

Transforming German Workplace Relations: Quo Vadis Cooperation?

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This article argues that in order to successfully explore any structural transformation of industrial relations, actors' attitudes need to be taken into account. In the case of Germany, then, significant transformation would be instantiated by change in works councils' traditional cooperative attitudes. Survey findings reveal that despite deteriorating bargaining conditions, cooperative attitudes prevail among works councils in the chemical and postal/telecom industries towards management and union. Contrary to popular scholars this suggests workplace stability rather than change. The article then explores determinants of cooperative attitudes and finds that balanced power relations between works council and management accompany cooperative attitudes. If works councils feel powerful they are more likely to express cooperative attitudes towards management. Thus, even in Germany's highly institutionalized context, workplace cooperation is dynamic and dependent on actors' day-to-day power relations.

Keywords: cooperation, Germany, industrial relations, transformation, workplace relations, works councils

There is a widespread agreement in current public and academic debate that the German model of industrial relations has been under intense pressure since the early 1990s and needs to adapt to changing external conditions of the globalizing economy (Flecker and Schulten, 1999; Hassel, 1999; Mitbestimmungskommission, 1998; Streeck, 1997). The widely proposed transformation of German industrial relations has at its core a decentralization (*Vertrieblichung*) and deregulation of industry-level collective bargaining (Deregulierungskommission, 1991; Monopolkommission, 1994;

Sachverständigenrat, 1996), and thus seems to follow the general trend of deregulation in other OECD countries (Crouch and Traxler, 1995). There is also growing evidence that certain components of the industrial relations system are indeed changing, for example the declining willingness of employers to join/stay with employers' associations (Schroeder and Ruppert, 1996), union membership decline (Fichter, 1998), the decentralization of industry-level pay bargaining (Wendeling-Schröder, 1997), and the increasing flexibilization of work organization (Baethge and Wolf, 1995) and of working time (Lindecke and Lehndorff, 1997).

One of the core questions currently debated among students of the German model is whether the model will be able to support more flexible, decentralized bargaining arrangements without endangering the core principles of its industrial relations system or whether it will transform into something 'new'. On one hand, scholars like Streeck (1997) or Hassel (1999) predict the rise of more heterogeneous and possibly conflictual workplace relations, thus raising doubts over the future of a stable, cooperative German model. According to Hassel (1999: 502), for example, works councils will have an increased role in the bargaining process and thus will tend to be more sectionalist in their demands. She also predicts increasing pressures to lift the ban on industrial action in workplace relations, if works councils formally enter collective pay bargaining. This in turn is likely to lead to more conflictual workplace relations (Hassel, 1999: 503). In a similar vein, Keller concludes that 'the highly regulated German system has definitely not ceased to exist, but is in deeper and more serious difficulties than ever before. Its future looks fairly bleak' (Keller, forthcoming: 47, 49). Dörre (1995: 155) already speaks of a 'new industrial relations' system in Germany, and others observe an 'Anglo-Saxonization' of the German model based on the increasing convergence of systems of industrial relations in the global economy (Locke, 1995). On a more balanced note, scholars like Thelen and Kume (1999), for example, highlight the resilience of the German model and envision a core/periphery model where the traditional system survives for a core of large firms while the periphery increasingly faces an intensification of deregulation and destabilizing forces. Finally, more optimistic scholars focus on the resilience of the industrial relations actors themselves (Bosch et al., 1999; Kotthoff, 1998; Silvia, 1997). For example, Bosch et al. (1999: 246) find that stabilizing factors at workplace level dominate such as 'long-established bargaining

rituals, working consensus in the day-to-day business and a reciprocal “do ut des”’, and conclude that as long as works councils and management have to negotiate by law the relationships are lent stability.

The current literature, then, is divided and frequently speculative on the future development, ranging from positions highlighting the resilience of the model to predicting its imminent demise. As Streeck (1997) admits, the future of the German model and in particular the sectoral collective agreements depends very much on ‘decisions made now and in the near future’. This situation can be compared to Britain in the 1980s, when academic circles were divided on whether Thatcherite reforms led to ‘new industrial relations’, resulting in ‘continuity vs change’ scholarly debates that produced large amounts of contradictory evidence (Bassett, 1986; Batstone, 1984). As Kelly (1998: 21) points out, it was remarkable how little theoretical or conceptual discussion occurred in establishing what the criteria are for determining the persistence, decline, or emergence of a new model: changes in institutions, in behaviour or attitudes? And it was also not discussed in each case how much change was required, and for how long, before one could confidently proclaim fundamental change. Similar deficiencies can be detected in the current German debate and illuminate the generic difficulties of industrial relations scholars to evaluate institutional transformation of national industrial relations systems. These difficulties arise partly out of the complex nature of industrial relations systems and their interdependence with political and economic developments but are also reinforced by the notoriously undertheorized nature of the industrial relations discipline itself (Godard, 1989).

A useful step forward might be to distinguish more rigorously between changes in *substantive* and changes in *procedural* matters when discussing institutional transformation. Most of the literature focuses on substantive changes, in other words on changes in actual bargaining outcomes or behaviours of actors (e.g. employers leaving their associations). A second and distinct focus of this article is how these changes come about; whether they are outcomes of cooperative negotiations of the social partners or unilaterally introduced. In other words, do deregulation and decentralization challenge the very essence of the thus far highly acclaimed and successful *cooperative relations* between the German social partners?

