

Theorizing transnational labour markets:

a research heuristic based on the new

economic sociology

URSULA MENSE-PETERMANN

*Bielefeld University, Faculty of Sociology,
P.O. Box 10 01 31, 33615 Bielefeld, Germany
ursula.mense@uni-bielefeld.de*

Abstract *In this article, I suggest that transnational labour markets are characterized by their multi-layered embeddedness, not only in national but also in transnational institutional settings. Hence, the national institutional factors formerly at the centre of sociological labour market theories insufficiently explain the newly emerging transnational labour markets. To account for the full complexity and institutional context of the latter, I propose an inductive theoretical approach to transnational labour markets and develop a research heuristic to instruct empirical studies about particular transnational labour markets and inductive theory building. This heuristic draws on analytical categories as developed by the new economic sociology of markets. The empirical example of the transnational labour market that matches eastern European workers to jobs in the German meat industry serves to illustrate how one can use this heuristic, which reveals some preliminary features of transnational labour markets compared with national ones, as well as some research gaps to be addressed by future studies.*

Keywords CASE STUDY ON EASTERN EUROPEAN WORKERS IN GERMAN MEAT INDUSTRY, ECONOMIC SOCIOLOGY, THEORIZING, TRANSNATIONAL LABOUR MARKET

In the debate on the impact of economic globalization on labour markets, two contradictory lines of argument have emerged. The first, which scholars promoting a ‘strong’ globalization thesis advance, is that increasingly intense global competition, combined with the globalization of production, creates a convergence of company strategies and organizational styles, as well as a convergence of the different national models of capitalism and employment systems. Meanwhile, national governments lose more and more relevance and scope for manoeuvre (Beck 1999; Castells 1996; Reich 1991).¹ The second, and in contradiction to the advocates of such a ‘strong’ globalization thesis, are those scholars who point out that ‘the degree of globalization might be overstated and that its effects are more muted’ (Fligstein 2001: 222); they insist that problems of

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employment still have to be scrutinized within the framework of national employment orders (Heidenreich 2004: 212). However, neither of these approaches provides a sufficient analytical framework for the many examples of the so-called *transnational labour markets* – for instance care workers from the Philippines or central and eastern Europe working in western European or other wealthy countries (Bludau 2015; Choy 2003; Connell 2010; Jaehrling 2008; Kingma 2006; Trubek 2003), meat cutters from central and eastern Europe working in the German meat industry (Czommer 2008; Wagner 2015), or construction workers (Staples et al. 2013). In these cases, national employment systems and governments retain their importance as the providers of the institutional contexts in which the labour markets are embedded. However, it is questionable whether the national institutional settings at the centre of sociological labour market theories can fully explain transnational labour markets. In this article, I contend that these cross-border labour markets are embedded and structured differently from national ones.

For this article, I define transnational labour markets as labour markets that match workers and jobs across borders *and* that are embedded not only in national institutional settings but also in transnational institutions and transnational networks. This approach is based on a specific understanding of transnationalism as developed in migration studies (Glick-Schiller et al. 1995; Portes et al. 1999; Vertovec 2009), namely ‘to delimit the concept of transnationalism to occupations and activities that require regular and sustained social contacts over time across national borders’ (Portes et al. 1999: 219). This understanding is shared by another strand of literature that applies the concept of transnationalism to transnationally integrated multinational corporations (Mense-Petermann 2018; Morgan 2001a) and forms of governance (Djelic and Quack 2010; Morgan 2001b). Yet, whereas the main focus of the ‘transnationalism’ research agenda is on ‘the individual and his/her networks’ (Portes et al. 1999: 220) and on organizations and the ‘transnational social spaces’ they construct by maintaining transnational relations (Faist 2015; Faist et al. 2013; Glick-Schiller et al. 1995; Morgan 2001a, 2001b), in this article, I put the transnational labour market centre stage.

We need new analytical tools to grasp the multiple and multi-layered embeddedness of transnational labour markets in local, national, transnational, regional and global institutions, but, to the best of my knowledge, there is no research to date that addresses this. So, given the lack of a theoretical underpinning of the concept of transnational labour markets and of empirical research systematically conducted within a ‘labour market’ framework, in this article I aim to make a conceptual contribution towards filling that gap. For this purpose, I propose adopting an inductive bottom-up approach; namely to advance theory building by scrutinizing specific transnational labour markets employing a theoretically informed research heuristic. The idea of beginning by developing a heuristic derives from the notion that transnational labour markets have to be conceived of in the plural and that no single and deductively construed abstract model is able to account for the variations in transnational labour markets. The heuristic developed in this article is intended instead to stimulate and theoretically instruct research on a variety of transnational labour markets, which will then facilitate theory building. It draws on theoretical categories taken from the new economic sociology

(Swedberg and Granovetter 2001), particularly the sociology of markets (Abolafia 1998; Aspers 2011; Beckert 2009; Engels 2009; Fligstein 2001). Hence, the aim of this article is to provide an analytical tool with which to explore why and how transnational labour markets emerge, and how they are structured.

In the remainder of this article, I discuss the two bodies of literature on which I draw for constructing the heuristic – (1) institutional sociological accounts of national labour markets and (2) the sociological accounts of markets developed within the new economic sociology. Building on these strands of the literature, I develop a research heuristic to facilitate a theoretical empirical analysis of specific transnational labour markets. I then present an empirical case to illustrate how to use it. Such an analysis, I argue, is a first step in the direction of sociological theory building on transnational labour markets. I then end the article with a discussion and conclusion.

