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Document type: Postprint

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Citation: Helfen, M., Nicklich, M., & Fortwengel, J. (2016). Enacting global competition in local supply chain environments: German “Chemieparcs” and the micro-politics of employment relations in a CME. *The International Journal of Human Resource Management*, 28(18), 2656–2683. <https://doi.org/10.1080/09585192.2016.1244106>

This is an Accepted Manuscript of an article published by Taylor & Francis in *The international journal of human resource management* on 28 Oct 2016, available online: <http://www.tandfonline.com/10.1080/09585192.2016.1244106>.

Enacting global competition in local supply chain environments: German “Chemieparcs” and the micro-politics of employment relations in a CME

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Funding

The empirical field work for this study was supported by the Hans-Boeckler-Foundation, Düsseldorf [grant number 2011-466-2].

Acknowledgements

We thank our respondents for taking the time to answer our questions. We are grateful to Lisa Dorigatti, Arne Kalleberg, Joerg Sydow, and the participants of the 30th EGOS Colloquium (2014) sub-theme ‘Sustaining Inequality?’ hosted by Emilio Castilla and Isabel Fernandez-Mateo at Erasmus University Rotterdam for helpful feedback. We further thank Special Issue Editor Adrian Wilkinson for his guidance as well as the two anonymous reviewers for their inspiring and developmental reviews.

Abstract

Drawing upon the debate on institutional mediation of macro processes, we examine how multinational enterprises (MNEs) engage with global competition through restructuring their operations situated in local supply chain environments and how employment relations (ER) of coordinated market economies (CMEs) are reconfigured in the course of this restructuring process. Our empirical setting is the German chemical industry which is both an exemplar of coordinated labour-management-collaboration and highly exposed to global competition. Using a comparative case study design, we observe how MNEs re-structure two local production sites into ‘Chemieparcs’. Our empirical data suggest that local agency diverges in the extent to which the social partnership type of ER is maintained or disrupted. Furthermore, we highlight the importance of micro-political practices for understanding the restructuring outcome as well as the local enactment and change of macro institutions within production networks as meso-level arenas for institutional mediation.

Keywords:

supply chain restructuring; micro politics; employment relations; varieties of capitalism; practice theory; chemical industry; production networks.

Introduction

In comparative Human Resource Management (HRM) and employment relations (ER) research, practices are found to vary across countries in a systematic way, due to their embeddedness in nation-specific institutional settings of capitalism (Wilkinson, Wood, & Deeg, 2014). Among the coordinated varieties of West European capitalism, one exemplar is Germany with a distinct institutional configuration in which industry-wide, multi-employer collective wage bargaining keeps much of the wage conflict out of the local shop floor, and employee representation through works councils establishes collaborative management-labour relations on the workplace-level. In combination with other institutional features such as supervisory board co-determination or tripartite coordination in occupational training systems, Germany is often considered a paradigmatic case of a Coordinated Market Economy (CME) (Hall & Soskice, 2001). But, Germany's coordinated market economy has seen considerable changes in the area of ER over the last two decades: The coverage of multi-employer collective agreements has been in decline for over a decade now and union membership has dropped below 20 per cent of the workforce, accompanied with the emergence of one of the largest low-wage sectors among European countries (Bosch & Weinkopf 2008; Appelbaum & Schmitt, 2009; Palier & Thelen, 2010). Taking a macro perspective on this development, some scholars interpret this as a general trend towards liberalisation and the convergence of particular models towards one single model (Streeck, 2009), whereas others speak of 'varieties of liberalisation' (Thelen, 2014) or 'converging divergences' (Katz & Darbishire, 2000), thereby stressing the continuity of certain elements in the institutional environments coping with global pressures.

Examining these dynamics within Germany as a CME offers a unique opportunities for theory development and refinement regarding the important question of how pressures stemming from global competition are mediated by and through existing institutions, and how these in-

stitutions may undergo reconfiguration in this process. This relates to recent advances in comparative capitalisms research towards acknowledging local and sectoral variations within configurations of nations (e.g. Crouch, Schröder & Voelzkow, 2009) as well as the relevance of more global pressures that national institutions face (e.g. Jessop, 2011). Here, we take the perspective that these multi-level phenomena involve relational agency, i.e. actors locally enacting institutions against the backdrop of global pressures, and thereby providing for one source of micro level institutional variety in capitalisms.

Because of the dominant macro-level perspective of much of the comparative capitalisms literature, we still know surprisingly little about micro-level dynamics and how the potentially transformative capacity of global competition is enacted in industries (Barry & Nienhueser, 2010; Campbell & Pedersen, 2007) and organisations (Marchington, 2015). This is an important research gap, because it is at the level of the local supply chain environment where institutions, HR/ER practices, and organisational restructuring of Multinational Enterprises (MNEs) intersect (Collings, 2008). We contribute to filling this gap by theorising and examining how global competition is enacted through local agency, i.e. micro-political practices in local restructuring processes (Sorge, 2005). For that purpose, we draw on the micro politics approach within the MNE literature (Geppert & Dörrenbächer, 2014; Morgan & Kristensen, 2006) and extend this by delving deeper into the question of how institutional resources are enacted within local supply chain environments from a practice perspective (e.g. Giddens, 1984).

Based on these considerations, we address the following research question: *How do actors locally engage with institutions of ER/HR in multi-employer arrangements?* For answering this question, we look at the *interorganisational* restructuring of local production sites into multi-employer sites (Marchington, Rubery, & Grimshaw, 2011). In particular, we explore collective wage-setting arrangements in two German ‘Chemieparcs’ (chemical parks) in a

qualitative, comparative case study research design. Chemical parks are a suitable case for our question as they stand *pars pro toto* for a production in multi-employer sites, i.e. locally bound production networks in which multi-employer work arrangements flourish. Multi-employer work arrangements are those in which “the employment experiences of workers are shaped—to a greater or lesser extent—by more than one employer in contexts where organisations collaborate across boundaries to jointly produce goods or provide services” (Marchington et al., 2011: 314).

Our findings reveal how global competition and accompanying pressure on MNEs for outsourcing and disintegrating production is locally enacted within the German institutional environment. In particular, we observe how restructuring gives rise to distinct local micro-politics in which management and labour representatives use different practices: *constructing rationalities*, *political strategising*, and *mobilising specific resources* in order to engage in a dispute over the scope and depth of restructuring. The varying effects of these micro-political practices around the formation of multi-employer sites have different repercussions for the broader institutional fabric of Germany as a CME. While both cases in our study illustrate how the traditional labour-management-coordination is coming under pressure, we observe that in one case ERs are adapted along a collaborative path, whereas in the other case a more unilateral Liberal Market Economy (LME)-type of ER takes shape. Based on our findings, we conclude that the interorganisational network-level constitutes an important arena in which national institutions are enacted in local practice, thereby increasing variance within nationally bound institutional settings (cf. Lane & Wood, 2009). In addition, we argue that local production networks could emerge as an arena for coordinating business activities in response to global competition. Hence, we suggest that local production networks constitute an important unit of analysis for a better understanding of how global economic pressure are mediated in (micro) political processes, and how this leads to patterns of variation within macro-level institutional configurations.