Whether this cooperation remains a core feature is discussed with regard to the works council institution. As is widely acknowledged, a

core characteristic of the German partnership model and guardian of workplace cooperation is the works council. If the works council institution is transformed, thereby precipitating a deterioration of workplace cooperation, this should have an immediate impact on the functioning of the entire system. With this in mind, the article explores current works councils' attitudes towards the other institutional actors (management, unions): specifically to what extent works councillors are cooperative but at the same time independent interest representatives, or whether they are more managerial or more union focused. It also analyses various antecedents of cooperative attitudes finding that the perceived power relations at a workplace are crucially linked to works councillors' motivation to cooperate. The analysis is based on an attitudinal survey of unionized works councillors in various sectors of the chemical and postal/telecom unions.

Analysing Transformation

The German system of industrial relations is characterized, on one side, by collective pay bargaining at the sectoral level, which keeps potential conflicts over pay out of the workplace and thus supports harmonious cooperative relations at the workplace level, and, on the other side, by codetermination at workplace and company level, which includes legally specified information, consultation and code-termination rights of the works council (the elected representative of all workers, which has a legal obligation to also take companies' interests into account) and allows bargaining between management and works council over issues of working conditions which are not specified in the industry-level agreement (i.e. no wage bargaining). The outcome is 'high trust–low conflict relations' (Keller, forthcoming: 36) and thus exemplifies cooperative conflict regulation.

How can we account for a transformation of the works council institution, particularly its cooperative role? Arguably, an institution has been transformed if its relationship with the other relevant institutional actors (management and union) has changed significantly. Parsons (1937: 323) defines institutions as 'organized systems of cultural beliefs', and points out that it is rules and values that constitute an institution, not the concrete pattern of behaviour or social relationships between the actors involved. This is in line

with the common wisdom in social psychology that attitudes are more difficult to change than behaviour. Moreover, political scientists have focused on attitudes in explaining institutional stability and change (Almond and Verba, 1963). Adopting a Parsonian perspective, then, requires the focus to be on works councils' attitudes, values and identities towards the other actors in order to gauge institutional change. In other words, describing what works councils do and how this changed over the years (for example, by comparing current and former workplace agreements) is not, according to Parsons, sufficient to characterize institutional transformation. Unfavourable workplace agreements for labour might only be a sign of a temporary economic downturn rather than of long-term institutional decline. Also, 'hard' institutional facts can be misleading indicators. It is, for example, well known that low strike rates do not necessarily signify cooperation at US workplaces, nor do low union densities necessarily reveal union weakness in countries such as France or Spain. In conclusion, only if works councillors' attitudes and identities change as well can we talk of a significant institutional change.

To simplify matters, I use 'cooperation' and 'cooperative attitudes' simultaneously but one should keep in mind that this study does not investigate actual cooperative behaviour. The underlying assumption is, however, that cooperative behaviour is likely to be influenced by cooperative attitudes (Kelly, 1993). The following sections discuss the two institutional relationships with union and management in more detail.

The Relationship between Works Council and Union

The relationship between works council and union started originally as a conflictory one because unions saw works councils as potential competitors but over the years developed into a cooperative partnership with an efficient division of labour: the works council fulfils essential functions for the union (i.e. organizing members) and the union fulfils essential consultancy functions for the works council. Both are mutually dependent and the German experience reveals that strong works councils need strong unions at the industry level and vice versa (Müller-Jentsch, 1994: 111).

The crucial question then is whether decentralization trends will increase works councils' power and independence vis-a-vis the

union or whether works councils will become increasingly incorporated into the union structure, unions thus becoming more prominent at shopfloor level because works councils are increasingly dependent on their consultancy services.

If works councils become more independent and thus competitors for unions rather than complementing them, then one might ask whether unions still have a necessary role to play – other than as consultancy agents for works councils (why would you want to join a union if the works council becomes the main representative and bargaining agent of workers?). In the second scenario works councils would become more incorporated into the union organization and become de facto local union officials (and lose their ‘independence’). This would blur the distinction between the two institutions and the dual system of workplace and industry-level industrial relations, and the union could assert more and more influence over the works council and workplace relations. Works councils might then start representing union members’ specific interests rather than those of the entire workforce. Moreover, the incorporation could lead to a decentralization of the union organization and thus an increasing power of shopfloor representatives similar to British unions, where power traditionally lies with the shop stewards. A stronger presence of the union at the workplace level could endanger the traditional peaceful and cooperative workplace relations.

There is virtually no detailed research I am aware of examining the possible changes of the union–works council relationship. This article explores both scenarios. If works councils are critical towards their union, if they are less committed to do union work and have a weak union identity, then they become more independent from the union. If, however, works councils remain in a stable institutional relationship with unions, which is my core hypothesis, they should yield a strong commitment to their union and a willingness to perform union tasks without losing their independent representative function.

The Relationship between Works Council and Management

It is a well-established fact that works council and management have developed over a long time a close, mostly trusting, cooperative

relationship based on legal requirements and their mutual interests (Bosch, 1997; Frege, 1999, 2002; Kotthoff, 1981, 1994; Müller-Jentsch, 1994). Both factors are interdependent. Their mutual interest in cooperation and trust is made possible and reinforced by law since it provides the works council with an independent power source which management is forced to accept (Rogers and Streeck, 1994). However, I argue that the law is clearly not sufficient to guarantee cooperation. Both parties need to actively support and practise cooperation. Cooperation requires the partners to be aware of their different interests, to be able to articulate them, but at the same time they need to trust each other and be willing to compromise. Cooperation also requires a certain power balance and independence of the partners. In other words, if one party becomes dependent on the good-will of the other side, true cooperation is not possible. One should note that despite the strict legal framework works councils can reveal significant variation in their degree of cooperation and effectiveness (Kotthoff, 1981, 1994). But, in general, the German literature unanimously concludes that the typical, traditional German works council is not at management's mercy, has some understanding of divergent interests of labour and capital, and pursues at the same time trusting, cooperative day-to-day relations with management (Frege, 2002).