Labour markets in sociological perspective: institutional conceptions

Labour markets are a key structural element of any capitalist economy and society. By questioning the existence of perfect competition in real labour markets and instead suggesting certain barriers to the mobility of workers and, consequently, labour market differentiation, Kalleberg and Sørensen (1979) see sociological and institutional economic approaches to labour markets as deviating from ‘orthodox’ classical economic conceptions. Dual or segmented labour market theories (Lutz and Sengenberger 1974; Piore 1969; Sengenberger 1978) and theories on internal labour markets (Doeringer and Piore 1971, 1975) account for this differentiation. In their often-cited article, Kalleberg and Sørensen (1979: 353) examine (a) conceptions of labour markets; (b) labour market outcomes, and (c) social change in labour market structures. In an attempt to answer the question addressed in this special issue of *what economic sociology can contribute to the theorization of transnational labour markets*, I shall focus on the first topic, namely conceptions of labour markets.² Kalleberg and Sørensen (1979: 351–2) define

labor markets abstractly, as the arenas in which workers exchange their labor power in return for wages, status, and other job rewards. The concept, therefore, refers broadly to the institutions and practices that govern the purchase, sale, and pricing of labor services. These structures include the means by which workers are distributed among jobs and the rules that govern employment, mobility, the acquisition of skills and training, and the distribution of wages and other rewards obtained contingent upon participation in the economic system.

Hence, labour markets have to be conceived of as *complex institutional orders*, or *employment systems* (Bosch 2010; Fligstein 2001; Marsden 1999; Rubery and Grimshaw 2003; Schmid 2002).

Such an institutional analysis, however, has to account for the specific features of labour markets compared with other markets. In the sociology of work, the distinction between ‘labour’ as actual work and ‘labour power’ as the *potential* to engage in

productive activities is, following theoretical traditions ranging from Karl Marx (1936) to Karl Polanyi (1957), widely accepted as the cornerstone of the definition of labour markets. Therefore, it is generally assumed that the commodity traded in (capitalist) labour markets is 'labour power' rather than labour services. Consequently, from a sociology of work perspective, the commodity that is exchanged in labour markets is distinctive in two respects.

First, in a 'free wage labour market' where the employer signs a contract with the prospective labourer as the owner of his or her personal labour power, the actual market commodity is nothing more than a promise of future work or a contractual obligation to provide services. Yet, the intensity of work, the extent of activity, or the specific tasks assigned to a job are subject to continuous and potentially conflicting negotiations after the employment contract has been signed. In other words, the labour contract is specific in that it is open-ended and indeterminate. Therefore, enterprises and, primarily, workshops are where potential 'labour power' is turned into specific labour services and, thus, decisions about the equivalent of a wage are made (Bosch 2010: 648–9; Lam and Marsden 2016; Marsden 2004). These negotiations are embedded in a set of country-specific institutions (Marsden 1999).

Second, as Karl Polanyi (1957) explains, even in completely deregulated capitalist labour markets, labour power remains a 'fictitious commodity' because it can never be isolated from its owner, the individual labourer. Sociological labour market theory, unlike its economic counterparts, thus deals largely with the regulation and protection of labour rather than with market transactions per se (Bosch 2010; Esping-Andersen, 1990; Lam and Marsden 2016). An analysis of labour markets must also therefore consider the institutions that cater for the 'commodification' and 'decommodification' of labour power as borrowed from Polanyi (1957) and Esping-Andersen (1990).

According to the literature on employment systems, the following institutional settings are considered to be important factors when it comes to structuring decisions about the supply and demand of labour power and wage setting (Schmid 1997: 16–17, cited in Heidenreich 2004: 210; see also Bosch 2010; Rubery and Grimshaw 2003):

- the production system, in which decisions about production are made;
- the system of industrial relations, in which decisions on the level and structure of remuneration are made;
- the social security system, as an area of employment, as an alternative to wage labour, and as a reason for taxation and/or social insurance contributions;
- the gender regime or household system, as an alternative for wage employment; and
- the education system, which provides the qualifications and skills that allow workers to engage in wage labour.

This sociological understanding of labour markets and their embeddedness in institutional orders hitherto referred to national labour markets. Because 'the institutional arrangements, the social conditions, the forms of economic organization and the role and attitudes of social actors all vary ... among nation states' (Rubery and Grimshaw 2003: xvii), sociological analyses of labour markets have primarily focused

on country-specific, national institutional employment systems or employment orders (Bosch 2010).³

Labour markets rarely feature in sociological debates on globalization, and studies in the field of the sociology of work, in particular, tend to stick to a nation-state frame of reference. Heidenreich (2004: 210), for example, criticizes the contributions to the globalization debate of Reich (1991) and Beck (1999) for claiming that the newly emerging international division of labour leads to global competition over wages and taxes. In other words, worldwide competition for scarce investments and cheap labour is resulting in the disappearance of low-productivity jobs in high-wage countries. Heidenreich (2004: 212), however, postulates that problems of employment are still to be scrutinized in the framework of national employment orders. Fligstein (2001: 119), too, asserts that ‘existing employment systems, once in place, prove to be stable ... and are usually transformed only when they are in severe crisis.’

To emphasize the growing transnational mobility of work and capital and the emergence of border-crossing labour markets does not imply that national labour market institutions no longer matter or are overridden by transnational institutions. However, the focus on national employment systems inhibits research strategies that attempt to grasp possibly emerging transnational institutional orders that are of importance for border-crossing labour markets.

Ludger Pries is one of the few scholars to have dealt with work and employment in a globalizing world. His approach is in tune with the above-mentioned studies in that he focuses on employment orders rather than labour markets per se and stresses the importance of employment regulating institutions (Pries 2010: 28–44). Yet, he also points out that it is a mistake to view labour as employment that is stable over time and tied to specific locations within nation-states. Although he concedes that country-specific, national employment orders have been enormously important in shaping labour, he insists that in times of globalization other variables also have to be considered (Pries 2010: 30). To scrutinize employment orders in a globalizing world, he recommends abstracting from the institutions that are known to have shaped national labour markets – markets, professions/vocations, organizations, public regimes, and networks/families. This, however, represents quite a ‘narrow’ analytical framework in that it may run the risk of producing biases towards national institutions and fail to recognize newly emerging transnational institutions that may not fit into these categories, like, for example, ‘non-governmental or non-legislative ways of implementing labour standards in a globalized economy’ (Rubery and Grimshaw 2003: 242),⁴ and non-worker organizations that still operate to protect workers as elaborated by Bernstein (2005)⁵ and Elliot and Freeman (2005).⁶

Thus, given that the work and lives of ever more people are no longer tied for a lifetime to one locality, region, or country,⁷ the state of the theoretical underpinning of transnational labour markets is wholly unsatisfactory. There is still a need to develop an analytical framework capable of accounting for cross-border exchanges of labour power and the institutional settings structuring it.

