



No. 05-2003 ICCSR Research Paper Series - ISSN 1479-5124

## **Challenges for the German model of employee relations in the era of globalization**

*Karen Williams, Mike Geppert & Dirk Matten*

**Research Paper Series  
International Centre for Corporate Social Responsibility  
ISSN 1479-5124**

**Editor: Dirk Matten**

International Centre for Corporate Social Responsibility  
Nottingham University Business School  
Nottingham University  
Jubilee Campus  
Wollaton Road  
Nottingham NG8 1BB  
United Kingdom

Phone +44 (0)115 95 15261

Fax +44 (0)115 84 66667

Email [dirk.matten@nottingham.ac.uk](mailto:dirk.matten@nottingham.ac.uk)

[www.nottingham.ac.uk/business/ICCSR](http://www.nottingham.ac.uk/business/ICCSR)



# Challenges for the German model of employee relations in the era of globalization

*Mike Geppert, Karen Williams & Dirk Matten*

## **Abstract**

In this paper we investigate the challenges posed to the German model of employee relations by the different internationalizing strategies of multinational companies (MNCs) in the heavy engineering sector. We also highlight some of the disadvantages of the German model for specific MNC strategies, in particular those relating to global manufacturing strategies based on a standardized product. We contrast a negotiated approach to change management in our German MNC with a unilaterally imposed approach in the Finnish MNC and discuss some of the effects on the subsidiaries with particular reference to employee relations. We conclude that the subsidiaries are strongly influenced by the characteristics of the German national business system and that this presents both opportunities and obstacles to MNCs' change management strategies in Germany. A major challenge for MNCs investing in Germany is how to capture the advantages of the German focus on diversified quality production based on local skills and process ownership, together with a tight integration of manufacturing, R & D and sales and service, whilst pursuing globalized strategies of production and service delivery.

## **Keywords:**

Employee relations, globalization, multinational corporations in Germany

## **The authors:**

*Karen Williams* is a Lecturer in Human Resources Management and *Mike Geppert* is a Lecturer in Organizational Behaviour at the European Business Management School at the University of Wales Swansea. *Dirk Matten* is a Senior Research Fellow at the International Centre for Corporate Social Responsibility (ICCSR) at the Nottingham University Business School.

## **Address for correspondence:**

Dr Karen Williams, European Business Management School, University of Wales Swansea, Singleton Park, Swansea SA2 8PP, United Kingdom, E-mail [m.geppert@swan.ac.uk](mailto:m.geppert@swan.ac.uk)



## INTRODUCTION

This paper investigates the challenges both faced and posed by the German model of employee relations when it is confronted with internationalising strategies of multinational companies in the heavy engineering sector. We look at the implications of two very different change management approaches for employee relations, in particular for employee participation and authority sharing, in German subsidiaries.

The current debate on the German model of industrial relations focuses on whether the traditional German business system will be able to adapt to the demands of increasing internationalisation or whether it will be forced to adopt a more Anglo-Saxon orientation (Schmidt and Williams, 2002). This would represent a fundamental shift in the basic characteristics of the German model, which include patient capital, long-termism, a highly developed vocational, education and training system, highly skilled labour and cooperative management-labour relations (see Ferner, Quintinalla, Varul, 2000, p.109; Wever, 1995, pp.11-14, Geppert, Williams, Matten, forthcoming). Whilst some researchers, e.g. Lane (2000) and Jürgens, Naumann and Rupp (2000), point to an increase in centralised integration and Anglo-Saxonisation centred on shareholder value concepts in some German MNCs, other studies reveal continuities in the operation of the German model (Ferner and Varul, 2000, Girndt and Meiners 2002, Schmidt and Williams, 2002).

Our own research based on detailed case studies of three MNCs with subsidiaries in Germany reveals some of the tensions involved in the MNCs' bid to integrate their German subsidiaries into wider global strategies. On the one hand, the MNCs seek to exploit the advantages of the German model, including highly skilled labour and research and development expertise, whilst on the other, they try to circumvent what they see as less advantageous traits, particularly the influence of the works councils on the operations of the subsidiaries. Although the three MNCs operate in the same industrial sector, they were found to adopt very different globalisation strategies (Geppert et al., 2002A and 2002B), which have very different implications for employee relations in their subsidiaries in Germany.

## THEORISING CHANGE MANAGEMENT APPROACHES IN MNCS AND ITS INFLUENCE OF ON THE 'GERMAN MODEL'

Underlying much of the mainstream literature on globalisation strategies of MNCs is the view that inexorable technological and market forces are leading to an increasing convergence of organisational structure and operations of MNCs on the Anglo-Saxon model of shareholder capitalism (examples include Bartlett and Ghoshal, 1989, Hirsch-Kreinsen, 1998, Hunt, 2000, Ohmae, 1990, Parker, 1998, Whittington and Mayer, 2000). The discourse is largely apolitical and has mainly focused on organisational design strategies to deal with the challenge of globalization and on strategic decision-making processes, mainly at headquarters (HQ) level. Political and cultural factors are similarly seen as converging on the emergence of the stateless or global firm (Ohmae, 1990, p.94), where previous national cultural and institutional differences are eroded. Similarly, managerial practices move towards global management patterns of international best practice (Mueller, 1994). Research in this direction has similar arguments to contingency approaches, stressing 'organisational convergence' due to the worldwide spread of technology and increasingly global communications, the global success of the Western market approach and managers' subscription to universal goals (e.g. efficiency, economic growth, increased technological development to improve standards of living) and methods (e.g. teamworking, benchmarking and quality systems) (see e.g. Pugh and Hickson, 1997).

However, studies of MNC-subsidiary relations show how subsidiaries can operate as relatively autonomous units and, in some cases, develop their own initiatives within the global firm, so-called 'subsidiary charters' (Birkinshaw, 2000, Birkinshaw and Fry 1998, Birkinshaw and Hood 1998). The organisational resources available to such subsidiaries are explored but not the social embeddedness of many of the resources, which are closely related to the specific national business system in which the subsidiary operates.

