

European Works Councils on the Periphery? A Case Study of a 'Global Economic Outpost'

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Introduction

European Works Councils (EWCs) are now an established part of industrial relations structures in approaching 600 multinational companies with potentially 10,000 or more employee participants (EIRR 2000). They have become the object of considerable expectation as, variously, vehicles for the development of a European industrial relations system, corporate communication networks or the basis for international trade union solidarity. They are equally the focus of wide ranging academic speculation, case study analysis and survey research. The empirical data that has been generated has served to support the development of a series of 'models' of EWCs that are commonly related to the initial expectations to their role.

The argument of this paper is that there is a need for conceptual clarity in the analysis of EWCs that challenges survey analysis that treats them as equivalents or case studies that seek to generalise from, for example, a particular sector or pattern of national ownership. The first part of the paper, therefore, reviews different 'models' of EWCs and suggests that corporate structure has been a neglected feature of analysis but is central to assessing the 'expectations' of what EWCs might achieve. The second part of the paper draws from a survey of EWCs in the North East of England as the basis for an analysis that locates them within a 'global outpost'.

Great Expectations

The long struggle over the introduction of employee participation systems in large multinational corporations is bound together by four inter-related factors. The first two concern the perceived power of multinational companies in relation to national States and their ability to control an economic power that has political consequences. The second two factors concern the institutional process shaping the development of the European Works Council Directive and the respective role of employers and trade unions.

The first of these factors focuses on the investment strategies of multinational companies and their power to shift employment between national States and encourage a 'race to the bottom' in terms of labour costs. The early draft Directives in the 1970s and 1980s corresponded with attempts by the OECD and national and international trade union organisations to attempt to control multinational capital (Levinson 1972). At the heart of the Commission's institutional strategy at this time were proposals to 'roll out' a system of co-determination that put workers on the boards of management. A resurgence of interest in the power of multinational corporations coincided with a restructuring of the European economy and the influence of Japanese companies on the development of human resource management practice (Eaton 2000).

The argument at the centre of the response to the power of multinationals was that, to use a phrase from elsewhere in European Union discussions, there was a 'democratic deficit'. It is this second factor that underpins the development European Union policy. It coincides with a core argument for the development of the social dialogue between the workers and employers as part of a social dimension necessary to balance the opportunities for business development driven by the Single European Market. A framework of rights were to be developed from the Social Charter to prevent social dumping and workers were to be given consultation rights that were to focus particularly on organisational restructuring. In effect the power of multinational companies was to be tackled from two directions. Through European-wide standards in areas such as health and safety and employment rights and via workers influence over corporate decision-making.

The next two factors concern the actual shaping of policy once it was clear that the political will existed in the remaining member States following the UK opt out of social policy. In this respect, the third factor in policy development was the role of the European trade unions. The European Trades Union Confederation (ETUC) was created in its current form in 1973 and provided the agency for consistent pressure for action on the Commission (Gabaglio & Hoffmann 1998). As we have suggested, the unions were pushing at an open door in the Commission and financial support and encouragement was available for pilot European Works Council projects from 1991 onwards (Turner 1996). The development of European collective bargaining is an equally longstanding, if more

controversial, project but one in which there might be expectations of the role that EWCs could play. (Gobin 1994, Stirling 1994).

The final factor is the resistance of employers to the introduction of any set of institutional procedures that would restrict their freedom to manage their corporate employee relations strategies. This has led to increasingly voluntaristic proposals from the Commission and what Cressy (1993) describes as 'optionalisation', where rigid formats based on particular national systems have been abandoned in favour of flexibility.

The interaction of these four factors finally led to the production of the Directive leading to the establishment of EWCs that, as a political compromise, inevitably failed to fulfil the more radical expectations. Trade unions and employers were faced with a largely voluntarist approach which left them to fill the vacuum with practice that fitted their particular organisational circumstances. Thus, the agreements that have been signed share similarities in relation to issues such as representation, meetings and terms of references but practice might be quite different between companies. In particular, the expectations and understandings of what can be achieved through 'consultation' and the clarification of 'transnational' issues remains the subject of considerable debate.