A core question is therefore whether decentralization changes the traditional, relatively balanced power relations between management and works council. If the works council increasingly takes over issues previously bargained by the unions at industry level (or if works councils become more incorporated by unions) one might argue that the institution acquires more power vis-a-vis management, which may lead to more antagonistic relations.

On the other hand, the shift of tasks from industry to workplace level might also indicate an overall power shift towards employers and thus a decline of labour's influence. This clearly depends partly on whether the extension of tasks of works councils is based on extended legal rights or purely on management discretion. Moreover, deregulation might make works councils weaker in that they become bypassed by management, which increasingly directly communicates and regulates workplace relations with the workforce. The result could be a stronger dependence of works councils on management and more managerial thinking on the side of the works council, leading to their increasing subservience to management.

There is more literature on works council relations with management than with unions. One widespread observation is the growth of 'co-managerial' works councils. Unfortunately, this literature is flawed by imprecise definitions and conceptualizations. One common characterization of co-management is that works councils are increasingly voluntarily incorporated in decision-making on organizational restructuring by management (for which works councils do not have a legal right), which is interpreted as a sign of their increased influence on management. Müller-Jentsch and Seitz (1998: 368) even argue that these works councils have a 'particularly strong influence on management decision-making'. However, the literature does not provide us with a convincing argument why an extension of works councils' tasks ('job enrichment'), especially if they are dependent on management's mercy, should automatically produce more influence on management decision-making.

Another characterization of co-management, for example in Bosch (1997), is the assumed decline of them-and-us feelings among works councillors. Bosch argues that management pursues more socially responsible personnel management whereas the works councillors are becoming more professional. This leads to better communication between the actors. According to Bosch, effectiveness, objectivity and social feedback are the new joint aims of the actors, while the classical interest conflicts between capital and labour are losing their importance (Bosch, 1997: 184). However, it is not quite clear what it means for both parties to become more professional and why this necessarily improves communication and effectiveness. I cannot envisage a decline of them-and-us feelings and thus an increasing homogeneity of interests, without potentially leading to an increasing incorporation of works councils into management. Bosch and others do not provide convincing evidence that works councils which become more incorporated into management do gain more influence rather than less.

Given these problems, I prefer to distinguish 'co-management' from 'cooperation' and use the term co-management for works councils who become incorporated into management thinking and behaviour, thus becoming *subservient* and ceasing to be independent bodies of interest representation (which is necessary for true cooperation).

Cooperation

Cooperation is a well-researched topic in various social science disciplines such as anthropology, sociology or political science. Although there has been some industrial relations research on cooperation between unions and employers as bargaining partners (Gold, 1986; Spieß and Nerdinger, 1998), there has been virtually no research on the antecedents of workplace cooperation between unions or works councils and management (one exception is Walton and McKersie, 1991). More research on the determinants of cooperation within and between companies has been conducted by organizational theorists. I use three theories¹ of Smith et al.'s review of inter- and intraorganizational cooperation (Smith et al., 1995: 19): (1) power and conflict theories, which look at perceptions of injustice or inequalities and power differences between groups (Pfeffer and Salancik, 1978); (2) modelling theories, which explore the social learning process (imitation, modelling) in fostering cooperation and thus stress the importance of conformity and consistency of cooperative norms through previously established group or organizational cultures (DiMaggio and Powell, 1983); and finally (3) social structure theories which emphasize the role of structural (internal and external) factors in fostering cooperation (Blau, 1974).

Power and conflict theories. On the basis of power theories, one can hypothesize that works councils need to perceive (relatively) balanced power relations with management, in other words only if they feel they have a satisfactory influence in the workplace will they agree to cooperate. Furthermore, as was suggested before, cooperative works councils need an awareness of common interests and convictions with management. Finally, given the German experience that powerful works councils go hand in hand with strong unions, a close identification and working relationship with the union seems also essential for balanced power relations and workplace cooperation.

Modelling theories. Second, modelling theories ideally require longitudinal case studies but dummies such as the seniority of the works councillor or the age of the firm might provide us with some notion of its relevance. Thus, the older the works councillors

and/or the older the firm (brownfield rather than greenfield site) the more likely there will be cooperation because trust and cooperation can only develop over time. Moreover, although less explicit, modelling theories may also refer to the importance of union cultures in influencing workplace relations. In the examples chosen for this study, the chemical union is known for its strong tradition of social partnership whereas the postal and telecom union is known for a more traditional, 'uncompromising' labour-management culture. One could expect therefore the chemical works councils to be more cooperative than the postal/telecom works councils.

Social structure theories. Finally, social structure theories point to various structural and demographic variables such as the economic conditions of the firm, east or west Germany, white-/blue-collar workforce and works council, size of firm, and union density. Thus, one can hypothesize that if the economic situation is good cooperation may be more likely; east German works councils may be more cooperative than their west German counterparts (due to their legacy of socialist workplace relations and the region's current desperate economic situation); if the workforce and the works councillors are predominantly white-collar, cooperation is more likely; if the firm is large, cooperation may be more likely (because management is less patriarchal and directly involved with the workforce and needs the works council as a link between management and workforce); if union density is high, cooperation may be more likely (based on the experience that strong works councils need strong unions).

However, as Walton and McKersie (1991: 192) have rightly pointed out, some factors such as a firm's economic situation can go either way, thus good economic conditions might improve cooperation but an economic crisis might also enforce cooperation to save the company and its workforce. Also, a higher union density and a larger firm might induce more conflictory relations rather than more cooperation. In fact, for example, Millward et al. (1992: 282) find strike incidences and union density to be positively not negatively correlated with establishment size. It should be noted therefore that these are all preliminary hypotheses, tested for the first time and do not yet form a coherent theoretical framework. The emphasis lies on finding correlations between these variables and cooperation rather than strict causal relations.