MNE restructuring and HR/ER practices in local supply chain environments

While earlier research on comparative capitalisms suggests that macro-institutional structures are relatively stable over time, even if exposed to global competition (Hall & Soskice, 2001; Whitley, 1999), other work has stressed that MNEs may gradually undermine the stability of institutionalised patterns as MNEs introduce new practices or coordination mechanisms into a foreign institutional environment (Campbell & Pedersen, 2007; Fortwengel & Jackson, 2016; Jackson & Deeg, 2008). For example, MNE activities may interfere with broad typifications of employment relations in at least two analytically distinct ways, namely by introducing new variety in HR policies within a given institutional configuration (e.g. Ferner, Almond & Colling, 2005; Ferner & Quintanilla, 1998), *and* through bypassing the national level institutions for mediating the relationships between the macro and micro levels—such as employer coordination via their national associations, for example—in directly connecting the global with the local level in practice. In this paper, we are predominantly concerned with the latter. For approaching the question in more detail of how local MNE restructuring might have an impact in institutional change of HR/ER practices, first, we draw on the macro view by discussing the Varieties of Capitalism (VoC) and the variegated capitalism (VC) literatures; and second, building on these, we derive our own view that considers the micro-politics in local supply chain environments in more depth.

From a macro to a local view on capitalist variety

Despite dealing with different analytic levels, both the VoC and the VC approach have a common ground in trying to explain institutional variety. However, these approaches differ in the way they account for local actors and their agency in processes of institutional change. Using a comparative macro lens, the VoC approach typically groups whole economies and countries along specific dimensions of coordination (Hall & Soskice, 2001). Furthermore, it is argued that collective actors solve common coordination problems differently across institu-

tional settings on a macro scale. In this view, actors are economically rational actors that try to realise comparative advantages within historically grown institutional constraints. Hence, the VoC approach sees institutional diversity between countries based on a stylised economic agency of firms that becomes rather stable as it is inscribed into the fabric of country-specific governance mechanisms; creating and sustaining comparative institutional advantage in the process (Hall & Soskice, 2001). For the VoC framework, the key dimension is whether firms predominantly coordinate their business activities by relying on arm's-length market transactions (as in LMEs, such as the United States and the United Kingdom), or rather use strategic forms of coordination and collaboration (as in CMEs, such as Germany and Japan) (Hall & Gingerich, 2009).

Seen from a VoC perspective, HR/ER practices of MNEs are expected to follow either a LME or CME pattern. For example, MNEs operating within a LME context may predominantly rely on unilateral wage setting and individual wage negotiations in fluid labour markets, while MNEs operating within a CME context should rely on taking wages out of direct competition through industry-wide collective wage agreements negotiated between industrial unions and employer associations. However, MNEs occupy a unique position that spans national and institutional borders, and thus are exposed to competing sets of pressures and dominant forms of solving coordination problems (Kostova, Roth, & Dacin, 2008; Tempel & Walgenbach, 2007). Hence, MNEs are described as being “partly bound by the existing institutional framework that they encounter, but partly acting to alter it” (Crouch et al., 2009: 654).

Meanwhile, what is often neglected is that MNEs operate in a particular local or sectoral environment (Crouch et al., 2009). Here, the VC approach—originally coming from economic geography—can help, because it focuses on diversity within countries, i.e. regions or industry-specific institutional configurations (e.g. Peck & Theodore, 2007). In contrast to the VoC approach, the VC approach puts localised specificities of economic relations—or what we call

'local supply chain environments'—centre stage in that it emphasises coordination mechanisms at a sub-national level. Furthermore, VC uses “a more explicitly ‘relational’ conception of variety” (Peck & Theodore, 2007: 761), in which “structural formations and extralocal conventions, and the patterned relations between ‘local’ capitalisms” are key (Peck & Theodore, 2007: 764). By this token, the idea of structural coupling of various types of capitalism on various scales is addressed, i.e. the location-specific recombination of particular institutional elements within the process of institutional change (cf. Peck & Theodore, 2007: 759) to account for the temporal-spatial embeddedness of economic activity (Jessop, 2011; Peck & Theodore, 2007). In this paper, we explore this idea of temporal-spatial embeddedness to study production networks in their local supply chain environment.

MNE restructuring and local production networks

In agreement with earlier contributions to the debate, we see that the local rather than the national level offers unique promise to capture how global processes are enacted by and in MNEs in relation to institutional contexts (Lane & Wood, 2009; Sorge, 2005). Previous research suggests that local-level processes can be an impetus for more macro-level dynamics, “since governance of the local economy decouples itself from national institutions and develops its own institutional dynamics, local innovation and production regimes are likely to be entry gates for institutional change” (Crouch et al., 2009: 673). In other words, both, the transfer of practices and the emergence of locally bound production networks through MNEs questions the applicability of broad typologies of capitalisms, because macro institutions have to be enacted and reproduced within and across organizations operating at the local level. As such, institutions often materialise and receive meaning on the ground (Morgan & Kristensen, 2006).

MNE restructuring might lead to variations in terms of work and employment practices within a national economy (Holst, 2014; Katz & Darbshire 2000). Beyond offshoring, MNEs direct-

ly link their strategising in global competition to local restructuring of production operations, not in the least due to the global diffusion of the shareholder value doctrine (Fiss & Zajac, 2004; Jürgens, Naumann, & Rupp, 2000; Lane, 2003). MNEs engage in various forms of restructuring of their local operations, including domestic subcontracting or fissuring workplaces (Weil, 2014). In other words, corporate restructuring efforts often culminate in reconfiguring locally bound production sites into production networks (Bair, 2008; Cumbers, Nativel, & Routledge, 2008). In some cases, this even includes those activities formerly considered to be core competencies of the firm (Contractor, Kumar, Kundu, & Pedersen, 2010). At the same time, outsourcing and disintegration gives rise to new kinds of interorganisational relationships (Grimshaw & Rubery, 2005) in and through which the interplay of production activities of a now larger number of small and typically highly specialised firms needs to be coordinated in the locally bound production network. This phenomenon asks for going beyond macro-level explanations and explanations confined to the single, hierarchically integrated organisation, at the same time (Sydow & Windeler, 1998).

However, in a CME setting like Germany, this sort of local network coordination is not the same thing as strategic coordination organised by ‘encompassing’ employer and business associations with alleged clear formal membership rules and representational hierarchies. There might be advanced forms of cluster management (for an example see Sydow, Lerch, & Staber, 2010), but other local networks are more loosely coupled, i.e. representing spatial agglomeration without social ties and a common network identity (Staber, 2010). And although the research on industrial districts highlights the different modes of governance (Arikan & Schilling, 2011), locally bound production sites are also not to be equated with industrial districts, i.e. those "territories with a concentration of firms linked by relational contracting, i.e. long-term contracts to cooperate in business either across stages of a supply chain (...) or within a particular stage of a chain" (Sorge, 2005: 176). While multi-employer sites might evolve into the nucleus of such districts, not least as a result of local agency, our cases of the chemical

industry resemble more the product of the dissolution of former conglomerates (Kädtler, 2009).

These distinctions are important to avoid confusion of the effects of various network types regarding the VoC debate. For example, industrial districts afford supporting institutions or the provision of ‘collective competition goods’ such as industry-specific research, vocational training or industrial relations as competitiveness enhancing infrastructures (Crouch et al. 2009; Sorge, 2005). Local ‘multi-employer’ sites cut across sectors, and thereby, hollow out established arrangements for strategic coordination by weakening the functioning of extant forms of industry-specific collaboration (Croucher & Wood, 2015). Meanwhile, production networks might potentially be organised in a way that they have functional parallels to traditional forms of strategic coordination which raises the issue of agency in their emergence.