An analysis of transnational labour markets will, therefore, have to address the question of to what extent functional equivalents of the institutions of the national

employment orders are emerging at the transnational level.⁸ Yet, the elements of the institutional orders in which national labour markets are embedded may lack transnational equivalents. Therefore, I intend here to step back and empirically examine which institutions actually shape the supply and demand of labour power and its transformation into actual work effort in cases of transnational labour markets. To trace these institutions and theoretically instruct the respective empirical studies, theoretical categories are required as sensitizing concepts (Blumer 1954). I, therefore, propose drawing on analytical categories as developed by the new economic sociology, specifically the sociology of markets (Abolafia 1998; Aspers 2011; Beckert 2009; Engels 2009; Fligstein 2001). These are categories that go back to the problems that have to be solved in any market, but particularly labour markets.

Transnational labour markets through a ‘new economic sociology’ lens

While the sociology of markets has become a cornerstone of the new economic sociology (Smelser and Swedberg 1994; Swedberg and Granovetter 2001), it has not really tried to analyse labour markets; instead, it has developed its theoretical arguments mainly with reference to markets for goods and services. However, I argue here that it can still be useful for studying transnational labour markets.

In the new economic sociology, markets are seen not as an abstract principle but as specific arrangements with their own histories. In the sociology of markets literature, markets are always considered in the plural, as a plurality of different forms that cannot be captured with one abstract model (Engels 2009: 68 referring to Callon 1998). When it comes to defining what a market is, most economic sociologists draw on Max Weber’s definition quoted here by Beckert (2009: 248):

‘A market may be said to exist wherever there is competition, even if only unilateral, for opportunities of exchange among a plurality of potential parties’ (Weber 1985, vol. 1: 635). Actors on both sides of the market interface have partly similar and partly conflicting interests: while they must both be interested in the exchange of a good, they have conflicting interests regarding the price and other specifications of the contract from which a ‘price struggle’ between them emerges that results – if the exchange is to take place – in a compromise between the exchange partners.

Hence, the new economic sociology shares with the discipline of economics an understanding of markets as made up of four elements – (1) the objects to be exchanged; (2) buyers and sellers; (3) competition and, through this, the determination of the price; and (4) the voluntary character of the transactions (Aspers 2011; Engels 2009). None of these elements, however, is unproblematic. Whereas the main focus of economics is on imperfect competition in markets and asymmetric information between buyers and sellers, the emphasis in economic sociology is on how each element in a market transaction has first to be generated through processes of social construction (Aspers and Beckert 2008; Engels 2009).

What does this mean for the analysis of transnational labour markets? First, it raises the core question of what conditions and prerequisites are necessary for transnational labour markets to emerge. Second, it offers analytical categories that can be used to study transnational labour markets. Two dimensions are important here – that of the process of the social construction of transnational labour markets, and the structural features characterizing transnational labour markets. The various categories will be elaborated in the following subsections.

The social construction of transnational labour markets (process dimension)

Following Anita Engels's (2009) review of the theoretical achievements of the new economic sociology of markets, I now elaborate on what the 'social construction of markets' means and on how one can use the key theoretical categories of this approach to analyse transnational labour markets.

According to Engels (2009), the social construction of markets embodies three sub-processes. The first is the social construction of *marketable objects*. Marketable objects (or commodities) are one of the elements of markets. Yet, several prerequisites are required to make an object exchangeable and comparable, and to allow market participants to assess its characteristics, quality and value. Engels (2009: 72) stresses that, to be marketable, objects have to be 'qualified' and 'classified', that is attributed certain qualities and grouped into different classes of similar products. Furthermore, marketable objects need an exchange value, a price. The process of commensurability relates objects to a common metric and assigns exchange value to them.

The many empirical studies that Engels has reviewed for her article often show that extensive investments by external market actors, for instance market makers such as states, are necessary to assure the marketability of objects (Engels 2009: 75). In the same vein, Ahrne et al. (2015) stress that states or intermediaries frequently act as market organizers, for example by setting standards (Fligstein 2001).

In the case of transnational labour markets, the question, therefore, is whether there are actors and/or institutions that make labour power (as a commodity) comparable, valuable and exchangeable transnationally. An analysis of the exchange of labour power in transnational labour markets would have to focus on the questions of whether there are standards and standard setting agencies that constitute labour power as a commodity for a specific transnational labour market. What processes of 'qualification' and 'classification' of labour power beyond the national education and vocational training system can be observed? How are the personal and disciplinary characteristics of workers shaped in specific transnational labour markets and what kind of metrics can be observed for assigning exchange value to labour power?

Here, the social construction of marketable objects is pertinent because labour markets are not 'ordinary', as in a product or services market, for the 'commodity' exchanged is 'fictitious' (Polanyi 1957). Consequently, the social construction of labour markets consists not only of the commodification of labour power, but – in the sense of Polanyi's 'double movement' – it also inevitably has to consider processes that limit the commodification of labour power – namely decommodification.

In national labour markets, at least in the global North, decommodification occurs within an institutional framework of labour laws, industrial relations and the welfare state. The focus of a study on transnational labour markets, therefore, would be on the extent to which transnationally mobile workers were covered by social security provisions, national and/or transnational labour laws like the EU's Posted Workers Directive, and subject to negotiations and collective agreements in the national or transnational arenas of industrial relations.

The second subprocess in the social construction of markets is the social construction of *competition*. As with marketable objects, one cannot regard competition as a given. In fact, market participants have to develop a sense of what competition in a specific market means, who their competitors are and how they can relate to them (Engels 2009: 70).

