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HUMAN RESOURCE MANAGEMENT AND LABOUR UNION STRATEGIES: SURVEY RESULTS FROM FRENCH MULTINATIONALS LOCATED IN CENTRAL AND EASTERN EUROPE

Based on a series of field surveys conducted among a cross-section of eight French MNCs located in three Central and Eastern European countries (Hungary, Slovakia, Romania) and present in three sectors of activity (energy, car industry, food-processing), the present paper offers some evidence for understanding the impact of transnationalisation of production on the recomposition of Industrial Relations rules and practices. By exploring the new layout of Human Resources policies in MNCs, it stresses the growing incursion of those policies in the very field of industrial relations, and consequently the affirmation of a new paradigm of social dialogue we propose to call “managerial social dialogue”. By focusing on the strategies of Labor Unions at national and EU levels, it also provides some indications of obstacles to the consolidation of the European Social Model whose institutional process remains largely incomplete. Finally, our principal results offer support to some political and theoretical considerations that are linked to the very current processes of globalisation.

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Since the early nineties, the face of globalization has changed. Following the opening up of economies to competition and international trade, the acceleration of capital movements has favored the emergence of a new structure of production and global trade (Milberg, 2004). Whether this takes the form of inter-company trade via the interaction of Foreign Direct Investments (FDIs) or is a question of commercial relations associated with subcontracting relations, the share of intermediate goods (pieces, modules, components) in global trade has strongly increased. Underway many sectors, this fragmentation of production on a global scale has encouraged the development of what T. Sturgeon calls “global production networks” (Gereff, Humphrey, Sturgeon, 2001). These networks are made up of segments of activities spread out over several countries and more or less integrated among themselves according to the degree of externalization affecting them. They thus form “value

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chains” the organization and supervision of which by management strictly depend on the distribution of ownership and power between parent companies, subsidiaries and supplier networks.

Put into perspective, this new configuration of the global economy is not without consequences for the stability of national systems of industrial relations (IR):

- With the increase in the number of partnerships, joint venture, subcontractor relationships, co-activities, etc., the strategies of the Multinational Companies (MNC) have contributed to the development of social relations that are new from the point of view of labor law. Especially in the tangle of subcontracting relationships that run through the value chain, the legal responsibility of employers for their employees in the work relationship turns out to be strongly diluted even if the working conditions and salaries negotiated at the level of the business are in general less favorable to the former (for the French case, see A. Jobert, 2007).
- The global strategy of the MNCs towards the FDIs has intensified competition between territories and weakened the regulating power of nation states from an economic point of view (Michalet, 2007). Concerned about attracting external investments on domestic territory, European governments (and above all those of the new Member States) have continually engaged in competition by means of profitable tax regulations and a deregulation of national job markets and social protection systems. Nor have labor unions been spared this tendency. Faced with the risk of job destruction due to the off-shoring of production, they have been driven to sign “downswing” agreements, following the example of the emblematic 2004 compromise reached in France with the management of the Bosch group (providing for the safeguard of 200 jobs at the Vénitieux site in exchange for a shift from a 35 to 36 hour work week and a three year freeze on pay increases).

More generally speaking, we have good reason to believe that the impact of globalization on national systems of IR is profound, durable and irreversible. Without claiming to provide an exhaustive reply, the present work intends to specify the way in which these systems fit into this new context.

Based on a series of field surveys conducted among a cross-section of eight French MNCs located in three Central and Eastern European countries (Hungary, Slovakia, Romania) and present in three sectors of activity (energy, car industry, food-processing), the present paper offers some evidence for understanding the impact of transnationalisation of production on the recomposition of IR rules and practices in old (France) and in the “new” territories of the Union.³ It also provides some

³ This work summarizes the first results of a study financed by DARES (French Ministry of Employment and Social Affairs). The cross-section of businesses examined (respectively indicated throughout the text as ener1-2-3, auto1-2-3 and agro1-2-3) is presented in Appendix 1.

indications of obstacles to the consolidation of the European Social Model whose institutional process remains largely incomplete.

Through the relevant support of 50 semi-instructional interviews carried out among the actors of the MNCs involved both in human resources management (HRM) and IR practices (central and local managements, employee representatives), completed through interviews among leaders of national and European labour unions and employers' federations, particular attention is paid to the interplay between institutions, contextual elements and actors' strategies in shaping IR rules and practices.

Section 1 discusses the new layout of HR policies in MNCs, oriented towards a twofold process of globalization and territorialization of the rules and tools of management. Taking over the strategic aims centred on "organizational flexibility", the complex architecture of the HR policies offers to subsidiaries room to manoeuvre for optimizing the proper resources of local institutions and markets, but also for redefining, in a more or less extensive way, the principles and terms of social dialogue.

Section 2 illustrates the slow adaptation of labour unions to new issues in transnational regulation by presenting the strategies of French and CEE Labor Unions at national and EU levels. Strongly marked by national idiosyncrasies, these strategies prove to be more or less resistant to the process of subordinating social dialogue to strategic requirements dictated by the central management. A particular focus is given to the way the different actors, from West and East *side (unclear)*, are using the European Work Councils more or less cooperatively to promote new forms of regulation.

Finally, stressing the incursion of the HRM in the very field of industrial relations with the affirmation of a "managerial social dialogue", our principal results offer support to some political and theoretical considerations that are linked to the very current processes of transnationalisation and europeanisation.

1. The HR Policies of French MNCs Located in the CEE: Implications of and Issues in the Analysis of Industrial Relations

Within the framework of this section we intend to explain the "strategic" dimension of HR policies from both an organizational and a territorial point of view (1.1). It is necessary to specify the principal HR practices and problems that emerge in particular sectors, local conditions of establishment as well as the shareholding arrangements that prevail within the businesses under consideration. But this dimension, widely recognized as a key element of flexibility and organizational performance, is not unproblematic as far as the managements' ability to make stable and durable compromises is concerned. Insofar as these policies increasingly overlap with questions traditionally resolved by social dialogue and collective negotiation, they result in a thorough-going reconfiguration of the field of IR.

1.1. "Strategic" HR Policies

In the series of interviews conducted among human resource managers (HRM) at group level, the tendency to consider HR policies as a strategic tool in the construction and management of group performance was a recurring theme.

This conception of HR policies reflects the current economic context, which is marked by globalized and multifaceted competition based on the delivery time, costs, quality and range of products. In such a context, client relations, skills, expertise and involvement emerge as decisive variables in ensuring and maintaining lasting competitive advantage. Even if this phenomenon is not new, it clarifies the significance of the changes that have occurred at the heart of the production functions of business and, in particular, that of the HR function. As P. Chaykokowski and A. Giles emphasized at the end of the nineties, business unit performance increasingly depends on the way in which "*production, workplace and labor force are linked together within the organizations*" (Chaykokowski, G. 1998, p. 9).

More specifically, many of the HR practices and problems that were described as "strategic" by our interviewees⁴ rest on a twofold conception of HR policy as simultaneously centralized and decentralized, global and local, internal and external. Set in the context of the CEE, it is nevertheless worth specifying certain aspects that highlight the specific and contingent character of these policies.