The national business system (NBS) literature explores the 'home embeddedness' of both the MNCs themselves and their host country subsidiaries in contrast to the 'statelessness' outlined earlier. The study by Edwards and Ferner (2001), for example, show the powerful effect of the US finance system on the operation of US MNCs in terms of the short-term nature of their strategies and employee relations.

Whilst Ferner and Varul (2000) illustrate the 'Germanisation' of international borrowings made by German MNCs, when these are applied in the home system. In relation to the subsidiaries, e.g. Kristensen and Zeitlin (2001) and Geppert et al. (forthcoming) investigate how the national business system shapes the distinctive powers of subsidiaries to influence HQ decisions. Research by Quack and Morgan (2000), Whitley (2001) and Sorge (1991) demonstrates that national business systems shape factors such as sectoral and technological specialisation, work systems, interest representation, how commitment is elicited in organisations and how authority is shared. This has led to the development of particular types of firms in particular market economies. In Germany, the characteristics of firms include the focus on diversified quality production (DQP) and low authoritative coordination, where management consults with subordinates and involves them in decision making. There is strong occupational identity and loyalty and, since it is difficult for management to coordinate work on complex tasks, decision-making is delegated to local units. Similarly, Sorge (1995) stresses that choice and differentiation of organisational design and employee relations are not just influenced by the firm's objectives and the set-up of the industrial sector in which the company operates, but also by the political and institutional traditions and power balance in the country concerned. In this sense, the German business system is closely related to work system characteristics of DQP, which combines both high production output and customization of development and production of goods and services (ibid, pp. 280-283)

In this study we will discuss these characteristics of German firms as they are reflected in the two German case study subsidiaries. Whilst the German MNC in the case study also reflects these peculiarities of the German NBS, the Finnish MNC adopts a more Anglo-Saxon approach with high authoritative coordination, where top management seeks to control the actions of subordinates through authoritative commands and unilateral decision making (see Whitley, 2001, p.2).

On the one hand, there are now voices that increasingly question whether the 'societal effect' or NBS approaches are still useful in understanding the globalisation strategies of MNCs operating particularly in Germany (Lane, 2000). Similarly, Mueller sees global organisational effects in MNCs emerging that undermine the influence of national institutions (1994). Moreover, Schmidt and Williams (2002) see the 'German model' as on trial by arguing that the consensus model of German industrial relations

has been weakened and that, to some extent, 'the ideology of the market has cleared the markets of ideologies' in the new Germany. Again, globalization and internationalisation strategies of multinational companies are seen as drivers of this process. On the other hand, Schmidt and Williams (ibid) look at survey material which shows that leading German managers still want strong unions, are aware of the pitfalls of giving up the welfare state and, of course, see the advantages of having one of the lowest rates of industrial action in Europe. Their study distinguishes between different change management strategies of German managers, ranging from, on the one extreme, a 'radical remodelling' and, on the other, a 'conservative remodelling' of the 'German model'. Exactly at this point lies the contribution of our research. In this paper we want to shed some light on the question of how differences in change management strategies of MNCS, here called negotiated and universally imposed approaches, will challenge the German model of employee relations. In particular, we want to find out more about emerging problems and conflicts caused by particular change management approaches especially those, which are imposed or negotiated. We are interested in the question of whether there are still 'beneficial constraints' in the German NBS that lead to different, more humane, forms of organisation and greater levels of employee participation in management-employee relations, as suggested by Streeck (1997)<sup>1</sup>.

## RESEARCH DESIGN AND METHODOLOGY

This paper forms part of a wider research project to analyse change management processes in MNCs, which has been jointly developed with researchers from Germany. Elsewhere the focus has been on the (top-down) application of new strategies by power holders at MNC HQ level (Becker-Ritterspach et al., 2002), the emerging choices and constraints in the management practices of the local managers in German and British subsidiaries of three MNCs in the same industrial sector as they interact with their wider social context within the host country and within the MNC itself (Geppert et al., forthcoming) and the interplay between

---

<sup>1</sup> In focus of this paper is on empirical evidence, a more detailed theoretical discussion of the relevant literature can be found in Geppert et al. (2002C).

pressures for convergence from the global level and continuing diversities at national level (Geppert et al, 2002B).

To analyse these issues we selected three of the four major global players of one business sector, Lifts & Escalators (for details see Table 1). All have HQs in different host countries: *Amy* in the USA, *Jukka* in Finland and *Karl-Heinz* in Germany<sup>2</sup>. Qualitative research methods were used in the form of interview guidelines and semi-structured questionnaires in German and English for managers involved in or responsible for change management measures in their companies. Between spring 2000 and summer 2001 so far 28 in-depth expert interviews were conducted with MDs and managers at the MNC level (in the HQ and its functional subunits) and at subsidiary level in both countries. Moreover, works councillors and union representatives of the Lifts & Escalators industry were interviewed in both countries. In the interviews we sought general information about the company, past, present and planned re-organisation and change processes, details on the starting points of change and managers' assessment of the positive and negative aspects of the subsidiary's location in a particular national context as well as the influence of the MNC's country of origin. Additionally, official documents of these companies, newspaper and Internet sources were included.

In this paper we focus on the effects of different change management approaches adopted on employee relations in the German subsidiaries of two of our MNCs. We decided to concentrate this paper on the German and Finnish cases, because these companies, whilst operating in the same industrial sector and both having subsidiaries in Germany, applied quite opposite change management approaches<sup>3</sup>. The Finnish MNC (*Jukka*) adopted a radical unilaterally imposed strategy to enforce a global model of operations, which led to the highest levels of tension and conflict within a German subsidiary and between the subsidiary and the HQ. The managers interviewed had all been imposed on the German subsidiary from the HQ apart from one, the head of international R & D for escalators. This can be related to the global strategy of the Finnish MNC who quite recently acquired the German subsidiary in

---

<sup>2</sup> The names of the companies have been changed to guarantee the anonymity of data.

<sup>3</sup> We have shown elsewhere that the change management strategies of the US-American MNC lie somewhere in between the rather universalistic approach of the Finnish MNC and the rather decentralised and highly locally responsive approach of the German MNC (see e.g. Geppert 2002, Geppert et al. 2002A, Geppert et al. forthcoming, Matten and Geppert 2002)

order to enlarge its competencies and capabilities from a sole focus on lifts to lifts and escalators in its bid to become another global player.

