strategic business units and business areas. The dialogue is one through which the partners can learn in what ways the various subsidiaries function differently and develop in labor markets that function and develop differently, and why and in which direction the individual units wish to move. It is, therefore, a dialogue that makes it possible to locate conflicting and identical interests and how constructive compromises are possible that will include as many partners as possible. As in the case of the local community, partnerships will facilitate the construction of a global partnership, a community of reason and collaboration toward developing the transnational corporation to meeting the majority of the subsidiaries' development objectives.

How this dialogue should be started and institutionalized depends on the concrete conditions. In certain cases this type of dialogue can be used as a needed renewal of what is going on in European Works Councils. Here it seems that, so far, the management seems, primarily, to have informed employee representatives about company politics, general strategies and economy and not about the actual functioning of the corporation, the development prospects of the individual units and what characterizes the current development as a whole. According to the shop stewards they leave these meeting without knowing what is "actually" going on, but with a lot of catchwords signaling the future intentions of the top management. There are good reasons for this. The corporate slimming processes have removed managers of experience and the ability to see in which areas new steps had been taken, because they knew the old organization. One of the purposes of the dialogue that the shop stewards must get institutionalized is to seal off the knowledge vacuum that is emerging in transnational corporation resulting in the fact that they

have information but no knowledge about the corporation and its constituent parts. The best way of getting this dialogue started is to demonstrate interest in understanding the interests of all the parties in the transnational corporation that are interested in entering into a dialogue. Therefore, the dialogue is initiabile in almost any situation characterized by conflicting interests and rivalry among units. Shop stewards can use such occasions to institutionalize dialogue rather than rivalry, and, gradually, let the dialogue spread to all areas and levels in the corporation.

Transnational corporations are currently appearing as entities of blurred outlines, but they might be transformed into “associations of companies” placing at each other’s disposal their comparative advantages to their mutual development. From this perspective it would certainly be to the advantage of a local community to host a subsidiary that is then another portal to the whole world.

### *Renewal of the Functioning and Structure of the Labor Movement*

The labor movement is structured hierarchically, among other things for the purpose of being able to aggregate interests, formulate these as demands and proposals towards the state and the employers’ associations. When results are achieved and agreements signed, you owe it to the opponent that you as a “union machine” keep your part of the agreement by monitoring that your members behave in compliance with the agreement.

But such a machine is not structured to support members that through experimenting seek to discover and develop new partnerships at company level, at local level, and across nations. At the same time the need is vast for experimenting shop stewards being able to “store” experiences with such initiatives. Other shop stewards could then draw on their experiences and employ them in understanding the construction of good partnerships, avoiding pitfalls, and filling in the new role of shop stewards and, thus, aid the progress of both members and companies. If shop stewards start this change process in local communities and in transnational corporations, such as described above, it is vital to the success of such initiatives that there is a forum within the labor movement where they can meet to discuss and assess experiences and act on this knowledge in their future work. From this dialogue the labor movement must identify the claims that it wants to put forward to national and international employers’ associations, to governments and to the EU. Claims for new agreements and institutions that can remove barriers and create channels through which multilateral partnerships can emerge and avoid ending up in self-contradictory dilemmas. But in order for this to happen it is imperative that the labor movement does not control and standardize behavior, but stimulates new experiments and finds new paths inspired by the experiments of shop stewards.

In this structure of shop stewards meeting locally and discussing their experiences the labor movement is present. Newly elected shop stewards can turn to such groups for help. One scenario could be that the novice representative starting on a new partnership in a new company is furnished with a couple of “godfathers”. But it is also from exchanging experiences that the collective needs for negotiating new agreements with employers are identified, thus making it possible to change the framework for partnerships. It is by drawing on experience exchange schemes that the labor movement can arrive at an understanding of the kind of claims to put forward to the state that will improve the concerted action of municipalities and vocational schools in local partnerships. And the Danish labor movement can at the European level raise claims to occupational organizations, the Commission and the Parliament for new agreements with and directives for participation in transnational corporations.

In short, the labor movement must act as the body that can stimulate and learn from experimental work, break with the norms and become barrier-breaking, thus facilitating the creation of new experiences that can be used to get on. A static hierarchical structure is ill suited to serve this purpose, which rather requires an organic organism – a dynamic movement.

Rather than the “great union career” leading to positions and jobs as managers of central bureaucracies, the labor movement needs multiple “small and local careers” through which experienced shop stewards become resource persons in networks communicating in all directions. There is a need for being able to assemble ad hoc committees of resource persons representing both diverse and special combinations of experiences and contacts that can be employed for formulating new agreements and ideas for change to be proponed to the relevant bodies. Rather than central experts, the labor movement needs local project makers who can gather, write down, and draw conclusions from the experiences achieved. People who do not turn their knowledge into a field of expertise within the union machine but pitch into new projects that occasion new stories from which they are retailing experiences and drawing the political and professional conclusions.

A Danish labor movement of this nature would bombard the environment with impulses that could inspire to new actions, partnerships, and experiments – nationally and internationally. The labor movement would be turned into an association of *social entrepreneurs*.

## Part II

**Shop stewards in the melting pot of history: A fabulous story about practicing shop stewards who in the age of globalization perform boundary transgressing work within corporate hierarchies, local communities, and the labor movement.**

The shop stewards reacted differently to the “imaginary” description of their situation and operations as presented in Part I. Some of them complained of “too many difficult words”, others had “forgotten the content of the description”, etc. Those adopting a stand to the description were surprised of its exactness. One of the representatives was, however, rather disappointed. He had thought that his work and reflections on the processes were unique, and then the description revealed that he had merely been fulfilling a common role in the general social development. Several were skeptical of the idea that any human being would possess the strength to act as a social entrepreneur at the three levels suggested in the end of Part I. All the interviewees found their current commitments to entail burning the candle at both ends. No matter what the dilemmas involved were, it would not be humanly possible to pursue the outlined path if it involved new tasks for the single shop steward.

One could be tempted to claim that Part I gives an apt portrait of the situation, Part II only needs to discuss alternative ways of escaping the dilemmas. This interpretation would, however, conceal the fact that in their behavior and approach to the unlimited work, the interviewed shop stewards break with the logic that helps making Part I appear as a coherent whole.

The crank of this logic is that the representatives have behaved as obedient civil servants at the bottom of the hierarchy of trade unions, assuming the role that they were traditionally allocated. And then the new situation has involved challenges that they have exploited ingeniously. Today, they have greater influence on managerial issues, but they have also been caught up in a series of dilemmas that arise in the split between the traditional role as employee in an occupational hierarchy and the new role they have been allocated in effect of the development.

Maintaining this logic would, however, imply that we would totally miss the characteristics of the stories told by the ten shop stewards, the way in which they operate, the difficulties they experience, and what they see as possible offensive



avenues into the future. Therefore, Part II is an attempt to address the themes in Part I based on the logic that seems to govern the stories of the shop stewards about how they act and think. I shall start by offering my understanding of the crank of this practical logic and, subsequently, take a stand on the themes in Part I based on a practical understanding of the role developed by shop stewards.

## 2.1. A Novel Description of Shop Stewards: Freeborn and Dauntless

Only in realizing that the way in which shop stewards fill in their role is anything but the behavior characterizing employees in general is it possible to capture the crank of the practical logic. The concepts characterizing their behavior and self-reflection are *freeborn*<sup>2</sup> and *dauntless*<sup>3</sup>.

These concepts popped up in some of the interviews. In particular when the interviewee was asked to describe Danish shop stewards in general or himself compared with how certain foreign trade unions or shop stewards behave in the dialogue and interaction with the managers of companies in which they act jointly as shop stewards. The *dauntlessness* characterizing Danish shop stewards made it possible for them (e.g. in relation to EWC collaboration) to take the lead and thus soon get into direct contact with (also foreign) managers. The Danish representatives had observed that foreign representatives most often awaited managers to contact them or make inquiries. In effect it took longer time to establish this contact, which then became more formal, meaning that the foreign shop stewards were not really at play. The *dauntlessness* implied that one had the right and duty to present proposals for better ways of doing things. Being *freeborn* meant that the individual assumed responsibility for given actions. He or she need not ask others prior to presenting proposals. In other systems, the Danish shop stewards had observed that the participants often sat on the fence – even among themselves – because such proposals required authorization “from above” (e.g. from the top of the national labor movement) so that nobody could blame them afterwards. The Danish shop stewards often contrasted their behavior with that of German representatives that would await inquiries from the hierarchy of the company before they turned to the hierarchy of the labor movement for answers. In effect the role of the shop stewards was more that of acting as link between the hierarchies of the company and of the trade union, respectively. In Denmark being *freeborn* implies that the shop steward acts autonomously as an “agency” that can experiment with new roles and tasks.

Combined, *freeborn* and *dauntless* soon result in self-confidence that leads to influence among (also foreign) managers, not least because the individual shop steward is prepared to assume responsibility for monitoring agreements, even though such measures might create conflicts among members of his or her

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<sup>2</sup> Freeborn means independent.

<sup>3</sup> A person behaving in an independent and fearless way.

constituency. But also in relation to this, the personal behavior pays off because it is tied to a sense of swiftness, impact, influence, and the creation of results compelling natural and informal respect.

It is important to emphasize freeborn and dauntless. These concepts signal that the shop stewards have not been elected because they are officials at the bottom of the centralist trade union bureaucracy. They have been elected – and often with the support of leaving representatives – because they have created themselves an image among the workers vis-à-vis the company. Some have entered the trade union scene by presenting untraditional proposals for the reforming of operations. Others have made themselves known by reacting to injustices in the interaction between groups of managers and workers or among groups of workers. In situations where the union career has gradually developed (from safety steward over shop steward to convenor and employee representative on the board of directors and on the EWC), the person may also have been affiliated with a political party which is in part in opposition to the political line taken by the union. Common to all of the shop stewards is that they have been elected because they have aired opinions that made a difference vis-à-vis the management, even though they risked losing their jobs. Opinions fully supported by if not expressed, by others among the workers' collective.

In most cases the shop stewards had been elected because the occasion offered itself. The job as shop steward was vacant at the same time as the potential candidate had made his mark, and he accepted being nominated and subsequently elected, because he was in a private situation that allowed him to spend time and energy on resolving the challenges. Seldom was his election the results of a long-term ambitious strategy on his part. Therefore, he would not have prepared himself for the job gradually or have been socialized into it through preceding trade union courses. This explains why shop stewards are not seeing themselves as lower white-color workers in the hierarchy of the trade union and, thus, not primarily as puppets implementing decisions made in the top of the hierarchy. But it does not, however, explain the origin of their feeling of being freeborn and dauntless. This perception of themselves, they are not, however, socialized into by being part of the labor movement.

The backgrounds of the ten shop stewards interviewed for this report are very heterogeneous. In their jobs as wage earners they have not merely performed routine tasks and seen the job as shop steward as a way of changing a dull life. Some of them have chosen time rate jobs late in life after long careers in quite different jobs:

“A” had, for many years, been working as head of sales and marketing for Europe in a larger international company. He had to spend many days annually on travelling which caused problems in his private life and finally resulted in a divorce.

A few years later he remarried and in order to avoid ending up in the same situation once more he opted for a job as unskilled worker in another company. The company did not function too well, and due to his earlier career he was in a position to interfere and, thus, secure employment, which led to his first job as shop steward. The management was replaced and it became possible to work with ideas for improvements. Unfortunately the company did not survive, but his new job offered the possibility of resuming these ideas and continue his work as a constructive shop steward vis-à-vis the management of this company.

“B” could look back on a career as officer, football referee, and independent businessman, but a divorce had prompted him to apply for a job as unskilled machine operator. Irregular operations, changes in management and waste of resources made him interfere constructively in an attempt to improve the situation. Naturally, he was elected shop steward and, thus, participated in the processes of selecting a management and experimenting with new methods of management in the company.

“C” had been a sailor working with a team engaged in international relief work setting up temporary hospitals and he had gradually specialized in assembling hydraulic systems drawing on the knowledge achieved through a British education. When he went ashore he worked as an independent building renovator for a long time. When he took the job in the company in which he is now convenor, he started tracing errors in the hydraulic pump by rotating in the production. Gradually, he began to present the passive management with constructive proposals for improvements in production, product development, and management. This earned him the first candidature as shop steward among a larger collective of shop stewards where he stressed the need for a policy on further training. He was so successful in his job as shop steward that he was soon elected to his present position as convenor.

Having finished his apprentice training, “D” opted for studying for a B. Sc. in engineering, but he had to give it up. Nevertheless, he had gained sufficient insight into and understanding of the curriculum to make him a natural spokesperson vis-à-vis the production management, and he saw the possibility of compensating for his ambitions through becoming a shop steward and later on convenor. In the latter capacity he became the architect of and employee representative in the company’s EWC into which he has put a lot of pioneer work.

Several of the shop stewards representing unskilled workers are skilled workers themselves and over the years they have worked in a series of different companies before suddenly being faced with situations in which they felt the need for speaking up. Such situations often resulted in them being elected for their present jobs.

But certain shop stewards also make careers within the company. Careers not necessarily implying that they are promoted away from their status as so-called unskilled workers.

“E” had started as unskilled worker, worked as a watchman for a period and then in the warehouse which he had administered jointly with another unskilled worker. In this position he had been working closely with the management on operations as the stock played a decisive role in the development of the company. In effect he had close relations with the management, and he had made himself respected as the first among his peers. They trusted that his insight would benefit them in negotiations on wage and work conditions.

Prior to taking an unskilled job in a company, “F” was a farmer and, undoubtedly, because of his background he was soon promoted from his job in the assembling unit to managing the automatic robot painting system. At that time the system was the largest and single most expensive investments in the company, and a stable and diligent worker was required to run the equipment. But the equipment was also the soft spot in the production flow and, hence, a good position from which “F” could gain a feeling of why logistics may break down and what might cause poor relations among the workers and between the workers and the management. Combined, the technical, logical and human understanding “F” had acquired enabled him to enter into discussions with management about unjust treatment of workers in the production. And this behavior soon made him a natural candidate for various jobs involving safeguarding the workers’ interests.

But also working with union politics may lead to specific jobs in the company resulting in a symbiosis between union politics and company operations.

For “G” his first “job” as elected safety steward was the basis for subsequently being elected convenor and getting to work with a new production manager on the transition to team-based production. He was made responsible for installing a new exhaust that could be adapted flexibly allowing for men and machines to be moved around at any time. Hence, he learned about a new production philosophy giving priority to flexibility and change, which made him engage in fundamental questions about the relationship between management and workers and the question of continuous training of workers. He was also a highly esteemed worker often sent abroad to install new plants or allocated the responsibility for designing new workplaces at home. He combined his constructive role in the company and his radical left-wing views on union politics in his numerous attempts to introduce innovations in the company and in the union.

In the case of “H” his traditional shop steward tasks changed when he, in connection with the introduction of PCs, engaged himself in changing the company’s training politics. His objective was to increase the qualifications of both

the company and the workers and, thus, make it possible to turn the organization into being less dependent upon middle managers.

There are other examples of workers having elected as their representatives colleagues who prove most competent at making their jobs and teams work optimally. On the one hand, such behavior yields respect that causes the management to keep increasing his or her field of responsibility and insight, and, on the other hand, causes the workers to want him or her as a competent representative safeguarding their interests.

Even though their profiles differ and they have taken different routes to the job as shop steward, they have one common feature. They appear as the best among peers and possess practical experience that makes them strong and self-assured. They have experience in making a difference, and they have the courage of their convictions. It is characteristic of them that they work to improve the function of the jobs they are employed to perform and in doing so the present proposals for improvements at the company level too. Personal integrity combined with an attitude of solidarity governs the particular form of opportunism guiding their behavior and later on their actions on behalf of others. It is a kind of opportunism that becomes irritated and challenged if workers or management does not exploit the possibilities for improvements.

Many of them have – as we shall see – worked with great competence and impact on changing companies and surrounding institutions. Many of them have done it for many years – some 10-20 years. One could be tempted to ask why they have not tried to get jobs in the trade union bureaucracies? Their answers are – in many cases – that they have had many offers and possibilities, which they have kindly declined. Accepting such jobs would have implied compromises that would have violated their perception of themselves as freeborn and dauntless. It is perhaps for the very same reason that they have opted for working as shop stewards rather than climbing the hierarchy of middle managers in the companies in which they work. Opportunism clearly does not apply to their own careers.

It is tempting to claim that after the end of the cold war, the institutional role of the shop steward in the Danish society has gradually created a social space that attracts freeborn and dauntless human beings. Here they can unfold the creativity that they could otherwise only vent if they established their own company. In this way they much resemble the personal characteristics of independent entrepreneurs.

My expectations to finding “union-soldiers”, who had difficulties in coming to terms with their new role as entrepreneurs in these companies, were thus falsified. But they did not constitute a group primarily working to improve their personal financial positions. Rather, they invested their efforts in improving the workers’ situation in

the company, the managing of which they assumed joint responsibility for. The interviewed group represents political standpoints ranging from liberal to communist. The majority of them are, however, of social democratic views. No matter which political party they sympathize with, they demonstrate that they are freeborn and dauntless by pointing out to the labor movement and political parties the possibilities and needs for improvements in relation to local areas, labor markets and the vocational training system. The way in which they act to improve the company is also applied to other arenas, which they tackle with the same philosophy and method. The majority of them feel a strong need for renewing both political parties and the labor movement, and they have many and far-reaching constructive proposals. Their aspirations are not merely to keep the movement alive in their time, but to create space for people capable for reforming, modernizing, and professionalizing the movement.