Developing State Models

Given the diversity of expectations and the flexibility in the Directive it is likely that different conceptual models of EWCs would emerge and this is precisely the case. These models have commonly related EWCs to national and European industrial relations systems but this neglects the significance of EWCs as areas of 'contested terrain' that has been opened up by the voluntarist nature of the Directive. Industrial relations are shaped by the actors in the system and it is national States that have provided the focus of attention in generating models of European Works Councils. In what follows, we will review the role of the European and national States in the development of EWCs but our particular focus is on the critical role of corporate management and how that constrains the responses of employee representatives.

We have already argued that the European Works Council Directive was a political compromise that left considerable room for voluntary agreement. This is not to say that the key features of the

Directive did not provide a foundation for the subsequent development of agreements. It is clear that questions of representation, frequency of meetings and the terms of reference of EWCs have been shaped by the Directive's subsidiary requirements. This is not unsurprising given that they provide a readily available model that is flexible enough for local interpretation and that trade union negotiators seeking agreements are unlikely to reach settlements below what they will consider to be minimum standards.

The national State can also shape the development of EWCs through the transposition of the Directive within a pre-existing industrial relations framework. Indeed, the Directive itself leaves scope for the election or appointment of European Works Council members according to regulations established in national States. Transposition has led to the shaping of the Directive to meet national traditions in relation to employee participation and some marked differences derive from this (Blanke 1999). These particularly relate to different approaches to national works council systems (or the lack of them) between countries. Thus, for example, Blanke notes the significance of differences in the transposition between countries such as France where national works councils are joint committees and in the Nordic countries where trade union organisations dominate employee representation.

The relationship between EWCs and national industrial relations systems has been regarded as critical for their development. Lecher and Rub argue that

'at the moment of its establishment the European Works Council is initially a body cut loose from national structures of representation. The process of the constitution of the European Works Council must then also be a process through which the national and European levels of representation are integrated and intermeshed' (1999: 11)

However, there is an equally strong argument that EWCs are tied by an umbilical cord to the employee representation system in the country that gave them birth. For example, Knudsen and Bruun's analysis of agreements in the Nordic countries found that, with some exceptions in Denmark, they followed national models of employee participation. That this is an expectation and that it is

commonly fulfilled is perhaps unsurprising given that agreements are concluded within the framework of law established by a particular national State which is likely to be the 'home' country of the multinational company. If its major employment base remains in that country then employee representation may be dominated by delegates who share the same approach to employee relations as corporate management. This may be reinforced by language barriers and cultural differences between minority delegations which isolates them, leaving the European Works Council to act as an extension of national systems in the way that Streeck (1997) has suggested.

Developing Corporate Models

Corporate human resource strategies can also reflect national business systems and industrial relations models thus, as Marginson has argued in relation to the purported 'eurocompany':

'there is little evidence amongst large enterprises of convergence on a single type ... European enterprises remain a collection of differing national enterprises' (2000: 17)

Hence we might expect national companies to use national industrial relations models and for these to permeate EWCs. However, this argument is certainly not decisive, with alternative approaches suggesting that corporate cultures might diffuse best practice (Martin & Beaumont 1998) and that they might also be influenced by 'reverse diffusion' (Edwards 1998). In developing this argument in relation to EWCs, Marginson also notes a 'sector effect' that he attributes to the influence of the policy of European Industry Federations on agreements. We might quibble that the term 'sector effect' is misleading in that Marginson does not appear to be arguing that it is the economic sector itself that has the effect but rather the particular European Industry Federation. Nevertheless, he also notes the significance of corporate policy and the significance of different types of multinational companies for EWCs. However, analysis in this respect has been limited although we would argue that it is critical for understanding EWCs and for expectations of how they might be organised and what they might achieve.