The German MNC, in contrast, implemented a negotiated approach based on a decentralised change management strategy, which gave the subsidiary the freedom to find its own solutions after initial brainstorming with a consultant. Although there was some conflict, it was confined to a group of individual local subsidiary managers, who were replaced. The interviewees were a mix of longstanding managers and new managers brought in to implement the changes.

---

**Insert Table 1 about here**

---

## CASE STUDY ILLUSTRATIONS: CHANGE MANAGEMENT APPROACHES IN THE GERMAN SUBSIDIARIES IN TWO MNCS

### Critical Incident: Karl-Heinz

Less evidence of global change management approaches - 'a plurality of interests' *Karl-Heinz* is a 'typical German company'. Its main focus is on heavy engineering and banks and foundations own 40% of its shareholdings. It is not quoted on the stock market and has pursued a cautious process of internationalisation based on local responsiveness of its foreign subsidiaries. In its German subsidiaries it operates DQP technology and there is a close integration between R & D, sales and service and manufacturing. *Karl-Heinz* has traditionally operated a system of decentralized control over its subsidiaries and is seen by management representatives in the German subsidiary as further reducing headquarter control over its subsidiaries abroad. The foreign subsidiaries are seen as strengthening their position with increased autonomy and initiative taking, which is, however, leading to more conflict. This fact, together with the importance of codetermination in Germany and the European works council at HQ level, leads to a plurality of interests in the MNC. There are no HQ plans for the central co-ordination of manufacturing, although the HQ does want a reduction in the number of manufacturing units and has begun this process in Germany and abroad.

Change is a continuous, ongoing process in both the lift and escalator subsidiaries in Germany. Thus, a new IT-system (SAP) has been introduced gradually, first in the escalator unit, then in the lift manufacturer. This has been a painful process, with some resistance, but the views of the subsidiaries are taken into consideration. The introduction of SAP is linked to a major change in the organisational structure of the lift manufacturing unit, the so-called 'segmentation' process, which has created separate profit centres within the unit based on particular products, such as lift doors. The aim is to generate a sense of 'ownership' of the product and to introduce market pressures as each segment gets to know its competitors and has the autonomy to discuss pricing etc with its suppliers direct.

### The Position of the German Subsidiary within the MNC

The subsidiary is the only major producer of lifts still manufacturing in Germany and combines manufacturing and R & D in the production of non-standard lifts. It produces all the components for the lifts itself, seeing itself as a 'supplier of systems' to customers in the middle to high market segments i.e. high value administrative buildings and hotel complexes. Lifts are tailor-made to customer specifications (2/3 of sales), supported by a large R & D function. Managers view the unit still as 'craft production' supported by a skilled workforce and flexible engineering solutions. This meets customer expectations of a 'specialist company' and examples are given of customers refusing to talk to the heads of the regional service centres and demanding instead to discuss orders with the technical manager of the production unit. The system of production is described by this manager as a 'flexible manufacturing system' with a mix of mass production in some areas and customer specific manufacturing in others. Flexibility is created 'mostly via the people' in the unit but also by the manufacture of all the components on site so customer requirements can be taken into account. The 'British' solution (found in the UK subsidiary of Karl-Heinz) of a shift to service provision only is rejected by subsidiary management as leading to the loss of technical competence, even in the service area itself, and hence the loss of competitive advantage.

Approximately 1000 employees are engaged on site with 550 skilled workers, 200 technicians-mainly engineers, and 100 apprentices. The unit also provides technological solutions for foreign subsidiaries of Karl-Heinz, many of who operate in

the lower to middle market segments in their respective economies-an area where competition is more intense.

### The Sequence of Events in the Negotiated Change Process

The idea for segmentation of production came originally from a management consultant employed by the HQ and was agreed as a project in 1996. For two years plant management worked with a team of consultants but 'nothing happened' apart from a great many meetings and reports, which were very costly for the plant. Resistance came from the senior management level in the subsidiary in indirect forms they said 'Great... but found 1000s of problems with the idea and nothing changed.' Current management saw the two-year standoff as illustrative of the fact that consultants can come up with ideas but cannot affect the internal resolution to implement the ideas. However, although senior management were opposed to the changes, middle management and employees were enthused by them: 'because no one had actually done anything here... for years, the plant had been neglected.'

Then, after two years, over a six month period, a whole hierarchical level of management was replaced-the head of production, head of engineering, head of assembly operations, head of work scheduling and others- through a combination of factors including early retirement, premature death and transfer to areas less critical for the success of the project. In their place, an 'enabler' emerged, the new head of production, who was supported by another enabling manager. He was seen as someone with the necessary technical and human skills and someone willing to take risks as 10m DM was spent on new machinery alone apart from the indirect personnel costs involved in retraining, transfers and early retirements. Head quarters gave him the mandate to push on with segmentation and the introduction of SAP and overcome resistance.

Thus followed two years of constant changes in manufacturing as segmentation led to a complete restructuring of the organisation and its operations. This included the closure of departments such as central production planning and the transfer of its staff to the new segments. A continuous improvement process team was established to ensure the ongoing implementation of the project and to secure improvements to the processes over time. There was also a 'mass and continuous retraining programme' as the roles of the skilled workers in the plant changed to accommodate

new IT skills and the skills formerly found in specialist departments, which had now closed.

Management referred to the importance of codetermination- 'a form of ritualised worker representation'- in the process of change. The works council chairman is a member of the Continuous Improvement Committee so he is integrated into the project and bears responsibility for its success together with management. Most of the ensuing problems have been resolved by this committee working with employees on the shop floor and in the offices. As long as there are no redundancies or a huge intensification of work, the works council and employees are supportive of change to secure the future of the plant. Early retirement and transfer are the means used to achieve the necessary staffing changes. The only area where there have been problems with the works council is in the area of team working. The fear has been of groups developing their own dynamic if they have an elected team leader and of group pressure on individuals leading to greater work intensification. The works council sees its role as protecting individual workers from this. Generally, however, relations with the works council are seen as 'constructive and good'; this is also true of the MNC as a whole. They are given more information than is required by law and are expected to reciprocate and 'not to push for more than it should have or needs'. In management's view, there is no wish for bad relations as the works council can affect overtime working, works agreements, new appointments etc and make life very difficult for management. This is demonstrated in the case of Jukka later on.