Micro-politics and ERs in multi-employer sites

In our case setting, we are particularly concerned with the micro-political practice of local actors who locally enact and mediate institutions against the backdrop of global pressures from MNE restructuring. The observation of sub-national institutional mediation alone, however, is not sufficient for explaining the contribution of local agency. For example, the VC approach also acknowledges institutional agency by emphasising the possibilities of conflict and contestation (Peck & Theodore, 2007), but fails to specify how actors engage in respective practices. To address this issue we draw on micro-political approaches to study the practices and processes involved in local agency (Dörrenbächer & Geppert, 2011; Geppert & Dörrenbacher 2014). However, while extant research from a micro-politics in MNEs perspective has dealt with the micro-politics at the local level of production sites (for example Blazejewski, 2009; Sharpe, 2006), most studies have focused on conflicts and negotiations within MNEs, most prominently between headquarters and subsidiaries (e.g. Geppert & Williams, 2006), or how global production networks relate to transnational labour activism (e.g. Coe &

Jordhus-Lier, 2011; Rainnie, Herod & McGrath-Champ, 2011). Much less attention has been paid to the issue of ER in governing production networks and supply chains bound to local environments (but for a recent exception see Anderson, 2015).

To account for this ‘relational agency’ to be expected in these local settings, we draw on organisational theory which highlights the performative aspects of agency, i.e. how actors who are reflective of the institutions in their social environment engage with (and change) them (Barley & Tolbert, 1997; Giddens, 1984; Lawrence, Suddaby, & Leca, 2009). One of our core assumptions is that the (inter-)organisational practices that shape ER/HR practices are neither explained solely by institutional constraints nor entirely independent from institutionalised repertoires for action (cf. Seo & Creed, 2002). In other words, we argue that the various parties involved in the employment relationship engage in social praxis (Barley & Tolbert, 1997), in and through which they collectively produce and reproduce (new) structures as they struggle over creating new rules in ER as well as maintaining or disrupting existing ones (Lawrence et al., 2009).

Here, we account for the fact that local restructuring does not necessarily lead to an institutionally pre-determined outcome, because these processes are mediated through a political process within a multi-level global arena (Fichter, Stevis, & Helfen, 2012). We use a theoretical framework that captures the activities and processes involved in the enactment and practice of global competition in local supply chain environments. In order to account for the local supply chain environment, we focus on studying multi-employer work arrangements (Marchington et al., 2011) within local production sites. Such multi-employer sites can be found in virtually every industry from traditional manufacturing industries, like car manufacturing or the chemical industry (Doellgast & Greer, 2007; Kädtler, 2009), to service industries (e.g. shopping malls, airports) or cultural production (e.g. theatres) (Flecker, Haidinger, & Schönauer, 2013; Haunschild, 2003). Within these locally bound production sites, various

multi-employer arrangements flourish, e.g. contract assembling, third party provision of services like logistics, maintenance, repair, and cleaning or manpower services (e.g. Capelli & Keller, 2013; Havard, Rorive, & Sobczak, 2009).

In terms of HR/ER practices, the distinguishing feature of work in multi-employer sites is that employees work in a local supply chain environment in which working and employment conditions depend to a significant degree on the network layer to which the employing organisation belongs, i.e. whether the work is performed by workers directly employed by core clients or by service providers. As these units differ in their relative bargaining power within the production network, multi-employer work arrangements entail considerable implications for ER and managing workforces as traditional HRM measures devised for the integrated firm might not apply or produce adverse effects (e.g. Banerjee, Tolbert, & DiCiccio, 2012; Fisher, Graham, Vachon, & Vereecke, 2010). More generally, multi-employer arrangements reshuffle previous forms of work segmentation and existing modes of labour regulation are questioned, unsettled, and potentially dismantled. This may involve previously taken-for-granted roles and functions for both, management (Kinnie, Swart, & Purcell, 2005) as well as the workforce (Jolink & Dankbaar, 2010; Marchington et al., 2011). Notably, the emergence of multi-employer arrangements undermines previously institutionalised forms of strategic coordination at the macro level (Katz & Dabshire, 2000), because existing channels for negotiation and coordination erode. As a result, taken-for-granted channels for wage negotiation and employment relations are questioned in processes of corporate restructuring, and practices from other sectors, especially the service sector, as well as from other countries may be imported (Helfen, 2015; Holst, 2014). The uncertainty resulting from restructuring is likely to trigger agency as various actor groups enter negotiations about applying or revising the extant rules of ER/HR (Helfen & Sydow, 2013).

FIGURE 1 about here

Figure 1 summarises our view on local ER as a social space or arena in which key actors make use of existing institutional, material, and power resources in order to enact and react to global competitive pressures towards organisational restructuring of local production sites. In the context of German ER, actor groups include managers and workers, but also employer associations, works councils, and labour unions. These different stakeholders initiate and participate in micro-political practice with distinct goals, which are shaped by their particular interests and identities (Geppert & Dörrenbacher, 2014; Jackson, 2010). As discussed in more detail below, actors engage in a set of practices that can be sorted into the constructing of rationalities for action forming and sustaining representational identities and interests, political strategising, and mobilising specific resources to improve or sustain their bargaining power.

Research setting: Chemical parks as locally bound production networks

The German chemical industry provides a highly suitable setting for examining whether and how different HR/ER practices mediate the local restructuring into production networks for various reasons: *First*, the German industrial relations system can be regarded as a prime example of a CME-type institution, involving deep strategic coordination (e.g. Hall & Soskice, 2001). In industry-wide collective bargaining rounds, employer associations and a single union negotiate collective agreements for basic conditions, leaving space for company-level and local variation as negotiated between management and works councils. Even within this broader setting, ER in the (West) German chemical industry stand out in that they are characterised by a stable social partnership (IG BCE & BAVC, 2009) and consensus seeking of both sides in collective bargaining (Kädtler, 2009; Markovits, 1986; Müller, 1997). ‘Encompass-

ing' employer associations, i.e. the employer association (BAVC) for labour issues and the trade association VCI for industrial policy, make the chemical industry an exemplar of strategic coordination even for a CME setting (Behrens & Helfen, 2016; Müller-Jentsch, 2010).

Second, the dynamics of creating and sustaining multi-employer work arrangements can be observed best in spatially bound production sites. This is the case for the German chemical industry which has long entertained integrated chemical production for technical reasons (*Verbundchemie*), “whereby the creation and development of production capacities and production skills were designed to ensure that by-products of every chemical reaction and any energy released by a reaction were utilised for new reactions” (Kädtler, 2009: 233). Nevertheless, starting in the early 1990s, the industry underwent considerable organisational restructuring (Voß, 2007), and in the process integrated organisations were replaced with networks as a response to the global pressure towards adopting shareholder value strategies. The early pioneers of the Chemiepark concept, such as Hoechst and Bayer, moved away from organisationally integrated chemical production and instead began to split up their production process into different business units along newly defined product lines. In many cases, these were spun-off successfully and publicly listed on the stock exchange.¹ The industry's major reorganisation also entailed Chemieparks as a new organisational form for production. In Chemieparks, service processes related to chemical production became separated from the client organisations and contracted out to legally independent service providers as well as other subcontractors. As a result, and notwithstanding the persistent technical interdependencies of continuous chemical production processes (i.e. large equipment, material, and resource flows), the locally bound production network (‘Chemiepark’) has become the dominant organisational form of chemical production in Germany today. According to the German business association of the chemical industry (VCI), there are 37 Chemieparks as of 2012, the

¹ Lanxess and Covestro are Bayer spin-offs, and Celanese is a Hoechst spin-off, for example.