We might expect the operation of EWCs to be affected by three factors: corporate structure, corporate decision-making strategy

and corporate communications policy. The three are clearly inter-related but it is useful to think about them as analytically distinct. In this respect, the distinctions developed by Heenan and Perlmutter (1979) between ethnocentric, polycentric and geocentric multinational companies are now familiar. As dynamic organisations, multinational companies may shift between categories depending on how they grow. For example, a company might start a business in its own country and grow by building new plant abroad that sticks with the core business. In expanding it might be able to choose a polycentric or geocentric strategy. Another company may grow through mergers and acquisitions but stick to a core business and be polycentric and so on. This point is a straightforward one but corporate change could have a profound affect on the European Works Council as companies shifted from one to the other, even if the process is likely to be a gradual one. It is also necessary to develop an analysis that relates these categories to single and multi-product MNCs and further relate them to organisational 'branch plants'. In doing so we would then develop an approach that suggests there will be different expectations of EWCs as between, for example, an ethnocentric UK-based multinational company compared to a geocentric multi-product non-UK company (we develop this argument below).

Corporate decision-making strategy is the second critical element in evaluating expectations for the role of EWCs. Decision-making might be expected to follow from corporate structure and the ethnocentric, polycentric, and geocentric categories clearly imply that decisions are made differently in each type of organisation. What follows from this is the need to expand the categories to raise the issue of centralised and decentralised decision-making. This might raise question of 'tight-loose' management strategies implying a tight financial hold from the centre but loose 'supervision' of day to day management. Richbell & Watts' analysis of corporate decision making in relation to plant closures illustrates how different strategies could circumscribe the role of EWCs.

'In Kellogg, the European plants are controlled from a European headquarters which allocates production to specific sites ... In Unilever ... local subsidiaries are expected to compete with each other for shares of European production' (2000: 81)

Stoop (1999) has developed a similar analysis in suggesting that the role of EWCs will be determined by the degree of integration

and differentiation between plants in a multinational company. Differentiation indicates the extent to which plants produce the same or similar goods and services and integration refers to the amount of autonomy that subsidiaries have to run the local business. What follows from this has, again, profound implications for the role of EWCs and the expectations of participants. Clearly, highly differentiated and unintegrated companies will provide difficulties in producing 'common ground' for employee works councillors and limited scope for transnational co-operation.

Corporate communications policy will also affect approaches by multinational companies to EWCs. Fourboul & Bournois (1999) suggest models of company communications that relate to corporate organisation and which further develop the ethnocentric, polycentric and geocentric approaches. Communication of corporate decision needs to be understood in relation to other managers, workers organisations (trade unions or local Works Councils) and employees in general. Policies in this area will also derive from corporate structure; for example, if a company is polycentric we might expect communications with employees to be the responsibility of the host-country management. Both these points are relevant in relation to EWCs. Firstly, they are an imposed communication system that few companies have chosen in principle (although they can negotiate the form). That provides a challenge to their existing management communication structures, as there is a potential that workers who are European Works Council members will have greater access to information than local managers. Secondly, they are at least potentially, a form of upward communication and Fourboul & Bournois (1999: 213) are strongly critical of this process in their case study companies. However, there are likely to be differences in terms of company culture (as well as structure) and this, to return to the earlier argument, can be shaped by national industrial relations systems.

Corporate Models and the European Works Council

Following from these arguments regarding corporate structure and strategies it is necessary to relate them to the operation of EWCs and the expectations of employee representatives. A two fold model can be developed which will illustrate the significance of EWCs for delegates such as those in our research who are distanced from corporate decision making.

The first stage in building a model of EWCs is to adopt the characteristics of multinational companies suggested above by Heenan and Perlmutter and Stoop (see table one).