The managers view the whole process of segmentation as a plant driven project, apart from the initial idea coming from a consultant. The main movers have been 'the technical milieu' and many ideas have arisen from the plant itself. A plant level process for generating new ideas is the work carried out by the Continuous Improvement Committee-the committee itself being another plant initiative. Porsche were invited to conduct some workshops in the plant for key employees from management, technical and shop-floor areas on how they improve their operations. The plant has since adopted their own version and spread it throughout the workforce using workshops as well as taking it to other companies, including a recycling plant. This process of exchange of information is not centrally determined nor has it a formal structure but occurs through 'chance meetings'. The Continuous Improvement Committee works with employees in different areas to support the ongoing improvement of operations, spending a week or two in one area. Ideas are

encouraged from the workforce and there has been an 'Aufbruchstimmung' (atmosphere of radical departure) among the employees for change. The committee has secured the implementation of segmentation and its continuing refinement. In this way, the plant level actors have become the process owners of the changes made, with a genuine and ongoing interest in ensuring they succeed in practice

### The Outcome of the Negotiated Change Process

Segmentation of operations in the plant has, after a shaky start, been successfully introduced into the plant and is seen by management as a gamble, which has paid off. Their plant has been re-affirmed as the MNC's key lift manufacturing subsidiary and their largest research and development site. The focus on complex specialist engineering solutions for lift customers in a system of DQP continues to be central to their operations.

### Critical Incident: Jukka

#### A Global Change Management Model

Jukka's operations reflect changes in the Finnish NBS towards the globalisation of large Finnish companies by the use of aggressive acquisition policies to build market power (see Moen & Lilja, 2001, p.98-99). The decline of earlier state and banking links with companies and the opening up to international ownership is leading to changes in management culture towards an increasing 'Americanisation' of Finnish MNCs (Tainio, 2001, p.169-70). Despite being a family owned company, Jukka has always been highly finance driven.

At the start of 1999, the Finnish MNC launched the 'Jukka Model', a global company model, as an organizational concept to standardize all business processes throughout the MNC. It is supported by the concurrent implementation of a new IT-system (SAP). Jukka Model Mark 1 focuses on the measurement of business processes, according to management, whereas the Mark 2 version will focus on the actual standardized implementation of SAP in the subsidiaries. The model will be subject to ongoing changes made at HQ level.

The MNC up to 1998 gave its subsidiaries considerable independence, having grown through the acquisition of independent companies, who were very successful in their respective fields, market leaders with long manufacturing traditions. After a period of considerable 'financial turbulence' in the mid 1990s, Jukka now seeks to become a 'proper global company', with the headquarters exercising strategic leadership and the subsidiaries merely implementing the central strategy. The aim of the HQ is the central co-ordination and control of all processes in the subsidiaries, including areas such as industrial relations and HRM. The implementation of SAP and the Jukka model are being used to gain better control of the subsidiaries' operations.

The Jukka model was developed at HQ level by a 60-man IT team, which included subsidiary experts, who were later used to 'roll out the concept' in the individual manufacturing units. Each unit has been given a time period during which they must comply with the model. In October 2000, the time of the interviews, the MNC was half way through its roll out programme. Although, as mentioned above, subsidiary experts did have some influence during the initial design phase at HQ level, the influence is now declining since the model has been set up. Formal meetings of the managing directors of the MNC's 16 key companies (90% of the MNC's business) do take place in order to share knowledge but these are followed by an edict:

'Once it is designed and frozen, you go and implement it in that country and then they should implement that'.

The aim is to cover 80% of all business processes, including areas such as job descriptions and processes of recruitment. The work of standardization is ongoing. The HQ view is that lifts and escalators involve the same business processes, which can therefore be standardized. They accept that engineers do not see things this way due to their pride in their product and their job. This has led to high levels of resistance throughout the MNC, particularly in the German manufacturing subsidiary. Within the subsidiaries, members of the HQ project team work together with local staff to adjust the model to local conditions with the company ethos of one brand, one firm, one technology and one set of business processes world wide. The MNC has also introduced a standardized product in both its lift and escalator business, which it will sell internationally.

### The Position of the German Subsidiary within the MNC

The German subsidiary was formerly an independent German company, which had grown organically in its own market and had been very successful in the production of custom-built escalators. Jukka first took a 26% shareholding in 1987 then a 100% in 1996, buying into its know-how, experience and market position. The subsidiary was largely left to run its own business until the late 1990s; it even kept its former German name until 2000.

As the largest escalator manufacturing plant within the MNC, it is the lead plant and was selected to manufacture Jukka's first global elevator. New lines were built to accommodate this in both the German subsidiary and a US subsidiary. The new global product represents a great challenge for the German subsidiary as it reduces the former focus on customer choice and the need for extensive engineering and customised production. DQP is seen by current management as 'spoiling the customers' and they see the need to 're-educate the customers' to change their excessive expectations, particularly in the German market, so that they accept the new (cheaper) pre-engineered solutions on offer. A further challenge for the subsidiary is the implementation of SAP. Up to the German implementation, the MNC tended to customise SAP to meet the requirements in each plant. Now, a standardized system is being introduced. The HQ management view of German culture is that if you can convince the managing director of a subsidiary of the need to change, the rest of the employees will follow his lead. The implications of this view are explored in the next section.

The new strategy of the HQ assuming strategic leadership, and the subsequent loss of the plants' role in strategic decision making as they become mere operating units, is particularly problematic for the German subsidiary. It is the lead manufacturing and R & D unit of the MNC after winning out over the US subsidiary – a fact, which has led to very sour relations between the two subsidiaries. The reasons given for its success are its greater number of experts, its factory strengths and greater manufacturing tradition compared to the US, local management initiatives in strongly presenting the German case to the MNC and the close link between R & D and manufacturing, supported by strong university links in the area. All these factors make acceptance of centrally promulgated edicts a tension fraught process.