Methodology

The article is based on a survey of 485 unionized works councillors of two unions, the DPG (Deutsche Postgewerkschaft),² covering telecommunications, postal workers and postal bank employees, and the IG BCE (Industriegewerkschaft Bergbau, Chemie und Energie), comprising the chemical, mining, energy and leather industries.

The two unions were chosen because they cover a large variety of characteristics: public vs private sector, service vs industrial sector, small vs large union, high vs average union density, and 'traditional uncompromising' vs 'social partnership union' culture. On the other hand, both unions experienced tremendous organizational change in the 1990s and they are in sectors which are heavily exposed to globalization and deregulation tendencies and where one therefore would expect significant changes in favour of management.

In more detail, the DPG was a traditionally strong but small public sector union. It was an enterprise union of the former state industries (post and telecom) and a virtual closed shop with strong works councils influencing much of managerial decision-making. The DPG was more uncompromising and ideologically more a hard-liner than the chemical union but in practice it was never a highly militant union.

The sectors underwent substantial organizational restructuring starting in 1992. Privatization and restructuring of various parts of the Deutsche Post, the privatization of the Deutsche Telekom and the entrance of private companies and in particular of greenfield sites in the transportation and telecom sector (UPS, mobile phone companies, etc.) meant job losses and the necessity for the DPG to adapt to dramatically changing conditions in order to survive.

The union lost more than 100,000 members between 1992 and 2000 (from 546,906 to 445,390) but was able to substantially slow down membership decline in the last few years due to serious efforts in union membership organizing (Behrens et al., 2001). Its union density is still the highest in Germany, with approximately 75 percent in 1994 (Müller-Jentsch and Ittermann, 2000: 86).

The IG BCE on the other hand is the result of the merger between the former chemical union (IG CPK, Chemie, Papier, Keramik) and the smaller mining/energy and leather unions (IG Bergbau und Energie, Gewerkschaft Leder) in 1997 (Kädtler and Hertle, 1997). All three unions had experienced membership losses during the

1990s. The chemical union for example yielded 876,674 members in 1991 and 694,897 in 1996. The latest available union density figure is for the IG Chemie before the merger with 54 percent for 1994 (Müller-Jentsch and Ittermann, 2000: 86). The merged union, IG BCE, comprised 1,010,555 in 1997 and has lost members since then, counting 922,783 members in 1999 (Müller-Jentsch and Ittermann, 2000: 109). The IG CPK had a traditional reputation for being the prototype of highly cooperative 'social partnership' (Kädtler and Hertle, 1997). Their last strike was in 1971 (which was also the first one in nearly 50 years). Their non-militant legacy also shapes the new union, IG BCE, which is now the third largest union in Germany (after ver.di and IG Metall).

It should be noted that the current survey presents cross-sectional and no longitudinal data and hence cannot allow final judgements on change over time. The difficulties in producing longitudinal studies of large-scale industrial relations transformation seem obvious. Ideally, one would need a representative works council survey, started in the early 1980s and being repeated on a regular basis – such a survey does not exist in Germany (the WSI survey of the DGB Research Institute only started in 1997 and also does not include attitudinal questions). As a second best solution this article focuses on current works councillors' attitudes across various industries (including some questions on works councillors' perceptions on changes over time) and with a careful selection of the chemical and postal union sectors provides critical case studies to discuss the current status quo of workplace cooperation. Thus, the chemical union, with its strong social partnership heritage, should be more likely to engage in co-managerial practices than more militant unions. A similar outcome should be expected from the postal union albeit for a different reason. Because of the tremendous pressures of recent privatization and subsequent fierce product market competition workplace power relations should have clearly changed in favour of management putting works councils on the defensive. In conclusion, for different reasons (union legacy vs structural reasons) works councils of both unions should yield co-managerial attitudes under the premises of the co-management literature. If, however, we do not find any such tendencies in these supportive circumstances, it is even more improbable to expect co-management developing in other, either more militant or less structurally constrained union sectors.

The survey³ was mailed to the unionized chief works councillor in a representative sample of firms (virtually all works councils were affiliated to the union). In the case of the IG BCE a statistical random sample of 900 works councils was taken from a list of all works councils in 2000 ($N = 5044$): 290 works councils returned the questionnaires, 210 were usable (24 percent return rate). The return rate is rather low partly because a second round of mailing was not allowed. However, the response rate is in line with union member surveys⁴ and indeed Etzel and Walker (1974) claim that a 'normal' return rate for mail surveys of union members is between 10 and 30 percent.

One should note that the IG BCE has a principle of generally not participating in academic surveys (they are not even part of the national works council survey which is conducted by the research institute of the German union confederation). This makes my survey a rare exception and worthwhile to report especially because of the union's position as the prototype of social partnership. Also, the sample is representative in terms of regions and firm size. It is clear, however, that I cannot claim representativeness for the entire union.

In the case of the DPG, questionnaires were sent to all existing 540 works councils: 164 were returned in the first round (29.6 percent return rate). A reminder letter and second questionnaire was sent out after two months and 111 were returned which brings the total to 275 for the DPG (overall return rate 50 percent).