Table One: Corporate Models

Geocentric	Ethnocentric
Integrated	Autonomous
Low differentiation	High differentiation

The table illustrates the two ends of a spectrum in which, for example, polycentric companies may fit with high levels of autonomy but lower levels of differentiation. Dynamic organisations such as companies do not accommodate themselves easily into analytical ‘types’ but they can be utilised to help explain action. In this case, the approach of management and employees to EWCs. This can be illustrated by a further development of the model as shown in table two.

Table Two: Models of European Works Councils

<i>EMPLOYEE MEMBERSHIP</i>		
<i>managers</i>	<i>employee representatives</i>	<i>trade unionists</i>
<i>NATIONAL COMPOSITION</i>		
<i>single country dominant</i>	<i>Dominant groups</i>	<i>No dominant groups (European)</i>
<i>IDEOLOGY</i>		
<i>managerial</i>	<i>consensual</i>	<i>adversarial</i>
<i>EXPECTATIONS</i>		
<i>information</i>	<i>consultation</i>	<i>bargaining</i>

As with the first stage of the model’s development the table illustrates different ends of a spectrum into which EWCs might fit.

Membership refers to the employee composition of the European Works Council. The involvement of managers is not necessarily a matter for EWCs to choose as they may be elected through national systems for appointing European Works Council representatives. However, the presence of significant numbers of managers who are not trade union representatives will impact on the internal dynamics of the EWCs particularly where national trade union delegates are unused to working with managers 'on the same side of the table'. The 'middle category' of employee representatives provides for the potential of a heterogeneous works council with no necessary commonality between individuals with different constituencies and potentially different expectations of the European Works Council. Trade union representation provides the opportunity for the most coherence in the works council but there is no necessary assumption that even national trade union delegations will share the same views and this is compounded at the European level.

The question of national domination takes us back to the earlier arguments regarding the extension of national industrial relations systems into EWCs. It also raises issues in relation to the operation of European Works Council meetings themselves. The domination of a particular national group with a close association with 'their' management may leave other representatives isolated and with little commitment to the European Works Council. This may also happen to small groups or individuals where a number of national groups dominate. This can encourage competition between dominant groups where they fail to secure agreement on a joint approach to the European Works Council. For example, divisions may be generated by competitive bidding in the case of potential plant closures. In works councils with no dominant groups there is ambiguity over their development with the possibility of moving towards what Miller (1999) has described as a genuinely 'European' works council or, alternatively the works council may simply fragment and offer little opportunity for development.

The question of 'ideology' is complex and a reflection of national industrial relations systems and the approach to the works council of both management and employee representatives, particularly where a trade union is involved. In the period of development of EWCs following the introduction of the Directive, proactive employers took the opportunity of this period of voluntarism to shape works councils to reflect a human resource management

ideology. Effectively, they sought to incorporate EWCs into existing corporate communications policies. At the opposite end of the spectrum might be EWCs dominated by trade union representation that reflects national, adversarial, industrial relations systems in which EWCs become another forum for challenging management decisions.

We have already argued that there is an important relationship between the expectations of employee representatives and the constraints of corporate structure. In table two we suggest that there might be expectations that reflect the views of both management and employees and that these may not coincide. There is a clear range in expectations from EWCs being simply 'information givers' to them having a bargaining role. Each of the categories of information, consultation and bargaining has national, cultural understandings of the terms that can lead to misunderstandings in themselves. In addition the concepts are fluid, with one slipping into the other during the process of 'discussions'. Finally, and particularly in relation to bargaining, there may be strong and divergent policy views about the role of the European Works Council.

In summary, it is clear that EWCs cannot be treated as homogeneous entities and that corporate structures and company policies have a major influence on their development. In this respect European Works Councillors operating in a branch plant economy in the North East of England may have little opportunity to influence corporate decisions in an ethnocentric multinational company unless that co happens to be UK-based and dominated by British trade union delegates. This is of critical significance in a rapidly changing 'branch plant' economy where EWCs might be perceived as offering an opportunity to challenge corporate decision-making.