Therefore, to study the social construction of competition in transnational labour markets, scholars need to focus on the question of how market actors have widened their search for labour power or jobs beyond their country's national border, and whether or why they have concentrated on *specific* other countries and localities. The nature of the border regime in a prospective host country, and of other institutions and actors likely to restrict or encourage the crossing of national boundaries in search of jobs or labour power, raise further pertinent questions.

A third subprocess in the social construction of markets is the social construction of *market-specific cognitive orientations and action repertoires*. This addresses the question of the constitution of the market actors. Economic analyses often presuppose the existence of actors who are willing and able to make rational choices. Yet, this is not at all self-evident (Engels 2009: 79). Markets need competent actors with cognitive orientations and action repertoires that are specific to that market (Engels 2009: 70). Hence, this subprocess refers to the emergence of market participation as a social role or social identity (Engels 2009: 70).

In the case of transnational labour markets, the question to address, therefore, is whether there is evidence that certain roles or identities emerge in particular transnational labour markets. The focus here would have to be on what evokes the processes that make workers willing to migrate transnationally to take a job in a specific industry in a particular country, as well as on the roles and identities of employers, intermediaries and workers more generally.

Consequently, a study of particular transnational labour markets theoretically informed by the new economic sociology of markets has carefully to reconstruct the *processes* of the social construction of these markets in the dimensions mentioned. It is necessary, however, to complement this focus on processes with an analysis of the structural features that characterize markets.

The structural features of transnational labour markets (structure dimension)

Mitchel Y. Abolafia (1998) developed an approach to understanding 'markets as cultures' that may be useful for an analysis of the structural features of transnational labour markets.⁹ According to him (Abolafia 1998), all markets exhibit three fundamental

structural features: (i) constitutive rules and roles; (ii) a local rationality; and (iii) dynamics of power and change. Yet, the specificity of these features varies from market to market. Hence, markets as cultures are all different in terms of the specific rules and roles, local rationalities, and power relations they display.

Constitutive rules and roles: Abolafia (1998: 70) describes how, through repeated interaction, ‘market participants develop expectations about appropriate behavior and scripts for the performance of roles. It is through these rules and roles that participants constitute the market.’ Rules can be formal or informal, regulative, namely ‘designed to govern the pursuit of self-interest’ (Abolafia 1998: 70), or ‘based on institutionalized scripts that are taken for granted’ (Abolafia 1998: 71) by market participants. Thus, instead of focusing on large societal institutional complexes, his micro-sociological approach concentrates on the roles and rules that market actors institutionalize. Yet, rules may evolve from the repeated interaction of buyers and sellers as well as from market ‘organizers’ like states or intermediaries (Ahrne et al. 2015; Fligstein 2001).

In addition to being based on certain rules, markets also display ‘rich social identities that have come to define the behavior and interaction of role incumbents. Rather than the calculative unit actor described by economists, we see an astute participant using a toolkit of strategies that is culturally available in the market’ (Abolafia 1998: 72). These constitutive roles refer not only to buyers and sellers but also to other market makers (Abolafia 1998) or market organizers (Ahrne et al. 2015), such as ‘intermediaries’ (for example the various standard setting agencies), or ‘others’ like NGOs or states representing the many interest groups that the ‘external effects’ of markets may affect negatively (Ahrne et al. 2015: 16). Therefore, to analyse a specific market, scholars will have to identify the specific rules and roles that constitute it.

Local rationality: Abolafia, in line with economic sociology in general, understands rationality as ‘a community-based, context-dependent cultural form’ (Abolafia 1998: 74) rather than as a universal characteristic of market actors and/or their decisions. The notion of local rationality refers to the problem of information overload and complexification of situations in which decisions are made. To deal with complex situations and information overload, actors need ‘decision tools’ that allow them to cope ‘with the uncertainty and ambiguity in their environment’ (Abolafia 1998: 74). To understand the local rationality of specific markets, scholars have to explore the decision tools that all market actors use and that have been institutionalized in the market. In the markets that Abolafia (1998) studied, namely the stock, bond and futures markets, traders develop a set of routines that allows them to cope with the overwhelming volume of important information. They may, for example, ‘favour a particular ... fashion in interpretation and become “chartists”, “fundamentalists” or followers of some other interpretation’ (Abolafia 1998: 75).¹⁰

Analysing transnational labour markets, therefore, necessitates reconstructing the decision tools that market actors apply. In their search for a job abroad, migrant workers may, for example, select possible host countries on the basis of their wage level, their own language capacities, or geographical proximity to their home country. For

gathering relevant information, they may rely on conventional wisdom, personal networks, or systematic research, for instance, on the internet.

Power relations and dynamics of power: a third structural feature of markets, according to Abolafia (1998), are its power relations and dynamics of power. As he puts it, ‘existing market culture reflects the efforts of powerful market actors to shape and control their environment even as it is shaping and controlling them’ (Abolafia 1998: 77; see also Fligstein 2001). Yet, since powerful groups of actors compete to influence the market’s constitutive rules, roles and rationalities, these power relations are neither stable nor static. In other words, power struggles and internal power dynamics create a strong impetus towards change. An empirical study of transnational labour markets would thus have to reveal the power relations and struggles that result in the reconfiguration of the rules, roles and rationalities of the market in question.

By understanding markets as cultures, Abolafia (1998) provides us with a set of categories, which, as we have seen, one can usefully apply to an analysis of transnational labour markets, especially when identifying their fundamental structures.

A research heuristic for analysing transnational labour markets

In the above subsections, in a first step, I drew on contributions from the new economic sociology of markets, to develop three subprocesses of the social construction of markets, which are represented in Table 1 under the headings marked 1a, 1b, 2 and 3. In a second step, I elaborated three structural features of markets, indicated in Table 1 as I, II and III. Crossmatching the processes with the structural features results in a heuristic that can serve to study and map transnational labour markets empirically. Filling in the 12 cells of the heuristic shown in Table 1 for particular transnational labour markets will result in ‘thick descriptions’ (Geertz 1973) of these labour markets and allow a detailed analysis of the structures of a specific empirical transnational labour market and the processes involved in creating them.