The survey comprised 115 questions on factual measures of workplace relations (e.g. workplace agreements), which were mostly taken from previous surveys in Germany (Müller-Jentsch et al., 1998; WSI-Projektgruppe, 1998), and on works councillors' attitudes towards union and management, which used questions from previous studies on interest representation at shopfloor level. All attitudinal questions were Likert-scaled. The survey used multiple rather than single measures of all variables (which were all factor analysed for the regression analysis)⁵ because this is a very first attempt to conceptualize attitudes of works councils, and because multiple measures are commonly seen as more reliable and valid than single-item measures (Fiorito et al., 1995: 629). Sixteen questions on works council-management relations (items adopted from: Angle and Perry, 1986; Dastmalchian et al., 1991; Frege, 1999; Kelly and Heery, 1996) were put into factor analysis and four usable

TABLE 1
Factor Definitions and Descriptive Statistics

Factor	Description	Mean	SD
Works council cooperation	Six-item five-point scale for works councillors' cooperative attitudes towards management; $\alpha = .75$	2.11	0.41
<i>Works council-union relationship</i>			
Works council independence	Four-item five-point scale for works councillors' commitment to unions; $\alpha = .53$	1.52	0.44
Union identity	Two-item five-point scale for works councillors' union identity; $\alpha = .68$	2.31	0.51
Union image	Four-item five-point scale for perceived union image; $\alpha = .60$	1.45	0.43
Union evaluation	Six-item five-point scale for works councillors' evaluation of their union; $\alpha = .80$	2.32	0.47
<i>Works council-management relationship</i>			
Perceptions of power	Three-item five-point scale for works councillors' perception of power relations, <i>negatively defined</i> ; $\alpha = .66$	1.47	0.40
Them-us	Two-item five-point scale for works councillors' them-and-us feelings against management; $\alpha = .51$	3.07	0.65
Ideology	Three-item five-point scale for works councillors' managerial ideology; $\alpha = .55$	1.86	0.55

Control variables

Blue-/white-collar job of works councillor	(1 = blue, 2 = white)	1.73	0.44
Age of works councillor	Four-item scale (1 = < 30, 2 = 31–40, 3 = 41–50, 4 = > 51 years)	45.83	8.08
White-collar workers	In percentage of total workforce	37.3	12.04
Size of workforce	Number in 1999	906.33	2000.43
Changes of size	In last five years (1 = decline, 2 = stable/increase)	1.45	0.43
Union density of firm	In percentage	59.61	40.27
Age of firm	Year of creation	1980	29.23
Profit of firm	(1 = lowest until –10,000 DM/2 = –9999 DM until highest)	1.72	1.44
Company returns	In percentage for 1999	20.11	7.95
High wages	Percentage of monthly wage above collective bargaining agreement	11.32	4.73
Industrial sector	(1 = chemical, 2 = telecom)	1.57	0.50
East/west Germany	(1 = east, 2 = west)	1.89	0.29

factors⁶ emerged: ‘cooperation’, ‘perceptions of power’, ‘them-and-us feelings’ and ‘ideology’. In addition, 16 variables on the works council–union relationship (items adopted from Fiorito et al., 1995; Fullagar and Barling, 1989; Kelly and Kelly, 1994) also yielded four factors: ‘works council independence’, ‘union identity’, ‘union image’ and ‘union evaluation’ (see Table 1). Finally, various control variables, i.e. demographic and structural characteristics of the works councils and their companies, were examined, which are briefly summarized in Table 1.

With regard to the existing workplace agreements, 40 percent of the works councils surveyed participated to a larger extent in technical or organizational changes than prescribed by law. Moreover, in 66 percent of the cases which had a working time agreement (*Arbeitszeitmodell*), management and works council regulated the flexible time together, in 8 percent management alone and in 26 percent works council/workforce on their own. Furthermore, 45 percent of the works councils surveyed had the explicit aim to negotiate job guarantees as an exchange for flexible working time arrangements and 37 percent succeeded. Finally, in 41 percent of the firms wages were negotiated above the industry-level agreement, which was lower than the 66 percent above industry wage settlements found in the representative WSI works councils survey (including all German unions except IG BCE) (Schäfer, 2001). In sum, the data suggest that the workplaces surveyed can be characterized by functioning works councils who – despite the increasing pressures of decentralization and coordination problems – remain important negotiation partners of management.

Findings

This section discusses the means⁷ of the merged sample of both union sectors in order to explore the current state of works councillors’ attitudes towards union and management. It then tests influencing factors on their cooperative attitudes towards management in a regression analysis.

Works Council–Union Relationship (Table 2)

Works councillors' perceptions of their unions were generally positive. In contrast to the two scenarios of institutional transformation outlined earlier in this article, the findings show neither signs of estrangement and increasing independence nor increasing union incorporation. These were loyal works councillors who felt appreciated by their union and who appreciated the union's support rather than becoming their competitors. For example, a majority (58 percent) disagreed that membership organizing is not an important problem at workplace level and even more (64 percent) agreed that organizing is crucial for their bargaining strength. Thus, to the extent that attitudes reflect behaviour, a large majority of works councils seemed to continue to fulfil this significant service to their union, in contrast to increasing fears among German unions that works councils' efforts are decreasing.

The second scenario of works councils becoming more incorporated into the union organization could also not be supported. For example, a majority (56 percent) would represent the interests of the workforce even if this interfered with the union's interests, and 77 percent did not think that the union interfered with works council responsibilities. These data seem to reinforce works councils' traditional interdependent position as service providers and recipients of union services.

Furthermore, the respondents yielded a strong union identity: 68 percent were proud to be union members and 56 percent stood behind union values without compromise (24 percent did not and 21 percent had no view). Most works councillors (87 percent) also strongly disagreed on statements that unions are not necessary anymore in today's society or that their union has an old-fashioned image (61 percent). Respondents were, however, more divided regarding the difficulty in selling union successes in current times. Over a half thought it is not more difficult than in former times and over a third believed it is not. Finally, a majority disagreed that being cooperative with management requires more autonomy from the union, which confirms my hypothesis of works councils remaining independent bodies cooperating with management while being strongly attached to their union.