² Deutscher Bundestag. URL: <http://dipbt.bundestag.de/dip21/btd/14/093/1409300.pdf> (last access: May 27,

year of our data collection, together employing about 227,000 employees (see Table 1), i.e. about two thirds of all the 324,300 employees working in the German chemical industry (Vassiliades, 2013).

TABLE 1 about here

In sum, the German chemical industry can be considered an illuminating case along two critical dimensions: first, it is a prime example of the strategic coordination typical for CMEs; second, it has undergone particularly significant restructuring, as can be seen from the emergence of chemical parks. Following this extreme case selection logic, we opted to study the chemical industry as industry setting to explore micro-politics of HR/ER in multi-employer sites, because it promises critical insights into how global restructuring is mediated and enacted locally.

Research design: Comparative case study

Case selection

We opted for a comparative research design whereby we compare and contrast two multi-employer-sites, one located in East Germany (Chemical Park East, CPE) and one in West Germany (Chemical Park West, CPW) that share several commonalities. Notably, both CPW and CPE have a large European MNE as a core client or lead firm (Provan & Kenis, 2008) and major firms at both sites are historically embedded in the social partnership ER of the German chemical industry. Also, both production networks have developed in broadly similar ways, albeit the CPE was already restructured in the mid-1990s, i.e. during the wave of privatisation after German Reunification, while CPW's restructuring started with a major strategy

shift of the major chemical corporation functioning as lead firm in 2001 (see Figure 2). Research suggests that East German regions continue to show lower levels of collective bargaining coverage and works council presence compared to regions in West Germany (Ellguth & Kohaut, 2015). Hence, CPW is embedded in a local supply chain environment with strong unions and well-established codetermination structures, while CPE is located in the more transformative supply chain environments of East Germany (Grünert & Lutz 1996; Turner, 1998).

FIGURE 2 about here

Data collection and data analysis

Our data come from a larger qualitative research project on industrial services in various core industries in Germany, such as car manufacturing, machine building, and the chemical industry (Helfen, Nicklich, & Sydow, 2016). In this paper, we focus on the developments we observe in the chemical industry. Because we engaged in a qualitative exploration that required a multi-perspective and multi-layered data collection approach, we included core producers, the site operator, and different service companies in our data collection. For our two German Chemieparks, we can draw on a total of 47 semi-structured interviews conducted between 2011 and 2016. Of these we count 23 interviews as our core material because they had been with actors directly involved in ER of CPE and CPW as representatives from management, employer associations as well as unions and works councils. In these interviews, apart from ER/HR practices past and present, we asked about the restructuring process, the business relationships between service and client firms, as well as the way the network is managed in each case (see Table 2). All interviews were transcribed verbatim and systematically coded, using

atlas.ti, a software tool for qualitative analysis. In order to correct for inherent biases of different research methods (Eisenhardt & Graebner, 2007), we triangulated our data. For this purpose, we collected a wide range of archival information, such as 12 collective agreements concluded between 1999 and 2013, 9 company reports of 2011 and 2012, and 19 business press articles. In addition, we can draw on 24 interviews with employer associations and unions as well as management and works councils engaged in the same field context of chemical parks, such as other client firms, site operators, and auxiliary service such as temporary work, facility services, and technical services. These additional interviews enable us to contextualise our findings as they relate to broader trends in the industry. We also had the opportunity to present our findings in four meetings of Chemiepark works councillors and the union.

TABLE 2 about here

Data analysis involved three main steps. We first ‘zoomed’ (Nicolini, 2012) into the respective network configuration and micro-political processes by examining a typical subset of client and service providers within the two Chemieparks selected. Then, we combined archival information like statistics offered by the site operators and contextualising interviews with core interview material that enabled us to link back observed outcomes to particular sets of micro-level activities. In parallel, we screened the interviews together with the secondary material to reconstruct the history of organisational restructuring and the formation of the two Chemieparks. We focused on examining how these developments influenced institutional practice in ER/HR on the ground. For coding the data, we started with identifying descriptions of single ER practices that either uphold established procedures across firms in the newly formed production network or initiatives trying to reform or adapt ER in light of the organisa-

tional restructuring. Building on this coding we identified categories of practices of micro-politics at the local level: constructing rationalities, political strategising, and mobilising resources.

Findings: Micro-politics of restructuring in interorganisational networks

The emergence of ‘Chemieparks’

As of 2012, both chemical parks, CPE and CPW, can be described as follows: Besides obvious differences with regard to lead firms, product range, and overall size of the sites, both chemical parks exhibit a similar network configuration, where core firms, their suppliers, and a host of service firms operate side-by-side in a single location (see Table 3). In their core, both Chemieparks consist of two or three major firms as core clients which are supported by a service provider being responsible for managing the production site, for example by providing technical infrastructure or running the fire department. The host of supplementary service providers can be divided into technical services providers (e.g. maintenance, production logistics), auxiliary facility services (e.g. security, cleaning), and manpower services (e.g. staffing).

The various legally autonomous firms are technically as well as contractually interdependent. Technical integration of production processes still forms the bracket around the various clients operating on site and stems from two sources: (1) connections between the client firms via the provision and exchange of side products and feedstock integration; (2) use of the same basic infrastructure services such as the pipeline system or the fire department provided by the site operator in each park. The interdependence of the core companies even goes so far that *“if one manufacturer drops out, you get a problem with the production flow since there would be a lack of input materials for other plants”* (Union representative 4, CPE). For example, in the CPE, the core client produces petrol as its main product and hydrogen as a side product, which is used by a further core client on site. In their production, both use the pipeline system

for the materials and rely on the fire service and personnel supply service of the site operator, but use a further service provider for machine cleaning. Thus, these ‘Chemieparcs’ meet the criteria of multi-employer sites and locally-bound production networks as discussed above.

TABLE 3 about here

Enacting local restructuring and ER institutions

In light of newly restructured organisational and production processes, institutions of ER need to be enacted locally, potentially undergoing change in form and function. Based on our rich qualitative data, we find that this involves the following three steps: constructing rationalities, political strategising, and mobilising resources. In the following, we describe how the various actors engaged in these practices, and how this led to the particular modification of macro-level CME-type institutions at the meso-level of interorganisational networks over the course of firm restructuring in our two cases.