An empirical example of the labour market supplying the German meat industry with unskilled eastern European workers may serve to illustrate how this heuristic can work. Although this labour market is embedded in an EU institutional setting, it emerged well before the accession to the EU of Poland, Romania and Bulgaria – the three countries from which most of these workers originate.¹¹ The German meat industry is highly concentrated; the three largest producers of pork and beef account for more than 50 per cent of all slaughtered pigs in Germany.¹² The top ten German meat producers have a joint market share of almost 80 per cent (Friedrichsen and Huck 2018). The focus of the case study is on an area in Germany that hosts one of these very large slaughterhouses. It also hosts a range of other middle-sized abattoirs and cold-cut producers. Since these companies do not run their production lines with their own employees, but outsource the production work to sub-contractors, some of these service providers have also relocated their businesses in the area.

Outsourcing has led to a huge influx of workers from eastern Europe, mostly young males, and normally without any command of the German language. These workers, as

previous research has shown (Czommer 2008; Refslund and Wagner 2018; Wagner 2015), are used to working in poor, extremely precarious conditions and are therefore highly vulnerable. To offset this, several consulting services have been established to help these workers with problems at work, or with personal crises in their everyday lives. A whole ‘migration industry’ (Gammeltoft-Hansen and Nyberg Sorensen 2013) has emerged to help workers relocate to and settle into the area. The meat producer observed in this study and the organizations associated with it are typical of the German meat industry in that – as is evident from earlier studies (Czommer 2008; Wagner 2015) and from the press and television¹³ – other producers also are adopting the model of sub-contracting and employing mostly eastern European workers (DGB 2017).

Table 1: A research heuristic

| The processes of the social construction of the labour market | | | | |
|---|--|--|---|---|
| The structural features of the labour market | 1a Commodification of labour power (standardization; categorization) | 1b Decommodification of labour power | 2 Construction of competition | 3 Construction of market-specific cognitive orientations and action repertoires |
| I Actors/roles | Cell 1 | Cell 4 | Cell 7 | Cell 10 |
| II Institutionalized rules and rationalities | Cell 2 | Cell 5 | Cell 8 | Cell 11 |
| III Power relations | Cell 3 | Cell 6 | Cell 9 | Cell 12 |

Commodification

It is not at all self-evident that eastern European workers are matched to jobs in the German meat industry. The German meat producers do not advertise these jobs in Poland, Bulgaria, or Rumania and, even if they did, it is doubtful that workers from these countries would apply for such jobs in the absence of the various processes associated with the social production of this transnational market.

The meat producers became the main *actors* in creating this transnational labour market (see cell 1 of Table 2). This was because they had developed a production model that depended on large numbers of unskilled workers¹⁴ being willing and able to stick to a Taylorist work regime and accept the exceptionally hard, exhausting working conditions and low wages that the meat producers were offering. Because these workers were not available from within the native population, the meat producers began to

organize a transnational labour market to match eastern European workers to the available jobs.

While the focus of matching people to jobs is usually on the skills of the former, here it is on the importance of industries and production models that rely on specific modes of using labour power, namely commodification. By setting up meat production as an industry, the meat producers were at the same time also creating a labour market for unskilled slaughterers, meat cutters and packagers. Here, we observe job standardization rather than skill standards prevailing in the vocational and professional labour markets.

Outsourcing here entails splitting the employer *role* between meat producers and sub-contractors. Although the meat producers are not formally the workers' employers and have no legal entitlement to organize work processes, manage the workforce, or deal with issues related to wages and working conditions, they still occupy a 'quasi-employer' role. The meat producer in this study imposed various restrictions related to access to its premises, working hours, hygiene standards and other rules, as if it were the employer. While the sub-contractors are the workers' formal employers, the meat producer's contractual terms and conditions limit their scope for action in this role. Using the categories laid out in the heuristic thus reveals that the formal status of actors may deviate from the roles they assume.

In this case, commodification refers to individual characteristics like physical abilities, resilience and docility, but there are no transnational institutional bodies in charge of facilitating commodification in this respect. The sub-contractors are responsible for evaluating the workers' characteristics in this respect, that is the 'qualification' and 'classification' processes. Consequently, they take it upon themselves to institutionalize the procedures for processing candidates and managing the matching process. My observations in a sub-contractor's recruitment office reveal that recruiters initially subject applicants to a test to determine whether they have the required abilities and disposition. The recruiter would address the applicants as if they were applying for the army: instead of having a conversation with them, he gave explicit orders and insisted on short, clear answers. He did not allow them to ask questions or make comments. Where applicants with long-standing experience of working in the meat industry had already proved their worth and were asking for better paid jobs, he would react in a friendly manner and try to find another job for them. However, in cases of applicants who had not yet proved themselves willing and able to withstand the working conditions in the meat industry requesting less demanding work, he would quickly terminate the interview and turn down their application.

Therefore, locally *institutionalized rules and rationalities* mainly govern the commodification of labour power in this labour market (see cell 2). Again, to a large extent the meat producers shape the rules and rationalities of commodification, for it is they who dictate the conditions and prices for service contracts and define the latter in such a way that they put enormous pressure on sub-contractors to reduce labour costs.¹⁵ What is clear from this is that even though they are not directly party to the labour exchange, the German meat producers dominate the *power relations* (see cell 3) in this labour market with regard to the commodification of labour power.

Decommodification

As one of the main *actors* in the decommodification of labour (see cell 4), the NGG, the Food, Beverages and Catering Union, could barely counter this power. With respect to the prevailing *rules and rationalities* of decommodification (see cell 5), it is important to note that for a long time no collective agreement was reached because employers were reluctant to do so and their associations in the industry were fragmented or virtually non-existent (Czommer 2008; Wagner 2015). In fact, the main feature of the production model the meat producers developed, namely outsourcing, shaped the rules and rationalities governing decommodification. Contracting out to teams of eastern European workers first began in the late 1980s under agreements between Germany and the eastern European governments concerned; it continued after the EU accession of these countries as what is known as ‘posting’. Posting in the EU means a ‘temporary movement of labour between member states with the aim of encouraging more competition in European service markets’ (Maslauskaitė 2014: 1). It meant that workers were employed under home country contracts, with home country wages, and remained in their home country social security system. In other words, they were not entitled to German social security benefits. If they fell ill, for example, they had no access to free health services and, in most cases, were fired and sent home.