The final topic explores works councillors' evaluation of their union's service. All in all they were overwhelmingly satisfied with the union. They felt they were taken seriously (75 percent), that

TABLE 2
Works Councillors' Perceptions of Works Council–Union Relations: Means and Standard Deviations

Variable	Mean	SD
<i>Works council independence</i>		
We have more important problems than membership organizing at our workplace	2.64	1.16
Success in organizing is not directly important for the bargaining strength of the works council	2.58	1.22
I represent the interests of my workforce even if these are not the interests of the union	3.31	1.03
My union interferes too much with the works council's work	1.99	0.68
<i>Union identity</i>		
I am proud to be a member of my union	3.83	0.88
I completely share the values and principles of my union	3.40	0.96
<i>Union image</i>		
In general employees need the union less now than they used to	1.77	1.00
Our union has an outdated image	2.51	1.09
It becomes more difficult to sell union successes	2.85	1.11
Being cooperative with management also means becoming more independent from the union	2.68	1.02
<i>Union evaluation</i>		
There are too few union officials who engage in membership organizing	3.05	1.09
My union is too far away from its base	2.83	1.08
My union values my union work	3.53	0.86
My union take my opinion as works councillor seriously into account	3.72	0.83
All in all I am satisfied with the support the works council receives from the union	3.64	1.02
The work relationship between the works council and local union office is good	3.57	1.07

their work was recognized (61 percent), and 75 percent were happy with the service provided. A strong majority (66 percent) evaluated the general relationship to their union as close and good.

To conclude, works councillors' attitudes revealed a positive and stable relationship with their union. There were neither indicators for their dissatisfaction with and independence from the union nor for their incorporation into the union.

Works Council–Management Relationship (Table 3)

Works councillors' perceptions of management and their workplace relations were split but positive overall: 66 percent described their workplace relations as cooperative (vs 28 percent). Over 80 percent perceived management as not anti-union or threatening potential union members. Moreover, only a third believed that management did not have a good relationship with the union. Nearly half agreed that management leaves works councils their independence without constantly attempting to increase their influence over the works council. A similar majority also defined management as a trustworthy partner (vs 34 percent). There was, however, a split view on the development of trust over time: 44 percent thought that the level of trust had remained the same in the last 10 years, compared to 38 percent who felt that they had more trust in former times.

With regard to their power relations with management, most respondents perceived their position as relatively strong. A large majority of works councillors perceived themselves as being successful in getting things done (86 percent) and also did not think that they were less powerful than 10 years ago (66 percent). The overall positive perception of works councils' power is in line with our earlier data on works councils' bargaining successes in these firms (e.g. job guarantees). There was, however, a split view with regard to whether management was less open to compromises than in former times (44 percent agreed, 38 percent disagreed).

Them-and-us feelings (divergent interests between labour and capital) yielded strong results: 90 percent thought that there will always be contradictory interests between employers and labour and 59 percent were convinced that the differences are even stronger today than 10 years ago.

TABLE 3
Works Councillors' Perceptions of Works Council–Management Relations:
Means and Standard Deviations

Variable	Mean	SD
<i>Cooperation</i>		
The relationship between the works council and management is cooperative	3.39	1.03
Management is a trustworthy partner	3.14	1.01
Ten years ago I had more trust in management than today	2.94	1.14
Management is not intimidating potential new union members	4.02	0.98
Management has a good relationship with the union	3.12	1.04
Management accepts the works council	3.05	1.08
<i>Perceptions of power</i>		
Our works council was much stronger 10 years ago than it is today	2.32	0.98
Our works council does not have much influence at this workplace	2.02	0.82
Management is generally less willing to compromise than 10 years ago	3.07	1.06
<i>Them-and-us feelings</i>		
There will always be divergent interests between employers and employees	4.10	0.88
The differences between workers' and company's interests are stronger today than 10 years ago	3.47	1.10
<i>Ideology</i>		
Today's works councillors are co-managers	3.11	1.17
What is best for the company is also best for the workforce	2.30	0.99
Performance-related pay is more fair than equal pay for equal work	2.88	1.13
Industry-level agreements should become more flexible to allow more autonomy and flexibility of workplace-level negotiations	2.73	1.14
Globalization not management is to be blamed for the tougher working conditions	3.04	1.09

Finally, works councillors were divided on general ideologies: 44 percent vs 40 percent agreed that it is globalization and not management which is to blame for deteriorating working conditions (the rest had no view). Similarly, 49 percent vs 48 percent agreed that performance-related pay is more fair than 'equal pay for equal work'. Moreover, 48 percent vs 31 percent thought that works councils today can be characterized as 'co-managers'. And more than a third wanted industry-level bargaining to become more flexible. On the other side, there was a very strong agreement of over three-quarters that what is best for the company is not automatically the best for the workforce.

In conclusion, the works councils surveyed did not confirm any of the outlined transformation scenarios. They were neither subservient co-managers, nor had they a strong influence over management or union. Although a majority of works councils described themselves as 'co-managers' they did not fit into the patterns of subservient co-management. Though I lack longitudinal comparisons, the works councils surveyed resemble the stereotypical cooperative works council as displayed in the popular literature (Frege, 2002) and one may therefore suggest that there is no sign of merging interests or a decline of them-and-us feelings as envisaged by Bosch (1997). Co-management is rather understood as 'old wine in new bottles', thus a new word capturing the continuing emancipated cooperation with management. In addition, asking works councillors about their perceptions of change over time revealed that although the tasks for unions and works councils are perceived as getting harder (e.g. it is more difficult to sell union successes today than in former times), management is seen as less compromising, and the interests between employees and employers are perceived as more divergent, they did not feel weaker than 10 years ago. In other words, although the circumstances are deteriorating, they do not yet perceive a loss of power.

Being cooperative, and open for new human resource management concepts and acknowledging certain global constraints for employers and tougher bargaining conditions does not prevent them from keeping a vigilant, realistic view of management's behaviour and their different interests. Trust existed but in proportion. But most importantly, there was still a strong mutual understanding that cooperation is the only effective way to regulate workplace relations. This is exactly the kind of attitudinal dualism which traditionally characterizes German works councils.