The origins of the Chemiepark concept. Regarding the role of employer and industry associations, the Chemiepark story departs from strategic coordination in that the original concept was initiated more or less ad hoc under exceptional circumstances. The concept originates in the restructuring of the Eastern chemical industry after reunification, and our case, CPE, can be said to represent the pioneering case of the Chemiepark concept. In the process, policy coordination was dedicated to attract foreign investors for the chemical conglomerates of the East to save their existence in the first place.² The federal government (‘Treuhandanstalt’), the state government, and the new investors played the main role in negotiating the terms and

² Deutscher Bundestag. URL: <http://dipbt.bundestag.de/dip21/btd/14/093/1409300.pdf> (last access: May 27, 2016).

conditions of the privatisation. As private investors had an interest only in taking over single units, but were reluctant to take over the infrastructure services—not least because of expected high costs for dealing with environmental damage—the idea was to split off infrastructure services and arrange a structure in which new investors owned these operations jointly;³ an ownership pattern still prevalent today in most Chemieparks. Successively, similar approaches were extended to other major sites in the Eastern chemical triangle (Leuna-Bitterfeld-Wolfen), but not in a coordinated manner as each location implemented its own park concept and service provider. As such, the first impulse for the concept came from outside the German chemical industry and was not, at least formally, coordinated within the industry's association. However, in the Western part of Germany the example was imitated by Hoechst (Frankfurt) within only a couple of years, ending in the dissolution of Hoechst. Again this occurred under idiosyncratic, company-driven circumstances. In relation to this, a representative of the employer association states: *The concept “was created because of necessity. (...) Nobody could ever imagine that one of big three chemical companies decompose. But it happened comparatively fast [in the case of Hoechst]. (...) and it was very clever to make a virtue out of that necessity as they said: ok, we are going to describe it [the concept Chemiepark] as positive“* (Employer association 3). The idea of Chemiepark thus started to spread throughout the industry, reaching the CPW in 2001/2. *„First ChemCorp was a little bit cautious. But then they realised, that the concept of the Chemiepark is very, very useful and then established the name of Chempark“* (Employer association 3). Only in this second stage, visible activities of the associations set in as the concept of Chemiepark was deemed a success. As a result, local associations started to launch joint marketing campaigns for the Chemiepark⁴ as a German brand for attracting foreign direct investments: *“For us, it was a lot about the marketing of the chemical industry in that region. Particularly because the splitting*

³Europäische Kommission. Amtsblatt der Europäischen Gemeinschaften L260/1. URL: <http://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:31999D0646&from=DE> (last access: May 27, 2016).

⁴Verband der chemischen Industrie (VCI). URL: <http://www.chemicalparks.com/location/Seiten/default.aspx> (last access: May 27, 2016).

of the former companies caused a lot of open space on the sites, for which we had to attract other firms. (...) among other things I was responsible for that“ (Employer association 3). Simultaneously, the BAVC negotiated with the IG BCE company-related deviations from the industry-wide collective agreement in order to keep the wage concessions for the stepwise outsourced industrial service units within an acceptable range for the union. In sum, while the Chemiepark concept was not created out of a coordinated strategy per se, but was rather the result of more idiosyncratic local processes, it was later increasingly embraced by employers and associations for marketing purposes.

Modifying institutions of ER locally. Our first key empirical finding is that the HR/ER practices of the multi-employer sites lead to varying outcomes in our two cases. Here, local enactment of organisational restructuring starts with unsettling previously taken-for-granted templates, norms, and rules in ER, and thus opens up space for micro-political processes to unfold. In the wake of the restructuring process of the local sites, the industry-wide negotiation pattern in collective bargaining is disrupted as single production processes are threatened to be excluded from collective agreement coverage and decoupled from company-level labour representation: *“What we call a 'Chemiepark' today used to be an integrated company. (...) But after all this subcontracting, companies are starting to argue with us: 'We do logistics or technical services. The collective agreement for the chemical industry is not applicable to us’”* (Union representative 1). While both Chemieparks in the early 1990s used to be covered by *one* collective agreement applicable to various groups of work, the reorganisation and disintegration into legally autonomous entities created a host of heterogeneous agreements. Correspondingly, using the year 1999 as a benchmark, the wage scales for different activities have developed in divergent directions across network layers. At the core client firms, which still apply the industry-level agreement of the chemical industry, we observe a nominally higher pay scale for all groups in 2012 as compared to 1999. In contrast, the overall pattern of pay scale development reveals that the workers in the newly formed service companies of the first

layer are at about the same level as in 1999, whereas those in the second layer of auxiliary services have even decreased.

TABLE 4 about here

In 2012, for the 120 companies at the CPE, we find that 11 firms apply the industry-wide collective agreement of the German chemical industry, while 10 firms apply industry-wide agreements with other unions, 60 firms have firm-level agreements with various unions, and 39 firms are not covered by any collective agreement. Again, we find that in the case of CPE there is an ordering of the various collective agreements' pay scales according to the network layer of the respective organisation (see Table 4). Compared to the collective agreement of the chemical industry in East Germany, which ranges from €12,90 to €30,28 per hour, the pay scales in collective agreements for the service providers in the first network layer (i.e. the infrastructure provider or technical services) are about 15 to 20 per cent lower than for their clients. This is noteworthy, because service workers are engaged alongside the workers of client firms and also have similar skill sets and work experience. What is more, workers in organisations of the third network layer earn even less. For example, a security agent is paid a maximum of €9,70 per hour.

A very similar ordering can be found in the case of CPW, although the overall wage level is higher than in the case of CPE (see Table 4). Nevertheless, there are some relevant qualitative local differences between the two parks. For example, the overall number of collective agreements is considerably lower at CPW. This is due to the fact that in the CPW, most of the 70 companies on site apply the industry-wide collective agreement negotiated with the chemical union for which the pay scale ranges from €13,41 to €32,19 per hour. Second, in the CPW

the number of companies not covered by a collective agreement is lower than in the CPE, where *"there are also companies which have nothing to do with a collective agreement"* (Union representative 4, CPE). Taken together, we interpret these differences as indicating varying outcomes of organisational restructuring in light of global competition, because the previously institutionalised broad coverage of collective agreements is maintained to varying degrees at the newly formed meso-level. In the following section, we trace these different outcomes to particular practices at the network level.

Constructing rationalities. Based on our empirical case material, we find that the various actors involved in the newly created multi-employer arrangements engaged in the construction of rationalities for micro-political engagement. This constructing involves making sense of the new reality of production networks. Here, we find that the key actors' experiences during the initiation of the restructuring phase also shape their construction of identities and interests to partake in the micro-political restructuring 'game'.

TABLE 5 about here

One aspect of this constructing is how the organisational 'heritage' (cf. Bartlett & Ghoshal, 2002) of the two chemical parks is enacted differently by management and labour representatives in retelling the parks' history. In the case of CPW, labour representatives still share a sense of having been part of the same organisation, and they also have many personal relationships with each other. In many cases, these go back to the time when they were apprentices in the early 1980s and were further deepened during their common experience in the struggles involved in the restructuring process. Emphasising the importance of the park's organisational heritage for shaping today's ER, one of the CPW's labour representative states: *"The*

basis of our cooperation is the framework of the past (...). We [the different works councils] all came from the ChemCorp works council" (Works Council service provider B, CPW). In fact, three members of the works council committee had been employees of ChemCorp and are now works councillors of a newly formed maintenance company, a logistics company, and the site operator.