## **2.2. Shop Stewards as Creators of Partnerships**

It follows naturally from this description of the interviewed group of shop stewards that they have created and formed partnerships with managers the very moment the chance emerged. Larger companies are frequently characterized by a series of opposing considerations and sub-optimizing units. But if interests and considerations are combined in new ways it will become possible to pursue the interests of both the whole and the individual. When the company is viewed as possibilities for improving the collective, improvements in wage and working conditions are tied to improvements in all other dimensions of the company's ways of operating and functioning. Therefore, it seems natural to the freeborn and dauntless shop stewards to propose improvements that are in the interests of both the company and the workers. It is seldom that all members of the management are opposed to such proposals, meaning that the tools exist that allow shop stewards to create partnerships.

At the same time, the group of interviewees sees themselves as continuing a tradition institutionalized by the employers and unions in post-war Denmark. Efforts to increase productivity, experiences from and with works councils, the creation of safer, healthier, and less monotonous workplaces characterize a long tradition for forming reciprocal partnerships across class divides on economic improvements in order to finance wage increases and improvements in working conditions obtained through centralized negotiations between the two. Viewed in this perspective this group of shop stewards merely continues historically institutionalized traditions.

Nevertheless, the partnerships formed from the 1980s onwards differ significantly from the traditional ones. Until the mid-1970s collaboration at company level was much more regulated by central agreements supported by standardized incentive systems that consultants from employers' associations and unions helped

implementing in the companies. The labor market organizations knew the answers, the shop stewards and the managers were merely to ask the questions.

However, during the 1980s former solutions proved invalid. The industry no longer needed standardized and often rigid incentive systems administered hierarchically by white-collar workers through standardized planning systems. Rather the industry needed flexibility and reorganization both in the individual workplaces and in companies as a whole. Those performing the work should be able to assume responsibility for the planning. And this reorganization process strongly depended on the nature of the given company and the workers' qualifications. During this transition process, the shop stewards were thrown into experiments at company level before the labor market organizations had and could have discovered that the world had changed. And a system of agreements, agencies, and consultant services had not been constructed in support of changes of and in the individual company. If we take a closer look at the incentive systems at that time they were incompatible with the current needs. Danish companies, often producing many products in many variations, had introduced incentive systems in functionally divided factories and attempted to optimize utilization of the individual machine/workplace by making it subject to piece-rates based on time studies. Because the production was heterogeneous it implied large buffer stocks, and at the same time the single product was zigzagging through many work processes along complex routes resulting in long throughput times. The wage systems proved manipulative and often resulted in inappropriate side effects.

Therefore, from the early 1980s the partnerships formed at company level were often of a nature quite different from that imagined in the agreement system at central level. In effect local partners secretly entered into agreements fearing that if their organizations learned about the initiated experiments it might cause complications and conflicts. At the same time the potential greater flexibility was substantial in that savings on stock costs and interests, at that time approaching 25%, would make considerable room for both investments and wage increases.

It was realized that the earlier incentive payment systems had two sides – an official and a hidden. Combined the system made it strategically opportune for both the individual worker and the workers' collective to hide from the management, improvements resulting from individual proficiency. Improvements invented by the individual workers were attempted hidden from management, among other things because inventive workers, in consideration of the other workers in the collective would not risk that their improvements implied general reductions in the piece-rates. Paradoxically this meant that the working conditions in the factory differed considerably from one workstation to the next. An invisible system of privileges emerged within which the opportunism among workers and foremen could thrive on the pretext of solidarity and official efficiency. Such irrational aspects of officially well-functioning systems became apparent in different situations, but only to those

working in the company – often in production – and not to those working in the hierarchies of the companies or the union movement.

No wonder that the 1980s is the period during which shop stewards became key actors in the partnerships that the two sides of industry had tried to promote for quite different reasons after World War II.

Several of the interviewed shop stewards have told how they repeatedly had tried to convince management to implement changes, especially in a situation where they could see that the company was losing money and heading for disaster. In such situations they had been able to propose possible improvements which the management either had not realized or had been blind to. And such situations often resulted in very active partnerships either in consequence of the successful establishment of a task group working on the problems, or if a new manager was hired with different perspectives. The shop stewards have plunged actively into the work and have become part of the task group, though often being only responsible for a limited part of the overall task. But with relations to the management group or the person that made it possible to work with the problems pointed out by the shop steward as the main causes of the poor bottom line.

Under the usually well-trimmed and efficient surface of any larger factory or company there is a complex scene for power, all sorts of ambitions and the establishment of domains. It is a system of kingdoms, rivalry, and inappropriate use of resources, waste and cheating that make coalitions stick together against other coalitions. As already mentioned, there are both poor and privileged positions and jobs. At all levels. The great potential of the shop stewards in relation to the management has been that they were able to see what possibilities a reorganization of this informal system offered for improving operations. But at the same time people and groups dependent upon this informal system elected them shop stewards. Shop stewards forming partnerships with the management had much to offer, but in doing so they might also risk pulling their constituency from under them.

For the interviewees the art of acting as shop steward has been to form partnerships that would lead to improvements for the large majority of their constituencies simultaneously with breaking up kingdoms and abandon privileges that only created troubles and envy. This was usually possible by delegating competence and responsibility in large measures to the operators on the shop floor. If skilled metal workers populated this level, their representatives became stable partners in the partnership. But in many cases the majority to win the most and lose the least counted unskilled and specialized workers and their shop stewards became the recurring figures in partnerships. Workers representing such constituencies had the advantage of being able to fight for reforms that in one stroke reorganized an inappropriate informal system into one of greater flexibility



and institutionalized continuous improvements of the conditions and positions of their electorate. Through systematic further training of operators they succeeded in implementing an unprecedented competence boost in these companies. This has made it possible to transfer responsibility, previously divided hierarchically and informally used to create kingdoms and privileges, troubles and waste, to a formerly unprivileged group that in effect has changed its perception of itself toward a new form of professionalism.

It follows from the above that partnerships in the individual companies are seldom established to make all managers and all hourly-paid workers friends. The interviews have made it clear that the shop stewards have had to manoeuvre in processes in which large groups of managers opposed changes and groups of hourly-paid workers and their representatives were skeptical of, if not outright against, what happened. In those cases where the active ones were skilled metal workers, the General Workers Union (GWU) are referred to as being reactionary, and in cases where members of GWU were the active ones, the skilled metal workers would be said to remain passive spectators. The shop stewards under the Danish Federation of Trade Unions have in most cases kept the peace by respecting informal agreements about keeping stable their proportionate number of members, thus, avoiding war among worker representatives and unions. But rivalry has been lurking underneath the surface.

Partnerships have often assumed the nature of reform movements in the companies, creating opposition among skeptical, formerly privileged groups and middle managers whose positions were dependent on the former groups. This has, on the other hand, caused the kind of resistance that strengthens the feeling among the large group of workers of belonging to a group expected to take over responsibility. This in turn motivated them to embark of further training and assume the responsibility to demonstrate the success of the reforms. In effect the shop stewards have become strong partners that managers in favor of reforms have found it necessary to collaborate closely with, if they expected to have an impact on and convince a wider group of managers.

It was often the close, but narrow partnership between a manager holding more general visions about the future running of the company and a shop steward with a more pragmatic understanding of the measures that would have a positive effect on waste and privileges and thus improve the economic results and lead to improvements for a large group in the company, which established an agency for change. The difference between the ambitious ideas and organizational systems along which management has oriented itself and the more pragmatic attitude of the shop steward and his flair for possible improvements has been the source of both conflicts and complementarity. It has led to disagreements and discussions within the partnership. But it has also resulted in pragmatic solutions where visions offered challenges and where hostility toward the partnership pressurized management to

put efforts into areas and exploit possibilities that the shop steward had pointed out as feasible in the given situation. The discovery of such possible measures gradually strengthen the narrow partnership of reformers that then went from one area of operations to others, because stocks, logistics, operators' sphere of responsibility, interaction of groups, and wage system are inherently tied together. If you changed one element you would soon discover that the others also had to be changed. In this way the partners would gradually proceed to more far-reaching reforms. They would enter into unknown territory, skating on thin ice in relations to still new groupings among management, in relation to the consensus among employees in the company, and in relation to the agreements and support functions that the labor market organizations might have been able to offer in aid of such efforts.<sup>4</sup>

Viewed in a bird's-eye perspective these close, but narrow partnerships for company reforms seem very fragile and volatile, especially when they were first established in the early 1980s. The shop steward often committed himself to a manager that had none or only little power in the larger management hierarchy. The shop steward would implement reforms that appeared threatening from the positions of many managers and of workers paid by the hour and at best would only slowly prove beneficial to top management and other groups of employees. Simultaneously, reforms were negotiated in the narrow reform group and implemented. The parties were fully aware of the fact that if conflicts arose they risked resistance from their respective organizations, because they had acted in conflict with current agreements or had negotiated agreements within areas not regulated by general agreements. Therefore, it is natural to assume that many reformatory shop stewards lost their mandate and many a change agent among the managers lost his job in an endless chain of uncertain experiments.

Therefore, the selected group of interviewed shop stewards probably constitutes a special kind of people who have proved especially fit for survival in that they have been part of the outlined process for many years. Several of the interviewees have experienced dramatic confrontations from workers that challenged their election and some of them have lost their positions as shop stewards for a period. But they had returned strengthened in a crisis situation because their opponents had proved unable to live up to the standards for this type of work that they themselves had set earlier.

It seems to have been decisive for the survival of this group that the tight, narrow partnerships between a shop steward and a narrow group of managers gained wider support among the employees and among still higher levels of management.

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<sup>4</sup> On the other hand, such initiatives and experiments have created the need for constructing more traversing ideas about new wage systems, new types of collective agreements, training agreements, greater flexibility in the jobs performed by various groups of employees, etc. that have left traces in the collective agreements entered by the two sides of industry over the last fifteen years. And such initiatives and experiments have supported reform movements at company level offering them new tools.

Cutting across the interviews, partnerships have gained wider support through the combination of four different processes:

1. Most of the companies had experienced tight situations since the mid-1980s, meaning that reform work was conducted during periods in which management feared bottom lines in the red and workers feared losing their jobs. To the extent that the narrow reform group succeeded in implementing changes that led to better results and secured jobs, surrounding resistance has been broken and the narrow partnership has gradually recruited more supporters.
2. Since most of the companies often experienced extremely sensitive situations during the period resulting in sudden crises (e.g. delivery of large orders in short time), top management often turned to the shop steward for help in resolving the crisis. The flexibility and motivation demonstrated by a partnership of managers, a shop steward and his or her constituency in resolving the crisis and thus avoid great economic losses, losing a customer, etc., have suddenly attracted attention to the import of the reform partnership. Top management has suddenly realized the usefulness of the reforms, the strength of on-the-floor coalitions, and the strength of the shop steward. Such situations create “stories” that are repeatedly told in the corridors of management, and they serve to create myths about certain shop stewards and groups of employees. In effect confidence in these legendary figures goes beyond the limits normally set by the narrow partnership.
3. One of the sources of instability in a narrow reform partnership is that one of the managerial partners gets a new job or seeks new challenges. In the former case, because he or she has gained the reputation of being extremely competent. In the latter case, because he or she has grown tired of fighting the resistance to change that meets the partnership at higher levels in the company. In such situations, the shop steward may discover for the first time that certain people higher up in the hierarchy are supporting the reform work and these see the shop steward as being decisive for the continuation of the reform work. In this situation, the reform work might become institutionalized through setting up formal committees and fora to ensure continuity, and the shop steward is invited to play a key role. Sometimes by being invited to discuss potential candidates for lower management positions, which allows the partnership to be expanded upward and consolidated locally if the shop steward has a say in the appointment of the manager taking over after the one leaving.
4. When a process has implied a combination of certain of the above issues, some of the interviewed shop stewards have at some point acted radically and turned directly to the top management – bypassing intermediate levels of the managerial hierarchy. They may have pointed out that a local management was systematically neglecting something that might improve the company’s situation considerably. Or, contrarily, that a reformatory manager was going too far and risking the success of promising reforms. Or finally, that local managers systematically misinformed the top management about the strengths and

weaknesses of the subsidiary, etc. The data even contain examples of shop stewards having warned the top management that their own proposals for structural changes in the entire organization of the MNC might jeopardize the implementation of the improvements being designed locally. In such situations, the shop steward has violated numerous written and unwritten rules and undermined the hierarchy and procedures. Therefore, the first meeting between the shop steward and the top management has often been conflictual. But if he proved his case, gradually gained the reputation of being a constructive partner, this first confrontation often led to direct partnership with the highest management levels. The latter now saw the shop steward as an important witness of truth at many different levels and he would often be called for counseling. Achieving power and influence thus often implied the necessity of breaking the rules of the game. But it was a hazardous way of minimizing the risk involved in the close and narrow partnership.

It is evident that partnerships expanded in this way are dependent on the persons involved in the process and in order not to appear hollow they depend on the shop steward's ability to evoke support and response from the shop-floor. The majority of the interviewed shop stewards have played an active role in introducing more training courses, in changing or abolishing hierarchical and bureaucratic managements, in changing individual wage systems to team-based ones, in creating greater challenges, responsibility, and commitment in the individual workplace, in reducing repeated and monotonous work, in negotiating wage increases to the effect that their constituencies find themselves in the better part of the labor market. Through these changes the motivation for and ability to acting as co-players in the solution of acute problems have gradually grown among the workers, and they are now welcoming challenging situations as opportunities to demonstrate how good partners they can actually be. In quite a number of the companies, the workers held such good hands that even remote corporate managements had discovered that difficult problems could be solved if allocated to these subsidiaries.

The result is a virtuous circle of collaboration among the levels of the corporation, which re-enforces the ability of each part to perform. The group of workers for which the shop steward is responsible performs well, meaning that his proposals carry weight. They lead to attention and allocation of challenging tasks, making it possible to the group of workers to develop their skills and demonstrate proficiency. In effect, the partnership can be expanded to reach wider and the collaboration will develop from being defensive toward becoming still more offensive.

Part I suggested that the question of wages might be a barrier to partnership. But a number of partnerships seem to be so well functioning that during wage negotiations the parties mutually agree to suspend the rules of collaboration and to

play by quite different rules, meaning that they agree to cheat each other as much as possible.

But simultaneously, negotiations are often conducted in an atmosphere of mutual understanding and consideration. Local managers who are part of the partnership and realize to what extent the workers have contributed to improve the financial result of a subsidiary usually do not like to pretend to be unaware of this fact. And in particular they have no desire to risk jeopardizing the relations of their closest partner, the shop steward, to his constituency. On the other hand, shop stewards know from previous experiences that employers giving in to too large wage increases will be invited for “consultations” with the corporate management of the MNC and/or the Danish Association of Industry – locally or centrally – and they have no desire to place the other side in that situation. In most cases they try to reach a compromise that gives both parties credit in relation to their constituencies – a sort of win-win situation. The shop steward can convey the good news to his constituency about wage increases above average. And the employer does not appear as a poor colleague among other employers. But deep down in the drawers in some companies there are secret agreements that make it possible to reach compromises about an appropriate wage level – agreements that only the involved local parties know about. Locally, such agreements leave the involved parties with a certain room of action, and ironically, create an inner stability exactly because the central labor market organizations are unable to detect what is going on. Therefore, it is obviously difficult for the labor market organizations to support and service their local representatives in a realistic way.

### **2.3. Searching for Reform Uninformed by Visions and Concepts but Guided by an Astoundingly Clear Logic**

It appears from the interviews that knowledge about and enthusiasm for new models for flexible operations, new ways of organizing or new types of division of labor have *not* fuelled the shop stewards’ engagement in reforms and organization. Few management catchwords, such as lean production, total quality management or business process re-engineering popped up in the interviews. Nor does anything seem to indicate that the labor movement organizations have taken the lead and constructed an all-embracing model for changes in industrial enterprises and production in Denmark during the 1980s and the 1990s. Quite the contrary, in the shop stewards’ opinions the labor market organizations are fighting a battle that they are doomed to lose. Leading executives, union leaders and party leaders seem to repeat uncritically the views of futurologists that claim industrial production in Denmark to be past history. Contemporary Danish economy should focus on information and knowledge they claim. Therefore, many of the interviewees are in a peculiar situation. They have been deeply involved in creating top tuned subsidiaries whose factories score high on a series of benchmarks and attract attention and respect from even remote MNC headquarters, while at the same time

their activities and ambitions are met with a contemptuous lack of national interest. But in order to understand their own victories, these shop stewards feel the need for developing visions and strategies for the nature of industrial production and its place in the Danish society in the future. Such visions and strategies will also help them assess the usefulness of unfolding so much creativity and competence among operators and shop stewards.

On the other hand, they do not express much need for being “trained” in new management concepts and ideas or for the newest trends within organization theory. They express a certain fatigue of being met with a constant stream of new catchwords and herb medicine launched by business schools all over the world making managements launch new projects incessantly, implement new strategies, etc. Moreover, by constantly exchanging one management concept for another, managers risk being perceived as insincere. And shop stewards have adopted a fairly pragmatic attitude toward the continuous flow of projects and management concepts. On the one hand, they accept the necessity of management having to appear modern in relation to other managers, such as those in headquarters, to customers, to institutional investors, and to strategic partners of collaboration. One of the shop stewards, for example, told, with a strong touch of irony, how much time he and his colleagues had spent on moving around the machines, painting stripes on the floor, and putting up shelves in order to give visitors the impression of a modern factory. On the other hand, certain shop stewards have realized that this restless stream of concepts enables them to pick and choose. They can dismiss some as irrelevant, and opt for others that they can use for promoting a development logic of which they may have a hunch of but not yet fully grasp.