## The Sequence of Events in the Unilaterally imposed Change Process

The first attempt to implement the Jukka model in the German subsidiary in October 1999 failed. HQ management, however, is now determined to harmonise and globalise. It is now 'more of a 'you will' rather than 'maybe you can'- there is now more force behind the HQ edict and deviation will be difficult in the future. This creates resistance since 'each managing director (of each subsidiary) has been his own power base...that was one of the difficulties here (in the German subsidiary)'.

The collapse of the first implementation was traced by HQ management to a failure to concentrate on the former MD of the subsidiary and convince him of the need for change. From a retrospective perspective the new Finnish managing director labels the previous MD as 'an old style manager', who had built up the company and knew all his staff and every detail of the organisation. It is further argued that all subsidiary processes were under his control and he had the trust of the workforce after running the company successfully for 20 years. Finally, interviewees underline the fact that the MNC needed his help to be able to implement change but that he himself wanted no changes and middle management would do nothing unless he gave the go-ahead. The changes mean the reversal of the subsidiary's previously strong market position in highly engineered tailor-made products and the new focus on a standard product. The former management and technical staff were very resistant to this shift. The HQ manager sent to roll out the programme in the second phase pointed out that the MNC had heard all the arguments before in other subsidiaries and had already had success with the standard product elsewhere so it is determined to push this change through in its German subsidiary.

The second attempt at implementation was ongoing when the interviews were carried out and is more forceful than the first attempt. Some engineers have been taken out of the R & D area because 'their national interests were too strong and this was hindering the MNC's aim of international development not German development' i.e. standardized products not customized. A large number of Finnish managers and HQ staff were also brought in to ensure conformity with the Jukka model. There has been 'a very direct intervention in the organisation of the plant'. Both the MD and the technical director have retired and there have since been 'improvements to the culture of the plant'.

Direct intervention is seen as necessary as the German subsidiary is at the centre of standard product development and manufacture and the German MD is responsible for all the other manufacturing subsidiaries in the MNC. The plant was singled out to run the pilot project for globalisation within the MNC and success here was critical for the MNC as a whole.

The managers interviewed accept they still have 'a hell of a lot of problems' in the subsidiary and employees still tend to see the changes as 'all bad'. Some of the genuine problem areas in the managers' viewpoint include people not sticking to the new processes, not putting data into SAP properly or at all and therefore the reporting information is not trustworthy-staff 'do not live up to the system'. This, they argue, will be resolved by tightening up the audit. Examples were given of ongoing resistance to changes in manufacturing processes and product structure. The content of existing agreements with the works council make many processes impossible to change as the works council is resisting all changes to the system of wage/work organisation, thus preventing the introduction of the Jukka standard model. Referring to the production system, the manager in charge of the roll out of the Jukka model stated:

'Yes, we wanted to make a lot of changes but in actual fact we've changed relatively little'.

The works council is also resisting the transfer of personal data under the Federal Data Protection Act and this is preventing management from measuring productivity levels:

'It's normal for the works council to be very obstructive' so that 'certain things planned for in the Jukka model could therefore not be introduced here...we have to look for new solutions'.

In the MNC's new factories in China, the implementation of SAP has been easy, elsewhere they anticipate two years to introduce a change management process but in Germany it will take much longer since:

'The longer an old system has been in place and the better it is, the harder it is to implement the process'.

So, contrary to the globalising ethos of the MNC, management will be forced to implement local solutions in many areas in the German subsidiary. They accept that existing agreements with the works council 'are hard to change' so they will have to think of another solution. It is little wonder that one manager talks about the

‘Scheissbetriebsrat’ (‘bloody works council’) as a thorn in the flesh of management and a serious obstacle to the implementation of the Jukka model. Management balks at the fact that they have to constantly go running to the works council to seek their permission to change things.

### The Outcome of the Unilaterally imposed Change Process

As shown above, management in the German subsidiary is still in the middle of the implementation phase and is facing serious problems of adjusting the Jukka model to circumstances in the plant despite the management changes so far undertaken. The manager responsible for the implementation, who has been sent to the plant from the HQ, points out one of the key problems affecting him and the Finnish managers:

‘As a central team-player you do not necessarily know all the intricacies and details of what is going on in a particular country and all the internal politics...you can only just keep your eyes open. I can’t actually make anything happen in a particular way.’

In the view of the head of engineering, it is very difficult to forge a company with just one central policy line from a series of formerly independent units, particularly if they are all different nationalities. His first visit to the management board at HQ level illustrated the extent of the divisions between management at that level - despite all the talk of globality; he saw little evidence of it even there.

## COMPARATIVE DISCUSSION

---

**Insert Table 2 about here**

---

Table 2 overleaf illustrates some of the key effects of the two change management approaches. The case studies show that the negotiated approach to change management, where the German subsidiary was given the autonomy to develop their own initiatives to respond to the exigencies of new market conditions, was the most successful strategy in terms of the effective implementation of change to consolidate its position as a ‘supplier of systems’ to the upper market niche. This approach involved all the stakeholders in the subsidiary, including management, works council

and employees, and led to process ownership of the radical changes to manufacturing processes and plant organisation. Conflict, albeit indirect, was concentrated at subsidiary management-HQ level, with the old guard of subsidiary level managers, who had led the subsidiary successfully in the past, disputing the need for change. Apart from this, however, there was a groundswell of support for change amongst the workforce, middle management and some plant managers. This led to support for the new management team. Longstanding cooperative relations with the works council could be built upon and the integration of the works council chairman into the committee responsible for the implementation and ongoing improvements to the new system reinforced the sense of process ownership of the changes. The close integration of R & D, manufacturing and IT functions was evident in the problem solving process. This was made easier by the close proximity of R & D and key HQ staff offices in the subsidiary itself. A possible area of conflict was seen in the relationship between the manufacturing plant and the new regional sales and service centres. The latter were viewed by subsidiary management as neither possessing the technical expertise to sell the product successfully nor having the interests of the German production site in mind-being, for example, too ready to sell the more standard products from the French site rather than the higher value products made in Germany. In their criticism of the sales and service centres, the local managers showed their ongoing commitment to the traditional German forms of DQP, in which manufacturing is closely linked with R & D and sales and services.