First, "strategic" policies only emerged in the CEE once the great privatization programs had been brought to an end. In fact, many of the MNC establishments in these countries were originally justified by a desire to be present in markets with a high growth potential (M. Andreff, W. Andreff, 2005). These FDIs most often involved the purchase of businesses (*brownfield*) accompanied by a tripartite agreement between labor unions, government and management. As a general rule, these agreements anticipated the implementation of social plans spread out over 3 to 5 years and based on "voluntary" redundancies and the distribution of generous compensations. In this period, one may say that the implementation of these plans and the standardization of recently acquired factories (safety, health, hygiene) constituted the better part of HRM activity.

Second, with the support of a generation of FDIs aimed at improving economic efficiency (*efficiency seeking FDI*), HR policies were redeployed in a context of

⁴ The list of items mainly covers what was cited in the groundbreaking work "*Vers le management international des ressources humaines*" published in 1990 by Peretti, Cazal and Quicandon: increasing the professionalism of collaborators, maintaining strategic expertise-bearing occupations, including intercultural parameters, developing geographical and professional mobility, coordinating social relations internationally, developing training. A number of more current considerations connected with the impact of structured finance on company relocation and modes of management should be added to this list. These include the management of reorganizations, management of top-ranking executives, declarative management (ethical code, value charts) and the introduction of new technologies (see point 2).

sharp upheavals in the MNC value chain. New acquisitions, site closures (agro1 in France, auto2 in the United Kingdom), cost transfers (auto1 and auto2 from France to Romania and Slovakia) and outsourcing (éner1 in Romania): the geographical redeployment of French companies brought with it a progressive and inexorable readjustment of the groups' activity in favor of the CEE economies, notably in terms of job creation. What's more, this dynamic favored the emergence of new organizational, territorial and sector-based interdependencies. The result was a widening of the domain of human resource management in both the field of management policy intervention (global/local, internal/external) and at the level of those involved (employees, suppliers, but also institutions and representatives of civil society).

Finally, we should mention the particular care taken by the managers interviewed to distinguish the strategic policy of human resources management from the more traditional activity of administrative staff management (payment, legal service, etc.) and social relations (see J. Storey, 2003 for a synthesis). As an example, a top HR manager of a MNC in the food-processing sector told us that it devoted 70% of his time to managing social relations and 30% to developing HR policies in France compared to 30% and 70%, respectively, in the CEE. This distribution of tasks reveals a lot about the circumstances that impose themselves on the management in the CEE zone. Of course, "low cost" strategies are not absent from managerial considerations concerning human resources: employee costs are on average four times lower than in France, even if they are partly compensated for by greater training costs, notably in the car industry (SESSI, 2003). Yet the latter are not incompatible with a focus on the need for a stable local labor force, at least for certain posts on Western European qualification standards. This is why, faced with a high level of staff turnover or a scarcity of available skills in the East European labor pools, "fixing" labor force to the workplace has imposed itself on central managements as a priority objective of HR policies. Locally, this requirement has resulted in the creation of attractive social policies combining community service (transports, canteen, sports center, etc.) and private Social Security coverage (illness, death, disability, etc.).

Taken together, these developments show the importance of pressure in the field, the environment and business strategies in the process of redeploying HR functions within the MNCs located in the CEE. However, this dynamic is far from fully illustrating the variety of policies that are implemented. Indeed, our interviews suggest that there is no unique HRM model but rather common principles interpreted differently according to two principal dimensions: a local dimension involving the integration of units of production in the territories and labor pools (1); a global dimension involving the management of site contributions with regard to global group performance (2).

1.1.1. Policies of Sites Indexed by Territories and Labor Pools

Premises of Regional HR Organization in the CEE

Particularly in the East, the emergence of coherent markets at the regional dimension constitutes a powerful factor in redrawing the decision-making processes, on a spatial as well as on an organizational level. Stimulated in recent years by successive waves of CEE integration within the European Union, this phenomenon of “territorialization” is obvious at the level of the companies examined and may be observed at different levels:

- At the level of site production where some of them – until recently, still workshops – have considerably developed to become at once the “heart of productivity”, the logistic center for the supply of separate pieces for a whole region and also a center of engineering for the development of products (auto1).
- With regards to gathering and centralization at national or infra-regional level of certain functions (logistics, sale-marketing) within a site dedicated to that effect (ener2).
- In the constitution of committees of regional piloting (auto1, ener2) to ensure coordination between the operational managements of the zone and the objectives defined by the group (quality, volume and operational margin).

The HR function is not immune to the restructuring of decision-making processes. The survey elements we have at our disposal do indeed indicate a movement towards regionalization which, although feeble and variable depending on the companies, is none the less significant. This movement manifests itself by the establishment, in a certain number of subsidiaries of our cross-section, of a regional body of HR piloting for all or part of the zone in question (ener2, auto1, auto3, agro1, agro2) or by policies aimed at merging certain activities of the local HRM (management of wages, training programs).

While this movement towards regionalization is designed to bring the management of human resources and social relations closer into line with the norms of MNC financial management, it is also due to the demands of employees from different sites. Indeed, the local HR managers cannot prevent employees (in particular, executives) from comparing the social benefits they enjoy from one site to the next: incentive bonus here, pension savings plan there and mutual benefit insurance company elsewhere. This benchmarking calls for a permanent effort at adjustment in an attempt to harmonize these various benefits in keeping with national legislation.

Finally, the territorial base of the HR function also distinguishes itself by the central managements’ increasingly frequent decisions to entrust management positions at one or several sites to “locals” (contrary to the financial or factory management that still largely remains in the hands of the French, especially in the largest groups). This decision can be explained in various ways: the standardization of processes joined with the low cost of recruiting a well-educated workforce, most often

bilingual and trained in national universities or management schools, and the benefit obtained from a certain cultural proximity in the construction of confidence relations with labor unions and employees.

The Growing Importance of Labor Pools

These first steps towards HR regionalization should not be allowed to conceal the phenomenon of territorialization dictated by the specificity of labor pools and local structures of productivity. Although not very significant in the early stages of transition, the influence of labor pools has increased, along with a massive but very uneven distribution of FDI and levels of unemployment. For companies situated in segments of high or average added value, in particular, the volume of workforce available on the market always has a stronger influence on salary policies (level of remuneration and additional benefits), whether it is a matter of “*recruiting from within production sites established in the middle of nowhere*” (agro2, local HR managers) or recruiting from tight labor pools (auto1, auto2, auto3, agro1, agro2, éner3). Thus, in a subcontracting subsidiary of the car industry set up in Romania on the basis of two different labor pools (auto3), we can observe wage differentials of about 30% to the detriment of the working population within an establishment located in Moldavia, a population that, what’s more, contains a high proportion of immigrant workers.

By contrast, comparing two Romanian units belonging to this same subcontractor (auto3) and located in the same labor pool underscores the impact of added value and local social relations (and social heritage) on the content of collective agreements: the collective agreement of the first unit, a *brownfield* specializing in a high added value activity (prototype), is in fact much more productive in terms of remuneration, working standards and conditions than that of the second unit, a *greenfield* specializing in a low added value activity and enforcing much lower educational criteria. This observation is not very different from that formulated by Neumann (2002) ten years earlier, which advanced two modes of management for the CEE subsidiaries of MNCs: a “higher” mode in the segments of high added value and tight labor pools; a “lower” mode in economically stricken industrial areas.