The North East of England

In the last three decades there has been a major economic restructuring of in the North East Region with a dramatic reduction in the size of traditional industries which have been replaced by what has been termed a 'branch plant economy' (Beynon *et al.*, 1994; Pike, 2000). This is characterised by a range of multinational companies (Stone, 1998) engaged in increasingly competitive markets. The multinational companies that have replaced the

regional companies are often highly susceptible to shifts in global competition in the markets they supply, making profitability critical in investment decisions. The local State and regional development agencies are acutely aware of this and have become highly attuned to 'attracting mobile investment from national and international sources' consolidating a 'branch plant economy' (Pike, 2000). Thus, a growing proportion of inward investment in the region is foreign based, making it one of the leading UK locations for foreign direct investment (Stone 1998). The impact on employment can be seen by the Regional growth in manufacturing jobs of which 12 per cent were in overseas based companies in 1978 growing to 30 per cent by 1996 (Stone 1997).

For its part, the North East Region has been able to supply a 'skilled' but flexible workforce with financial incentives for new entrants. Resident MNCs, for example Nissan, have also helped to attract new entrants to the region as exemplifiers of success and in Nissan's case as part of its supplier network. However, even an 'established' multinational company such as Nissan is not immune from competitive bidding between plants in relation to new investment as was the case in 2000 when the local workforce was dependant on the new Micra model being located in the Sunderland plant. As Pike (2000) has argued, the region now 'remains overtly dependent upon the power of a handful of multinational employers' which have considerably less commitment to the places they inhabit than the workers they employ.

This pattern of development is given further complexity by the organisational structure of multinational companies themselves. A single parent company may be involved in a complex set of relationships which includes joint ventures, franchises and the ownership of subsidiaries with varying degrees of financial involvement. Furthermore, the company may have a divisional structure and any number of different locations with quite different functions such as head office, manufacturing sites and retail outlets. This diversity has considerable implications for tracking multinational companies as is clear from our North East database. Nor is the problem simply an academic one; as we have argued corporate structures have considerable implications for EWCs themselves not least in relation to questions of ownership. In particular, the Directives definition of 'controlling undertaking' which refers to 'a *dominant influence* over another undertaking (the controlled undertaking) by virtue, *for example*, of ownership,

financial participation or the rules which govern it' (Article 3.1. our emphasis) still leaves room for considerable interpretation.

The North East Database

The foundation for the North East Regional database was provided by the ETUI database that contains an inventory of MNCs and their subsidiaries that are covered, or potentially covered, by the Directive. These companies were tracked to the Region to identify whether they were located there. Following the initial research work on company coverage, lists of parent companies were sent to trade unions at a national and regional level asking for assistance to both identify companies covered by the Directive in the Northern Region and provide EWC representatives details for the database. The result of this has been that around 400 representatives have been identified in the UK of which 49 are based in the North East (Fitzgerald, Miller & Stirling 1999). Significantly it was not possible to elicit comprehensive information from the regional offices of the relevant trade unions since most trade union databases of EWC delegates, where they exist, are held nationally. Similarly, building a picture of delegate coverage in the region in some cases has depended on existing contacts that the research team had generated with representatives.

The continuing challenge for the database has been the increasing complexity of company ownership and the rapidity of change. Mapping-out the changing corporate environment of closures, downsizing, mergers and acquisitions is an even more complex task given that many of the available sources of information detailing ownership are inevitably out-of-date. In this sense a database is only a snap shot of a passing reality rather than an organic living entity, a common predicament for many company databases. However, the database provides a valuable tool for beginning to understand the importance of the Directive for the North East. The database identified a total of 220 MNCs with a 'base' in the region, which are covered by the terms of the Directive. These control 416 subsidiaries of which just under 50% are located in the Tyne and Wear area alone and, unsurprisingly, almost 60 per cent of the companies are in manufacturing industry with a further nineteen per cent in business and financial services. Of the 220 multinational parents, 124 (controlling 266 subsidiaries) have been identified as having an EWC agreement. The UK is the

most common headquarters of the parents of Regional subsidiaries but the majority are located overseas