Management makes sense of the restructuring in a distinct way: "*Sociologically you don't have one firm, but many firms*" (Employer association 2). This perspective is echoed by management at the firm level as well, which highlights the autonomy of the single entity within the park: Although "*there are synergies and an optimisation of resources (...) all companies operate on their own*" (Management service provider A, CPW). Apart from mere renaming, the now legally independent subunits' identity formation on behalf of management is also revealed by the real estate strategy of the client corporation in terms of the rental fees charged to its legally independent subsidiaries located at the site. This policy forced the works council of the site operator to move offices off-site because it could not afford the rent. However, this 'managing without history' runs into communication problems with workers and the local community as the corporation is still the owner of the service unit. One example of this is the conflict about erasing the former company's logo from publicly visible places, such as the main entrance, which encountered severe resistance by the local community. Furthermore, the employees of the service provider were initially not invited to celebrate the anniversary of ChemCorp. The works council of the site operator challenged this rationale, and instead argued that they should be invited to the festivities, given that some of them had worked at ChemCorp for more than 30 years. Finally, after negotiating the employees of the service provider were invited as well. We interpret this as illustrating the contested identity and organisational boundaries.

Regarding the construction of rationalities at CPE, local management points to the circumstances after the transformation in East Germany to make sense of the network restructuring:

“CPE was born out of a misery (...), which has the result that the site isn’t an integrated corporation anymore, but many” (Management service provider A, CPE). Similarly, another management representative claims that the various firms operate *“totally independently”* (Management service provider B, CPE). Interestingly, in the case of CPE, we find that labour representatives adopt this rationale: *“From the perspective of East Germany there was nothing to lose anymore. Everything was destroyed (...) and then you have an open mind to think differently (...) so the idea [of a chemical park] was born out of necessity (...) If you start at zero, and you have the chance to employ 9000 people, you say to yourself: That’s better than no one”* (Works Council service provider A, CPE). Consequentially, there is a broadly shared idea that CPE consists of several independent firms despite technical integration through the infrastructure management, whereas labour representatives in the CPW argue that the newly formed network needs to be understood as a whole network. In contrast to what we find in the case of CPW, organisational heritage plays a strikingly different role in the case of CPE. As a result, the organisational restructuring is construed as a reality and a necessity for economic survival by both management and labour. Notably, this can be traced back to the unique historical circumstances in which CPE was formed.

Political strategising. Following on different rationalities of how to make sense of the newly created production network, the key actors engage in different approaches of political strategising. Here, one key issue revolves around the question of whether labour representatives feel responsible for peripheral workers at second- or third-layer network firms. In the case of CPE, we find that the works council tends to delegate responsibility. Accordingly, one works councillor points out that *“I cannot say this or that company has agency workers. (...) I do not know that because I do not have their statistics”* (Works Council service provider A, CPE). Similarly, the works councillor claims to be incapable of influencing some management decisions, a statement not commonly expected in light of previously existing social partnership ER institutions in CMEs: *“I’m convinced that we as the works council cannot control such*

processes [of subcontracting] (...) only the people with power [management] can decide if a part of a company will be sub-contracted. (...) [T]he only way to keep the people on board is to establish our own subsidiaries that have more favourable conditions for management than those in the chemical agreement. This way we have saved 40 jobs in the security area” (Works Council service provider A, CPE). In fact, in the case of CPE, political strategising reinforces the rationale of viewing chemical parks as involving largely independent units: *“We are all separate units, at the end of the day everybody has his own management to negotiate with”* (Works Council OilCorp, CPE).

In contrast to that, works councils at CPW engage in political strategising envisioning a more holistic and ambitious role for labour unions and works councils: *“[As a works council,] you have to make sure that you can take influence on decisions in terms of external service firms – which are chosen and what is the relationship to them—via committees such as the supervisory board”* (Works Council service provider A, CPW). Management, for its part, argues that different wage setting is necessary for preserving competitiveness: *“The cost structure of a service firm is really different from that of a producer (...) they have the problem that their services are also offered on the market by firms which do not pay the collective agreement of the chemical industry”* (Employer association 2); *“The service was not competitive enough (...) the outsourcing was an important and necessary step; also to keep the producers competitive and to keep them on site“* (Management service provider A, CPW). As such, we find markedly different political strategising in the case of CPW: while labour representatives engage in activities aiming at (re-)integrating the formally separate network firms, management tries to substantiate and sustain the legal independence. In contrast to what we find in the case of CPE, CPW actors have successfully maintained previously disrupted institutions of ER and HR. For example, the union has bargained for a collective agreement in which collective bargaining coverage is made a contract criterion for third-party service-provision.

Mobilising resources. In enacting these local struggles concerning the modification of macro institutions, we find that actors mobilise specific resources in local micro-political processes. In the case of the CPE, we observe that collaboration among works councils, and works councils and unions, is limited to the core firms and the first-layer site operator, although the site operator's works council has created a working group, in which they “*exchange information and reports about what the management does at other companies*” (Works Council service provider A, CPE). It is described as a “*lax committee, not so formalistic, without rules of procedure and protocol*” (Works Council service provider A, CPE). In contrast, management uses competition-based arguments in order to sustain firm separation and workforce segmentation: “*Price is an issue in every customer dialogue*” (Management service providers A, CPE). Furthermore, management engages in training activities aimed at propagating distinct identities of the newly formed service firms: “*This was a big challenge (...) and we try to solve it with trainings (...) and we keep on doing that in order to preserve this attitude*” (Management service provider A, CPE).

In the case of CPW, we find that CPW works councils and the union engage jointly in a network-wide collaboration that crosses the newly installed organisational boundaries, and actually extends to the core and the first and second layer of the network. This allows them to resist management's competition-based threat scenarios: “*No workplace can be kept if it's not competitive*” (Management service provider A, CPW). Most notably, the CPW works councils also share an experience in the struggle around the corporation's organisational restructuring. Untypical for the labour-management-collaboration in the chemical industry the restructuring was accompanied by worker protest: “*We [the employees of the ChemCorp] shocked the world of ChemCorp, because they weren't used to that [form and degree of protest]. Traditionally, the union walked with the banner around the plant and that was it. But we didn't stop (...) We said we want a solution under the umbrella of the chemical union's collective agreement*” (Works Council Service-Provider B, CPW). Through this process, labour was

successful in installing network-wide employee representation through creating and bringing together works councils in all single units of CPW's production network. Using this newly created tool for coordination, works councils and the union join forces in cases where management decisions have network-wide repercussions for workers.

Discussion and conclusions

Our comparative case study of two German Chemieparks has examined how organisational restructuring of previously large, integrated units is shaped and enacted within the CME-setting of Germany through local ER. Applying a meso-level lens, we examined the emergence, formation, and governance of local production networks as embedded in different local supply chain environments, and thereby provide unique insights into the processes and practices through which global pressures are mediated on the ground. In sum, our empirical data suggests that we can explain varying outcomes in terms of wage levels and coverage of collective agreements by looking at the various micro-political processes enfolded as actors enact institutions of ER and HR, and in the process sustain, reform, or modify them. In the process, works councils, unions, and management shape institutions in light of the new reality of production networks.

With regard to institutions of ER, we find that single industry-level agreements, as characteristic for the strategic kind of coordination common in CMEs, are increasingly substituted with a multitude of single firm-level agreements for various client-service provider-constellations. Our data suggests that the newly agreed upon wage scales correspond to the network position of the respective organisation within the production network. Using rich, qualitative data, we show how organisational restructuring disrupts previously taken-for-granted templates, norms, and rules, and how various actors engage in sets of activities and practices aimed to maintain, create, or reform institutions (Lawrence et al., 2009), here those of ER and HR within a changing local supply chain environment. Comparing the two chemical parks, CPW

and CPE, we find that labour and management engage in three broad sets of activities in the process of local enactment: they first construct rationalities, and in the process make sense of and interpret organisational restructuring in a particular way. This then (re)shapes their political strategising, meaning that they develop certain strategies to either facilitate closer collaboration and re-integration of the formally separated entities, or, alternatively, engage in activities that sustain and further deepen separation. For these purposes, the various actors utilise and mobilise certain sets of resources to be deployed in micro-political processes in order to attain their objectives.