In conclusion, we should underline that the severe competition foreign companies engage in with regard to recruitment has turned *benchmarking* (whether it be carried out internally or subcontracted to a specialized company) into a decisive management tool for determining suitable levels of remuneration. We should add that, by seeking to attract the most qualified staff by highly elitist wage policies, local HR managers often run into more narrow salary scales imposed by central management (particularly for ener1). Within this framework, social benefits, capital-sharing and the attention given to training and career perspectives often constitute means for circumventing remuneration principles considered unsuitable in local contexts.

1.1.2. Comparing the Group Organization and Global Strategy of HR Policies

A second aspect of the transformation of HR policies stems from the phenomenon of financial globalization and more particularly from the rules of good governance imposed by shareholders. These rules, wholly focused on the aim of improving the profitability of capital stocks invested (or ROE, *return on equity*), have drastically changed the management modes of companies on the model of merchant banks (Michalet, 2007, p. 91). Transformed into portfolio managers, management has been forced to administer company activities and resources from a patrimonial point of view and, more generally, in a very centralized manner.

Like purchasing policies, HR policies have not been immune to this trend. Once again, however, our field survey challenges the idea of a convergence toward a unique model of management. While we do indeed observe a globalization of HR policies, companies develop management modes that differ greatly from one another. Judging from the survey elements under consideration, two types of phenomena seem to play a discriminating role in this field: the massive recourse to information and communication technologies (ICT) and the shareholding structure of the groups.

HR Policies Structured by Massive Recourse to ICT

The more globalized the group, the more its use of ICT is massive and differentiated: this is the general principle that seems to emerge from our investigation.

Unsurprisingly, use of ICT at the level of central management is justified by a desire to acquire an Information System of Human Resources (ISHR) which makes it possible to replace hierarchical relations – costly in terms of management and administrative costs and not very reactive to environmental changes – with more decentralized, direct and efficient relations with local management.

Thus, the establishment of data banks (indexes of problems and solutions), the increase in the number of downloadable forms (balance sheets, maintenance questionnaires, etc.) and daily access to information (commercial instructions) via intranet are all examples of tools that simplify the work of community management in the daily tasks of administration, follow-up and evaluation of the activity of associates and employees. These various conditions, observed in all HRM services of the groups examined, allow a rationalization of the “HR process”, not only by reducing the administrative time dedicated to file management but also by generating functioning economies through a wide and rapid distribution of good practices (benchmarking).

Beyond these common characteristics, we observed a certain number of specificities that may be considered as resulting from the type of industry in which the relevant groups have developed:

- Thus, in the process industries (ener1), where the activity remains closely linked to the ups and downs of money flow and the continuous work of supervision and maintenance of equipment, the establishment of an ISHR particularly fulfils the management's need to exercise a social monitoring and, more broadly, *social reporting* function in real time. The ISHR enables central management to exercise real time supervision of the performance of working groups (productivity, accident rates). It also makes it possible to gauge the social climate that reigns within different sites of the group.
- Conversely, in certain MNCs of our cross-section (agro2, ener3) organized in very autonomous units of production (networks of "business units" composed of independent SMEs or subcontractors), the ICT tools constitute a privileged tool of information exchange for the local regulation of employee activity, the realization of which depends on adjustments carried out in real time (distribution of tasks, modulated administration of working time and numbers, specific bonuses, social benefits, etc.). In such a context, HRM activity is organized in a largely decentralized manner, each subsidiary (at the level of the French as much as the CEE sites) having great liberty at their disposal to adjust their own practices to the situation or conditions of the market (supplying markets, unexpected orders, etc.). At group level, these businesses usually content themselves with minimal management, generally limited to the management of the HR process, such as recruiting and follow-up of high-ranking executives (value charts, professional code of ethics).
- In assembly industries such as the car industry (auto1, auto2), the ICT (still very integrated) favors information sharing and vertical communication while at the same time reducing the need for intermediary managers in their role as receivers and transmitters of information. In fact, the central HRM dominates the local HRM, whose room for maneuver is significantly circumscribed. In such a context, the activity of the central management is based on policies that are very strictly defined in terms of numbers, wage bills and working budgets. Equipped to provide a high-quality evaluation of site performance, what's more, these policies are supposed to be more "prescriptive": the training plans are defined by headquarters, as are certain operative modes such as customer reception (reception in less than two minutes, questions to ask, delivery time and reminder after 5 days). Involvement and engagement criteria ("commitment", to borrow the terminology of auto1's top HR manager) become key components for calculating work productivity standards, including those of professionals.

An Influential Variable: Shareholding Structure

Group HR policies are not distinct from the identity of the holders of ownership rights. In light of our cross-section, we cannot therefore say that the pressure of finance and shareholder value on HR policies has lead to standardization in the modes of management.

In businesses defined by familial shareholding (agro2), management is not reluctant to claim an openly paternalistic “style of management” and intervene to uphold the humanist values instilled by the owner-manager, sometimes at the cost of profitability. In fact, management enforces the implementation of social programs (social protection, reclassification, etc.) that generally go well beyond minimum requirements of respecting local rules of social protection and the commitments of other groups on local management. In the case of auto2, several unionists interviewed give credit to the business culture and social values of owner-managers for the benefits obtained in France with regard to salaries (the agreement has become a pilot agreement within the field of the car industry) and recruitment (auto2 recruits and trains operators without diploma requirements).

The picture is different as far as the businesses defined by institutional shareholders are concerned. This is exemplified by a large business in the car industry sector (auto1) that has been undergoing full redevelopment since 2006. Initially under the authority of the general secretariat, its HR manager has been directly attached to the production service. Let us note that this development agrees in principle with the implementation of a strategy of value creation that combines cost reduction, innovation and renewal of range. In this type of configuration, HR policies are consistent with globalized processes of management and decision-making and are pursued by a very weak central management that seeks to promote good practices (benchmarking policy) and inscribe the objectives of operational margin established at group level into HR strategy. In spite of their autonomy, the local managements’ room for maneuver is relatively limited, notably in the field of social relations. However, it should be pointed out that several of the local managements interviewed make a “point of honor” of promoting policies in which social norms (slightly) exceed local norms. All things being equal, this requirement puts the idea of a “unilateral” HRM constructed from the center and intended to exclusively respond to the interests of shareholders or financial markets into perspective (Seignour, Palpacuer, 2005 for the food-processing sector). More precisely, this attitude suggests that other structuring factors are at play in the definition of the HR policies of MNCs – notably, added value (or level of required training), the labor pool and the legacy of social relations.

To sum up, these few elements of analysis show, if such is necessary, that HR policy is not in the least a matter of indifference as far as companies’ strategies and modes of organization are concerned. Increasingly involved in the process of value creation, these policies continue to widen their practices and field of action in order to develop very close relations with labor markets and territories, not to say civil society. This anchorage outside the borders of the company openly rests on the question of the establishment of a “*level playing field*” (Michalet, 2007) specific to HR policy. From the point of view of MNCs, this widening appears as a central condition of economic efficiency for at least two reasons: on the one hand, it enables a “flexibility of initiative” (J.L. Gaffard) which makes it possible, not only to exploit the opportunities offered by disparities between different territories, but also to widen the possibility of optimizing the value chain at universal level; on the other hand, it makes it possible to better benefit internally from the rhythm and conditions of change, perhaps even to institutionalize the anticipation of this change.