We contacted each of the Regional European Works Council representatives and of the data returned covering 25 parent companies, 20 (80 per cent) were in manufacturing industry and the rest in the service sector. Of this total, eight were UK owned; six North American; two Norwegian and German; and one each were Canadian, Dutch, Finnish, French, South Korean, Swedish and Swiss. The manufacturing bias is large and typical of the industrial structure of the Region but it is not substantially out of step with other findings on sectoral distribution (Marginson et. al. 1998, p9). It also reflects the pattern of multinational investment in the Region discussed above although there is a smaller representation of Far Eastern multinationals than might be anticipated. Of the representatives themselves, over 90 per cent were trade union members, of which twelve were GMB; eight AEEU; five GPMU; four TGWU; three UNISON; two each from the CWU, ISTC and MSF; and one from UNIFI; four respondents were non-union members. The empirical data was gathered using a two-stage process in which 19 semi-structured interviews were conducted and postal questionnaires sent to all European Works Council representatives who were not interviewed (39 in total, of which 24 were returned). This gave us a final sample of almost three-quarters of the regional EWC members we were able to identify who had either been interviewed or returned a questionnaire.

The Research Outcomes

The key findings from the research in relation to the Regional location of EWCs concerns the ability of employee works councillors to represent the views of their constituents and to build networks with the other delegates to the European Works Council. We will also argue that the availability of training provides a crucial support mechanism within which alliances can be built and effective networks developed.

In our survey, two thirds (65 per cent) of the representatives had been elected whilst the remaining third had been appointed. However, there is little uniformity in systems of appointment and election and there is a blurring of categories in relation to trade union delegates who may be elected to shop stewards positions

which become the basis for their participation in the EWC. The role of the union in unionised companies was critical in the selection of representatives, as one convenor said:

'I just got a lot of mail through the front door one day saying you're the European Works Council rep for the UK and you have to attend the meeting next Friday, (Dynamit Nobel)

A union official describes another scenario:

'We allowed each country to decide how to nominate ... in the UK it worked out quite nicely but ... in the end people could not come up with names so it was left to ourselves and the TGWU'

The situation with non-unionised workers was graphically illustrated at Scottish and Newcastle with a strongly unionised manufacturing base and an extensive, and largely non-unionised public house network. The unionised brewery workers used their trade union structures to elect representatives along with a minority of unionised pub staff. The non-union representatives 'volunteered' and felt they could represent nobody but themselves. The 'report-back system' was clear for the brewery workers but effectively non-existent for those in the public houses. The company's decision to disinvest in leisure and focus on brewing has brought new European delegates into the European Works Council and further illustrates the earlier point concerning their dynamic nature.

In terms of representation, 24 delegates only represented their own plant, four represented plants other than their own in the region, two delegates represented their own plants and other plants nationally, and 11 represented their own, regional and national plants. Again, this representation is problematic given the large number of subsidiaries companies we identified as part of multinational groups. Thirty of the 43 also 'reported back' to those they represented. Some used more than one method and seven different strategies were noted including branch meetings and shop stewards' committees that were confined to trade union organisations. Of the others, workplace meetings and the use of newsletters were the most significant. The interviews suggested a wide range of communication techniques.

We found that effective systems of communication both between EWC delegates and between delegates and their constituents was developing rapidly. Twenty-seven of the 43 respondents had

established communications with the other UK representatives outside of meetings; 26 communicated with their European counterparts outside meetings and six said they had communications with delegates from other EWCs. In half of the EWCs communication was conducted on a regular basis, in two it was issue based and in three networking had not developed. Responses ranged from a total lack of involvement if not bemusement in one case to a total self-immersion in the new communications technologies and intensive language learning in another. Effective communications are inhibited by language and cultural differences (Fitzgerald & Stirling 2001) and training is critical in providing a support mechanism for works council representatives.