However, 2014 saw the introduction of a collectively negotiated minimum wage, which the German Federal Ministry of Labour and Social Affairs declared generally binding. This prompted a shift from posting to employment contracts drawn up under German law. This has meant a fundamental change in this particular market. For a start, the minimum wage now protects workers in the German meat industry, which is a huge improvement on their former home country wage. Moreover, workers are entitled to social security benefits such as free health services, unemployment benefits, and old-age pensions.

In the power struggle over decommodification, the NGG finally gained in power by extending its levels and methods of strategizing. The NGG had long been striving to negotiate a collective agreement with the meat industry before deciding to add two more approaches to its approach. First, at the local level, the union started to collaborate with other civil society actors, such as local protest movements and local branches of welfare organizations. They then targeted their coordinated activities towards ‘naming and shaming’ the large meat producers for imposing intolerable living and working conditions on their eastern European workers; this brought the producers ‘under fire’ for being bad corporate citizens. Then, at both national and federal levels, the NGG and German Trade Union Confederation (DGB) joined forces to lean on the politicians, who in turn put pressure on the big German meat producers to improve wages and working conditions (DGB 2017). Various *actors* (see cell 4) such as trade unions, the state and NGOs gained power and importance as market makers as a result of this multi-level, multi-mode form of strategizing, which succeeded in changing the *power relations* (see cell 6) in at least this particular labour market.

The social construction of competition

What is the labour market situation between eastern European workers and German meat producers? Polish, Bulgarian and Romanian workers are clearly not looking all over the world for the best paid jobs and German meat producers are not advertising their vacancies globally. Both sides are using the services of Polish, Bulgarian or Romanian sub-contractors who act as recruiters in their respective countries to match workers to jobs in the German meat industry. Why are German meat producers contracting out the meat processing work to Polish, Bulgarian and Romanian service providers rather than, for example, Spanish, Portuguese or Greek ones?

A path dependence argument may explain this. Because of the poor wages, difficult working conditions and, consequently, high labour turnover, meat producers were unable to recruit enough workers from their own local, regional, or even national labour markets. This was because, as mass producers of meat in need of several thousand unskilled workers, they were competing with other industries employing unskilled workers, but offering more pay and better working conditions.¹⁶ The meat producers therefore experienced an acute labour shortage that could only be resolved by tapping into foreign labour forces. In fact, they did this under four different border and employment regimes. In the first of these, in the early days of industrialized meat production, they employed 'guest workers' from Turkey. Then, when the German government ended the 'guest-worker' programme in the late 1980s it signed bilateral agreements with several eastern European countries. This enabled the meat producers to contract out the slaughtering and meat cutting sides of the business to teams of eastern European workers. At the time, this was a good opportunity to tap into cheap labour forces. Then, with the EU enlargements of 2004 and 2007, and the newfound freedom to provide services throughout the EU, 'posting' eastern European workers to the German meat industry gained momentum.¹⁷ Those responsible for contracting out meat processing under the posting regime were able to build on relationships formed during the earlier regime. In fact, some of the entrepreneurial for-profit service providers had been meat workers themselves during the 1980s and 1990s and, now with the freedom to provide services, could capitalize on their experience and network contacts. Most of the contracted workers came from the same countries as before. Finally, today, with freedom of movement within the EU, slaughtering and meat processing are contracted out to formally German service providers, yet led by the same Polish, Romanian and Bulgarian CEOs as under the posting regime.

With respect to the *rules* contributing to the social construction of competition (see cell 8), nation-states, and in this case the EU, are important actors because they determine the nature of the border regimes under which cross border recruitment of labour power can take place and so thereby shape the migration flows. Once again, however, the meat producers are the key *actors* in the social construction of competition (see cell 7) because they are the ones who create the competitive field in which to recruit reliable sub-contractors who, in turn, are able to recruit large numbers of physically-fit yet docile workers. In this endeavour, they make use of the different border regimes and create the pathways described above. As far as *power relations* in the social

construction of competition (see cell 9) are concerned, here again the enormous power of the meat producers comes to the fore.

The social construction of market-specific cognitive orientations and action repertoires

How do eastern European workers come to consider working in the German meat industry? While ‘newfound mobility and EU membership plant the seeds for potential labour opportunities in foreign countries’ (Bludau 2015: 116), the meat industry is perhaps not the first option to come to mind in a situation in which they generally see migration as a possibility.

My case study shows how personal network contacts *act* to create a wish to be part of the migration chain (see cell 10). All my interviewees said that family members or close friends who had already migrated to Germany had suggested they find work in the German meat industry. During the social construction of market-specific cognitive orientations and action repertoires workers develop an identity as mobile and entrepreneurial; they see themselves as proactive people who assume the initiative and take their fate into their own hands. They take responsibility for their families and accept the burden of going abroad and working hard to improve their family’s future.

However, an information asymmetry between those who recruit the workers and the designated migrants characterizes the labour market in question. The workers do not really know what the job in the German meat industry entails, what they will earn, where and how they will live, and what overall conditions in Germany will be like. Neither the sub-contractors who recruit the workers in their home countries, nor the family members and network contacts who encourage them to go, disclose what conditions the workers will have to endure; there is an unwritten, informal agreement (see cell 11) in this labour market to maintain this information asymmetry, for both types of recruiters benefit from it. Sub-contractors depend on their ability to tap into labour power in sufficient quantities, for this is why the producers employ them. Informal recruiters, like family members or other network contacts, also profit from recruiting because they take bribes for introducing their friends to a sub-contractor and for other forms of assistance.¹⁸ As they themselves would have paid bribes when they were newcomers, recruiting new workers from their personal networks is a possible way of being refunded. Although, officially, producers and sub-contractors deny that they or their foremen take bribes in exchange for jobs, workers, union officials and NGO representatives consistently acknowledge the importance of bribes in this labour market. The *rationality* governing the social construction of market-specific cognitive orientations and action repertoires (see cell 11) can therefore be summarized as capitalizing on hopes for economic gains and the dreams of workers for a better future.