1.2. HR Policies and Industrial Relations: Towards a Redefinition of the Terms and Aims of Social Dialogue

A final lesson may be drawn from our interviews: given the stability of national systems of industrial relations, the “redimensioning” of HR policies, increasingly considered by management as a source of competitive advantage, is far from being neutral. In fact, those we interviewed reported many situations that testified to a frequent and durable incursion of HR policies into the field of social dialogue.

Within the companies examined, this phenomenon is perceptible with regard to a certain number of initiatives taken by the central managements and presented during the interviews as important components of HR strategy. Among the most significant, we will mention the following:

- The rapid progression of “soft law” (“declarations of intent”, charts and conventions unilaterally defined by management, international or European outline agreements signed between management and international or European labor unions) aiming to internally and externally communicate company values, establish principles of justice and even harmonize at least some social guarantees (at a global or European level). This phenomenon increasingly depends on EWC activities.
- A repositioning of social dialogue that has been institutionalized according to ethical themes and HR problems connected with the management of organizational flexibility, from the resumption of ILO standards (ban on child labor, equal pay, but also right to education, equal opportunities) to themes such as restructuring management, mobility and the careers of top executives. The matters discussed or negotiated within the framework of the EWC are for this reason indicative of the thematic shift of social dialogue.
- The implementation of social dialogue taking place outside the fields of collective negotiation that might be described as “disintermediated” (Rugraff, 2006) insofar as it tends to bypass the established actors or at least those reputed to be “non reformist”. This dialogue is orchestrated by the management in order to administer trained staff in an individualized mode and, at the same time, by local management in order to administer the work improvement of teams and production processes (in a collective and individualized mode). In one case as in the other, social dialogue presents itself as closely linked to management demands.
- Finally, an increase in the number of actors intervening in the social regulation of groups at both a central level and that of individual sites. This trend, which is a consequence of the professionalization of social dialogue, manifests itself in the mobilization of experts responsible for supporting the established actors, in particular with regard to new themes such as the GPEC (Gestion Prévisionnelle de l’Emploi et des Compétences, that is, Workforce Planning), discrimination, negotiation of social plans, etc. This trend also manifests itself in growing cooperation between businesses and other institutions present on the same

territory (representatives of the state and the regions, educational institutions and the banking system). A specific form of territorial social dialogue thus emerges, largely working outside the traditional established bodies and for the most part responding to management demands for access to local strategic resources.

Taken together, these different elements combine to characterize a mode of human resource administration that is capable of internalizing the requests and grievances of employees and even of taking the place of unions by presenting demands to the management. In this sense, we may say that HR policies contribute to a redefinition of the terms and conditions of social dialogue by keeping unions at a certain distance from the working group. This development is hardly surprising. While it is interpreted as a strategy seeking to get around the labor unions and to marginalize their influence (in the country of origin as in the host country), it also reflects an endogenous logic suited to forms of organization operating on the basis of regular flows and/or oriented toward innovation and permanent change (Lallement, 2007, p. 15). By assigning an important role to cognitive processes (notably within the framework of shared diagnoses), social dialogue in such a context contributes to integrating economic and social aspects more closely than does classical collective negotiation. In this light, social dialogue becomes a fully-fledged component of organizational operation because it constitutes a unique mode of labor involvement and the construction of work confidence. The latter presents itself in the eyes of management as a solution (and not as a problem) in managing the discontinuities arising from the uncertainty of the “human factor” (strikes, conflicts, etc.). It also makes it possible to ward off a certain form of uncertainty conveyed by the markets as well as to establish a close and continuous connection with global exchange channels.

To sum up, HR policies have noticeably modified the field of industrial relations as we once understood them. In short, it is as if social dialogue had freed itself from the institutional framework and established actors at the national level so as to recur locally, depending on complex circumstances, for the purpose of creating social standards adapted to the situation of each subsidiary or group establishment. The remarks of a HRM gathered during an interview and underlining the competitive advantage that could be derived from labor union assistance and oversight in such a context give credence to this hypothesis. Now, as the second part of our study will attempt to prove, CEE labor unions today seem better organized and even ideologically better prepared to respond to this injunction than their French counterparts.

2. Strategies of French and CEE Labor Unions at National and EU Level

Among the survey elements available to us, the interviews provide useful material for understanding the way in which the rewording of MNC HR policies contribute to redefining the forms and modalities of social dialogue at both local and EU level. At the level of companies and their subsidiaries, they also show the transformations at work in the strategies and cultures of labor unions. Strongly marked by national idiosyncrasies, these strategies prove more or less resistant to the process of

subordinating social dialogue to strategic requirements dictated by the central management. By turning to HR policies we are thus able to consider the development of national models of industrial relations in a new light.

From this point of view, the “French model” could not be summarized in terms of the rules and practices of collective negotiation inherited from the Fordist period. Beyond a restrictive legislative and statutory framework, France has already for quite a while been one of the first EU-15 countries in which the decentralization process of negotiation has significantly progressed to the detriment of sectoral regulation. To a large extent “unavowed” (interview with C. Morel, 2008), this model has not stopped gaining ground, particularly in the procedures and subjects of social dialogue but also at the end of the “cold strike” (Morel, 1981). In many respects, this observation converges with IR dynamics, which unfold within CEE domestic companies. Governed by more permissive rules and even weaker labor union actors, CEE social models actually present themselves as more receptive to the emergence of social dialogue placed under the direct sway of management standards. For this reason, the CEE constitutes a privileged field of observation for analyzing the formation and development of new social relations.

As in the West, what’s more, labor unions in the CEE face the same difficulties when faced with complicated issues and weakened labor unions (Tixier, 2007). Similarly – although the reasons may vary in this domain – the unions are increasingly confronted with a requirement to Europeanize their practices. Despite the establishment of EWC, the latter are still only in their early stages.

2.1. The Difficult Transformation of French Labor Union Activities

Put into perspective, our interviews illustrate the destabilization of French labor unions and their serious difficulties in responding to the new stakes that arise from the double movement of “denationalization” and “territorialization” of the strategies and governance tools of companies.

2.1.1. Elements of Destabilization of the Traditional Scene of French Labor Unions

This movement of destabilization derives above all from a series of organizational and legislative phenomena. The first, linked to the multiplication of merger operations, refers to a diversification of cultures of social relations within each group. This case is particularly obvious in ener2, which has strongly diversified its activities and which in France has no less than 38 collective agreements. The second, more diffuse and initiated in the eighties, refers to the decentralization of collective negotiation, a movement which has found a particular foundation in the companies organized in SME federations (ener3, agro2).

Taken together, these two phenomena have led to a weakening of sectoral-based regulations and, incidentally, to call into question the labor union project of bringing into line the salaries and social conditions of staff within the different production

sites localized in France. They have also contributed to the restriction, reported on by several of the French labor union representatives interviewed, of the role played by the EWC.