But lack of independent ideas about and visions for the reorganization of the company has not made the interviewees refrain from action. They have typically engaged in projects and management ideas in which they have felt a personal engagement (safety, further training, operations improvements). This engagement has then spread to other areas. One step has led to the next. The general criticism of the existing piece-rate systems in the late 1980s and the early 1990 also played a role in the introduction of various wage systems, such as fixed wages and group bonus arrangements. Shop stewards often jumped at such changes in wage systems in periods when it would otherwise have been impossible to negotiate wage increases. Changing a wage system meant that it would be impossible to compare the wages in one agreement period with the next. Therefore, for many people, the focus on wage systems in the 1990s led to the effective initiation of projects of a more fundamental and spreading nature.

Even though the reforms in which the shop stewards chose to engage as partners were not characterized by great and traversing ideas, they were dynamic in that one project led to the next. Shop stewards have become steady partners in the continuous efforts to reform the operations of the company and have achieved

agency in the subsidiary's routinely change of routines. The other side of the coin is that such tasks take up an increasing amount of the shop steward's time, while the former major task, wage negotiations, now only seems to be interfering for short periods with this role in reform partnerships with the management.

Analyzing the development trends across the studied subsidiaries, certain common features are conspicuous and outlines the nature of the new firm. Most apparent is the introduction of group bonus wage systems, decentralization of responsibility from operations to the individual production teams, and the stake on further training of formally unskilled workers or skilled operators in the production. Not only the shop steward but also the workers in general are committed to these issues and they are eager to plan production autonomously and make continuous changes that will improve operations.

In order to administer the group bonus systems fairly just, the workers must have direct and detailed insight into how efficient they are in order to enable them to experiment with changes and be able to measure the effects of various initiatives. Certain of the companies had provided the workers with this information when they wanted to outsource the production of certain components, expecting it could be done at lower prices. The involved workers negotiated the right to demonstrate that by implementing systematic internal improvements they would be able to produce the components at a competitive price. This created a need for transparency in production for being able to calculate the exact price of the components produced by the team and make it comparable with that of the subcontractor. But the team also won the right to organize and develop its tasks autonomously as if it were an independent subcontractor. In effect, a new dynamic emerged within which the formal management may have the last word, but where the management function in practice must be handed over to the team – and to the shop steward level.

Few external observers seem to have noticed how radically this has changed the dynamics of the firm, the relationship between workers and management, and the relationship mutually among workers. As mentioned earlier, the old piece-rate system meant that the individual worker was under pressure not to “break” the individual piece-rates and thus risk spoiling the rate for their colleagues. On the other hand, this implied that certain workers, who would have been able to run production still more efficiently, had oceans of paid leisure time while at work combined with quite good wages. But others had to toil perpetually to achieve meager results. Thus, the system motivated the workers to disclose collectively as little as possible to the management – naturally in the name of solidarity. Simultaneously, a system of inequality and injustice emerged among the workers that none of them – in the name of solidarity – could criticize. The existence of this informal and in part hidden system created suspicion between management and workers and was a barrier to the dynamic unfolding of a learning process in the firm that could lead to continuous improvements.

The new group-bonuses imply that any improvement will benefit the team's remuneration in the short-term and strengthen its position and survival in the long-term in relation to the management. Within this system solidarity means making your creativity and professionalism available to the team as a whole and thus also to the firm. Within the former system, solidarity implied that the creativity of the individual worker was only reflected in personal privileges. But in the new system solidarity is reflected in the ability of the individual to document that he or she is contributing to the improvements suggested by the team and adding to its reputation and remuneration in the firm.

Nevertheless, the shop stewards recognize that embedded in the team dynamics is a considerable degree of rivalry. Internally in the group this is manifest in the mutual competition for performing and contributing between, on the one hand, the competent and strong workers, and, on the other hand, the weak ones having difficulties in keeping up with the team's tempo and being scolded and subjected to pressure by the former ones. Simultaneously, the various teams compete over achieving the highest benchmarks and bonuses, making it possible in case of downsizing or re-structuring to play off one team against another. There is no doubt that many of the workers have experienced the reforms as a transition toward a larger degree of individualization and a more rough and competitive life in production. Many workers – and especially the older generation – experience the new way of organizing work as a continuous pressure for working still harder, whereas earlier senior workers could gradually move to less demanding workstations benefiting from concealed privileges.

For the shop steward the difficult balance to strike is to let the professionalism of the strong workers generate very good benchmarks, thus creating sufficient space in the firm to allow space and time for the weakest to catch up. But it is difficult to strike this balance and it will only be possible up to a point. The better the strong ones succeed the more room it will leave for the weak ones, but this in turn will lead to stronger pressure on the latter from the team.

Many of the offensive subsidiaries have thus introduced team production. But the creation of teams and their place in the organization as a whole does not follow a universal pattern. There are, for example, different ways of selecting team leaders depending on the subsidiary. In some, the management appoints team leaders. In others, the team itself chooses its leader. A third variant is that the convenor selects a number of people among which the team can elect its leader. In this way the managerial rights of the management have been delegated to employees in highly different and unregulated ways to the effect that the rights and obligations of the individual each playing their role differ highly from one company to the next. Viewed from a systems perspective, richness in variation is no doubt advantageous as it makes possible many experiences and enables learning many lessons in a short



time. The problem is, however, that no one seems to discuss the differences across companies. No one – apart from the involved shop stewards – seems to be interested in how to protect the individual in such systems, what rights the team possesses in different situations, and how an organizational superstructure can support the development processes unfolding in effect of this team dynamic. The team dynamic, including the balance between solidarity and competition, is developed at subsidiary level, but without taking into consideration experiences from other firms. The labor market organizations have apparently left these experiments to local managers and shop stewards who must draw on their own experience to the effect that both dynamic advantages and possibilities for resolving the dilemmas of solidarity remain extremely locally situated knowledge.

It is, however, worth noticing that despite the lack of an overall idea and vision (that might make it possible to gather experiences across firms) a new dynamic has emerged in the subsidiaries between skill development and operations pointing toward a quite new model.

At the individual level, the training level for both skilled and unskilled workers in the production has been raised significantly. In effect, the workers want to be included in teams where they can demonstrate competencies that are recognized by peers. Participating in internal rivalry over demonstrating competencies and abilities to invent new improvements have become a new form of professional solidarity, meaning that everybody contributes to each other's learning, training, remuneration in the short-term and employability in the long-term. The presence of this type of teams on the shop floor also leads to solidary relations at a higher level. It makes it possible for the shop steward to enter risky agreements with the management about improvements, because he can count on "his men" contributing. The acknowledgement of their professionalism in scores on benchmarking systems makes it possible for the shop steward to gradually establish trust at still higher management levels, which is the precondition for gradually expanding a narrow reform partnership which again leads to influence in headquarters. What keeps the chain intact is mutual exchange of professional output making it possible at all levels to utilize any crack and situation to improve one's position. On the other hand, if any one in this chain fails, everyone risks losing face, reputation, and future possibilities for action and influence.

For the company as a whole, the existence of such form of organizing work means that the environment is recognizing it as being able to deliver "the goods". For multinationals like those included in the study, improvements of existing productions and swift adaptation to changes mean that diverse headquarters gradually begin to feel confident in asking the subsidiary to undertake the production of new products which are difficult to define and which require new initiative. In this way a subsidiary may gradually acquire a new position in the global

production hierarchy with new product mandates and functions in relation to other subsidiaries.

A considerable share of the companies visited had followed this model superbly. The shop stewards were now talking convincingly about companies creating unique results and having no difficulties in getting access to top managements. Their professionalism was well documented.

In its search for still more improvements, one of the companies used a highly advanced management system introduced by a Japanese consultancy. Within a given team, the individual unskilled worker held autonomous responsibility over his production tasks. In addition members of the team were responsible for each their type of improvements (quality, flow, safety, environment, collaboration) – improvement on which they collaborated with colleagues in other teams working with similar tasks. In this way, the company is in a position to continuously improve flexibility and reduce per-unit costs.

But the study also includes subsidiaries that seem to have developed into a cul-du-sac. In their attempts to achieve benchmarks, e.g. per-unit costs, they may have exploited their strengths to deselect small quantity production handing it over to subsidiaries in countries and regions of low wages. In this way implemented changes may soon show at the bottom line in terms of reductions in the wage factor due to reduced manning of machines. This means that the managerial pressure on the Danish part of the production is relieved in the short run. The company has often had the chance of making this choice, because it has been good at leaving still more responsibility to the operator level. But the choice might mean limitations in the future change and improvement dynamics, and the workers' creative contributions to improvements might become less conspicuous. This will make it difficult for both the shop steward and local managers in the long run to document the dynamic potential of the subsidiary and possibly contribute to resolving a crisis.

The great dilemma of subsidiaries that have opted to follow the latter strategy is that it becomes increasingly evident that the benchmarks at different levels of a multinational are mutually conflicting. The subsidiary tries to increase or stabilize employment by constantly improving its benchmarks. But for the headquarters any improvement of benchmarks at the lower hierarchical levels is a means to reduce the number of employees in the corporation as a whole, among other things because share analysts place strong emphasis on so-called "head-counts" and reductions in these. Therefore, the organic development of a subsidiary might very well conflict with the strategic development of the multinational, especially if the subsidiary by aiming narrowly soon achieves improvements that may be capitalized as reductions in manpower.

It might have proved profitable for shop stewards and unions to critically discuss the choice of what to stake on in the partnerships formed in the individual subsidiaries, viewed from the perspective of a general vision about what might be the position of Danish industrial enterprises within global industrial dynamics – now and in the future.

## **2.4. Shop Stewards in the Maelstrom of Management**

Part I claimed that shop stewards in Denmark had acted in such a way that transformation processes in Danish industries had not led to the inequality and conflicts between social groups as have been witnessed in other countries where in particular groups of unskilled workers have been marginalized. The reason is the managerial role assumed by Danish shop stewards through which they have reconciled conflicting interests and upgraded the competencies of operator-level employees. In effect, blue-collar workers in general have taken over many of the tasks previously conducted within the managerial hierarchy. This viewpoint can now be qualified. Shop stewards in Denmark have – probably to a far larger degree than in many other countries – been able to place the common production worker as being central to modern production life. In effect the roles played by many middle managers and salaried staff have been weakened. Therefore in Denmark the transition has especially hit various groups of salaried staff and middle managers who have simply disappeared from the formal organigrams, giving way to a managerial vacuum. Formerly, there was a formal hierarchy linking production at the bottom to the financial headquarters at the top whereas today the chain that links the levels is blurred. The various managerial layers are to some extent playing a game of unknown or vague rules which is why shop stewards have been able to or forced to accept numerous new managerial roles.

It has already been mentioned that this managerial role is not primarily acquired at union courses. Shop stewards exploit their diverse previous experiences in working life and put them into play in a freeborn and dauntless way when the situation occurs. But this means that the personal biography of the individual shop steward determines the nature of the managerial role developed in the situation, rather than general ideas about what managerial roles must be filled and what is the *ideal* division of labor between the parties in the vaguely in the process of materializing a new formal organization.

In contrast to what was said in Part I, the interviews leave the impression of unbounded possibilities for developing these managerial roles of shop stewards, possibilities highly dependant upon what the individual shop steward wants and is capable of. The managerial vacuum that emerged in the wake of the organizational changes in multinationals seems to have opened up for an infinite number of possible managerial tasks for shop stewards. As change agents they might come to

influence managerial issues such as investments, personnel policy, and education. And they might take over part of the role formerly played by e.g. foremen in the lower managerial hierarchies. But many of the interviews revealed the contours of much more far-reaching roles. Skeptics can rightfully claim that the interviewees had good reason to “reveal all their wild ideas” to the interviewer. And the skeptic might rightfully claim that not until complementary interviews have been conducted with formal managers is it possible to establish a more balanced and valid portrait of the situation. However, I do not think it will be possible in the future, without what is outlined in the following section, to conduct complementary interviews with formal managers with a proper imagination of the potential scope of managerial roles for shop stewards. And only with a more realistic perception of this scope will it be possible to see what potentials exist for exerting influence on and civilize the globalization process through multinationals.

The almost unbounded scope of the managerial role of shop stewards follows from the portrait of possibilities for expanding the partnership dynamics outlined in section 2.2.

Several of the shop stewards have participated, formally or informally, in decision-making processes resulting in the appointment of local production and technical managers and, in one case, in the appointment of the CEO of the subsidiary, which they work. In such cases the informal management represented by the shop steward not only participates but also contributes to the shaping and composition of the formal management system and its management roles. Rather than asking how they could establish partnerships with certain managers, shop stewards have focused on how they could compose a management team that would allow room for developing what they wanted.

There are many ways in which the shop steward can exercise this form of meta-management. He might look into the profile of certain applicants for vacant positions and pay them a visit. He may contribute to creating such poor benchmarks that other management levels are forced to dismiss a current manager making the post vacant. In one case the shop steward was a member of the appointment committee. There are also stories about remote headquarters having decided autonomously on whom to employ as new production manager. In this case collaborating with partners within the existing management, shop stewards have figured out ways of testing and sizing up the new manager without this having any consequences for the production. The guy should be given the chance of being socialized into his new role before resorting to ways of getting him “promoted away” from the subsidiary. And there are multiple ways of doing this. These examples show the alertness by which shop stewards in very informal ways play the game of the MNC.

These examples are significant in that shop stewards not only play the role of adversaries in such situations, but also deliberately take on the role of shaping managerial roles. In this way they influence, perhaps unconsciously, the coalitions that might emerge among various managers and, hence, in the end the dominant coalition that determines the subsidiary's politics toward the larger MNC.

Other managers might view the shop steward as somewhat of an outsider in this coalition game. But even this attitude might prove a managerial advantage, if the shop steward understands to take the offensive. This he might do by becoming employee representative on the board of directors and in the EWC or by directly addressing top managers. Because the shop steward does not have to safeguard his personal career, he can address top managers with clear signals when general interests seem to be in jeopardy and must be defended against opportunistic managers. One of the shop stewards, for example, addressed the top management because he found that a proposed centralization of budgets would make it impossible for the subsidiary to enter into binding negotiations with future customers. On a different occasion he criticized the internal transfer-prices for being based on principles that did not register profits where they had actually been made to the effect that the corporate management would get a totally wrong picture of the efficiency of the various subsidiaries. In such situations the shop steward has been able to influence the entire organizational framework for subsidiaries much more radically than local managers that must act in such situations with a view to their career. In both cases, the shop steward criticized organizational structures, rules, and methods of calculation constructed by the top management that could only be changed if the top management could be made to realize its mistakes. In effect of the shop steward's criticism, the structure between the corporate units and the principles for internal transfer-prices were changed radically. In other words, the shop steward contributed to change the structural division of power in the corporation as a whole.

The purpose of the above shop steward interventions was for them to create new space for the local management to act, making it possible to strengthen the improvement dynamics on the shop floor. But there are also examples of shop stewards having addressed the corporate management requesting that a local manager be removed, pointing out that he was counterproductive to the shop-floor dynamics. On one occasion the shop steward warned the corporate management against a local manager with whom he had earlier implemented large reforms, but whom he now found were going too far. He feared that the workers' commitment would turn into opposition, as some of the new ideas, in his opinion, were conflicting with the improvement dynamics already implemented on the shop floor. In a third case the shop steward found that the local management had started exploiting the growing local surplus to expand the local group of managers in an unprofitable way and thus reducing the results generated by the shop floor dynamics measured in terms of the surplus reported to the corporation. In other

words he felt the need for going against a narrow local partnership in order to ensure that the expanded partnership at corporate level could be further expanded in the future. Which happened as a result of his action.

In these examples the shop stewards utilize the unique social space offered by the shop steward institution in Denmark to take managerial steps that reach far beyond what we usually expect from this role. In this way shop stewards can gain strength greater than that of the CEOs in the internal game, exactly because their institutional position makes it possible to ascribe to them the role of representing the common well being and general interests of the company. They may, in part, have occupied this position earlier, but due to the absence of active partnerships their hand in shaping the construction of dominant managerial coalitions was insignificant. The shop steward was then not part of the game, but watching it with his constituency awaiting management decisions. Afterwards they could protest or take action if they were strongly opposed to the management decisions. Paradoxically, such protests and actions often made the management unite in a coalition against the workers and shop stewards. Today, this dichotomy has been broken. In the reported cases the shop stewards are involved in the game on a par with other managers. But the former are especially focusing on the common good and general interests of the subsidiary, and if they play the game right they will earn respect and considerable influence – also because they have a voice in defining what counts as legitimate.