Sources of Cooperation

In order to examine possible antecedents of cooperative attitudes of works councillors, variables representing the three aforementioned organizational theories were put into a multiple regression analysis: power theories were represented by factors of works council attitudes towards management (power, them-us, managerial ideology), and towards union (works council independence, union identity, union image and union evaluation); the modelling theories were represented by works councillors' seniority and age of the firm; and the social structure theories comprised the following structural and demographic variables: blue-/white-collar profession of the works councillor; number of white-collar workers of the firm; size of workforce; changes of size in last five years (decline/stable/increase); union density of the firm; economic data of the firm (profit of firm low/high; based on average of all firms in sample); company returns in 1999; percentage of monthly wage above collective bargaining agreement); telecom or chemical union;⁸ and east/west Germany. Table 4 shows the results of the regression analysis.⁹

It comes as a surprise that most variables representing the social structure theories did not reveal any correlation with cooperation. It did not matter for example whether the respondents were in east or west Germany, from small or large firms, greenfield or brownfield sites, with a predominantly blue- or white-collar workforce, with a low or high union density, or with good or bad economic conditions. In particular, the findings challenge the widespread hypothesis that works councils in east Germany are more sympathetic to managerial ideologies and subservient to management than their western colleagues. This sample revealed no significant attitudinal differences in the east and west 10 years after unification and proposes a relatively successful attitudinal assimilation (this does not preclude behavioural differences or different bargaining successes). Furthermore, there is no evidence that cooperation is easier in large than in small firms (where the employer is less dependent on the regulatory capabilities of the works council), or more likely in workplaces with predominantly white-collar workers (who are commonly considered as being less militant). There is also no support for the hypothesis that high union density leads to more cooperative works councils. Neither low nor high union density made a difference, which might be explained by the

TABLE 4
Determinants of Cooperative Attitudes of Works Councillors: Standardized
Regression Coefficients

	Cooperative Attitudes of Works Councillors
<i>Power variables</i>	
<i>Works council–management relationship</i>	
Perceptions of power (negative)	–.346**
Them–us	–.119*
Ideology	.138**
<i>Works council–union relationship</i>	
Union evaluation	.104*
Union identity	–.058
Works council independence	.058
Union image (negative)	.023
<i>Mobilizing theories</i>	
Seniority of works councillor	.179**
Age of firm	.003
Industrial sector (chemical/telecom union)	.022
<i>Structural variables</i>	
Blue-/white-collar job of works councillor	–.045
Share of white-collar workers	–.013
Size of workforce	–.003
Changes of size	–.032
Union density of firm	–.003
Profit of firm	.020
Company returns	.006
High wages	–.072
East/west Germany	.072
R^2	.283
adj R^2	.251
N	486

* statistically significant at the .5 level; ** at the .1 level (one-tailed tests for correlations and regression coefficients).

fact that union density in Germany is traditionally rather low (28 percent in 1999) and thus not a good indicator for union strength.

The findings also challenge a core argument of the literature that cooperation is more likely in good economic conditions. It is surprising to find that the various economic indicators did not have any influence on cooperative attitudes. It indicates that cooperation might not primarily be an outcome of pure economic bargaining power of both parties as one would assume in an Anglo-Saxon context.

Second, the variables of modelling theories yielded a more mixed result. There was no support for the hypothesis that cooperation will be stronger in the chemical/mining/leather than in the postal/telecom industries due to their long tradition of social partnership. The fact that industrial sectors, i.e. unions, did not matter makes the results more generalizable for the entire German industry. Also, the data could not support the assumption that older companies are more likely to be cooperative than in greenfield sites where the two parties have no joint learning experience in trust and cooperation. Cooperation seems to be a constantly renegotiated pattern depending on the current actors and not a stable characteristic of the company culture. One variable, however, did yield some significance. The older the seniority of the works councillor the more likely were cooperative attitudes, which supports the claim that time and experience supports trust relations.

With regard to the power theories, the variables yielded only one significant influence on cooperative attitudes. The more works councils valued their union the more likely was cooperation with management. This supports my hypothesis that German works councils require a good relationship with their union to be able to invest in cooperation with management. However, whether works councillors were strongly attached union members or perceived the general union image as positive or negative did not impinge on their relationship with management. These results suggest that works councils' specific day-to-day experiences with unions influence their daily relations with management rather than their more abstract union identities or ideologies.

Finally, works councillors' attitudes towards management yielded the most significant results and provided support for the power theories. Unsurprisingly, the less them-and-us feelings works councillors had the more cooperative attitudes they had. Similarly, if works councillors were persuaded of managerial ideas (e.g.

performance-related pay being fairer than equal pay for equal work) then cooperative attitudes were more likely. By far the most important variable, however, were works councillors' perceptions of their power position in relation to management. If they perceived that managerial power had not dramatically increased then they were cooperative, if management was perceived as having increasing power and works councils were losing out then works councillors were not likely to be cooperative. It resembles a 'tit-for-tat' game of cooperation (Axelrod, 1984). Cooperation seems to be an ongoing renegotiated outcome rather than a permanent, stable feature of German workplace relations. In other words, the strong institutional framework of the German model fosters and supports workplace cooperation, but cannot guarantee it. Cooperation is a dynamic characteristic which depends very much on how actors perceive and trust each other. Of course, the cross-sectional data and the relatively low explanatory power of the regression analysis ($R^2 .28$)¹⁰ do not allow us to propose final causal directions,¹¹ but for our purposes it seems sufficient to highlight the strong intercorrelation between the two concepts, power relations and cooperation.