But the destabilization of French labor union culture also ensues from the reduction of the traditional field and matters of negotiation. This trend is closely connected with the growing share of individual pay raises that evade collective negotiation. In the shareholding companies within which this trend manifests itself most strongly, the labor union representatives do not hesitate to mention a “*return to obscurantism*” with regard to real remuneration (ener3, auto3). But this trend also results from an erosion of the negotiable share within the field of collective increases. This fact is particularly clear among automobile manufacturers that are subject to strong competition and in which management more than elsewhere makes use of *benchmarking* between the different sites located in Europe in order to limit salary expectations. If negotiation always takes place in “*comités de groupe*” (committees negotiating for all the French units) and if the rituals withstand (“*you know that you will be negotiating throughout the night*”, auto2), the shrinking room for maneuver of labor union members limits the space for dialogue because “*you know that you will not obtain more than 1% of collective increases*” (auto2).

In other words, there is negotiation where there is no longer any real dialogue. The mechanism of contractual activity which increases the number of negotiation objects (diversity, male/female equality, estimated management of jobs and skills, etc.) thus seems to conceal a situation of relative freeze. As one of the former HR managers of auto1 put it, “*these agreements are a showcase, without any real contents, they are side issues that make it possible to sustain contractual activity in businesses where the labor unions continue to obstruct the negotiation of more intelligent agreements*”. The mechanism would therefore to a large extent be of outward appearance. But this point of view does not sum up the reality of practices, also marked by the “commitment” of labor unions in fair approaches and with regard to strictly organizational objectives in terms of efficiency and productivity. This feature is very visible in France across the spectacular development of the profit-sharing scheme and other wage formulae that index salaries to site performances. It also appears in the multiplication of working time flexibility agreements (notably internal flexibility). In short, far from the alarmist discourses deploring institutional freezes of the French IR system, these tendencies express the emergence of a new model marked by the explicit or implicit integration of social dialogue into a value creation system.

2.1.2. The Difficult and Perilous Investment of Actors at the Transnational Level

While on the national scene there is negotiation where there is no longer any real dialogue, on the transnational scenes by contrast, there is dialogue where there is not yet any negotiation. This division between social dialogue and negotiation (traditionally organized around highlights structuring the conquest of social benefits) constitutes another destabilizing factor of labor union teams. The international framework agreements are particularly revealing of this disconnection. Often the

negotiators and signatories facing the top management are not business labor union members but representatives of international federations.

Similarly, you can even find agreements concerning social protection of employees signed by the management and the service provider alone (agro1). More generally, the unilateralism of the management, by which many of these agreements are influenced, explains that the transfer of the project of social harmonization from a national to a global level has not been a satisfactory response for the labor union teams: on the one hand, the new tools of social harmonization most often present a minimalist (simple resumption of ILO norms) or functional approach (norms aimed at process-conservation or career management for high-potential employees); on the other hand, the local variant of international framework agreements is otherwise conditional on the presence and capacity of local labor unions.

But the disconnection of social dialogue from traditional negotiation is even more distinct at the level of EWC, whose prerogatives are restricted to information and consultation. Not empowered to negotiate (although capable of preparing agreements, as the most recent practices testify), these bodies thus present themselves as the base of a social dialogue which is all the more atypical given that the employee representatives they consist of are not required to be appointed by the local labor union organizations (a situation which what's more characterizes a minority of the CEE members of this body).

Prevented from introducing practices and representations developed on French soil within the EWC, labor unions are on the whole still reluctant to fully enter this new field of action, although with variants resulting from the importance of the issues at stake. Our interviews thus suggest that the commitment of French teams in favor of transnational cooperation expresses itself more clearly in the MNCs exposed to the existence of a whole catalogue of reorganizations that affect several sites in different parts of the European territory, and to the practices of employers' *benchmarking* (ener1, auto1, auto2, auto3). Another decisive factor seems to be the breakup degree of the value chain which, by augmenting the interdependence between different European sites (case of the car industry), increases the circulation of strategic information and qualified staff, and thus multiplies the occasions for comparison of statutes and working conditions, that is to say of labor union *benchmarking*.

As for the obstacles to the commitment of labor unions within this new field, they refer to two principal registers:

- The first is connected with the fear of an instrumentalization of the EWC by the central management, a phenomenon that seems to be confirmed by the statements of some of them. For the latter, the EWC is in fact designed as a way of "*making the French labor union members understand that the model of class struggle is outdated*" (ener1), to "*bring the French social model out of its isolation*" (ener2, agro1), or finally to "*make them realize that they are not the only ones in Europe who suffer from painful reorganizations*" (ener2).

If the top management counts on the confrontation of cultural models to influence the attitude of certain union representatives within the EWC, they also seem to play an active part in choosing to limit their interventions at plenary meetings to a presentation of the industrial strategy of the group. For several of them, this position is consistent with a confessed project of acculturation of the labor union members (notably French), but also of legitimization of the managerial project and subordination of social dialogue to the objectives of the latter. This reality contributes to explain the suspicion of French labor union members with regard to a “professionalization” of social dialogue which, supported by the intervention of experts or of consulting firms, commits them to issues and modes of intervention that are far removed from the traditional forms of militant action and difficult to legitimate among rank and file union members.

This targeting of information supplied by the management also entails a lack of communication with regard to the social conditions and salaries of different sites located in Europe, and this in spite of the repeated requests of employee representatives to make use of real “social surveys” (ener1, ener3, agro2). In this context, we understand that the EWC is not always considered as the best tool for a labor union *benchmarking* whose progress is still largely due to the strength of the informal relations that the union members of different nationalities maintain between themselves.

- The second register refers to internal obstacles of the labor union movement, reported by the secretaries of the EWC, and echoing the numerous works carried out on this issue (Delteil, 2006). Many of these obstacles are of a cultural and cognitive nature and refer as much to the diversity of national cultures and systems of industrial relations as to problems of apprenticeship and appropriation of rules at a collective and strategic level. They also stem from the nationalism of union concerns, which in particular express themselves with regard to the protection of jobs at the level of the sites, and of which the “Vilvorde affair” perhaps represents one of the most revealing cases. This final obstacle, particularly strong in the car industry sector where the transfer of production is significant, constitutes a major challenge for the labor union leaders: that of legitimating the commitment of the latter to transnational actions among a rank and file above all preoccupied with fighting for their own benefits.

2.2. Labor Unions in the CEE: The Virtues of a Weakness?

2.2.1. Macro Institutional Contexts Favorable to the Elaboration of New Socio-Political Compromises

There are many signs that indicate the distance between the CEE and the laws of the European Social Model in terms of industrial relations: rate of unionization and rate of collective conventions cover inferior to the European average, low coordination of the levels of negotiation (local, sectoral, interprofessional), low legitimacy of labor union organizations on the ground, weak collective mobilization, often

politicized when it expresses itself at a national level, decisive role of the state in social regulation.

These characteristics, which we recognize in the new Member States, do not however prognosticate a unique model of professional relations for the three countries examined. Table 2 in the appendix provides an illustration on the basis of a number of institutional criteria. By exaggerating, and by drawing one's inspiration from a typology in terms of "models of capitalism" (Amable, 2005), the persistent diversity of national systems of professional relations could be summarized as follows: the Hungarian system would in many ways be similar to the laws of the Anglo-Saxon model; the Romanian system would be closer to the continental model and its Latin variant (coordinated system of negotiation, noticeably higher rate of unionization and union power, union culture significantly more anti-establishment) yet with a more pronounced domination of the State in the IR system, associated with a more gradual process of transition, less profound reorganizations and a less frequent renewal of the political establishment. Finally, the Slovakian system would reflect a hybrid between the Anglo-Saxon and continental models (this final proximity notably justified by the more pronounced role played by the sector-based regulation).