The meat producers are clearly the most powerful actors in this labour market, whereas the workers have very few *power resources* (see cell 12) – apart, of course, from their grievances, which they can turn against the producers should the union ‘name and shame’ them. One reason for their weakness is the information asymmetry on which the recruiters capitalize. Those who hire themselves out to the meat industry lack the resources they would need to counter the asymmetry: they have neither enough

Table 2: Empirical example

| The processes of the social construction of the labour market | | | | |
|---|--|---|---|--|
| | 1a Commodification of labour power (standardization; categorization) | 1b Decommodification of labour power | 2 Construction of competition | 3 Construction of market-specific cognitive orientations and action repertoires |
| The structural features of the labour market | | | | |
| I Actors/roles | Meat producers - develop industrialized meat production - offer unskilled jobs - outsource production work to sub-contractors Split employer role (producers and sub-contractors). | Union organizations (NGG; DGB) Local NGOs National and federal states' ministries. | Nation states and EU - define border regimes Meat producers - make use of border regimes - define the competitive field from which they hire sub-contractors Sub-contractors - recruit in their own home countries. | Personal network contacts and sub-contractors/for-profit recruiters - evoke the idea of migrating Roles: The entrepreneurial, proactive individual. |
| II Institutionalized rules and rationalities | Commodification refers to individual capabilities (resilience, docility, etc.) Recruiters testing resilience, etc. - locally institutionalized rules. | Home country wages under the posting regime No collective bargaining, no collective agreement until 2014 Collectively negotiated minimum wage since 2015. | Border regimes Path logic. | Paying bribes as institutionalized practice Information asymmetry 'Hope' or 'dream' market. |
| III Power relations | Meat producers as most powerful actors: - have developed Taylorist production model - dictate terms and conditions of service contracts - have installed control mechanisms and stipulations. | Producers/ employers resisted collective bargaining for a long time. Shift in power relations with unions and NGOs gaining in power. | Meat producers and nation states/EU dominate the social construction of competition. | Recruiters capitalize on information asymmetry. Workers lack resources to close the information gap. |

money to make a trip to check out their designated home away from home nor the knowledge or language proficiency needed to gather independent information. Many also have to take out a loan to finance their migration. Once they have taken up a job in the German meat industry and face the real working and living conditions and the limited purchasing power of their income there, they are bound by those debts and forced to subject themselves to the work regime.

The reconstruction of the transnational labour market that matches eastern European workers to jobs in the German meat industry, which the proposed heuristic instructs, offers a thick description of the processes through which it is enacted and the structural features it displays.

Discussion and conclusion

As I have shown in this article, drawing on the categories of the new economic sociology of markets to inform empirical studies theoretically of particular transnational labour markets means putting a special focus on the essential prerequisites of transnational labour markets. In other words, we need to examine in detail the conditions under which this phenomenon emerges. Since the institutions in which national labour markets are embedded have no direct transnational or even global equivalents – there is no ‘global state’, no ‘global social security system’ and no ‘global education system’ – if we stick to the employment-order frame of reference, we risk missing the relevant institutions in which transnational labour markets are embedded. Therefore, in this article, I have proposed going back to the categories of the new economic sociology of markets to develop an analytical tool that allows us to study transnational labour markets in the making and the (groups of) actors and institutions that shape this process.

Hence, the approach towards a theoretical underpinning of ‘transnational labour markets’ described here does not call for an abstract theoretical model. Instead, it theorizes transnational labour markets by induction. The heuristic suggested above can prompt empirical studies of a large variety of transnational labour markets, and, in the next steps, accommodates systematic comparisons between them, as well as developing a typology of transnational labour markets. This approach not only allows one to cater for variations in the multitude of transnational labour markets but also to address the question of whether and how the structures of transnational labour markets and the processes through which they are socially constructed systematically differ from those referring to national labour markets.

The empirical case study to illustrate how one might use the proposed heuristic to examine transnational labour markets sheds light on some interesting characteristics that may be specific to transnational labour markets. For a start, it shows the meat producers’ overwhelmingly important role as ‘market makers’. Where there are no institutions to match labour power to jobs, to set the standards, classifications and metrics required to assess, evaluate and compare the features of the labour power or the jobs, where even a sense of where to search for jobs or labour is missing, and where culture brokers are needed to bridge differences in cognitive orientations and ways of

behaving, single *actors* step into the position of ‘market makers’ to act as institutional entrepreneurs. As such, they adopt a decisive and, in terms of power relations in the market, dominant position. Such ‘market makers’, be they main contractors like the meat producers, recruiters, state employment services, as in the Philippines, or temporary agencies seem to represent a *sine qua non* for transnational labour markets to emerge. At the same time, as the most powerful actors in the market, depending on the kind of ‘market maker’ and their particular agency, they essentially shape the relevant transnational labour market as culture (Abolafia 1998).

Besides market makers, intermediaries who engage in bridging and bonding across borders also seem to be a *sine qua non* for the emergence of transnational labour markets. In the study presented here, mainly sub-contractors and personal networks serve as the intermediaries and, as such, act as translators, not only in the literal sense, but also with regard to characteristics of the labour power, cultural differences and so forth.

Yet, a set of institutionalized rules and rationalities both enable and restrict the agency of market makers and intermediaries. Border regimes and the state authorities that enact and control them certainly play a decisive role. In this case, the transnational border regime of the EU is of particular importance. While wage setting and de-commodification take place at a national level, the institutional settings can be those of either the home or host country, depending on which border and employment regime governs the transnational labour market in question. Moreover, in this case, the local level, as an arena for unions and civil society organizations to ‘name and shame’ the meat producers, is also very important. Hence, there is a multi-layered embeddedness of the transnational labour market discussed above.