The most far-reaching example of this is the shop steward who takes the initiative to work out a new structure for coordination and democratic influence at corporate level. He operated in a Copenhagen subsidiary of a corporation previously Danish owned but taken over by a British multinational. He had often experienced confusing and surprising actions within and among the Danish subsidiaries and holding companies and wanted a forum for the mutual exchange of information about what was going on and why in the various branches of the company. Together with another shop steward from Jutland, who was employee representative on the board of directors in the Danish corporation, he succeeded in creating a forum that contributed to improve the mutual understanding and the influence of employees on strategies. But this forum also institutionalized the practice of local managers of Danish subsidiaries for meeting and adjusting their strategies toward headquarters in London. As a result of coordinating strategies, the position of the Danish subsidiaries improved significantly, and a number of Danish managers were promoted to important positions, which in turn made their mutual coordination even more powerful. This Danish Forum later on inspired the shop steward to engage in the creation of a European forum – one of the first EWCs in Denmark. He succeeded in his efforts and for years he has worked hard to make the established EWCs survive along with the multinational having been restructured several times after take-overs or mergers. But this work has also meant that he has been able to establish close collaboration with the top

management in the present large multinational, and he is about to take over the chairmanship of its EWC. His status among shop stewards within the corporation resembles that of “constitutional fathers”, and he is the channel to the highest management levels, thus also making it possible for other shop stewards to gain insight into and access to information. However, his work with making the institutionalized body of influence survive seems to overshadow the more concrete results. Nevertheless, a couple of years ago the work paid off when he learned that his own product area might be subject to reductions. The final decision was in the hands of a group of managers primarily affiliated with and loyal toward a German subsidiary. He feared that such reductions would primarily hit Denmark no matter which of the subsidiaries performed best. Through the EWC and personal relations he secured that this group of managers was replaced with a new and, in principle, impartial group, thus ensuring that the choice would be just and serving the general interests of the company. This action later on proved to save his subsidiary in Denmark.

The common feature of these stories is that shop stewards can obtain considerable influence on concrete decisions, managerial structure and appointments when they can demonstrate circumstances that obstruct fair “rule following”. The game among the subsidiaries within a MNC usually institutionalizes competition over the reporting of the best possible results, the highest profits, and the best “benchmarks” or highest scores on “balanced scorecards”. By interfering when benchmarks are unfair or organizational structures and managers keep them from obtaining high benchmarks, Danish shop stewards seem to have achieved considerable influence and to be safeguarding the general interests by limiting managerial opportunism and civilizing the game among them.

This also enables them to gain effects from the reforms I have demonstrated are going on in Danish subsidiaries. The assumption is that if they can demonstrate high benchmarks, the subsidiary achieves greater autonomy and is allocated a larger share of the investment budget. In effect the subsidiary can maintain or expand the level of employment. But formal agreements that deal with such issues explicitly are rare. Only in one case had the shop stewards in a Danish owned company succeeded in negotiating an agreement on dividing the profit in three: One third to the owner, one third for the development of the company, and one third for raising wages and improving working conditions for the workers.

Nevertheless, the examples compel respect. The shop stewards have primarily expanded their radius of action by creating trust and personal reputation, which in turn have increased their personal influence. This indicates that much more is possible if it would be supported by institutional structures. It also indicates the potential embedded in the exchange of experiences among shop stewards, allowing them to see greater opportunities for gaining influence and not only be confined to draw experiences from their individual working life. But it is also obvious

that the outlined managerial role and influence are reserved a few lucky and/or very clever shop stewards and convenors, if the union movement does not find a way of supporting the ability to see and exploit such possibilities. What these individual shop stewards have gained and achieved may easily be lost if methods for institutionalizing, negotiating and regulating influence are not developed to ensure that new shop stewards can use on the stepping stones that is being laid by the first movers.

At a quite different level – closer to the shop floor – a set of new managerial roles has also emerged and in effect shop stewards are facing new challenges.

On the shop floor there have been great changes that have effected the position and career possibilities of shop stewards. In general the systems with many foremen have either been slimmed considerably or abandoned completely and replaced with a system the basic unit of which is the production team headed by a team leader.

This change has taken many different routes. In certain (a few) companies it has been dramatic, imposed top-down dismissing in one stroke all middle managers. In other companies (and more frequently) the changes have been incremental. The parties have agreed to change to role of foremen concurrently with changes in production, and certain foremen came to play the role of buffer or consultant in the transition period. In other companies the foremen were offered special development tasks if they had demonstrated competencies and commitment. Or they were offered jobs as common workers paid by the hour and could function as resource persons in the up-skilling of workers taking place simultaneously. In general, the interviews do not leave the impression of a massacre on foremen. But the story that they might be able to tell seems to be fading out of sight. They seem to have lost their role and influence in silence, and are undoubtedly contributing to the high unemployment rate among senior workers. This part of the story deserves a closer look.

For the shop steward, the changes meant that their most direct opponents and partners of collaboration disappeared from the production hierarchy. In a few companies in which former shop stewards were usually promoted foremen, a career path has simultaneously disappeared. Viewed from the perspective of the company, the nature of the disappeared managerial role was ambiguous. The foreman occupied a position at the bottom of the management hierarchy, and having the title of manager he could not be a member of the skilled workers' union and often acted in opposition to their interests, thus creating conflicts. But there are also numerous stories about foremen who have opted for playing the role as the workers' mouthpiece in relation to the management, especially in cases where shop stewards found it difficult to evoke response. Therefore, foremen might also have been natural anchors for building partnerships.



But the change to team organization and team leaders has not made the situation clearer. It is my impression that in most cases, people occupying the role as team leader maintain their union membership<sup>5</sup>. This means that the shop steward must now safeguard the interests of team leaders in relation to the interests of both employees and the management. At the same time he must safeguard the interests and viewpoints of the team in relation to the team leader. The system is constructed for continuously being able to improve production, make innovations and upgrade employees and is thus a means to ensure collaboration, but it will also create (is constructed to create) new frictions because teams are meant to be agencies of change. These frictions might lead to the discovery of new solutions that can improve operations and benchmarks. But such frictions may also lead to internal conflicts devastating to collaboration within and among teams. And teams are often autonomous though they affect each other's benchmarks.

The shop steward striving to improve his and the subsidiary's reputation in terms good and still better results from operations and benchmarks must ensure collaboration in and among production teams. In one company it had been agreed that the convenor was responsible for resolving problems within or among teams in order to avoid that management interfered and messed up the situation further by imposing their often opportunist agendas. In another subsidiary, the convenor was responsible for assisting the team in defining the problem, enabling it to connect with the right department, e.g the HR unit, and to the most relevant managerial staff. Finally, the data reveal that in most cases this managerial role has not really been recognized and things are less formalized, meaning that shop stewards and production management in harmony and close collaboration – as an extension of the partnership – are resolving one conflict after another without further reflecting on their mutual roles.

The socio-psychological aspects of these managerial processes have been subject to little study. What happens to a group that is expected both to be functioning reliably and also to break with established routines? And what happens among persons engaged in increasing rivalry over up-skilling, when they simultaneously constitute a constant stream of new admirable colleagues, possessing competencies that others would like to take inspiration from? Those ranking high at a certain moment are often selected as team leaders. In effect what a shop steward referred to as “new kings” continuously emerge capable of gaining support to construct new “kingdoms”. But one consequence of being appointed team leader is that you have less time to spend on improving your competencies within your field.

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<sup>5</sup> It seems to me that this role and affiliation with the organizational system is very unclear in Denmark. In certain companies the management appoints team-leaders and in such situations it is difficult to see that the role of team leader should differ organizationally from that of foreman. In other companies the team chooses its leader, and in this situation it is only natural that he maintains his union membership. I have also encountered constructions where it is the convenor that appoints candidates for the team leader job among whom the team chooses its candidate. In the latter case, shop stewards and team leaders almost come to constitute the core of the union club.

Therefore, it is an inherent part of the dynamics that new heirs are competing for the “Crown”. This dynamic is the consequence of the form of professional honor and endeavor that have been institutionalized on the shop floor among both unskilled and skilled workers. But this positive dynamics implies in many ways that the game for power described so well by Machiavelli in *The Prince* risks moving to the lower levels of the subsidiary. This is where the shop steward must step in and turn battle and rivalry into collaboration and development. And this is where he must build institutions that allow for team leaders being appointed or dismissed without disrupting the entire system. What he must construct is nothing less than a micro political constitution. A republic where prince hoods risks being established.

Across the interviews it becomes apparent that shop stewards have been thrown into this managerial situation, and they are now in the same position as Alice in Wonderland who had to keep running still faster to remain in the same place. The interviews contain suggestions and principal reflections, but we rarely get to the crux of the matter. There might be two very different reasons for this. *Either* the situation is not a problem at all or not taking up so much space in the universe of shop steward as suggested. *Or* the problem is so vast and confused that the shop stewards have chosen not to discuss it, because each of them have turned it into a private problem and perhaps feel inept at resolving it once and for all. And not discussing the problem may mean that no understanding emerges of the managerial possibilities and problems of continuing the new system for developing production life in Denmark. Within this new system, the production teams represent the ultimate point from which the positioning of Danish companies, shop stewards and managers emanate in relation to the multinationals. It is striking that the shop stewards touching most seriously on this problem in the interviews were certainly not the weakest and most hesitant – quite the contrary.

In other words, the serious and overarching managerial challenge that the shop stewards are facing is to get the formal and informal cooperation within and among teams to function, because it continuously develops towards still higher levels of professional conflicts. In effect the shop stewards have taken over the first of major managerial tasks in companies as described by Chester Barnard in his classical book *The Social Function of the Executive*, that is to create the institutional conditions for collaboration between different professional groups in the company.

The way in which the shop stewards resolve this task is not only decisive for how well the given subsidiaries perform and their subsequent positioning within the multinationals of which they are part. It is also, as mentioned earlier, decisive for whether it is possible to construct a totally new form of solidarity in the Danish society. The challenge is thus a question of the life nerve of the labor movement. If the shop stewards fail in constructing solutions from situation to situation and, in the long-term, productive institutions at company level for managing frictions, the result could easily be a war of all against all at the shop floor too. If, however, the shop

stewards succeed to establish cooperation in the long run, it may lead to the experience of a professional democracy in which everybody works to create the best possible chances for rivalry among each other over developing competencies that enable teams to improve their situations jointly, perpetually leaving leadership to those that at a given point in time are the best among peers.

Learning to deal with power and managerial authority in a way that does not lead to egocentric opportunistic games (which seems to be the case within traditional management hierarchies) but to solidarity, requires that shop stewards get together and exchange experiences as the task confronting them is of historical and societal dimensions. They may find support in knowledge generated by the labor movement and researchers. But first of all, it is necessary to recognize that shop stewards being in interaction with the new production teams are closest to the experiments that are supposed to generate the necessary knowledge and possibilities for systematically making the new production organization function. Therefore, in the short-term the shop stewards must struggle individually with a managerial challenge that they hardly have the words to describe why neither management nor the labor movement recognizes their efforts. But the risk is that this challenge will eat a lot of their time and attention. Within this vacuum their only measurement of success is indirect and only materializes if the company scores high on benchmarks, retains and develops workplaces, develops the competence level of their members, thus offering these better chances in life than they would otherwise have had. However, it is difficult to derive from this whether the shop stewards are good or bad at managing production teams. In most cases they seem to have done a good job – the interviews only hint slightly at situations in which they did a poor job. The reason for this success is undoubtedly that most shop stewards have developed an ability to understand and relate to diverse people and possess the empathy that enables them to construct compromises to which the involved parties can agree.

In this context too – as in the case of the managerial hierarchy – shop stewards are gradually being made “third parties” that, if they succeed, advocate and formulate the general interest. None of the interviewees indicate that they are gradually assigned this role and thus must demonstrate social agility because certain groups of employee might take offence at their socializing with other groups. On the contrary, several shop stewards see themselves as having become simultaneously and incrementally isolated from the workers’ collective for a different reason. They engage themselves in managerial issues at different levels of the management hierarchy and acquire the feel for viewing the company in a larger perspective than that of the normal wage earner. In relation to the local management, the shop steward is simultaneously capable of seeing the larger interrelationship between the way in which the factory functions and is improved and the larger organizational structure of which the subsidiary is part on a par with other subsidiaries and headquarters. This does not, however, make it natural for the shop steward to take

the “liking” to the management that his members and constituency easily thinks he takes. The shop steward may become important to the game of coalitions among various managers, but to him the pivotal point in the long run is seldom considerations of a certain coalition of managers. Most of the shop stewards have experienced the position of the manager as volatile and unstable. In consequence, they have seldom been in a position to establish indissoluble friendship that in the long run could form the basis for a long-term development of the company. Therefore, both in relation to management and to employees the shop steward is left to his own devices, becoming increasingly isolated socially.

In effect only the shop steward with many years’ of experience in the job possesses the tacit knowledge and non-verbalized vague sense of the interrelationship between the company’s life and development at different levels. This is the insight that makes it possible to take a stand and act toward moves from the top management. And this is the insight and experience that makes it possible to draw lines in the sand and settle conflicts among employees in den modern team based company. Especially, in situations where this non-verbalized holistic understanding of the company becomes threatened, the shop steward addresses different levels of management or mobilizes his members for more dramatic actions.

But the shop steward is often the only one with this holistic perception and has only few possibilities for establishing a common understanding of this view as employees have seldom been encouraged to view the company from a holistic perspective. Changing managers rarely move beyond their pre-constructed models of what characterizes companies and modern organizational forms.

And exactly because the holistic understanding of the company remains non-verbalized and tacit it is difficult to make it the object of (self)reflection, critical inspection, and testing its long-term durability. The resulting paradox is that shop stewards adopt a strategically selective response to moves from top and bottom, but they themselves have no strategic understanding of the company that could constitute the basis for them setting the strategic agenda. This management function they have so far refrained from assuming.

This situation might prove quite risky as an analysis across the interviewed companies shows a certain list in the long-term development. Most of the companies have been through a process going from more or less general mass production over a phase of growing flexibility, dynamics, and decentralization of responsibility with such significant outcomes that the corporation has staked on the company to play a key role. In the larger global game among subsidiaries such positive statements from headquarters are often reflected in a subsidiary being given responsibility for an important product, demonstrating to the others the company’s key role within the corporation. This also gives important and frequent contacts between subsidiary and headquarters. On the other hand, the subsidiary

demonstrates its ability to integrate swift and neat the new product and its competence in improving production continuously resulting in growing efficiency and earnings and thus scoring high benchmarks for balanced score cards. Apparently, the company is moving in a virtuous spiral.

Many of the subsidiaries in this study find themselves to be in precisely this situation and to have reached the goals they aimed for strategically. The situation is highly satisfactory – the subsidiaries find that they are in a strong position that they can consolidate through still new improvements. In effect, the prospects for future negotiations on investments and employment level with headquarters look promising, and they expect the latter to pressure other subsidiaries for reductions.

The question is, however, if this situation does not call for serious and critical strategic reflections. Should these companies stick to a given strategic position once they have won these by demonstrating their abilities to move, be flexible, and learn fast? Or have they driven themselves into a corner from which it will be difficult to exit in the future? The question is fundamental compared to the tacit strategy the shop stewards and convenors have pursued, which has implied that the groups of managers and staff-workers holding the keys to new avenues – e.g. development work and canvassing – in many cases have been axed.

The crucial point is not that it may be difficult to find the right answers to these questions, but that the questions are apparently not discussed at any level in the subsidiary and in society. Therefore, the shop stewards' reactions in terms of passive selectivity to the strategic moves of management often come to determine the direction of Danish production life. In effect the good work of shop stewards may have immense and unintended dangerous effects on the future business structure in Denmark.

The purpose of these reflections is not to instigate discussions about insubstantial visions among researchers, governments and organization technocrats who have often only idealized images of what is going on in companies, factories and business life in general. On the contrary, the purpose is to make the shop stewards, who have gained a feel for the unity that a company represents and the challenges it faces, discuss among themselves and thus make possible critical reflections. Putting words to the so far non-verbalized strategic choices makes it possible to discuss and criticize these and talk about the promising and less promising aspects of the development of subsidiaries and the choices on which they as shop stewards can have an effect.

## 2.5. Shop Stewards as Lords of Dilemmas?

Section 1.3. summarized a series of dilemmas that shop stewards may be facing when embarking on the change dynamics that lead them from the role of shop steward to that of 'capitalist entrepreneur'. These dilemmas emerge if we view shop stewards as moving from being bureaucrats in the hierarchy of the labor movement to being also entrepreneurs. These dilemmas combined almost make the shop steward role dissolve in the very process of transformation and he might end up finding himself in a state of schizophrenia. The dilemmas exist as a multitude of considerations, but they are not allowed in practice to materialize as such. First of all because the freeborn and dauntless shop stewards do not run into the dilemmas of the union-bureaucrat. Second, because the dilemmas enter into their action context in very different ways.

The dilemma of, for instance, wage and working conditions does not emerge because many of the interviewed convenors find they have done everything possible in relation to this issue. Precisely by entering into partnerships they have been able to drive the 'counterpart' to the limit for wage increases should they not be seriously blamed by the management of the multinational or the Association of Danish Industry. The official wages achieved certainly draw admiration; ways of rewarding special efforts have been found without getting into the focus of employers' associations, and facilities have been created in subsidiaries that constitute dignified frameworks for the community of professionals emerging among the blue collar workers. In a number of subsidiaries shift workers work in shifts set up in such a way that it is possible for them to have a very attractive private life. Who would not like to work for four days and be off for six? The right to continuous training is widespread, and external and internal courses are subsidized by the companies in addition to the public subsidizes.