The unilaterally imposed change management model in Jukka forms a direct contrast to the Karl-Heinz example. It involved HQ management taking over the direct running of the subsidiary with subsequent limited authority sharing and limited involvement of both German management and employees in the implementation of the Jukka model. There was a sense of traditional skills and expertise no longer being valued in the drive for a global standardised product. Conflict based relations existed at all levels-between HQ and subsidiary managers, between Finnish expatriates and the works council and employees. Process ownership is concentrated at HQ level among the 60-man team of IT experts. This illustrates the top down and rather technocratic development and implementation of change management strategies in the Finnish case, compared to the negotiated and, thus, far more bottom-up approach of Karl-Heinz based on authority sharing, employee involvement and a higher reliance on subsidiary capabilities and skills.

In summary, the German MNC has implemented and further developed a negotiated change management approach by means of a bottom-up process based on greater employee involvement, more participative forms of learning and knowledge sharing. Thus, employee relations seem to be closely linked to the overall orientation of the MNC towards a 'focused differentiation' (Porter, 1985) or DQP (Sorge, 1995) strategy for the upper market segment. However, the strategic shift of technology and organisational design within Jukka's German subsidiary from DQP towards more standardized global products, as part of a competitive strategy based on scale economies and 'focused low cost leadership' (Porter, 1985), challenged the established system of employee relations. This unilateralist, rather top-down, change management approach led to severe conflicts between so-called 'old' managers representing the 'old' German model and HQ management. These conflicts did not just appear because former German managers had lost power, but also because the competencies of high-skilled employees were devalued under the newly enforced production regime. Ferner has pointed out that 'non-negotiated attempts at imposition of systems' often end in frustration (2000, p.529). Jukka is a good example of this type of scenario. It illustrates some of the problems of imposing a system of work organisation, which runs directly contrary to key features of the German NBS. Karl-Heinz, as a German MNC operating in its home country, has been more successful with its approach because it consolidates these features, reaffirming the competitive focus on DQP, which is seen as typical for key segments of the German manufacturing sector (Sorge, 1991).

## CONCLUSIONS AND IMPLICATIONS FOR FURTHER RESEARCH

The case study material reaffirms the importance of the close links between the NBS and aspects of subsidiary operations such as work and wage systems and interest representation. This affects the transfer of management practices and restricts, in Whitley's words, the 'standardization of work systems around a single model of efficient production' (2000, p.114). Jukka's attempt to do just this has led to a high level of conflict within the subsidiary and between the subsidiary and the HQ. The Finnish MNC acquired the German subsidiary in order to learn from its expertise and benefit from the skills of its employees as well as to obtain its market share. The

subsidiary, as we have already indicated, is its lead manufacturing plant and the centre for international R & D in the MNC. However, the imposition of mass production of a standardised product, supported by uniform business processes through-out the MNC, puts enormous strain on the German subsidiary, which has traditionally been tightly integrated into the German system of DQP. Since Jukka has also set up production lines to manufacture the new global product in the USA and China, ongoing problems with the German subsidiary could lead to the transfer of manufacture to a more amenable location-probably China, since the company is having considerable problems implementing the Jukka model in the US subsidiary too. However, it will wish to retain the R & D expertise of the German site-this is problematic since the development of new ideas in Germany is closely linked to the cross-fertilisation process between R & D and manufacturing. This was very evident in the Karl-Heinz case study material (see also Geppert, 2002 and Matten and Geppert, 2002). Jukka's HQ management has employed a variety of control mechanisms to bring the German site into line but is still grappling with how to 'enforce the integrity of their systems in foreign subsidiaries' (Ferner, 2000, p.537). The German subsidiary will be one of the most problematic due to its traditional orientation to its national environment and to supplying the national market, which, according to Ferner (2000), will give it a high local leverage vis-a-vis the MNC. Schultz-Wild's study of ABB (1999) illustrates a similar case in ABB's German subsidiary, where, however, the German plant was a reference model plant for the whole MNC and did not have to undergo extensive changes. Despite this, the plant's innovative capability was being put at risk by the standardisation process within the MNC and it was debatable whether this strategy would leave sufficient scope for the continued use of the strengths of the established German production system (Schultz-Wild, 1999, p.196). Outsourcing endangered their flexibility and the entire production system built on 'stability, commitment and high trust' was in danger of collapse (ibid). This is certainly a possible scenario for Jukka's German subsidiary if the Jukka model continues to be unilaterally imposed.

Karl-Heinz's strategy of negotiated change management takes advantage of the strengths of the German NBS outlined earlier and permitted the stakeholders within the plant to use their skills and experience to take initiatives to improve the product and processes. The role of the works council in facilitating the implementation of

changes on the shop floor reinforced cooperative processes of problem resolution and mutual learning.

Thus, the 'German model' is placed under severe pressure by centrally imposed global strategies for change based on mass production of a standardised product or service. Such strategies will fail to exploit the traditional advantages of the German NBS but rather see them as disadvantages. In this sense, the German business system does not support global manufacturing strategies focused on standardised mass production and low cost leadership. However, international product and market strategies based on local differentiation manufacturing processes will allow German subsidiaries to play to their strengths as well as support other subsidiaries with their R & D and technical expertise. The challenges to the German system from mass production strategies are especially evident in the fast food sector. McDonalds, for example, applies a radical low cost leadership strategy combined with a non-union/non-works council system of employment relations in their German restaurants, a strategy clearly linked to the home country business system (Royle, 2002). Employee relations within restaurants in this low skill segment in Germany have become increasingly contradictory; the conflict over the existence and operation of German works councils in McDonalds is still ongoing (ibid: 196).