By identifying these three categories of practices through which local actors enact a particular institutional disruption, our study extends existing concepts of institutional dynamics by taking local agency and associated micro-politics more seriously. More specifically, our case comparison shows that the differences in the ER practices deployed in each chemical park have implications for the observed outcome in terms of collective bargaining by altering how the process of restructuring unfolds. Although both cases of chemical parks are the result of organisational restructuring, we find a more gradual disintegration of previously existing ER at CPW, while restructuring at CPE resembles a more radical disruption of ER. Similarly, disintegration is more contested in the case of CPW, while actors at CPE seem to agree that the creation of the chemical park was necessary in order to ensure survival within a shifting competitive landscape. Regarding the use of resources, we find that labour representatives at CPW were able to build and leverage new and existing interorganisational ties in order to connect the newly formed entities. Thereby, they created a consultation and information-sharing device which has been used as a vehicle for micro-political influence. In stark contrast, employee representatives at CPE failed to create these collaborative ties; instead, the works council engaged in co-management. However, both cases depart from accustomed ER practice of social partnership, thereby illustrating institutional modification.

With these findings, our study makes three contributions to the existing literature: first, we build on the literature on VC to further strengthen the argument that institutional mediation occurs locally. Here, we make the important observation that this locality is often represented by production networks, which emerge as important meso-level arenas for institutional modification and associated micro-political processes. In this context, we further extend previous research emphasising the role of sub-national variation in institutional settings (Jackson, 2010; Lane & Wood, 2009) by identifying the production network as critical for how local variation materialises. Here, we conceive of networks as being both an arena in which micro-political processes take place as well as entities whose governance is open to strategising for locally bound actors (cf. Provan & Kenis, 2008).

Second, we build on research that links macro-level institutional dynamics with micro-level activities (cf. Deeg & Jackson, 2007), and identify three clusters of practices that actors engage in during micro-political struggles. Importantly, institutional dynamics are the outcome of enacted mediation, whereby reflexive actors make sense of and then engage in institutional processes. This suggests that even as macro-level institutions come under pressure, not least due to organisational restructuring, previously existing forms of strategic coordination in CMEs may be emulated at the meso level of interorganisational networks by creating and sustaining functional equivalents (cf. Fortwengel & Jackson, 2016). This is an important theoretical insight, because it shifts attention from broad VoC to more local levels as the appropriate unit of analysis.

Third, we qualify the findings of research that suggests that restructuring tends to undermine the role of labour (e.g. Froud, Haslam, Johal, & Williams, 2000) by introducing local ER practices as being influential for the outcomes observed at the local level. Going beyond the structural impact of core and periphery, the local practicing of ER in production networks also exerts agentic influence on network and supply chain governance to claim a say in how value

creation is structured and its benefits distributed (Gereffi, Humphrey, & Sturgeon, 2005). Our paper also speaks to recent elaborations in ER theory according to which unions need to follow in MNEs' steps by establishing their own transnational activities (Helfen & Fichter, 2013; Lakhani, Kuruvilla, & Avgar, 2013), and also by showing that there is opportunity in engaging directly with the local level (Kalleberg, 2009; Wills, 2009). Here, we further support recent claims that local actors may seize the opportunity to exploit 'resonant places' (Anderson, 2015) and in the process bring about further variation in ER practices to account for the emergence of interorganisational networks. From this angle, organisational restructuring may unsettle existing institutions of strategic coordination at the macro level; yet it opens up opportunity space to create new forms of strategic coordination at the network level through local agency within VoC.

Looking ahead, we see promise in further comparative studies to explore the role of local micro-politics in processes of institutional mediation. For example, one boundary condition of the arguments developed here pertains to other actor constellations in different industry settings. We have selected the chemical industry as our research setting not in the least because it is a prime example of strategic coordination typical for a CME, i.e., involving strong social partners. Meanwhile, it is conceivable that industries with less powerful employer associations and labour unions, such as service sectors, may find it harder to defend or transform previously existing institutions of ER and HR. In fact, these considerations speak to the main argument as developed in this paper: while the outcome of restructuring processes will be highly relevant for various debates on stability vs. change as well as coherence vs. heterogeneity of different varieties of capitalism (Jessop, 2011), from the perspective of wage inequality and other forms of segmentation they are not pre-determined, but rather depend on the particular micro-political practices various agents engage in to make sense of and respond to broader changes. This also relates to potential differences in network governance and coordination (Provan & Kenis, 2008). As production networks gain in importance as arenas for mi-

cro-political struggles, their governance structures are likely to be relevant in explaining varying outcomes of institutional mediation and work. While this paper has examined two cases in the German chemical industry setting, it will be important to engage in comparative analyses across institutions, sectors, production networks, and countries, both LMEs and CMEs, to further our understanding and theorising of organisational restructuring and institutional mediation.

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Appendix

Figure 1: A framework of practicing ERs in multi-employer production networks.

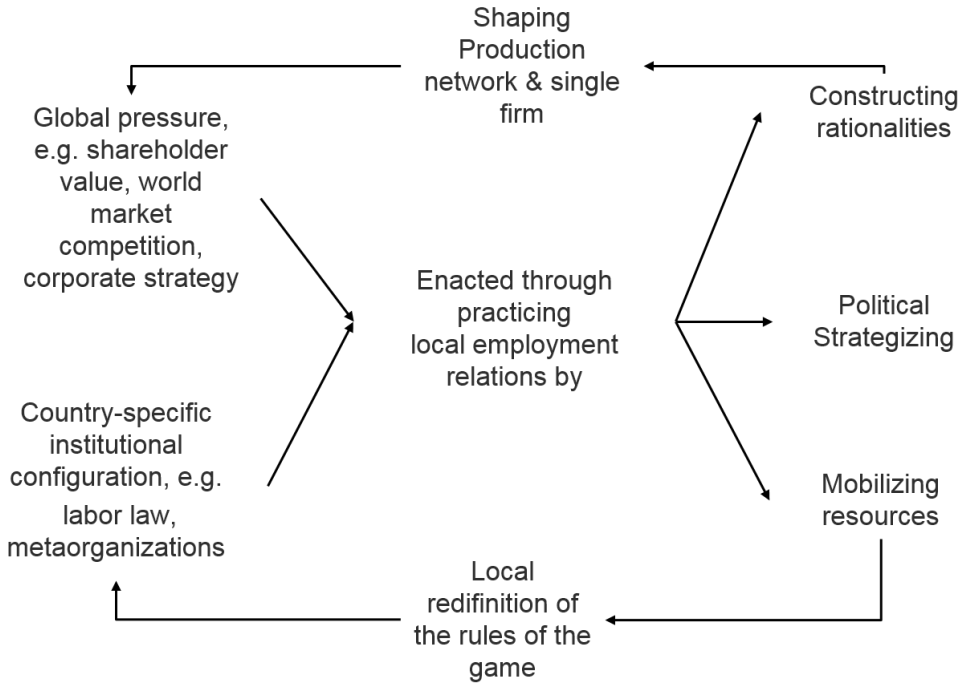


Figure 2: From integrated production to multi-employer sites: Emergence of network configuration in two cases, 1990-2012.