The group of weak workers, however, represent a problem, but the shop stewards unfold considerable commitment to motivate those that have been opponents of or found it difficult to keep up with 'modern times'. Everywhere the shop stewards have been fighting – in most cases successfully – for making the transition gentle and thus allowing the weak groups the time and opportunity to get on the train, by opposing eager managers. Today, after the transition, a number of shop stewards are working on creating new avenue for weak groups in the company, such as a senior policy and (as we shall see) the establishment of labor market programs making it possible for unemployed to participate in preparatory courses prior to being employed. Special training programs are being established for immigrants or Danish unemployed in particular unfortunate circumstances. The better the new professional forerunners among the workers perform, the more space will it be possible to create for actions directed toward helping the weaker groups. That is, if they are willing to invest time in training that will enable them gradually to be part of the new professional dynamics.

In many companies the fact that many forerunners in terms of education may demonstrate a lack of loyalty has not been perceived as a problem. In most of the subsidiaries, forerunners' ability to get employment in other firms in the local labor market is seen as documenting to others that investing time and efforts in education is worthwhile in terms of employability. The shop steward in one of the subsidiaries even encourages workers of great potential to engage in studies at the higher educational level as he finds their opportunities in the company too limited. A third example is to create new jobs in the organization, jobs that will allow particular interests among production workers to unfold, e.g. by employing production workers with a high training profile in product development. In one of the subsidiaries, the shop steward had asked the production workers which aspects of their workplace they prioritized. Their first priority was that work had to be 'fun'. One of them put it this way: 'so exciting that you could not help going to work even if you were (seriously) ill'. Second priority was training possibilities. And at the bottom of the list was wages. This shows how radically industrial workplaces and workers have changed, at least compared to our previous perceptions.

So much for the potential dilemmas in relation to members and employees in the company. Considering the dilemmas related to management at local and corporate level these have not resulted in passivity. The shop stewards have, as demonstrated above, tried to manage the dilemmas through establishing trust and reputation at still higher managerial levels – and in one case by institutionalizing new channels of influence – but their work will inevitably come to resemble that of Sisyphus. By playing the game with the management described earlier, the shop stewards have learned to handle locally successive and unstable managers, and in periods they have made it a tactic advantage to expand the potential partnerships. Many shop stewards, and especially those working in subsidiaries subject to foreign corporate management, feel a strong need for learning more about the nature of the game being played in the management circles in multinationals. A few of them even emphasize the need for knowing the culture in which colleagues in other countries are embedded in order to understand better their behavior. They have on a number of occasions experienced that they were talking at cross-purposes. The same word, for instance, might have totally different meanings in different countries.

The shop stewards also feel that they have contributed positively to the local community. Their struggle for preserving workplaces has contributed to the development of the local society. Certain shop stewards have – as we shall see – opted for more direct efforts related to problems in the local labor market. The employability of the manpower in the subsidiary has been increased and both unskilled and skilled workers have improved considerably their chances of getting qualified work, which in turn will lead to new upgrading of competencies. However, neither the shop stewards nor their local communities have yet reflected on the implications of competence development in the long run.

In regard to the labor movement the interviewees are not of the perception of having led it into a cul-de-sac, quite the contrary. Most of the interviewees express a pronounced need for the labor movement being improved, changed and revitalized, and they have a great desire for getting started on this process. They view themselves as the forerunners of the labor movement in the workplaces, but they also feel that the labor movement's efforts to support its forerunners are insufficient and that it fails to recognize the new professional identity of its members. The shop stewards have, as we shall see, a hail of proposals for changing and improving the practice of the labor movement. Rather than leading to passive reflection, the dilemmas stimulate to ideas for improving and revitalizing the labor movement along the much the same recipe used earlier to improve the performance of the subsidiary in which they have been engaged.

## **2.6. Shop Stewards in Need of a Labor Movement Able to Support Them in Civilizing the Global Economy**

Part I outlined how shop stewards could work their way out of the circle of dilemmas by simultaneously working to (1) reform the strategic discussion on the development of the local community, the local labor market and the vocational system; (2) establishing within the MNC new methods and procedures for making agreements and decisions; and (3) changing the way in which the labor movement functions in relation to members and shop stewards at company level.

Most of the interviewees abandoned the outlined work program as being unrealistic if its realization were to depend on growth in the individual actions of shop stewards. As it is today, it is virtually impossible to make a private life function with the scope of activities required by a shop steward in a subsidiary owned by a multinational. However, they agreed to the sensibility of working at the three levels at once, but stressed that it would be humanly impossible for the single individual to do it. This requires a movement – a labor movement.

The problem is that, except for a small minority, the shop stewards find that the support they are getting today from the labor movement in managing the challenges and the initiatives they have taken is inadequate. As it appears from the above descriptions, shop stewards are often alone in relation to the development of managerial, strategic and tactic positions at company level. In general, this loneliness and isolation in relation to the labor movement becomes manifest when the shop steward's work expands beyond a certain level and addresses managerial issues, then the position easily turns into an exposed one. Those of the interviewees that belonged to the DGA-group in Funen<sup>6</sup>, however, had experienced this initiative as a long wanted opportunity for breaking this isolation and they praised the initiative for enabling them to come into play in relation to each other.

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<sup>6</sup> An ERFA group of 25 convenors working in subsidiaries of multinationals in Funen.



Those that did not have this relation expressed a strong feeling of isolation and frustration. During the interviews when we came to the question about reforms within the labor movement, the shop stewards became more critical, and it became increasingly clear that they viewed the reforming of the labor movement as the precondition for mastering the range of actions already achieved and enabling expansion into other and new dimensions. They felt the need for being supported by and contributing to a labor movement within which individual experiences can be used for mutual inspiration and as building blocks for satisfying still higher aspirations.

The shop stewards are not critical of all aspects of the labor movement and their criticism varies. They all agree to the union internal training system having furnished them with necessary competencies. Some of them to the extent that they intend to use the union internal training system to train team leaders enabling these to perform this function in a way that integrates both professional, union and managerial perspectives. And in general the shop stewards also respect the labor movement's ability to enter into agreements, interpret the "text" and make it "clear" in implementing it. They are very aware of the fact that not all business areas in the various unions are mastered by equally competent people, but it is also their impression that areas handled by committed and competent people are subject to obstruction and wither as the result of mysterious processes in the insulation layer of the labor movement. Fiery souls and innovators seem to burn out. Certain of the shop steward have only positive things to say about the local division of their union, and being on their board they may also be able to exert considerable influence on the way in which it functions. Others reproach their local divisions for being merely "clubs for socializing and drinking" where the representatives of other workplaces sit on the "chairman" and it is impossible for others outside his circles to get him to do anything.

In general, it frustrates the shop stewards that they have little to be proud of as members of the union to which they have chosen to devote so much of their lives. It is as if the union does not function at the high professional level that the shop stewards need, among other things to ensure them that they can rely on the members' support. At the same time, shop stewards often feel that union staff and training consultants "talk down to them" as if they were poor ignorant creatures. Bearing in mind the educational and career backgrounds of the shop stewards, as described in section 2.1, this is highly underrating their competencies – almost to the degree of a mortal sin. Their CVs shows rather, among other things, the wide range of experiences that can be brought into play by bringing shop stewards together for exchange of experiences. When union employees and consultants see the mental fatigue in the eyes of these shop stewards, they might think that what they are saying is over their heads. But the fatigue has quite different reasons.

These remarks might indicate that shop stewards and union employees merely need to mutually adjust their assumptions about each other's identity, change their behavior accordingly and everything would be fine. This would probably redress the situation to some extent. But unfortunately it does not suffice. According to the shop stewards there seem to be certain quite fundamental mechanisms at play that cause the labor movement to obstruct its own development and the members and the shop stewards to take little pride in the movement. It is difficult for an outside observer to diagnose the problem, and it is obviously more complex than the following account suggests. Nevertheless, I will try.

In one of the interviews the shop steward stressed that it was almost impossible to get into contact with other shop stewards facing identical problems and, hence to break the isolation which he often felt. Even though he was a member of the board of the local union division, only a few in his local area were in the same situation as he (working in a multinational). He had attempted to break the isolation through participating in union seminars and courses on issues that seemed relevant compared to the problems in which he was involved. His ulterior motive was that at such seminars he would meet other convenors of similar interests with whom he would be able to discuss during the breaks and in the evening. The seminars and courses might have been designed differently, but what was most important to him was that they would offer him the opportunity of discussing with colleagues. Therefore, he was greatly disappointed in discovering his colleagues to be fairly disinterested in the professional aspects, but more so in eating and drinking as if they had joined to "get away from the wife for a couple of days". Having a busy job as shop steward and already feeling there is too little time left for the family, he will certainly not repeat such attempts. In effect the busy and committed shop stewards will choose not to participate in even good courses and seminars and leave them to shop stewards that are there for quite different reasons. Presented with this point of view another shop steward said: "You can spend a whole week at the training center of the Danish Trade Union Congress without having just one interesting conversation with colleagues".

These views in themselves are the sources of a "vicious circle". Active and committed, busy and brilliant shop stewards are increasingly seldom attending courses and seminars, but leave it to shop stewards that wish to get away from home, but who are not particularly interested in what is going on. Teachers at the courses feel that the participants are disengaged, and they try to design the courses in ways that make them easier for the participants and to capture the interest of the disinterested. This, on the other hand, means that competent shop stewards feel they are being "talked down to" and have to spend a lot of time on elementary issues before getting to those that are really interesting, etc. In this way the entire course system turns into a slum.

The puzzle is: How is it at all possible to fill courses and seminars with shop stewards that want to “get away from the wife”? How is it financially possible? A third shop steward offered a key to the puzzle, and fortunately poor marriages are not the major explanation of the slumming which would make it difficult for the labor movement to do anything about it. The nature of his explanation was more economic. It is possible that participation in courses/seminars are viewed as a scarce fringe benefit that everybody tries to get as large a share of as possible. Viewed from the perspective of the local union division or club, being sent on courses/seminars involves rivalry and prestige. And if the courses do not demand much of the participants, take place at beautiful sites, and if you meet the old pals over a pint of beer or two in the evening, then it is not too bad. The wife might even find it to be a good idea for him to spending a few days away from home making the household budget a little less tight.

But even if this practice is widespread, it is not really scandalous. Anyone with only a superficial knowledge of the amount of efforts that shop stewards *can* put into their work must agree that courses/seminars might perhaps be a modest way of compensating for all the unpaid extra efforts and commitment. Such compensations might even seem necessary for motivating workers to become active in union work and accept the job as shop steward.

This is at least the opinion prevailing among certain clubs and division boards according to the shop steward who brought us on the track of the key to the puzzle. Therefore, the question of granting participation in courses, seminars and other arrangements becomes one of distributing “privileges”. The question of who is granted a course or seminar is one of “justice” of who is “next in line”, etc. In effect people are often granted a course, the subject of which they might not be particularly interested in. But the next in line must seize the chance, because it is highly unlikely that the right issue for the right man will fit into who is next in line.

But “justice” and “who is next in line” are not absolutes, but comparable. It is possible for a club or a union division to determine a strategy that can function as a tool for prioritization of what to engage in and stake on, ensuring that activities are tuned and purposeful. Many of the shop stewards had experienced periods in the history of their clubs or local divisions where this was the case. And quite a few of them found the local union division to be run fairly reasonably. But others had quite different experiences. After a good period a new board and a new chairman had taken over which, in their opinion, “ruined” everything. This is of course the case if the priorities of the shop steward do not fit into those of the chairman and the board of the local division. Then justice and being next in line will – slightly compared – go against one’s own interests making it difficult to plan for engagement in union activities as a whole.

What is interesting is that boards of union divisions are democratically elected which may be the very mechanism that determines why certain shop stewards are always satisfied with their local union division while others feel “excluded” and experience the processes as “camaraderie”. The problem is, however, that innovators like those I have interviewed and who want a system to support the movement they have initiated, systematically seem to have the odds against them in the game over the distribution of resources – exactly because of democratic elections and the approximated “just distribution”. The local union chairman allocating courses/seminars along the principle of “who is next in line”, rather than staking on involving some forerunners, will stand a much better chance of being able to gather a broad coalition and thus of being elected. In effect the forerunners must, by definition, experience the labor movement as reactionary and behaving as a club to which they are not proud of belonging.

Notice that till this point I have not yet included the central offices and top hierarchies of the labor movement. But is there any way in which the central level actually could have met the frontrunners and changed the situation at club or local level?

As the situation is today, and apparently is experienced as turning into a slum, acting from central level would imply acting deliberately undemocratically. It would involve writing off the vast majority of shop stewards in favor of the frontrunners, and thus risk losing those shop stewards who contribute to secure high unionization rates in Denmark. And the high unionization rate is one of the reasons why the Danish labor movement is in a position to search for a possible avenue toward renewal in the international context. And the general average masses of shop stewards are, nevertheless, ensuring the institutional space from which the freeborn and dauntless forerunners can act.

However, the growing contrast between the need for developing professionalism within the labor movement and the way in which democracy and “justice” work is evident. Developing this professionalism would enable the unions to support shop stewards in their efforts to sustain the professional solidarity in the workplaces, and through this gain influence on decisions in remote corporate headquarters. But the contrast seems almost insurmountable.

Against this, one realizes the import of the radical changes in the club work in one of the involved companies. The interviewed senior shop steward had told about this. Not because he saw it as a renewal of the labor movement, but moreover because he saw the task as a natural consequence of working on changing the subsidiary-organization of work toward teams that could improve autonomously their performances and hence contribute to the development of the company.

The subsidiary managers were responsible for responding to proposals from highly qualified workers, formally organized as specialized workers (unskilled), in a professional way enabling these to improve continuously their performance. In this vein, he found that the shop stewards were responsible for reacting and acting in a similar way professionally to the needs for developing this professionalism by continuously improving the work of the union-club. This would only be possible through open dialogue between club and members. The members had to take a position on and preferably criticize constructively what the shop stewards and the club were “cooking up”, and how the members’ money was spent on achieving this. The means was open, honest, and adequate minutes from board meetings that were published and subject to debate. At the same time, the account should show in detail the types of costs paid and their import for achieving specific objectives, etc. The treasurer of the club was asked to provide the necessary substantiation of expenses paid by shop stewards and members and reimbursed by the club treasury. Furthermore, anyone who wanted to be reimbursed for “lost earnings” had to produce a copy of his salary statement. It was made perfectly clear that the club treasury was not being used for distributing privileges but for achieving the goals and policies on which the club had decided to stake.

When the shop stewards had decided to commit themselves to an activity, one of them was assigned the job based on the APID-questionnaire. Who among the shop stewards had the Ability, Possibility, Interest, and Desire to work with the given activity? In case of larger projects, such as designing a senior policy, a training reform, etc., one of the company’s thirteen shop stewards was chosen as anchorman on the basis of the APID-model. He would then build up internal and external networks that in relevant ways could work with the given issue and reach a professional solution. Participation in courses would be related to involvement in such tasks.

In effect of the new way of working, the thirteen shop stewards had, according to the interviewed convenor, gained a new professional self-esteem that the members recognized. The same professionalism meant that the management knew it was dealing with a professional team of shop stewards whom it could count on to do a good job when asked to act as partners or opponents. And sometimes the management even regretted being presented with solid proposals for improvements within areas where it had not itself seen the needs. The club was in a position to act proactively and did so with great success.

This way of working with change is implementable bottom-up simply by setting your own house in order first. If a similar practice was introduced in all clubs and local union boards, every shop steward participating in external seminars and courses would soon find his colleagues to be interesting and worthwhile collaborating with.

Nevertheless, the interviewed convenor soon discovered that the “system” did not function satisfactorily. When he wanted to implement the reform of the club, he turned to the central union office for help to change the club assuming that it would have experiences with such work. But the union refused to participate. Whether the reason was that nobody in the union worked with changing the practice of club work or that his presentation of the reform criticized the way in which the labor movement worked, is unknown. But they had to go through with the reform work without being able to draw on a network of contacts to the labor movement and people active within the union.

The same problem recurs every time the club works along the new principles. The APID-model makes it easy to choose the anchorman and he is soon able to compose a network of people internally in the company. The problem arises if he wants to get hold of external people. Turning to the local union division for help in finding relevant persons proves a waste of time. The guy in the local division can look up in the directory to see who is responsible for which issues in the union, but no lists exist of people working or having worked with problems similar to those facing shop stewards in other companies. This information is simply not available – despite all talk about the information society and the fact that most shop stewards have access to the Internet.

If the shop stewards contacted employees in the union formally working with the given field, these would often seem strangely detached and ill prepared. Other interviewees told that when they asked people in the union about the possibility of exploiting certain opportunities, they were keener on informing about impossibilities and difficulties. It was only possible to get a clear answer if the union people could take their stand on laws and sections and on existing agreements. But in the world of shop stewards constantly spotting and exploiting new opportunities for development, progress, and influence, the union employees were of little help both directly and as liaison officer to other shop stewards. A third observation was that in most cases people were elected for functions in the union at the age of 55. “People between 55 and 65 dressed in white shirts and ties are perhaps not the right ones for building the Future Denmark for the very reason that they are probably more interested in the conditions on which they can retire”. Because of their age they may not be interested in plunging into projects with groups of shop stewards. And the question is whether central union staff is interested in singling out active shop stewards working as their “competitors” on overlapping issues?

More mysterious is, however, the fact that the shop steward representing the reformed club practice had experienced that “the system” had obstructed his amateurish attempts to contact other shop stewards directly. He once called a shop steward in another company to involve him in the network related to an activity for which he was the anchorman. He was told that the guy was at a meeting in the local division of the union. He then called the local division to get hold of the guy.