Conclusion

The first purpose of the article was to study the status of workplace cooperation on German shopfloors in order to contribute to the wider transformation debate of industrial relations in Germany. Rather than analysing developments in the content of workplace agreements (actual behaviour) as done in previous studies this article proposed the need to explore works councillors' attitudes and role identities in order to fully evaluate the potential works council transformation.

The findings of the chemical and postal/telecom sectors revealed that although they faced and still face tremendous external and internal challenges (privatization, merger, increasing global competition) and one would imagine a likely power shift towards management, there was no observable tendency for weak, subservient co-managerial works council attitudes. Works councils were also neither union focused nor independent and undermining of union authority. Instead, cooperative attitudes towards management and union prevailed and suggest workplace stability rather than significant changes.

One should note, however, that this is a very first attempt to investigate works councillors' attitudes and since the chemical union yielded a low return rate, the findings are preliminary and require further survey support. Moreover, although the survey covers a wide range of sectors and structural characteristics (private/public, industrial/service, etc.) additional studies of other unions are necessary to generalize these findings for the entire economy. However, it should tell us something, that in sectors which experienced major organizational changes for the unions and faced fierce international product market competition workplace cooperation did not yet suffer. Thus, although the current workplace bargaining outcomes are modest for labour there is a continuing willingness to cooperate. This is a reassuring support for the continuing strength of the German dual system, which has at its core the mutual willingness of both partners to cooperate even if at times it does not produce beneficial short-term outcomes for one or both partners.

Finally, as mentioned before, cross-sectional data do not allow final judgements on attitudinal changes over time. However, the findings seem to correspond with the general description of the typical cooperative works council in the German literature and suggest that the works councils surveyed might not have undergone major attitudinal changes. In addition, the works councillors' own perceptions of change revealed that although they perceived deterioration of their bargaining conditions, they did not encounter dramatic changes of their power position and this has, as we learnt, a positive impact on their continuing cooperative attitudes towards management.

The second purpose of this article was to provide a very first attempt to explore influencing factors of workplace cooperation deriving from three major theories of organizational cooperation (power, modelling and social structure theories). More studies are clearly needed to support these preliminary findings. In this sample, power theories provided the most successful antecedents. In particular, works councillors' perception of positive power relations with management was most strongly correlated with works councillors' cooperative attitudes. On the other hand, cooperative attitudes in this sample were not influenced by structural factors such as firm size, sector or union density or demographic factors (such as occupation of works councillors). Thus, the relationship between works council and management was to a certain extent bureaucratic and not overall dependent on personal characteristics

of the actors (in contrast to Axelrod, 1984: 147). Yet, it does not mean that cooperation between the two sides is an immanent, institutionalized part of the German model. On the contrary, it is a temporary, constantly renegotiated outcome of the ongoing dynamics of management–works council relations. Even in the highly institutionalized setting of German industrial relations, workplace cooperation is still very much dependent on day-to-day power relations. This is an interesting finding also for the broader comparative industrial relations literature. It suggests that although a legal underpinning of workplace representation (industrial democracy) is necessary it is surely not sufficient to guarantee cooperative workplace relations. Yet, legal rights for works councils can help to create a more equal power balance which seems to be a crucial precondition for cooperation.

Finally, although this study does not allow us to make predictions on the future of the German model of industrial relations, the data tell us something about the necessary conditions of the model's survival at workplace level. In particular, the study contributes to our knowledge on cooperation. It appears that as long as management shows a willingness and effort to cooperate, the works council will respond accordingly. What we do not know of course is whether management's willingness to cooperate is also dependent on their perception of power and works councils' willingness to cooperate (which would require an additional survey of managers in these firms). What one can propose, however, is that if management loses interest in cooperation, works councils might be more likely to respond in an antagonistic rather than subservient manner, given their strong awareness of divergent interests between capital and labour at workplace level. Thus, in contrast to the co-management literature suggesting a decline of them-and-us feelings at German workplaces, the presented study cannot find any incidence of the disappearance of divergent interests and identities in works council minds. On the contrary, the works councils surveyed expressed strong them-and-us feelings even in the chemical industry, the prototype of German social partnership.

To conclude, cooperation is dynamic and fragile and cannot be prescribed by law. Despite growing concerns in the literature, the data suggest that it remains the dominant workplace pattern in the industries surveyed. Its alternative, however, seems to be antagonistic shopfloor relations rather than the subordination and obsequiousness of labour under management control. And it may

very well be that the prospect of this gloomy alternative keeps alive both partners' continuing willingness to cooperate.

Notes

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1. I have omitted two other theories (exchange and attraction theories), which could not be adapted to our context.

2. The DPG merged in 2001 with four other unions into the new service sector union, 'ver.di', now the largest German union.

3. The survey was designed in German. Officials of both unions provided significant input in the questionnaire design and questions were tested during interviews with works councillors of eight firms in both industries.

4. For example, Fullagar and Barling (1989): 26 percent, Kelly and Kelly (1994): 39 percent.

5. The principal component method and varimax rotation were used and alpha reliabilities were calculated (Table 1).

6. One factor with the lowest reliability was left out.

7. Five-point Likert scale (1 = disagree strongly, 5 = agree strongly). Percentages in the text refer to the sum of 'strongly (dis)agree' and '(dis)agree'.

8. The small sample prevented the use of the unions' subunits (e.g. chemical union: chemical, energy, mining, leather).

9. Regressions were originally conducted for each industry but are not reported here since they did not yield any different significant determinants. This supports the validity of the regression results.

10. Which is, however, in line with similar sociopsychological surveys (e.g. Fukami and Larson, 1984; Kuruvilla et al., 1990).

11. A regression analysis with 'power' as dependent variable and cooperation as independent variable yielded similarly strong results, which suggests that long-term cooperation can positively influence the parties' perceptions of power.

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