The present discussion has shown the usefulness of the suggested heuristic for instructing such research and theorizing transnational labour markets. The value-added of the inductive approach suggested and illustrated in this article mainly lies in the categories that have emerged from the case study. Although these categories go beyond those established in the analysis of national labour markets, they are decisive for the analysis of transnational labour markets. The most important of these categories are (1) the different *scales* of embeddedness and their relationships; (2) strategies of *shifting* scales (such as the NGG’s up-scaling and down-scaling); (3) the vital importance of ‘*market makers*’ or institutional entrepreneurs who engage in organizing the market, as well as of (4) *intermediaries* who engage in bridging and bonding across borders.

There is a need for more comparative research – especially on skilled labour markets – both to theorize transnational labour markets further as phenomena in their own right and to allow for stronger analytical generalizations.

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Notes

1. For a detailed critical discussion, see Fligstein (2001: 191–222) and Rubery and Grimshaw (2003: 222–7).
2. The other strands of sociological (and institutional economic) research on *labour market outcomes*, for example social inequalities (Weeden and Grusky 2012, 2014), job insecurities (Kalleberg 2018), precarious work more generally (Kalleberg and Vallas 2017), and *structural changes in labour markets*, caused for example by technological change (Autor et al. 2017), are not discussed here because they deviate from the conceptual focus of this article.
3. Research along these lines is often comparative and elaborates on the (ideal-typical) variations of employment systems in different countries (Fligstein 2001: 111–16; Heidenreich 2004; Marsden 1999; Rubery and Grimshaw 2003; Schmid 1997; Schmid and Gazier 2002). Although one could also apply Kalleberg and Sørensen's (1979: 353, n1) abstract definition to transnational labour markets, they had national labour markets in mind.
4. Rubery and Grimshaw (2003: 255) mention 'consumer boycotts, social labelling and trade union negotiated codes of conduct'.
5. Bernstein (2005) studies living wage campaigns as newly emerging labour market institutions.
6. Elliot and Freeman (2005) examine human rights activists and their importance as newly emerging labour market institutions.
7. Whereas transnational labour markets are not an entirely new phenomenon, the EU freedoms and recent EU enlargements spurred intra-EU transnational labour markets (Galgóczi et al. 2008). In South East Asia, too, new transnational labour markets have recently emerged through market making by temporary agencies (see the article by Shire (forthcoming) in this issue).
8. In search of such functional equivalents, global social policies (Kaasch 2013) and/or supra-national trade union organizations may be considered, for example, in Europe (Gumbrell-McCormick 2013; Gumbrell-McCormick et al. 2012; Hyman 2015).
9. See also Neil Fligstein's (2001) politico-cultural approach to markets, which in many respects resembles that of Abolafia. While the categories developed through induction and analytical generalization in Abolafia's (1998) ethnographic case studies represent the main structural features of markets, Fligstein (2001) embeds his approach more strongly in capitalism and market society at large.
10. As Abolafia (1998: 84, n6 and n7) explains, 'chartists are traders who map the price fluctuations of the market and predict future movements based on the past', while 'fundamentalists base their trading on information about a firm and its market position.'
11. I conducted the case study between October 2017 and May 2018 while working as a convenor and fellow for a research group called 'In Search of the Global Labour Market: Actors, Structures and Policies' at Bielefeld University's Centre for Interdisciplinary Research (ZiF) (see [https://www.uni-bielefeld.de/\(en\)/ZiF/FG/2017Global/](https://www.uni-bielefeld.de/(en)/ZiF/FG/2017Global/)), and which I financed from my own budget. The focus of the study is on one of the four large meat producers that dominate the German meat industry, its sub-contractors, workers, and organizations from the local so-called 'migration industry'. Interviews were held with representatives from all the relevant groups of actors in the labour market in question, complemented by observations and document analysis (see Appendix). The interviews were taped, transcribed and observations recorded in field notes. The transcripts and written documents were coded with Atlas.ti and interpretative memos were written throughout the period of processing the data. Coding was guided by the categories suggested by the heuristic developed above.

12. In Germany, the amount (in tonnes) of slaughtered pigs is five times higher than of cattle and poultry.
13. See the German television documentaries ‘Der Mann für alle Fälle: Ein Subunternehmer aus der Fleischbranche packt aus’, broadcast in Germany on WDR on 31 January 2018 (<https://www1.wdr.de/fernsehen/die-story/sendungen/ein-mann-fuer-alle-faelle-100.html>) and ‘Deutschlands neue Slums: Das Geschäft mit den Armutseinwanderern’, broadcast on ARD on 2 September 2013 (<https://gloria.tv/video/EVDX3g6Lshrk2RgF3gtLyxknw>). Both depict the behaviour of large meat producers and their sub-contractors, and the working and living conditions of contract workers.
14. Creating this transnational labour market was closely associated with establishing meat production as an *industry*. Until the end of the 1960s in Germany, slaughtering, meat cutting, and meat and cold-cut production were all skilled jobs carried out by self-employed butchers. Only in the 1970s did a meat industry based on a Taylorist model of mass production evolve. The meat producer discussed here was a pioneer in this form of production.
15. This is because meat producers are embedded in a value chain that squeezes them between their suppliers – pig fatteners who have organized a price cartel – and the distributors of the huge amounts of cheap meat products, comprising a handful of large discounters who are able to capitalize on their dominant market positions and beat down the prices.
16. While the other employers also used Taylorist production methods, their working conditions lacked the specific characteristics of the meat industry, such as cold temperatures, wetness, excessive noise, and bad smells on the shop floor.
17. See Treaty of the Functioning of the European Union (TFEU), Articles 26, 56–62.
18. For example, for finding accommodation or sorting out the necessary paperwork.

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Appendix

| Data | Interviews | (Participant) Observations | Documents | Descriptive statistics |
|-----------------------------|-------------------|---------------------------------------|------------------|---|
| Meat producer | 1 | x | x | |
| Service provider | 2 | x | x | |
| Workers | 6 | x (housing) | x | X (n=156) (delivered by municipality) |
| ‘Migration industry’ | 2 | x | | |
| Union | 1 | | x | |
| Municipality | 1 | x (housing) | | |