This diversity of national systems of professional relations negatively underlines the influence of structural legacies and that of processes and speeds of transition that are difficult to compare. This double legacy – that of the old system and that of the years of transition – also appears in the diversity of union practices at the level of the companies examined. We shall here retain two examples to illustrate this topic:

- The more offensive and strategic attitude of the Romanian labor union members of ener1 who, with the backing of the French General Confederation of Labor (*Confédération Générale du Travail* or CGT), have suggested the elaboration of an "ethical charter" valid for the whole group. This charter has served as a platform to conduct mobilizations exceeding the framework of the business and calling for the intervention of public Romanian authorities to uphold legislation. This attitude contrasts with that of their Hungarian counterparts, who have proved to be much more docile with regard to projects of reorganization of managements, the Slovakian labor union members on their side adopting an intermediary position.
- The strength displayed by the labor union stronghold of the Romanian subsidiary of auto1, including the last strike that went on for over a month and which represented a unique event on the territory of CEE, which contrasts with the relative anomie of labor unions observed in the Slovakian subsidiary of auto2; we point out that in this latter case, the influence of legacy refers perhaps less to national divergences than to the distinction between a *brownfield* (by definition marked by a strong labor union tradition) and a *greenfield* (initially devoid of all labor union presence).

The heterogeneity of the national frameworks of industrial relations should however not conceal two fundamental aspects of the East-European systems that contribute to

explain the originality of the forms taken by social dialogue. The first refers to the permissiveness of the institutional environment, which the integration into the EU has not called into question (see below). The second rests on the argument of a relative “labor quiescence” (Crowley & Ost, 2001) of the employees in these countries, of which the foundations go back to the old system within which the labor unions were the “driving belts” and co-managers rather than the employee representatives (Pollert, 2002). In fact, with a wealth of legacy behind them, many of these bodies have been criticized for the connivances that their leaders have continued to maintain throughout all these years of transition with the different political powers in position at the national level and with top managers at the local level. This has resulted in a relative indifference of the employees with regard to the labor union question and a marked preference of the latter (noticeable among the most qualified) in favor of “exit” strategies, of which the turn-over rate is the best indicator (Méardi, 2007).

In addition to these two characteristics, we must also add the structuring, in the first years of transition, of an original socio-political compromise that could be summarized by the exchange “investment against social peace”. The investment guaranties of buyers, the prospect of improving living standards, not to forget the standardization of dilapidated installations in terms of hygiene and safety, have in fact served as the best motivating force for labor union cooperation and for the acceptance of significant job cuts. The social guaranties have also played a not inconsiderable role in the institution of a climate of confidence, whether they are guaranties offered by the state in its capacity as old owner (guarantee of gradual downsizing negotiated in the buyout contract) or more “generous” dismissal programs than those practiced by the domestic companies, for some including restructuring measures (the MNCs that are particularly preoccupied with their social image do not hesitate to apply programs that have already been tested in their countries of origin (ener1, agro1, agro2)).

If this socio-political compromise today shows some signs of disintegration, notably in the register of the “voice” with the emergence of conflicts of distribution (the most outstanding doubtless being the strike of auto1 in February-March 2008), there is however no reason to believe that it will be called into question again in the near future. The reserve of productivity savings and the prospects of market expansion in these countries imply that their economies are still inscribed in a dynamics of adjustment for many years to come.

All in all, the socio-institutional overview presented here makes it possible to realize that the MNCs have had consistent room for maneuver to design, more freely in these host countries than in their countries of origin, new social regulations that are more in phase with competition requirements and organizational flexibility. The existence of socio-political compromises favorable to this dynamics does not only explain the relative social peace that the western buyers have benefited from to carry out their strategies. It also clarifies the more profound mechanisms that have led to a more perceptible shift in the terms of social dialogue. The fact that the programs of reorganization initially constituted the central theme of social dialogue, and that the labor union members also were summoned to speak on matters such as downsizing

and social plans, the improvement of working conditions, process safety and work organization thus explains a greater tendency of CEE labor unions to invest in management issues and to commit themselves to a logic of organizational changes.

The interviews we have conducted in the CEE subsidiaries allow us to support this latter theory by revealing the structure of an original social dialogue, living up to other principles than that of the parent companies, which are still largely organized around the highlights of collective negotiation.

2.2.2. A Permanent Social Dialogue, More Informal and More Individualized

If all the subsidiaries of the MNCs investigated invite us to observe a strong autonomy of local social dialogue at the higher levels (sector-based and national), they also testify to a strong plasticity of the terms of this dialogue with regard to local conditions, whether it is a question of productive stakes or (however in a less distinct manner) of social legacies.

This plasticity, which echoes the pragmatism required by the managements (at the central as well as at the local level), nonetheless indicates some invariants of the form of social dialogue, discovered in all the subsidiaries examined. For the majority of the local top managers and the employee representatives interviewed, the social dialogue takes the form of a “permanent” relation, which is informal and often individualized (“*my office door is always open*”, the local HR manager of agro1 reports). It is also an “open” dialogue insofar as the rules and objects of negotiation are not defined in advance (like the negotiation of social plans of reorganization or the setting up of a bonus to attract qualified employees and/or give them responsibility). Finally, it is a dialogue that is mainly guided by a concern to involve the employees in organizational change and performance construction.

Leaning on elements inherited from the old system (informal regulation of social relations, paternalism, etc.), or on the reaction to the latter (weak legitimization of labor union organizations, demand for recognition of individual effort and qualifications), this social dialogue, depending on the companies, substitutes or completes a contractual social dialogue of a collective type, often considered by the management as unstrategic if not a pure formality.

Not surprisingly, the subsidiaries of average size or smaller (fewer than 500 employees) are those in which the actors tend to favor a minimalist interpretation of the notion of social dialogue. The latter is very often reduced to the notion of “social climate”: attitude of openness of the management towards its employees, provision of social benefits (transport, canteen and more rarely training) but also or even especially tools contributing to define a “convivial” business culture (Christmas tree, sport competition between subsidiaries, barbecue with the families of employees). When they exist, the official channels of representation are often played down or circumvented for the benefit of a direct and individual hierarchical relation of the employee with the management, often tinged with paternalism when the HR management is directed by a “local”. This type of relation finds particular legitimacy

among the young qualified workers who, in a position of strength on the job market, privilege an opportunist allegiance towards the top management and keep their distance towards the employee representatives, considered as unsuited to respond to the new stakes of regulation. This personalization of social dialogue finds its logical continuation in a process of individualization of salaries, much more pronounced than in France (see part 1).