Apart from sector specific differences, a major transformation of the German model will only take place if the 'rules of the game' and the organisational interest groups themselves change. However, there will also need to be changes in corporate governance, external labour markets and the institutional context in which the German companies operate (Whitley, 2000, p.114). This could lead to a change in the traditional 'industrially coordinated model of authority sharing' towards the more authoritative coordination found in Anglo-Saxon business systems (Whitley, 2001, p.7-8), as has been, to some extent, the case in Finnish business system, where changes in the financial system in particular have led to a shift in performance management practices<sup>4</sup>. However, most of the German managers we interviewed continue to be aware of the risks of losing the German competitive advantage based on DQP. This was true not only of management in Karl-Heinz and Jukka, but also in the American MNC's (Amy's) German subsidiary in our sample. In Amy, change management approaches were heavily focused on the rationalisation of global

---

<sup>4</sup> However, a recent paper of Tainio and Puputti (2002) confirms the results of our study and shows that even in the most internationalised Finnish MNC, Nokia, home country effects are still important.

manufacturing units which led to the closure of about 1/3 of plants worldwide, for example in the UK, where local management decided to close all manufacturing facilities. However, Amy's German subsidiaries again focused change management activities very much on securing the strategic advantages of its DQP model. Local management developed, through a process of conflict and negotiation with the work council, a compromise based on outsourcing low-skilled work tasks to plants in Central and Eastern Europe in order to maintain and even increase the high-skilled engineering, development, production and service tasks in Germany itself (see Matten and Geppert, 2002).

The sector we investigated, heavy engineering, is traditionally seen as an area of competitive advantage in the German NBS and it is to be expected that attempts to unilaterally impose changes, which shift production away from DQP, will be hotly resisted by subsidiary actors. Research in other sectors, where the advantages of the German NBS are less evident, such as high technology, finance and banking, may provide a more varied picture as local actors are more open to the need for radical changes to remain competitive. This is also reflected in Schmidt and Williams' (2002) differentiation of 'remodelling strategies' where, for example, the most radical changes to eliminate the 'old model' are expected in knowledge based German MNCs such as SAP. Our case study MNCs all pursued very different change management strategies despite operating in the same, highly internationalised, market sector. We have been able to trace the origins of these strategies to strong home country influences on the MNCs. It would be useful to extend these studies to cover other nationalities apart from Finnish, German and US MNCs to investigate whether the home country effect remains strong in other globalising industry sectors.

## REFERENCES

- Bartlett, C. and Ghoshal, S. (1989). *Managing across borders: The transnational solution*. Boston: Harvard Business School Press.
- Becker-Ritterspach, F., Lange, K. and Lohr, K. (2002). 'Convergence or divergence of European co-ordination and control forms in MNC's?' In Geppert, M., Matten, D. and Williams, K. (Eds), *Challenges for European management in a global context*. Basingstoke: Palgrave, in print.

- Belanger, J., Berggren, C. Björkman, T. and Köhler, C. (1999). *Being local worldwide: ABB and the challenge of global management*. Cornell University Press: Ithaca.
- Birkinshaw, J. (2000). *Entrepreneurship in the global firm*. Sage: London.
- Birkinshaw, J. and Fry, N. (1998). Subsidiary initiatives to develop new markets. *Sloan Management Review*, **39**, 51-61.
- Birkinshaw, J. and Hood, N. (1998). 'Multinational subsidiary evolution: Capability and charter change in foreign-owned subsidiary companies'. *Academy of Management Review*, **23**, 773-795.
- Edwards, T. and Ferner, A. (2001). 'Structure, politics and the management of the employment relationships in MNCs: the influence of Wall Street on employment relations in US MNCs'. *Paper presented at the AGF Research Conference 'Management of change in multinational companies: global challenges and national effects*. Berlin November 2001.
- Ferner, A., (2000). 'The underpinnings of bureaucratic control systems: HRM in European multinationals'. *Journal of Management Studies*, **37**, 521-538.
- Ferner, A., Quintanilla, J. and Varul, M.Z. (2000). 'Country of Origin Effects, Host Country Effects and the Management of Human Resources in Multinationals: German Companies in Britain and Spain'. *Journal of World Business*, **36**, 107-127.
- Ferner, A. and Varul, M. (2000). 'Vanguard' subsidiaries and the diffusion of new practices: a case study of German multinationals'. *British Journal of Industrial Relations*, **38**, 115-140.
- Geppert, M. (2002). 'Sensemaking and politics in multinational companies: a comparative analysis of vocabularies within the global manufacturing discourse'. *Paper presented at the 18th EGOS Colloquium*. Barcelona July 2002.
- Geppert, M., Matten, D., & Williams, K. (2002A). 'Change Management in MNC: How Global Convergence Intertwines with National Diversities'. *Best Paper Proceedings of the 2002 Academy of Management Conference*. Denver, Colorado: IM, C1-6.
- Geppert, M., Matten, D., Williams, K. (2002B), 'Global Change Management Approaches in MNCs and distinct national trajectories: Britain and Germany compared'. In Geppert, M., Matten, D., Williams, K., (eds): *Challenges for European Management in a Global Context-Experiences from Britain and Germany*, Palgrave: 42-67.
- Geppert, M., Matten, D., Williams, K. (2002C), 'Challenges for European management in a Global Context –Introduction, Approaches and Directions of Future Research'. In Geppert, M., Matten, D., Williams, K., (eds): *Challenges for European Management in a Global Context-Experiences from Britain and Germany*, Palgrave: 1-16.
- Geppert, M., Williams, K., Matten, D. (forthcoming). 'The social construction of contextual rationalities in MNCs: An Anglo-German comparison of subsidiary choice'. *Journal of Management Studies*, **40**, Special Issue on 'The changing nature of the multinational firm: From extending ownership advantages to learning.
- Girndt, C. and Meiners, K. (2002) 'Ein Manager ist nicht nur für das Kapital da', *Die Mitbestimmung*, No. 5, 11-15.
- Hirsch-Kreinsen, H. (1998). 'Shareholder Value: Unternehmensstrategien und neue Strukturen des Kapitalmarktes'. In Hirsch-Kreinsen, H. and Wolf, H. (Eds),