Here they refused to put him through to the guy telling him that according to the rules such contacts should go through his local division. In other words he would have to contact his own local division that would then have to contact the other local division. The latter would then contact the guy who would then call him. This system is certainly not making it easy to establish networks of active shop stewards!

We talked quite a lot about the reasons for such rules and whether similar rules applied further down the “system” – rules you would only discover in violating them. None of the interviewees, however, were able to produce an explanation, and it must be fairly easy to remove such rules.<sup>7</sup>

Another practice that also impedes bottom-up network construction within the labor movement is the design of one-day seminars and courses targeted at a group of shop stewards interested in a certain narrow subject in which they are highly competent. At such courses many of the shop stewards had experienced that five hours of the seven-hour program were allocated to union speakers, then there would be one-hour of group work on pre-designed questions, and the day would conclude with a one-hour plenary reporting on the groups’ conclusions. The shop stewards present represented considerably greater competence in the issues than any of the speakers from the union. Nevertheless the expertise present was not used for mutual enrichment. Naturally the designers of courses want the participants to benefit as much as possible from spending a whole day on a course or seminar, but many of the interviewees suggested that the labor movement should make room for free discussions at such occasions. Here are lots of potentials waiting to be seized.

There are, as indicated, numerous possibilities for changing practice through fairly modest efforts, turning a revitalizing network structure into reality. A series of initiatives might facilitate the processes:

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<sup>7</sup> After the interview I have made some guessing, as such rules are important in that they are fairly efficient barriers to change in and survival of the labor movement. I can see two explanations that might prove to be interrelated:

- (a) Heads of local divisions have developed or sustained such rules because they allow them to, among other things, control the alliances and coalitions that might join efforts to affect union politics in certain ways, such as at the union congress. Having thus elected persons to top positions in the union, nobody at union level will take steps to change these rules that are left to survive without much ado.
- (b) However, such rules could have been introduced to prevent the labor movement from becoming a tool for Communist fifth column activities much feared by the Social Democratic Labor Movement during the Cold War. The labor movement is, perhaps, burdened with several archaeological layers of this type that are now, unintentionally, impeding flexible collaboration that might otherwise be possible across boundaries now that nobody needs fearing fifth column activities. The labor movement certainly would not be the first organization in the world that forgot to sweep away such sediments from a distant past.

In both cases it is possible to do something. But if we imagine that both explanations are true at the same time and are mutually reinforcing, it will probably be difficult to do anything about the problem as this might imply that the traditionalists within the labor movement would attempt to keep out the change-makers by resorting to anti-fifth column tools developed during the Cold War.

One way could be to let consultants cover one of several clubs working along the new principles outlined above, and each time they discovered resistance against constructing external networks they could remove this resistance from the system in general. Each time the club was unable to find new ways of getting into contact with others, the consultants could actively begin to produce new channels. And if the network partners wanted do not exist, it might be worthwhile considering the possibility of the union staking deliberately on new avenue by reallocating resources.

One obvious idea is make room for discussion groups on the union's website, making it possible to advertise fields of interest and thus enable shop stewards sharing an interest in certain issues to get into contact with one another. Software is available that makes it possible for members and/or shop stewards to establish open or closed work groups via the Internet. But the labor movement does not yet seem to have exploited these possibilities.

Compared with the work program for implementing reforms, which was outlined in the end of Part I, it would be interesting to develop this program by letting a number of reforming clubs cooperate in mutual rivalry. This would make it possible to explore offensively what a new and reformed labor movement might be facing. For the mutual inspiration of shop stewards at club level in the subsidiaries, in local union divisions, and at central union level.

It might seem as if the labor movement were in a schism conditioned by the historical development and for which it cannot be blamed – only for not doing anything in regard to the future. After World War II the new macro economic politics set the scene, and how the labor movement acted internally was less important than its negotiations with governments, public institutions, and employers' associations about collective agreements.

There were good reasons for the leaders of the labor movement being dressed in white shirts and ties. With the growth in international "market creation", the partners with whom the union representative negotiated operated at increasingly higher levels, and the negotiations became still more colored by issues highly legal and abstract compared to the everyday life of members and shop stewards. Both at national and international level, negotiations were – and still are – complex having significant impact on the future of the members – though they themselves do not recognize this.

Therefore, the leaders of the unions may be justified in thinking that it is in the nature of things that the members do not understand what necessarily must be done, and as a result of this, they must live with irrational criticism, such as that from the interviewed shop stewards. But the fact is that this group of interviewees



works with issues and challenges which at the micro level concern the heart of the problems that have made the labor movement direct attention toward international institutions. The substantial inspiration for how to influence laws and regulations at national and international level must be found among the shop stewards working actively in multinationals and acting as innovators in their companies, in their local communities and experimenting with new ways of exerting influence on global corporations. Therefore, the same strange mechanisms, rules and practices that prevent shop stewards from establishing networks across companies have the same effect on the top leaders within the labor movements – they become equally isolated. In effect, the top level of the labor movement should be equally interested in preventing retrogressive coalitions from being established in the name of democracy and justice through mysterious rules and inexpedient behavior among the staff, populating the insulation layer of the labor movement.

Changing this layer into one capable of creating and promoting networks might turn the labor movement into exactly the kind of organization that could be instrumental in bridging micro and macro politics and local and global development.

One way of beginning this work is to stake on the kind of projects outlined in Part I. Here the shop stewards combine local strategies with those of the subsidiaries in order to gain influence on decisions taken in the headquarters of global corporations. The labor movement could take inspiration from this approach to managing new situations and use it to change the labor movement itself and its input to and attitude toward negotiations at national and international level in the future. One way is to strongly support a network of local frontrunner clubs avoiding that they are being subject to even stronger pressure than now. This would offer the Danish labor movement the chance of learning to act in a new role as a pioneer toward both its members and its sister organizations at the international level. Who would not be proud of belonging to such a movement?

But it would also enable the labor movement to improve its profile by turning some of the individual reforms introduced by shop stewards at local community and company level into national level reforms. In this way, the labor movement would be able to identify and locate inappropriate changes, and in which contexts it would be necessary to approach politicians and the central authorities. It would enable the labor movement to become the channel through which local initiatives toward changing vocational training programs could be disseminated to other parts of the system. Furthermore, the labor movement would be in a position to systematize experiences with gaining still more influence on multinationals and, hence, be able to support individual representatives and simultaneously provide relevant input to the reform work going on about EWC and the European Corporation within the EU.

Informed by the interviews the following section accounts for a series of initiatives started by the shop stewards, their reflections on their practices and my reflections

on the former – initiatives related to the local labor markets and aimed at gaining greater influence on global corporations.

## **2.7 Reforming Local Labor Markets and the Vocational Training System**

The preconditions for the transformation of production work and production workers over the last 15 years in Denmark was the well developed institutional system of Technical Schools, centers for labor market courses and financial arrangements making it possible and attractive for companies and wage earners to participate in continuous training. The gradual growing competence among operators and transfer of responsibility to this level often left companies and shop stewards with a serious dilemma when companies individually or in general were facing declining demand. The companies risked losing highly qualified workers without whom it would be difficult to exploit future growth when and if it occurred. The shop stewards often used such occasions to enter training agreements of a wider scope and to produce training plans. By sending a wider group of employees on training courses it would be possible for the companies to retain workers whom they might otherwise have to dismiss simultaneously with boosting the workers' competencies to the benefit of the companies in general. At the next boom, the companies would be in an even stronger position competitively, and perhaps be able to leave even greater responsibility for production and continuous improvements to the "people on the floor". All the companies participating in this study have been subject to this up-skilling dynamic – in certain places to an incredible extent while others have been more modest.

Thus, there is reason to stress that the dynamic mechanism in this context was the continuous training system and its institutional foundation. Continuous training activities became increasingly widespread in Denmark during the 1980s and the 1990s. According to the EU statistics, Denmark became the most continuous training intensive country in the EU. This probably means that no other country has got as far as Denmark in transferring to operator levels responsibility for the daily production and its improvements. This might explain the relatively low unemployment rates in Denmark in recent years, and why it has not been necessary to find employment for "exposed" groups (read: unskilled) by creating low paid service jobs, such as in the U.S.A. and England. Quite the contrary, the movement toward equality has continued during this period in Denmark. The transition has been implemented bottom-up at the initiative of shop stewards.

This could be the reason why nobody at the central level – within unions, politics or the public bureaucracy – sees the transformation that has taken place as the realization of a new "model" for the dynamics of both industry and business cycles in Denmark. Unfortunately, the absence of this recognition at the central level might

easily result in that uninformed actions at national level will jeopardize much of what has experimentally been gained in the companies.

In terms of industrial dynamics it is important to realize that changes in production life mean manufacturing activity of a quite different nature than the traditional one. For the customer, the product becomes a condensed reification of complex services, adaptations, developments, timing, quality, reliability, etc. In placing responsibility for performing these tasks with skilled and unskilled workers, Danish companies in general and Danish subsidiaries of multinationals in particular have, on a wide scale, become companies capable of meeting challenges that resolve, through dynamic and direct collaboration, multifarious problems for customers or owners. The stories told from the shop floor level reflect professionalism in playing a direct role in this collaboration at operator level.

Therefore, certain of the shop stewards find it hard to accept when the General Workers Union at courses and in campaigns refers to their members as “weak and exposed” and at the risk of becoming marginalized. Naturally, the shop stewards find that weak groups should be helped to join the teams of highly skilled workers. The problem is the way in which such discussions often set the agenda resulting in work and qualifications not being discussed from the right perspective. Specialized workers are discussed as if they were generally a weak group threatened by the closing down of companies or companies moving abroad. But this group of workers should rather be viewed as being in the process of developing a new kind of professionalism, which is the key to develop a new type of firm that might give Denmark a unique position in the international division of labor. But the dichotomy characterizing the discussion also reveals something else. It may very well be that a number of companies, including subsidiaries of multinationals, have accomplished this transformation. The question is, however, to what extent this is commonly known and widespread among small and medium-sized subcontractors? The individual subsidiary is often only in a position to improve its benchmarks systematically if it contracts with companies that are also capable of improving their benchmarks. For the local subsidiary of a multinational the potential for development lies in its indigenous ability to develop, which in turn depends on the general development of the local labor market and of its subcontractors. In this context there seems to be a growing need for shop stewards and managers developing across firms in a locality visions for how to develop and diffuse qualifications. Currently, the shop stewards seem to hold a narrow company view of the problem.

The business cycle dynamics of the new “model” are perhaps even more important. Few seem to have observed, how “smart” it has been that Danish workers have invaded continuous training institutions during periods of high unemployment. During these periods they would improve their competencies, thus being in a position to win even more complex production jobs for the global market when the

market began to boom again. In this way, Denmark has replaced a Keynesian with an educational form of “automatic stabilizer”. In Germany people have realized that the new Danish model includes something that the German model lacks. In Denmark politicians, officials, and maybe also union leaders seem to have neglected that shop stewards, over the last fifteen years, have constructed a totally new tool for strengthening and stabilizing economic development in Denmark. This negligence must be the reason why changing governments have cut back the vocational training system, raised course fees, and reduced compensations for lost earnings. In effect this unique tool may not be available next time recession hits. And this will, of course, have consequences for the business cycle dynamics in the future. But it will also have more far-reaching consequences for the industrial dynamic, as Denmark will not be able to develop the type of firm based on rapidly growing professionalization of the operator level in the same offensive way.

The interviews with the shop stewards leave one with the impression that continuous training activities and their level have declined strongly in recent years. This is naturally to be expected during a period of high employment rates if such activities have the claimed function of “automatic stabilizers”. But the interviews also reflect not only multiple danger signals, but also local new departures that after having been adjusted at some central level, might lead to the gradual change in vocational educations necessary for an offensive strategy to manifest itself in the future.

In certain companies the economic squeeze following in the wake of Government interventions has caused managements to terminate agreements on continuous training, if possible. Certain economists might claim this to demonstrate that the companies’ benefits from these training activities are not comparing favorably with the costs. But for the subsidiaries playing the above game with multinationals this is not the explanation. The effects of training activities will only show in the long term. The turnover of managers in multinationals means that the manager investing in training activities, and thus risking poor benchmarks because of this investment, will not be the one to harvest the good benchmarks, while his successor will. The Danish vocational training system and its financial arrangements has thus, in a unique way, enabled the shop stewards to resolve one of the dilemmas characterizing the managerial dynamics in the subsidiaries of multinationals in terms of training. Only a few countries have provided similar opportunities which is why Danish companies have been able to, in many situation, win a unique position based on comparative advantages at the operator level. Reductions in the field of vocational training might, therefore, prove it impossible to develop and sustain this position in the future and make it more difficult for shop stewards to play the role as offensive partners in the future.

Other shop stewards experienced stagnation in training activities even though the agreements were still in place. However, it was difficult to spare the same number

of workers for courses as earlier. But more important was that the existing possibilities for continuous training had by and large been exhausted. Only a few of the workers, and primarily new recruits, had not passed all the modules within their field offered by the national vocational system. The shop stewards' diagnosis was that reductions within the field had made vocational school less oriented toward new developments and at the same time it had become harder to define new needs for courses. The great boom in training activities some years earlier had been conditioned by the learning to manage new technologies, such as CNC machines and PCs. I asked one of the shop stewards why he and his colleagues did not cooperate with the local technical school on developing new courses that might help the employees and the company define the needs for development. His answer was that they had abandoned this idea years ago, because at that time the school had been obsessed with the idea of "internationalization" and cooperation with foreign schools, thus turning its back on the local community. Due to this unsuccessful strategy and the recent reductions, the school was now in the financial position of only being able to supply "staple courses". Therefore, in the future they would probably have to stake on in-house activities simultaneously with keeping an eye on the development in courses offered nationally.

The issue of in-house training activities popped up often in the interviews, and the shop stewards viewed courses organized internally as an advantage, since the costs of such activities compared with the vocational training system now made it more favorable (and often cheaper) to organize in-house courses. At the same, it was easier to fit such courses into a tight work program as it was difficult to assess whether it would be possible to spare a number of workers for external courses taking place a couple of months later. Sometimes internal courses are tailor made in cooperation with the vocational schools, but there are also all sort of agreements with private suppliers. The individual shop steward sees the latter displacements in training efforts toward internal activities as a way of compensating for the reductions in the public vocational training system and thus as a victory. It also reflects that managers in the partnership have recognized and respect the long-term advantages of continuous training. But the labor movement as a whole failed to recognize what was going on. The future scenario may be that the more future oriented and advanced training activities are going to take place within private, small circles that are not connected in ways making it possible to use the activities to boost firms in general and the workers at national level. This not only means that the continuous training system will be prevented from carrying its decisive role in relation to the industrial- and business cycle dynamics mentioned earlier, but the system risks being substantially disoriented about scope and direction for skill-development. Some of the interviewed shop stewards focused strongly on this issue, but nobody at any level seems to have visions of or ideas about which types of course activities that must be developed for sustaining and strengthening the industrial- and business cycle dynamics. This is alarming, especially taking into

consideration the mutual interdependency of firms for being able to advance to still higher levels in the global division of labor.

One might claim that shop stewards like those interviewed have played unbelievable good cards into the hands of business managers, organizations, schools, the government, and the union concerning the future development in Denmark. But organizations, public administrations, Parliament and Government are apparently not realizing the strong cards they are holding and merely used them to pass. The labor movement is the only actor in this situation that might be willing to consolidate the system and teach the politicians to play more offensively.

All the more reason is there to pay attention to the activities and ideas developed by the shop stewards, despite the general poverty. Activities and ideas pointing forward and which can perhaps both sustain and further develop the vocational training system.

One of the shop stewards told how they in his company had developed new courses for team leaders in collaboration with the local center for labor market courses. Some of the company's human resource people, working closely with the practical processes in and among the teams on the shop floor, formed part of the teaching team. On the courses, the HR people communicated their experiences while other teachers taught psychological processes, management and organizational processes, etc. The senior shop steward was not in a position to elaborate on this collaboration, because he had turned over responsibility for continuous training to another shop steward. But the course seemed to have been a practicable route to gradually codifying the practice and insight necessary for developing and stabilizing the new organization and management forms described above. The fact that the course starts from problems formulated by the participating team leaders, and is carried out as a project aimed at resolving these problems, indicates that in this locality the center for labor market courses may be involved in development work that accumulates knowledge of national organization interest. But we have no ideas about whether anybody higher up the hierarchy looks into this knowledge, though it would be natural to take advantage of this knowledge and disseminate it to the entire vocational training system.

In another case, shop stewards have opted for expanding their action sphere within the field of education from the internal to the external labor market. The firm in question experiences great seasonal fluctuations in employment. A now terminated training agreement compensated for these fluctuations, to some extent, by placing training activities during off-season periods. But at the same time, the higher training level of operators created a general need for being able to recruit new workers of quite different qualifications than earlier. Together with the local employment office and the local center for labor market courses the company agreed to establish a job bank for which the employment office would recruit

unemployed. These people would attend a sixteen-week course at the center for labor market courses, preparing them for being able to manage the technical aspects of production and the organizing of work. This course is continuously adapted to fit the increasingly advanced needs of the company. In recent years, for instance, a module in teambuilding has been added to the course. What is important about this activity is that it is not solely directed toward fulfilling the needs of the company, but also aimed at raising the competencies of the workers in the local labor market in general, making these competencies available to other companies.