In the largest subsidiaries of the *brownfield* type (auto1, auto2, ener1 and ener2), in which the labor union members are unavoidable, the local managements have not been less active in the continuous promotion of this social dialogue, whether it is individual (principally for the management of skilled employees) or collective (integrating employee representatives into new predominantly administrative functions). This competition based on social dialogue of a contractual type is notably illustrated by the attempt of the French management of the Romanian subsidiary of éner1 to eliminate the term “agreement”, so as to force the labor unions (as the latter explained it to us) into a purely consultative role. The introduction into this same subsidiary of management courses intended for labor union members also indicates an explicit desire to modify the culture of social dialogue.

Faced with these strategies of minimization of contractual social dialogue of the collective type, and in the larger units where the labor union members are strongly represented (with up to 90% of the employees affiliated), one of the strategies of the latter appears to be to seek an external support, notably from the State (and in particular when the latter maintains a share in the capital, as it is the case in the Romanian subsidiary of ener1).

Among the units, those of the *greenfield* type or sites taken over after a first wave of reorganization, the investment guaranties have also constituted a powerful factor of pacification of social relations, in addition to salaries and social benefits often superior to those of the market or the labor pool (the exception being the subcontracting subsidiary of the car industry auto3, where the salaries are determined according to domestic averages). Sometimes a pure formality, the contractual social dialogue of the collective type has not succeeded in limiting the growing inequalities in terms of salary. In this context, the demands have centered on extra salary remunerations (collective, egalitarian), aiming at compensating the failures of the system of social security, as the big units had done before them. In the food-processing sector, where these tendencies are the most obvious (connected with the aim of reputation), the employee representatives have had frequent access to *benchmarking*, by comparing the benefits granted by the other subsidiaries of the CEE zone. The merging of certain local HR managements or of certain sections of the latter within this zone has constituted a breeding ground for such a convergence.

By extrapolating these different tendencies, it becomes clear that social dialogue such as it is developing and taking shape in the CEE subsidiaries proves to respond better to the managerial requirement of organizational control, adaptability and flexibility of the HR than its French or West-European counterpart. Under the leadership of the head offices, unwilling to export a “French” model of social dialogue and in a social context characteristic of transition, the PECO subsidiaries

have thereby allegedly established a system closer to the Anglo-Saxon steering patterns (Meardi, 2006). The choice of this model as a frame of reference has perhaps eased the emergence of a social dialogue closely linked to the HR policies.

2.2.3. Europe: A Lever for Social Dialogue in the CEE?

In many respects, the resumption of the communal advantage does not seem to have advocated the convergence of the CEE with the laws of the European Social Model, whether to support the structuring of the system of professional relations or the adjustment of social norms. This conclusion is hardly surprising if one takes into account that, in Chapter 31 relating to the right of negotiation, it is the “soft conditionality” (Pilat, 2007) that has prevailed, thus limiting the constraints other than the formal ones (setting up of European tripartite bodies, European committees of sector-based social dialogue, etc.).

This conclusion is reinforced by the ambivalent role played by communal instructions in the new Member States. If some of these have managed to form an efficient bulwark against the strategies of social lowest bids supported by the employers and/or certain CEE governments,⁵ others have played a more ambiguous if not deregulating role with regard to systems of industrial relations that are more instable and less structured than in the old Member States (Meardi, 2007).⁶

Finally, compared with one another, the declaration of the European Trade Union Confederation at the summit of Ljubiana in 2008 in favor of wage adjustment and the demand for a European minimum salary on the one hand, and the last revision of the directive on working time which raises the authorized ceiling on weekly wages (from 48h to 65h) on the other hand, are very meaningful for our purpose: these questions seem not only to reflect an internal difficulty for the project of regional social convergence but may also constitute an bonus for businesses in terms of human resource management. In the eyes of the managements, this bonus is much more strategic from the point of view of organizational flexibility than the possible risks of an uncontrolled increase in salaries, of which the extent is very limited in view of the unexploited deposits of productivity gains in the CEE.

⁵ The demand of the Romanian employers for 60 weekly working hours or again the latter's lobbying to counter the obligation to motivate the dismissal decisions and to let them be preceded by a consultation of the employees, have thus been evaded (Mocanu & Mares, 2005). In the Slovakian case, it was the social-democrats, returned to government in 2006, who used the EU reference to amend a Labour Code and labour market rules reputed to be among the most flexible of the OECD (Svorenova, 2007).

⁶ Meardi (2007) notably evokes the negative impact of the directive on working time (2004) on Hungarian legislation, which led to extend the reference period for the measuring of working time. In the context of Hungarian IR, this led to an increase in the flexibility of working time unilaterally administered by the management, associated with the greater facilities of ‘opting-out’ (individual or collective), and even the directive on information and consultation of workers (2001), which favored the setting up of business committees to limit the power of labor unions at the local level.

If the process of a “top-down” Europeanization of social relations seems to have been of a limited extent, could the creation of the EWC constitute a lever for the actors of the CEE at a decentralized level? Are these bodies capable of modifying in a “bottom-up” way the trajectory of models of industrial relations that, undoubtedly, have not completed their mutation?

The interviews carried out at this level call for a mixed response. For the CEE, the size of the subsidiaries seems here again to constitute a highly discriminating factor, because only the businesses that exceed the threshold of 150 employees can have an employee representative in the EWC. The disintermediation of social dialogue in the smallest subsidiaries is coupled with a still very partial mediation of social relations at the European level. The latter often goes together with an ignorance of the existence and role of these new structures, on behalf of the employees but also more surprisingly on behalf of certain managers of French subsidiaries (the Slovakian subsidiary of auto1).

In return, the attitude of relative “passivity” of the CEE members, which has been criticized by the secretaries of these councils, has progressively given way to speeches, some very claimant, if not unrealistic (like that of bringing remunerations into line with western standards. This is particularly the case in the large CEE subsidiaries, the most significant of which have nine representatives in the EWC (for the auto1 subsidiary in Romania).

The fact that these speeches are very largely centered on the expression of local demands, thereby making the EWC play the role of “resonance chamber” for the deficits in local social regulation, is of interest for our purpose. The CEE representatives have in fact particularly used the EWC to attempt to oppose local managerial practices which, guided by the search for organizational flexibility, departed from norms decreed for the whole group (notably in terms of safety and working conditions, but also concerning recourse to temporary work) or again infringed the legislation of the host country. Thus the labor union members of the Romanian subsidiary of auto3 resorted to the EWC to call on the local management to respect the national Labor Code (on working time, precarious contracts, working conditions, length of breaks, redundancy payment), with the support of their Western counterparts, included the central management.

In this example, the EWC presents itself as a tool aimed at raising the local infringements to a central level and successively to put pressure on the central HRMs to make them intervene in order to regularize the practices of subsidiaries, with often convincing results. This strategic use of the EWC reveals a greater implication of the CEE actors, which in some groups goes hand in hand with a replacement of the first members appointed by the management by labor union actors or representatives that are closer to the employees. In a way, it also expresses a “distortion” of the role of the EWC to the degree that European social dialogue does not immediately present itself as a platform for communal demands. The recent transnational coordination which has accompanied the salary conflict in the Romanian subsidiary of auto1 nevertheless indicates a significant change of course, with regard to elements such as salary, where the interests tend to converge with

those of French labor unions: the salary adjustment of East-European subsidiaries limits the risks of production transfer or of unit relocation from Western towards Central and Eastern Europe.