The European Works Council is likely to be a new and 'dislocating' experience for even the most experienced representatives. Dealing with this without a support network is likely to provide serious challenges that representatives will prefer to withdraw from rather than seek to overcome. Such a situation requires a systematic and collective approach to training that allows representatives to acquire a new range of knowledge and skills in a supportive context. At least five key areas will need to be developed in a training agenda (Miller & Stirling 1999). Firstly, there is the question of handling management information and understanding financial data. This may be managed by 'experts' where they are involved in the European Works Council but they may lack the specialist knowledge of a particular company and they are no substitutes for delegates taking on this role for themselves. Secondly, there is a need for training in communications that focuses on the significance of networking for the successful organisation of the employee members of the works council. Related to this is the issue of language awareness and language training. This training needs to be related to different cultures which generates a fourth area for training in developing knowledge of national industrial relations systems. Finally there is the issue of building a European Works Council as a team in a multicultural context.

In our case study of Scottish and Newcastle, training has become a critical element in integrating and developing the European Works Council. The first stage was to develop a training needs analysis that identified the key training issues. These mainly focussed on the need for new skill development and an

understanding of their role on the company's European Forum. The second stage of training delivery coincided with a major company restructuring which saw the sale of leisure activities in the UK and abroad and the acquisition of further brewing assets. At the time, the training was coincidentally restricted to UK delegates and focused on seeking to make the Forum effective as delegates felt it had little role in receiving information or being consulted about the company changes. The third stage has now been completed and has focussed on delegates acquiring the skills that has allowed the UK full time union officials to withdraw from their high profile involvement and to continue to develop strategies to increase the effectiveness of the Forum. French and Belgium brewing trade union delegates participated in this stage and the training was managed in a multi-cultural context that was able to focus on issues of isolation and joint working. It also highlighted cultural differences in approaches to the European Works Council and in terms of expectations about its role. This has also provided a 'culture shock' to a UK management used to delivering information at Forum meetings but little more and now clearly failing to meet the expectations of the non-British delegates. Training programmes such as this provide an essential opportunity to overcome isolation and hostility which leaves EWCs as little more than an assemblage of national delegations.

Conclusion

EWCs offer new possibilities for workers to make an input into decision-making in large multinational companies. They emerged through the development of political activity as a direct response to the economic power of such companies challenging the role of the national State. As such, they did not grow organically from the perceived needs of companies to provide an additional layer to their industrial relations structures. Nevertheless, the Directive allowed for considerable scope for voluntary agreements once the principle had been accepted. These circumstances led to the development of EWCs that inevitably drew on national models as frameworks for their own organisational structures and methods of operating. However, whilst the influence of national industrial relations systems has been acknowledged in academic argument the role of corporate structures and decision-making processes has been relatively neglected by comparison. In reality, corporate organisation is critical to understanding how EWCs operate and whether they are able to fulfil the expectations of participants. This

is particularly the case where employee representatives are isolated geographically from other plants and from corporate decisions that directly affect their futures. Workers in a branch plant economy can be on the margins of company strategy and European Works Council activity.

In this paper we have sought to develop a two-fold model of corporate strategy and its relationship with EWCs that illustrates our central argument that the successful fulfilment of expectations in relation to the European Works Council will depend on the nature of the multinational company itself. In this respect, workers on the periphery of an ethnocentric corporation with a diverse product market and little integration may share little in common with other works council representatives. In those organisations there is a considerable challenge in defining a role for the European Works Council and creating the sort of teambuilding necessary for the development of an integrated works council operating at the European level.

By contrast, workers that are geographically isolated may be economically integrated in terms of an integrated, geocentric business. In those cases EWCs may have a critical role to play in corporate industrial relations and offer opportunities for the effective development of the works council's role. In such circumstances, European Works Councillors from a geographically isolated region such as the North East of England may be able to play a critical role in working with others to influence corporate decision-making.

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