Internally, and at a quite different level, the company has educated a corps of flyers that have been trained in all aspects of the various jobs. The flyers can perform any job anywhere in the company if, for some reason, it is unmanned (absence due to illness or participation in training activities). Naturally, the flyers allow for flexible manning of various jobs, but the company has also discovered that they are the most offensive in discovering and seeing new potentials for continuous improvements, because they visit every corner of the company.

The shop stewards have attempted to develop a combination of the two latter mechanisms, too. Since a number of companies in the local area experience mutually displaced seasonal fluctuations, it would be possible to offer stable employment to a new and very advanced group by training flyers capable of performing several roles in not only the individual company, but in all companies. This would create a team of employees that represented the combined skills required by the involved companies, and this group would be in a position to help define and transgress competence boundaries for future employees. At the same time, the group could carry proposals for improvements from company to company. This reform proposal drew great sympathy from the involved employers but was not realized, because the labor movement was unwilling to find a way of employing the flyers making it possible to hire them out to the companies by turns. It was a very promising project. How else would it be possible to generate a useful measure for the kind of qualifications to develop among future skilled and unskilled workers than to furnish a group with all the qualifications available, put them into play and see where they succeeded and failed, respectively? In other words this group would provide the tools for defining offensively the new needs for professional development of the labor force that otherwise pop up unsystematically, scattered and in so small doses that only those involved discover them. Yet another playing card was offered that nobody wanted to play.

The work with the job bank for unemployed had contributed to give the company – intentionally or unintentionally, by accidental luck or contingency – an interesting position in the local qualification dynamics. In spite of the changes and upgrading of qualifications having taken place, the shop steward still referred to the factory as a “lousy place” in which intelligent and potent workers would become unenterprising

in the long run. But the company could function as a lever to get people started. On the one hand, the company recruited many refugees and immigrants and it had introduced arrangements for socially maladjusted young people, and it was also planning to take in disabled people. Financially, the company had sufficient surplus to cater for these groups of people. On the other hand, it was also evident, that the stronger groups were tempted to “stick around” because wages and working conditions were good. Therefore, the shop steward would occasionally encourage the most potent ones to embark on further training, and the moment a guy demonstrated just a little interest, the shop steward would put him into contact with people in the local community training network. People he knew through his work with organizing the company’s training activities.

In a bird's-eye view this perspective on the company implies quite unsuspected opportunities for competence development in the local area. Imagine if companies and training institutions functioned as a whole. Certain companies would be good at getting weak and marginalized groups started, others would be able to offer them new challenges when they had overcome their initial insecurity and had achieved at certain level of qualifications. Yet others could test their professionalism and develop it to the limits of the current level and then help them define the offensive need for qualifications in the future. And at all stages of this process it would be possible to encourage people with greater ambitions to embark on more comprehensive plans for further training. Neither the shop stewards nor I know of any local union division within any union, working to realize such a vision that could make the companies in a given area understand themselves and assume a role in a united strategy for up-grading qualifications in the local community. The card is waiting to be played.

This way of viewing the company as part of a larger network of companies might combine the role of the General Workers Union in Denmark as protecting the weakest with that of being the forerunner in the development of professionalism in a new era. Does the union have any alternative to picking up the card?

These few examples of viable ideas among the interviewed shop stewards make it evident that the local union divisions can not only position themselves in a new role by creating a network of shop stewards. They already have their own domain of responsibility in getting the labor market in the region to develop – broadly across the companies—in a new dynamic way. Probably, it is only at the local level that it will be possible to get an idea of whether the dynamics are sufficiently offensive to define the new qualification objectives. And sufficiently defensive to ensure that weaker groups – both among companies and among wage earners – are not marginalized in the process against their will. If the local union division adopts this new orientation, the General Workers Union would come to play a quite different role as the actor securing dissemination of new “best practices” across regional



borders to the benefit of everybody, thus avoiding the emergence of marginalized local labor markets.

## **2.8 Reforming the Decision and Resource Allocation Processes in Multinational Companies**

As described in the previous sections, shop stewards have often been successful in developing narrow local partnerships into more extensive ones reaching far into the decision-making centers of multinationals. The major mechanism is to make the local subsidiary score high benchmarks and improve these year after year, drawing the attention of headquarters to the excellence of the subsidiary and in return allocating it resources. The paradoxical consequence has often been, however, that the manager, with whom the shop steward has cooperated to improve benchmarks, has been promoted and the partnership may go if the new manager does not wish to preserve it.

The promotion of a partner may also have great consequences for the ability to expand the partnership more directly. In one of the most extreme examples that I have come across, the manager of a Danish subsidiary was promoted to manager of a “strategic business unit” including twenty-two companies all over the world, and of a Danish holding company within a British multinational. This complex of companies was now managed from the Danish subsidiary which offered the Danish shop steward the chance of getting into contact with the larger system and establish channels of influence that could contribute to the construction of diverse bodies of cooperation, including boards, national fora and an EWC. The manager’s promotion also made it possible to send Danish wage earners on missions to the foreign subsidiaries, thus increasing their knowledge and creating trust and professional reputation at many levels in the huge organization.

In other cases the shop stewards’ management partners were promoted to key positions in headquarters, meaning that the former got access to information and influence at levels not even the succeeding manager had access to, which made it extra attractive for the latter to reestablish the local partnerships.

The examples are important because they show that the shop stewards have escaped the dilemma of “winning mandates but losing good managers” and they have learned to view it as an inevitable concomitant in multinationals that can be used offensively in tactic and strategic games over influence.

What matters is getting into play and demonstrating the “eminence of constructive interaction” which, according to their experiences, can have far-reaching consequences for the subsidiary’s ability to sustain employment, and getting a substantial share of investment budgets and in effect gain visible influence on the decision processes in remote headquarters.

Even in those cases where shop stewards had contributed to the design and construction of European works councils (EWC), such bodies were primarily viewed as the means of getting access to the constructive and close cooperation that can create trust and help establishing more far-reaching but informal partnerships. Therefore, agreements on works councils are mainly seen as a means to achieve the latter at higher levels than is otherwise possible for shop stewards. And as we have seen such levels can also be activated through more “anarchist”-like interventions.

In most cases this perspective among shop stewards means partnerships are expanded to include higher levels in order to secure that the primary mechanism “scoring high benchmarks” is left to develop freely and justly. Many of the interviewed shop stewards have tried to gain influence on internal invoicing prices, organizational structures, reporting routines, and employment of impartial managements, making it possible to produce more satisfying benchmarks. The purpose was to avoid that the organizational structure would obstruct the logic of continuous improvement in the Danish subsidiary and to avoid the appointment of managers with overlapping responsibility, which would make it convenient to tamper with the benchmarks in ways that would be seen as unjust in relation to the Danish subsidiary.

This strategy is well in keeping with the local improvement strategy that the shop stewards have opted for, and ensuring that benchmarks rest on a solid foundation may very well strengthen the impact of this strategy. It is, among other things, important that Danish shop stewards work constructively to avoid that managers wishing to manipulate benchmarks, primarily to promote their own careers in the short run, can do so by forging and tampering with data.

However, having relatively great influence on how the production performs, shop stewards are also in a position to affect which managers will be promoted on the basis of good benchmarks and which will be dismissed in consequence of poor ones. And shop stewards can even use this means offensively. Some of the interviewed shop stewards emphasized that one of the most efficient ways of getting rid of an incompetent manager might be to produce good benchmarks and thus help him being promoted. That is if his position in global coalitions is so strong that poor benchmarks would not do the job of getting him dismissed.

One might claim that shop stewards, drawing on their experiences, intrinsically know how to act to develop and expand partnerships, sustain them, and ensure that they stay on the track. Compared to the impressions from Part I, shop stewards are thus capable of managing this art under the difficult conditions that multinationals pose. This ability should be cultivated and strengthened at the collective level. Exchanging experiences about which tricks and moves colleagues

have used successfully might expand the scope of the individual shop steward's actions.

A number of observers are of the impression that a highly opportunist game is going on in certain large companies, and in particular in multinationals, among various managers and management levels. The partnership game of the shop stewards is an important corrective to this game in multinationals, because the shop stewards come to constitute the anchor of loyalty that makes it possible to award managers who actually contribute to the more long-term development of subsidiaries. If top managers are attentive to the inappropriate side-effects of the self-promoting games of opportunist managers, and if the former wish to put a stop to these games, shop stewards participating in different degrees of partnerships can be used more systematically to control management behavior in large organizations. The potentials of this adjusting role should be communicated to a wider audience of people and be used deliberately at the level of high politics in relation to corporate managements. It is, however, my impression that the interviewed shop stewards have not fully recognized this option, in particular because they are participating constructively in the game, primarily to develop their efficiency to defend the occupational position of the subsidiary within the corporation rather than to make the total multinational corporation function better.

This is in keeping with the shop stewards' work to create institutions for cooperation and partnership in the subsidiary. The shop stewards have been active in creating bodies at various levels, thus expanding the concept of "cooperation" considerably. Some of the subsidiaries have instituted weekly "production meetings" or "temperature meetings" at which shop stewards and management can decide on initiatives at various levels in the individual factory. In some of these companies, such meetings are supplemented with annual seminars at which representatives of various management levels meet with managers and shop stewards from different subsidiaries in Denmark to discuss diverse traversing strategic issues. The most advanced example is the company that has established a National Forum where representatives of a large subsidiary with many ramifications can meet to discuss and coordinate their next moves within the company and toward its foreign headquarters. At these meetings, it has been particularly important to exchange information on operating procedures in the various parts of the large group of Danish subsidiaries, and gradually they have come to understand and respect each other, which had not been the case earlier. In a few cases this work has been developed and has reached its temporary final stage with the establishment of an EWC. Nevertheless, the interviewed shop stewards stressed their primary interest was not to get such bodies established. Rather they were interested in the opportunities these bodies offered for creating scenes at which they could demonstrate their willingness and ability to cooperate and seize occasions for expanding their partnerships, as described earlier. Through these bodies their work with constantly improving the benchmarks of local subsidiaries have become more

effective and their personal relations with management have improved. In this context too, the interest in making the individual subsidiary function is given priority over making the whole multinational function better.

The construction of such bodies might, however, have important consequences. The first would be, of course, the establishment of a number of bodies for the institutionalization of partnerships, making the establishment of partnership not solely dependent on the individual shop steward having to build up relations of trust over a long period. Bodies are simply established that can be turned into scenes into which new shop stewards can enter without having to start from scratch. But these bodies can also be used for gradually developing the dynamics of cooperation and to civilize general managerial opportunism existing in large organization, making room for new ways of coordinating decisions and for constructing new rules for how the individual parts of the multinationals interact as an organic whole.

However, achieving this effect on the system requires that the shop stewards are able to develop a perspective on and understanding of the nature of multinationals, and visions for what they can be turned into. Which role in the constructive interaction might Danish shop stewards assume to realize a system building effort? Creating this vision requires more of the shop stewards than merely playing the game to secure the performance of their own subsidiary and its position in the larger picture. It requires being interested in the kind of procedures that should be institutionalized to enable the multinational corporation as a whole to make the best possible decisions and stake on the best possible and future-oriented projects, even if the decisions went against the interests of the Danish subsidiary. Such procedures should ensure that processes were seen as just even if the outcome would be to be disadvantage of a Danish subsidiary.

But such procedures only gain substance if decisions are justified in a detailed understanding of how the individual subsidiary functions within the corporation. An understanding of its weak and strong aspects, and how it might contribute to strengthen the corporation as a whole and, hence, all the involved subsidiaries. In their current activities, Danish shop stewards are not consciously working to establish a system that in this way can examine the nature of large corporations. In my opinion establishing such a system would be an important step. The growth in acquisitions and mergers in recent years implies that many headquarters simply do not and can not know much about the subsidiaries, which they are managing and own. Only by shop stewards demanding that this knowledge be established in common fora across boundaries will it be possible to subject the rationality of decisions to critical testing and discussion, and thus generate the feeling of decisions resting on a rational and just foundation. Not only in relation to the shop steward himself and the subsidiary he is representing, but to the whole as such.

## ***What Is the General Interest of a Multinational?***

In recent years, the deafening answer to this question has been: Shareholder value. But the same answer has also proven a blind alley for many giant corporations in terms of development. The current trials in the U.S.A. probably only represent the top of the iceberg of trials that will put a critical stop to this vision.

The question is, perhaps, what kind of vision for multinationals that can replace the depressed version?

The shop stewards and the labor movement should be able to produce a proposal, but they do not seem to have one - at least not according to the interviews that I have conducted. One of the interviewed shop stewards had great experience in being part of the larger game, but he had given up. The game in and about the multinational was continuously changing and appeared to be contingent and oscillating. Therefore, he had chosen to cater for his private life by securing the subsidiary in which he was elected. The means was to aim for good benchmarks and ensuring that his colleagues in the company developed their skills and competencies making them the best qualified in the local labor market and adding to their reputation among colleagues in other companies. He had left the larger system of multinationals to its own devices. And its prospects were, in his opinion, bleak and threatening. He knew from many years of experience that decisions were haphazard.

Several of the shop stewards shared his opinion. In many cases decisions seem to be inconsequent and contingent. Rather than securing broad framework provisions for the corporation as a whole, they seemed to undermine the former and jeopardize the survival of the Danish subsidiary. Many of the shop stewards were of the opinion that the behavior of multinationals and the dynamics of the global economy might easily lead to worldwide recession, especially in consequence of the way in which the capital market functions and of managements' focus on shareholder value. The latter is implying that multinationals base their assessments of industrial companies on short-term policies. And this type of companies is only turned into solid and profitable ones through long steady pulls.

Embedded in this criticism is an implicit vision that the nature of MNCs could become quite different. But the shop stewards have not verbalized the vision. Verbalizing the vision would make it possible to begin working toward realizing a new perspective on multinationals.

Viewed from the perspective of a small Danish subsidiary specialized in some niche production or other, you could claim that being a member of a multinational might add to stabilize business cycles in that the multinational secures that many subsidiaries are making money to varying degrees over time. Therefore, fluctuating

earnings in one company should not necessarily lead to its bankruptcy. In this perspective the multinational almost resembles an insurance company. But it soon becomes clear that if the multinational closes down subsidiaries showing poor benchmarks in the short-term, it risks closing companies that later might be in a position to compensate for fluctuating earnings in subsidiaries that earlier showed good benchmarks. The consequence of this perspective would be, once and for all, to stop the routine and unreflective use of benchmarks as the sole guide to decisions on managerial promotion and allocation of investment-budgets.

A different perspective on multinationals is that they, operating in several different countries, are in a position to combine the comparative advantages of different labor markets. It has, for instance, been demonstrated that the dynamics of the American labor market is supportive of radical innovations, while e.g. the dynamics of the Japanese labor market function to support rapid upscaling of production. There is hardly any doubt that Denmark has comparative advantages in terms of flexibility, up-start of new production and the workers' ability to continuously improve products and manufacturing methods. A multinational that has access to multiple comparative advantages simultaneously would be able to combine these into strengths by creating a division of labor that would allow each of the companies to cultivate their specific strengths in the national labor market. In effect, the multinational would be able to combine, in one and the same corporation, various forms of adaptability to the benefit of the long-term survivability of all subsidiaries. Also because a multinational constituted in this way would allow room for immense opportunities of mutual learning among subsidiaries. But this implies that managing and measuring all companies along the same type of benchmarks would be toxic to the multinational in that all subsidiaries would be forced into identical behavior and lose the diversity that in the long-term might have strengthened the community.

The two examples of general visions for multinationals run counter the attempts of shop stewards to introduce standardized and just benchmarks. Quite the contrary, the perspectives discussed above require cultivating understanding of each other's differences both in terms of time (business cycles) and space (the labor markets in which they operate). In this way, bodies such as the EWC, within which the participating subsidiaries gradually gain insights into each other's way of operating and into the effects of business cycles on each of them, might prove decisive for managing the individual subsidiary and decide on its faith by taking the whole situation and its future development into consideration.

One of the shop stewards suggested a short cut to the creation of this mutual understanding and recognition. He simply suggested that shop stewards be exchanged across national borders and subsidiaries, facilitating that they could inspire each other to make partnership-like improvements and simultaneously gain insight into each other's comparative strengths and weaknesses. This, seemingly, small reform might prove to be the very short cut to the mutual understanding that

could be used to change the perception of what a multinational is and how it should be built.

This proposal is perhaps one of the most important ones presented in the interviews. It would facilitate the construction of partnerships among shop stewards across borders and, hence, make it possible to suppress the chauvinist nature characterizing many local partnerships in Danish subsidiaries, which have proved so successful that one could fear they contribute to destroy the opportunity of constructing international solidarity among workers and allow the emergence of collaboration among subsidiaries across countries. The proposal might contribute to building up this international solidarity based on mutually recognized professional respect.

Another evident starting point would be not merely to accept headquarters' ideas of benchmarks. Here it would be important to suggest and list the employees' own benchmarks in each of the subsidiaries in the individual country. These complementary benchmarks, so far being concealed and only present tacitly, would make it possible to understand why the shop stewards try so eagerly to obtain the benchmarks desired by headquarters. These complementary benchmarks are employees' competence development and continuous training; their possibilities for careers in the internal and external labor market; the distribution of simple and challenging jobs in a subsidiary; consideration of weak and marginalized groups; position in the hierarchy of qualifications at the local labor market, and the relationship between long- and short-term development opportunities for the subsidiary. In short, how they locally measure their progress in fighting for social space for the groups involved. Listing such benchmarks for the subsidiaries in different countries would enable the shop stewards to see different and complementary understandings of which areas the single subsidiary must improve in order to develop in keeping with the interests of the local employees. This type of benchmarks from different countries would also make it easier for union representatives in liaison committees to discover differences in ambitions facilitating decisions that to a larger extent would be desirable for employees in each of the individual subsidiaries.