Finally, if the French EWC secretaries interviewed were initially skeptical about the implication of East-European members into transnational coordination, for reasons that essentially reflected cultural divergences, we can only conclude that these obstacles are not more important than they were in the old EU-15. Such as they have been expressed by the French labor union members, the cultural divergences would sometimes be more obvious in comparison with their Western counterparts, notably German and Nordic, who are often seen as less combative and more easily moved to consensus than certain CEE members (Romanians in the lead, but also Hungarians and Slovaks previously State-owned Companies), considered to be sharing the same “Latin culture” of protesting.

As for the perspectives of reinforcement of transnational labor union cooperation, the experiences gathered suggest that the mobilization of informal networks (bilateral, regional, European) remains a decisive asset (Arrowsmith & Marginson, 2006), just as the power of negotiation that labor union actors in France and in the East benefit from faced with the central and local managements (Meardi, 2006).

Conclusion

The survey elements at our disposal unquestionably display the key role played by HR policies, both as a support for global HR governance and as a management tool at the local level of organizational flexibility requirements. Contributing to various degrees, according to the organization of the group value chain, to construct an “integrated autonomy” of the production sites, the HR policies have thus become an increasingly strategic lever for value creation. In so doing, they have helped to outline the contours and practices of industrial relations at the decentralized level in the sense of a growing subordination to management requirements. This tendency shows itself clearly in the shift in terms and objects of social dialogue, from the progression of the permanent or continuous dialogue, closest to the production processes, to the informal and individualized dialogue managing the interactions as individual trajectories. At the same time it also reflects the decline of the contractual dialogue of the collective type and the rise to power of a new form of dialogue which we propose to call “managerial social dialogue”.

This incursion of the HRM in the very field of industrial relations has not fulfilled itself in a uniform manner in all the MNCs and their subsidiaries. For all that, if the systems of professional relations in France as in the CEE are subject to similar tensions, with an exacerbation of the competition of productive systems at the global level and with the ensuing complication of stakes and the weakening of labor unionism, the fact remains that the CEE prove better suited than France to adapt to the emergence of a “managerial social dialogue”. This is especially confirmed in the subsidiaries in which the labor union presence is more fragile if not nonexistent, and where the local managements have the greatest room for maneuver. But it can also

be observed in the subsidiaries of greater size, in which the rate of unionization remains particularly high, and where the state sometimes continues to play a regulating role. This path of evolution contrasts with that observed in France, where resistance is more evident, notably in the MNCs in which social relations are long-standing and numbered among the essential values of the group (auto1, agro1). In these businesses, social dialogue is still to a large extent comparable with collective negotiation.

Consequently, the structural legacy and the particular context specific to the transition of the post-socialist economies explain the dynamics of transformation of which social relations seem to be the object within the subsidiaries established in the CEE. But these dynamics are also caused by the dimension, still in its infancy, of the process of Europeanization of social rules. The future of industrial relations in Europe will largely depend on the emergence of intermediary regulations at the regional and transnational level, capable of consolidating labor union cooperation faced with business policies whose dimension is less European than global.

Finally, and with all the caution that imposes itself in view of the very restricted range of our cross-section of companies, our field surveys enable a putting into perspective of the national systems of industrial relations that revives the debates launched in the nineties between the two trends in this domain: that of J.T. Dunlop and that of T. Kochan (Da Costa, 1990; 2003). Contradicting the theory of a globalization of industrial relations once supported by Dunlop, our survey tends to demonstrate the importance played by the environment and group strategies in the reconfiguration of relations and games between actors, thereby underlining the topicality of the theses defended by Kochan. Our results seem in particular to confirm the assertion that the autonomization of the field of industrial relations was only a specific moment of the Fordist period. In so doing, it encourages a comparison, at the methodological level as well as in their dynamic relation, of the HR policies and the systems of industrial relations.

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Appendix 1

Presentation of the cross-section

	Workforce size	Shareholding	Organization	Market
Ener 1	World: 63 000 Europe: - France: 25 000 PECO: 19 000	Public + shareholding (split shareholding in the PECO)	Tax-assessment	Local market and zone
Ener 2	World: 110 000 Europe: 78 000 France: 40 000 PECO: 4 000	Shareholding	Tax-assessment, by occupation and country	Local market and zone
Ener 3	World: 37 000 Europe: 22 000 France: 12 000 PECO: 800-900	Shareholding	Federation of SMEs, Divisional and tax- assessment by activity and zone	Local market and zone
Auto 1	World: 128 000 Europe: 76 000 France: 35 000 PECO: 12 100	Shareholding	Tax-assessment by transverse functions, sites, country or region	Local market and Europe
Auto 2	World: 211 700 Europe: 54 000 France: 121 940 PECO: 13 750	Familial	Tax-assessment	Local market and Europe
Auto 3	World: 70 000 Europe: 38 000 France: 18 000 PECO: 8 700	Shareholding	Divisional and by Business Lines	Local market
Agro 1	World: 88 000 Europe: 33 000 France: 12 000 PECO: 9 500	Familial and shareholding	Tax-assessment initially by zone then by transverse functions	Local market and near zone for some products
Agro 2	World: 22 000 Europe: 14 500 France: 7 000 PECO: 5 000	Familial	Federation of SMEs, Divisional	Local market and near zone

Appendix 2

Comparative table of the systems of industrial relations

	France	Hungary	Slovakia	Romania
Legislative backing of the IR	Strong	Weak	Average	Strong
Union organizations (UO)	Fragmented (5 UO)	Very fragmented (7 UO)	<ul style="list-style-type: none"> • 1 UO largely dominates • 2 others sector-based UO 	Fragmented (5 UO), but fusion to come between 3 of them
Employers' organization (EO)	2 EO	Very fragmented (9 EO)	One single EO	Very fragmented (8 EO)
Main actors of the IR	<ul style="list-style-type: none"> • employers 	<ul style="list-style-type: none"> • employers • State in tripartite negotiations 	<ul style="list-style-type: none"> • employers • State in tripartite negotiations 	<ul style="list-style-type: none"> • employers and state • State in tripartite negotiations
Rate of unionization	8%	20%	40%	35%
Cover rate of employees by collective agreements	90%	42%	50%	74%
Level of negotiation	<ul style="list-style-type: none"> • centralized • sector-based • decentralized in progress 	<ul style="list-style-type: none"> • centralized (weak tripartism) • sector-based marginal • highly decentralized 	<ul style="list-style-type: none"> • centralized (tripartism) • sector-based average (medium?) • highly decentralized 	<ul style="list-style-type: none"> • centralized (tripartism) • sector-based weak • highly decentralized
Degree of coordination	high	Weak	Average	Average
Collective mobilisation	<ul style="list-style-type: none"> • average • variably politicized 	<ul style="list-style-type: none"> • weak • politicized 	<ul style="list-style-type: none"> • weak • politicized 	<ul style="list-style-type: none"> • weak • politicized
Principal subject of collective negotiations	<ul style="list-style-type: none"> • wages • employees' saving scheme • working time 	<ul style="list-style-type: none"> • wages • organization and working time 	<ul style="list-style-type: none"> • wages 	<ul style="list-style-type: none"> • wages
Method of representation of employees in the Companies	Dual channel	Dual channel	Unique channel	Unique channel