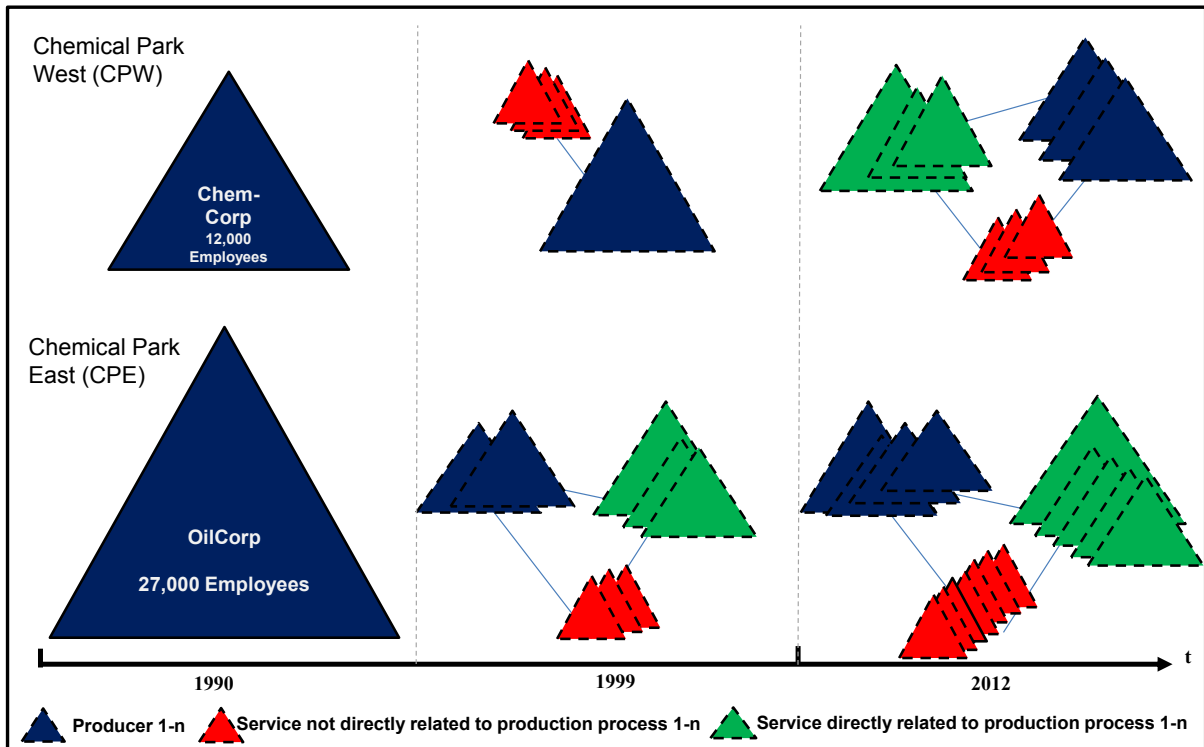


Table 1: The empirical phenomenon: Chemical parks in Germany.

	Germany	West	East
Number of Chemieparks	37	30	7
Number of employees	~ 227,000	~ 177,000	~ 50,000

Source: Own calculation, based on data given in VCI (2012).

Table 2: Data sources.

Source	Dimension	Employment relations (firm-level, network level)	
		Chemical Park East (CPE)	Chemical Park West (CPW)
Semi-structured interviews (23)	Micro-political practices	3 interviews with the management and 4 interviews with the works council of core client and service providers respectively; 2 interviews with the unions and 1 with the employer association site visit, follow-up interview, group discussion	1 interview with the management and 6 interviews with the works council of core client and service providers respectively; 4 interviews with the unions and 2 with the employer association site visit; follow-up interview, group discussion
Contextualising interviews (24)	Field context	10 interviews with union representatives and 7 interviews with employer associations, 6 managers and 1 works councils for core clients and auxiliary service providers like temporary agency work, facility services, and technical services	
Analysis of formal documents and secondary material	ER outcomes	12 collective agreements of core clients as well as service providers; material regarding the history of each chemical park; 9 company reports; statistics provided by the chemical park management; official statistics	

Table 3: Overview: The two chemical parks.

Overall network configuration	Chemical Park East (CPE)	Chemical Park West (CPW)
Number of companies on site	120 companies	70 companies
Number of employees		
Total	9,000	7,000
Core client	630	1,430
Site operator	700	686
Ownership structure of site operator	7 different clients	ChemCorp (majority shareholder) and other client (spin-off from ChemCorp)

Table 4: Collectively agreed wages per hour by network layers, in € (nominal; 2012/*1999).

		CPE	CPW
Clients	Collective agreement chemical industry	7,52 – 17,30* (40h/week)	10,01 – 23,33* (37,5h/week)
		12,90 – 30,28 (40h/week)	13,41 – 32,19 (37,5h/week)
First-Layer-Firms	Park operator	11,61 – 25,54 (40h/week)	11,13 – 23,65 (39h/week)
	Service provider	8,00 – 26,27 (38,5h/week)	11,85 – 20,74 (40h/week)
	Service provider	9,01 – 19,79 (40h/week)	9,01 – 19,79 (40h/week)
Second-Layer-Firms	Temporary work	7,50 – 15,91 (35h/week)	8,19 – 18,20 (35h/week)
	Cleaning	7,33 – 12,04 (39h/week)	8,82 – 14,91 (39h/week)
	Security	7,00 – 9,70 (39,5h/week)	8,15 – 13,45 (39,5h/week)

Table 5: Findings: Enacting institutions locally.

Representative Quote	Theme	Dimension
<p><i>“The basis of our cooperation is the framework of the past (...). We [the different works councils] all came from the ChemCorp works council”</i> (Works council service provider B, CPW)</p> <p><i>“CPE was born out of a misery (...), which has the result that the site isn’t an integrated corporation anymore, but many”</i> (Management service provider A, CPE).</p> <p><i>“[As a works council] you have to make sure that you can take influence on decisions in terms of external service firms—which are chosen and what is the relationship to them—via committees such as the supervisory board”</i> (Works council service provider A, CPW)</p> <p><i>“[The companies] at the site are pursuing their own agenda, albeit they are all connected via product flows, and there is a kind of economic dependence. But they all have their different goals and understanding in terms of employment practices“</i> (Works council OilCorp, CPE)</p> <p><i>“No workplace can be kept if it's not competitive”</i> (Management service provider A, CPW)</p> <p><i>“They [works councils of other companies] call me and ask: ‘Can we meet at your office? They [the employer of the other company] presented me a plant-level agreement with their works council: ‘Can you have a look on it?’ Regarding these things we support each other”</i> (Works council service provider A, CPE)</p>	<p>Interpreting organisational heritage</p> <p>Justifying organisational restructuring</p> <p>Taking responsibility</p> <p>Delegating responsibility</p> <p>Developing threat scenarios</p> <p>Developing new mechanisms for co-ordination</p>	<p>(1) Constructing rationalities</p> <p>(2) Political strategising</p> <p>(3) Mobilising specific resources</p>