The advantages of the two latter proposals are that they are immediately implementable in Denmark and might evoke a cumulative process that may inspire subsidiaries in other countries to do likewise.

## **Conclusions and Perspectives**

Writing Part II of this report has been a strange experience. The feeling of unfolding something so far neglected and yet of great import has been intense. During the process I presented my drafts to small groups within the labor movement, giving

rise to hours of discussions about the future opportunities and perspectives reflected in the study. It is as if the contents encourages people to get started on new ways of reforming the labor movement, institutions, and even politics. It is as if the report creates a perspective for thinking and doing things radically different in a way that simultaneously resonates the best aspects of the Danish society's tradition for social change borne by popular movements and the birth of new publics.

The report reveals that concurrently with the internationalization of ownership and competition having created new challenges for Danish wage earners, shop stewards have developed new practices by using the "shop steward institution" in completely new ways. The generalizations about the principles of globalization and the development toward the information and knowledge society to which the press, the politicians, and the CEOs subscribe (presented in the introduction) at best express sympathy with and pity the situation of the industrial workers. Viewed from this perspective, industrial workers stand to lose, and society must first and foremost secure the construction of future jobs within IT, bio-technology and research and development and in such quantities that future generations can find employment within these more promising domains. Without the least attention from the press, the politicians or the union bosses, a number of shop stewards have mobilized their constituencies, factory operators, in subsidiaries owned by multinationals to rebel against this vision. Without much ideological ado or subjecting themselves to certain visions about management and organization, the shop stewards have proficiently entered into partnerships with managements in subsidiaries to jointly work toward changing their mutual faith. This work has been boundaryless. The outcome has been dramatic changes in programs for continuous training of factory operators and in the latter's competencies in the production and their commitment to continuously improve the production process and related services. This in turn has triggered organizational changes implying that middle manager functions have been adjusted or simply cut away. In many cases, we think, this experimental process has resulted in "smart factories" that, if analyzed in detail and not merely rejected as belonging to the kind of industry that globalization will sweep away from the Danish society, harbor the seeds for the foundation on which the economic future of the Danes might be built. But the organizational changes have also placed the shop stewards in a managerial pivot, implying that they must engage themselves in the management of production teams and their mutual relations. Furthermore, the shop stewards must try to influence managerial and organizational layers higher up the hierarchy that determine the functional conditions for these teams' ability to perform and develop. In many situations the means have been to have the production teams create results and benchmarks that would attract the attention of headquarters and, thus, establish the channels for dialogue with top management. The report shows that in certain situations shop stewards have successfully exploited this opportunity, which leaves us with the basic material for finding new ways of democratizing influence on the game of globalization. It is also in this context that we discover the need of the labor



movement to develop new ways of acting and organizing, and the type of visions which it would be useful to develop for being able to combine the development of private and public institutions in an innovative transformation of the Danish society.

If the dynamics portrayed in the report are just approximately right, the Social Democratic Party need not draw inspiration from marketing organizations and consultants for renewing the party, but should rather take interest in what is going on within the core of the labor movement and among shop stewards and wage earners. As indicated in the report, here they will find a storehouse of perspectives and needs that might be transformed politically into institutional changes, turning Denmark into a leading country in terms of securing common workers' influence on, and thus humanize, the new, global economy. Within the current dynamics there is a need for developing and discussing visions and strategies in a new way. A way that takes as its point of departure the practice being developed rather than merely drawing on the standard visions of futurologists speaking generally about the information and knowledge society. Danish shop stewards are daily confronted with tactic and strategic decisions that they must make on the current premises. They make decisions that directly impact the development of workplaces. But, as the report shows, they often operate in extreme isolation, among other things because there is no societal discourse on what industrial production could be turned into and which role industry must and can play in society in the future. The shop stewards have, as we have seen, contributed strongly to sustaining workplaces by radically changing the organizing and nature of work. Nevertheless, they have successfully implemented reforms without political guidelines for how their practice could be seen as a contribution to the construction of a future society. Quite the contrary, they feel neglected and forgotten by political parties that seem only to be interested in the next generation, IT, bio-technology, etc., and talk about globalization in a general and not very attentive way. The report offers a possibility for changing this.

The report could, perhaps, also be used to diagnose the nature of the crisis of confidence arisen between the political system, especially the Social Democrats, and common voters. If the portrayal of the transition having taken place in Danish workplaces is realistic, it implies that over the last fifteen years common wage earners have had to adapt and up-grade their qualifications at a tremendous pace simultaneously with being pressured every day to produce innovations and improvements. But have the politicians lauded the population for its tremendous efforts? Has the Social Democrats presented the strong position of Danish economy in the 1990s, the growth in employment, the development toward greater economic equality among social groups, the high level of continuous training, etc, as the results of a gigantic mobilization and reorganization at micro-level and within firms? No, in the worldviews of politicians these effects are attributed to successful macro-economic policies, political initiatives to promote employment and job creation, etc. From this gazebo it becomes quite understandable that certain minor budgetary and fiscal instruments can have fatal consequences for the dynamics

that actually must create the “effects” at micro-level. In its last years of government, the Social Democrats did not show much interest in making the vocational training system future-orientated, thereby making the jobs of shop stewards and wage earners even more difficult. Apparently, the new right-wing government is determined to continue the destruction of such institutions. One could be tempted to ask if the politicians have not yet understood how important a tool – in terms of structural dynamics –the vocational training system is and, in the struggles of shop stewards and wage earners, which role it plays for a future from which we all benefit? The macro politics of the social democrats was implemented skillfully and very elegantly during the 1990s. But without the dynamics at micro level it would only have had limited effect. The problem is that at the time when the working population has struggled with and overcome global challenges, politicians have talked and thought about politics without giving any credit to the population, wage earners, shop stewards, etc., for having contributed to the well-functioning Danish economy. This is probably reflecting the lacking political interest in what was actually going on in the companies. If there is some truth to the portrait I have painted in this report, wage earners are subject to high pressure for performing, assuming responsibility for planning and execution of production. During a generation they have had to change fundamentally their perceptions of the nature of a job, a career and a life story. And when politicians in a jiffy alter the age by which you can retire from this stressed working life, the voters justifiably feel that the politicians lack understanding of and show no recognition for their contributions to the societal change process. And this had fatal consequences for the social democrats in particular.

Even more dangerous is it that the present government has decided, apparently for ideological reasons, to wage war against the labor movement. It is difficult to feel convinced of the Danish labor market being conflictual, ill functioning and inflexible and thus requiring the adjustments that have been suggested or implemented recently. Such adjustments may very well risk ruining the preconditions for the dynamics described in the report. One example is the ban injunction against exclusive agreements, the effect of which might be that various unions compete over recruiting voters in the election campaigns for shop stewards. In France and Italy, where this is the situation, it has been impossible to establish cooperation between unions, shop stewards and CEOs. In their attempts to recruit members and voters, the unions have overbid each other to achieve the maximum room for political maneuvering, which simply makes it stupid to enter into mutually binding and trusting collaboration with local management at plant- or subsidiary level. It is astonishing that a Danish government by deliberate actions risks contributing to the creation of a similar situation.

At the local and the regional level, the report gives reasons for reflections. The dynamics characterizing subsidiaries of multinationals may inspire to changes in companies in the regional environment, because only by adapting to the current

innovations will they become attractive partners of cooperation. In this way the innovative dynamics will have an effect on general employment, e.g. by subcontracting. Intensive dialogue between employers and wage earner representatives at local and regional level might lead to an understanding of how new partnerships could be established and lead to efforts far more future-oriented than what we have witnessed so far. Also local politicians should take interest in this innovation process as it implies new ways of tying together locally companies, vocational education and other institutions. But it also involves the risk of erroneous development and of discovering unexpected new futures. Above all there is a need for localities and regions becoming familiar with one another. The report presents inspiring experiments at the local level. But since these experiments are only known locally they seldom function to inspire the creation of new institutional systems regionally in support of the specific development desired.

In this context the report can be viewed as an invitation to politicians and business leaders to listen attentively. Politicians are, if they understand the micro-dynamic development, in a position to establish institutions that can support and guide the search for continuous improvements going on. Much could also be done by taking interest in what kind of choices this dynamic implies, and by creating realistic visions that make it possible to avoid the worst pitfalls and blind alleys.

For the labor movement, the report raises fundamental and vital challenges. It lists a long series of needs for support, which the shop stewards express. In effect the labor movement should stake on building networks of shop stewards that could exchange experiences, on formulating traversing problems and on putting efforts into developing answers to the shop stewards' needs. In other words, the labor movement should direct attention toward the needs of the members and the shop stewards rather than toward partners of negotiation in the government, the parliament, the public administration, and the employers. I shall return to this issue.

But it is more important to recognize that the fundamental conditions of the union movement have changed and the need for changing orientation is not merely a question of marginal adaptation but one of executing a volte-face.

Within the dynamics described in the report there is no doubt that the production teams and the shop stewards feel that the route to improving wages and working conditions involves innovations and continuous improvements of job performance and of the local company. Scoring high benchmarks in production teams, implementing local partnerships yielding substantial outcomes, etc., are far more efficient ways of ensuring employment, wage raises, better qualifications and career development than resorting to collective bargaining. The labor movement can rightly claim that entering into this dynamics requires the presence of collective measures and frames. But this does not shake the fact that the decisive element in the labor movement's efforts to strengthen its legitimacy among members will

depend on its ability to create changes in and assist continuous improvement of work teams and on the shop stewards ability to establish and expand the scope of partnerships.

The ability of the union movement to support the development of the capabilities among members and shop stewards call for properties quite different from those dominant in the labor movement so far. What is really at stake is that the labor movement abandons its traditional perception of itself in exchange of one of a profession. The strength of a labor movement depends on its ability to stand together in collective bargainings and actions while that of a profession depends on the utility and recognition that its members draw from the social environment. This recognition is constructed through the competence that the members demonstrate in performing their work. Therefore, the major task of the professional organization is to secure that its members are given the best possible condition for performing their work proficiently.

Much of the respect that the labor movement enjoys in the Danish society compared to other western countries is no doubt owing to the fact that it has staked on education and training of its members. Skilled and specialist workers often possess much greater competencies than comparable groups in other countries. Therefore, the Danish labor movement has already accomplished much in relation to the transition toward a community of professionals.

But a new factor has been added to this professionalism. Earlier skilled and specialist workers were trained to master certain static crafts, technologies and routines. The new form of professionalism requires that they are capable of improving routines continuously, of finding new ways of exploiting the technology and developing the craft. Mastering a given craft no longer suffices. This form of professionalism cuts across occupational groups and specialties with the advantage that it can be developed across unions and union boundaries.

The greatest challenge facing the labor movement is to find ways of supporting the individual member, of inspiring him or her and of giving access to impulses that can inspire to continuous improvements of their jobs. Identifying these ways would empower the members themselves to achieve rights and goods that the labor movement has so far struggled to achieve through collective bargaining. Naturally, the labor movement must ensure that the members have adequate conditions for pursuing these objectives. As the conditions are changing dynamically, the labor movement must follow experiments in the companies and in the workplaces closely to be in a position to make the right demands and enter into relevant agreements with other parties in society to construct new types of institutions.

Viewed in this perspective it is evident that the labor movement must take an interest in the definition and development of the most advanced competence

requirements pertaining to its members. Through such experiments, the labor movement will discover the new qualifications that can strengthen and expand the position of the entire profession. According to the report, such qualification requirements might be recognized through goal-directed and comparable experiments in and studies of a number of subsidiaries and their local environments (see 2.7 and 1.4). At the same time it is important, and in particular to a labor movement transforming into a professional community, to establish for individuals new paths into the community and careers for developing the competencies of the new profession. Therefore, the quantitative strength of the labor movement will depend entirely upon its ability to bridge the gap between the still increasing qualification requirements and the unemployed or newly arriving candidates in a way that does not simultaneously shatter the respect for the frontrunners of the profession. Recruitment, socialization and introduction to the new workplaces become the soft spot of the collective strength of the professional community. But the career paths designed for newly arrived candidates will also be decisive. Designing careers in the new situation of flat pyramids and highly efficient work teams is not easy in that it implies breaking with traditional worker careers in mass-producing companies. One idea might be to operate with greater mobility among workers, enabling them to move between companies, like when the apprentice had finished his apprenticeship, he would be travelling for some years working for different master artisans before settling down. Such a design would, however, require different forms of employment involving that a worker would be employed by a number of companies in e.g. a local area.

It is, as we have seen, the shop stewards that monitor the training and improvement spiral of the individual company. It is because of this monitoring that they can assume the managerial role both in relation to the members and their interaction within and between production teams, and upward in relation to still higher management levels in multinationals. In the same way as the shop stewards intervene in teams and in relation to local and remote managements to protect and develop the training and improvement spiral, the labor movement should create channels into its apparatus, enabling shop stewards to propose changes in the institutional apparatus that the labor movement would establish in support and reproduction of this spiral.

But the labor movement has a particular responsibility toward this monitoring function in the individual company. It is with the shop stewards who for historical reasons have assumed the monitoring role that problems opposing considerations, development challenges, etc., have accumulated and created a strong pressure. Therefore, it is important to collectivize this function by bringing up to date clubs, local unions, and the apparatus of courses, re-designing these elements to support and relieve individual persons.

Therefore, the labor movement needs to develop a set of visions and knowledge for guiding the performance and development of the monitoring function. In the report there are numerous ideas for such visions and knowledge that I shall briefly summarize below:

- Visions about industrial companies' new ways of functioning in a highly industrialized country like Denmark. Even though factory workers are still producing industrial products, these increasingly include a series of services, such as gradual improvements, adaptation to customer needs, high degree of variation, customer specific quality control and preparatory measures for mounting, timing and certainty of delivery, gradual adaptation of technology and quality to the profile which the customer seeks to achieve.
- A holistic understanding of the stream of ideas circulating in management circles. Understanding the ever changing management methods may not be very useful to the labor movement in that these seem to change like the whims of fashion in the clothing industry. But across the individual "fashions", a trend is established that gradually changes the understanding of how a factory functions, a company is run, strategies planned and markets created. Shop stewards need to understand the whole of such trends in order to be able to develop visions for how to act – and counteract - strategically.
- Knowledge about the dynamics of teams and organizations, and in particular about the construction and management of teams. This involves establishing fundamental knowledge about: psychology, social-psychology and group-sociology simultaneously with establishing groups for the exchange of experiences with managing situations in different companies in different ways – and the outcome of such processes. Because teams are constructed and fit into the organizations in various ways, it will be possible for the labor movement to accumulate comprehensive knowledge in a relatively short time – knowledge that can support the shop stewards efficiently in their new management role.
- Insight into the "management game" in multinationals. In this context ideas about rational planning, evidently, do not suffice. Managements at different levels are rivals, playing for workplaces and subsidiaries in a power and career game which makes it very difficult to act strategically in a consistent way. But this situation also offers the shop stewards the opportunity to gain surprisingly strong influence, if the labor movement learns to play its cards properly.
- Visions about how multinationals can form useful associations of companies. Not much seems to indicate that multinationals have yet found the ideal form of organization or self-knowledge. But like all other organizations they could secure the financial foundation of the individual subsidiary and its survivability if pictured as a "co-operative company" rather than as a unit safeguarding shareholder interests. Without such a vision, it is difficult for the shop stewards to identify the systematic objectives at which to aim at influencing, when they suddenly find themselves in a position to do so.

- Ideas about how co-determination and influence can be institutionalized through decision and governance processes in multinationals. This includes, in particular, ideas about which forms of “governance” should be promoted and how influences can be institutionalized through the constitutional frameworks for multinationals.
- Ideas about how the development in qualifications and in society are interrelated and the choices this implies. Currently, development takes the shape of society attempting to adapt to the economic dynamics. But such ideas should focus on what social knowledge and cultural development is desirable, and then offer the companies to support this development if they are willing to commit themselves to this development in terms of investments.
- Visions about and systematic rules for listing professional and human benchmarks to guide the monitoring function of shop stewards in the local community. Like corporations list benchmarks for areas in which they wish to develop, shop stewards and local politicians could list benchmarks for knowledge development, career paths, the good life, solidarity with weak groups, etc. Such benchmarks could be used to “measure” the value of different companies. In this way it would be possible to institutionalize rivalry among companies over achieving the highest benchmarks, in particular in local communities in which the companies wish to be localized.

Running through this list, it is evident that only a few can possess the insight necessary to meet the needs of any union- and public administration, or research institution. Meeting the needs for knowledge and the development of visions requires that shop stewards, who in practice have been working with the monitoring function, get together, establish this knowledge and develop the visions. But this should not be left to spontaneous initiatives.

In the report I have proposed an experimental research project as the basis for ensuring a stream of new knowledge and questions. Such a project could function as a catalyst with contact to the network of shop stewards that would be discussing pressing themes on open courses. To these could be added a superstructure of annual summer schools at which researchers and shop stewards would meet to exchange their most recent knowledge. Combined this would create a set of incentives for activities that might revolutionize the training and organization apparatus of the labor movement. In effect, the labor movement would have constructed a tool for improving continuously its own organization.