- Arbeit, Gesellschaft, Kritik: Orientierungen wider den Zeitgeist*. Berlin: Edition Sigma.
- Hunt, B. (2000). *The new battleground for capitalism*. Financial Times, Mastering Management Supplement, 9<sup>th</sup> October 2000.
- Jürgens, U., Naumann, K., Rupp, J. (2000). 'Shareholder value in an adverse environment: The German case'. *Economy and Society*, **29**, 54-79.
- Kristensen, P.H., Zeitlin, J., (2001), The making of a global firm: Local pathways to Multinational Enterprise in Morgan, G., Kristensen, P. H. and Whitley, R. (Eds), *The Multinational Firm*. Oxford: Oxford University Press, 172-195.
- Lane, C. (1996), The governance of inter-firm relations in Britain and Germany: Societal or Dominance Effects? In Whitley, R. and Kristensen, P. H. (Eds), *The changing European firm*. Routledge: London, 62-85.
- Lane, C. (2001). 'The emergence of German transnational companies: a theoretical analysis and empirical study of the globalization process'. In Morgan, G., Kristensen, P. H. and Whitley, R. (Eds), *The multinational firm*. Oxford: Oxford University Press, 69-96.
- Lane, C. (2000). 'Understanding the globalization strategies of German and British multinational companies: Is a 'societal effects' approach still useful?' In Maurice, M., Sorge, A. (Ed.), *Embedding organizations*. Amsterdam: John Benjamins, 189-208.
- Matten, D. and Geppert, M. (2002). 'Institutional Foundations of Manufacturing Strategies in Multinational Corporations: evidence from Britain and Germany'. *Paper presented at the 18th EGOS Colloquium*. Barcelona July 2002.
- Moen, E. and Lilja, K. (2001). 'Constructing global corporations: contrasting national legacies in the Nordic forest industry'. In Morgan, G., Kristensen, P. H. and Whitley, R. (Eds), *The multinational firm*. Oxford: Oxford University Press, 97-121.
- Mueller, F. (1994). 'Societal effect, organizational effect, and globalization'. *Organization Studies*, **15**, 407-28.
- Ohmae, K. (1990). *The borderless world: power and strategy in the interlinked economy*. New York: Free Press.
- Parker, B. (1998). *Globalization and business practice: Managing across boundaries*. London: Sage.
- Porter, M. (1985). *Competitive advantage: creating and sustaining superior performance*. New York: Free Press.
- Pugh, D.S. and Hickson, D.J. (1997). 'Organizational convergence'. In Sorge, A. and Warner, M. (Eds), *The IEBM handbook of organizational behaviour*. London: International Thomson Business Press, 187-92.
- Quack, S., Morgan, G. (2000). 'Institutions, Sector Specialisation and Economic Performance'. In S. Quack, G. Morgan and R. Whitley (Eds.), *National capitalisms, global competition and economic performance*. John Benjamins: Amsterdam/Philadelphia: 27-52.
- Royle, T. (2002). 'Resistance is useless! The problem of trade union organizations in the European fast food industry: The case of McDonalds'. In Geppert, M., Matten, D. and Williams, K. (Eds.), *Challenges for European management in a global context*. Basingstoke: Palgrave: 189-214.
- Schienstock, G. (1997). 'The transformation of regional governance: institutional lock-ins and the development of lean production in Baden-Wuerttemberg'. In R. Whitley and P.H. Kristensen (Eds.), *Governance at work: The social regulation of economic relations*. Oxford: Oxford University Press: 190-208.

- Schmidt, G., Williams, K. (2002). 'Globalisation - the "German Model" of industrial relations on trial', In Geppert, M., Matten, D. and Williams, K. (Eds.), *Challenges for European management in a global context*. Basingstoke: Palgrave: 281-292.
- Schultz-Wild, R., (1999), ABB in Germany-is excellence enough to survive? In Belanger, J., Berggren, C. Björkman, T. and Köhler, C.. *Being local worldwide: ABB and the challenge of global management*. Cornell University Press: Ithaca, 179-197.
- Sorge, A. (1991) 'Strategic fit and societal effect - interpreting cross-national comparisons of technology, organization and human resources', *Organization Studies*, **12**, 161-190.
- Sorge, A. (1995). 'New production technologies and changing work systems'. In J. van Ruysseveldt, R. Huiskamp, J. van Hoof (Eds.), *Comparative Employment Relations*: sage: London, 265-292.
- Streeck, W. (1997). 'Beneficial constraints: on the economic limits of rational voluntarism'. In Hollingsworth, J. R. and Boyer, R. (Eds), *Contemporary capitalism: the embeddedness of institutions*. Cambridge: Cambridge University Press, 197-219.
- Tainio, R., Huolman, M. and Pulkkinen, M. (2001). 'The internationalization of capital markets: how international institutional investors are restructuring Finnish companies'. In Morgan, G., Kristensen, P. H. and Whitley, R. (Eds), *The multinational firm*. Oxford: Oxford University Press, 153-71.
- Tainio, R., Puputti, M. (2002) 'Multinational firms: when and how does home country matter?'. *Paper presented at the 18th EGOS Colloquium*. Barcelona July 2002.
- Wever, K.S. (1995), *Negotiating Competitiveness-Employment Relations and Organizational Innovation in Germany and The United States*, Boston, Massachusetts, Harvard Business School Press.
- Whitley, R. (2000), The Social Structuring of Work Systems in Whitley, R. *Divergent Capitalisms: the Social Structuring and Change of Business Systems*, Oxford University Press, 88-116.
- Whitley, R. (2001). 'Authority sharing, careers and competence development in different market economies'. *Paper presented at the 17th EGOS Colloquium*. Lyon July 2001.
- Whitley, R. and Kristensen, P.H. (1997), *Governance at work: The social regulation of economic relations*. Oxford: Oxford University Press.
- Whittington, R. and Mayer, M. (2000). *The European corporation: strategy, structure, and social science*. Oxford: Oxford University Press.

**Table 1: Basic data about the companies studied**

	<b>MNC “Jukka“</b>	MNC “Karl-Heinz“
Country of origin	Finland	Germany
Total number of employees worldwide	23,000	28,500
Multinationality index <ul style="list-style-type: none"> <li>• proportion of employees abroad</li> <li>• proportion of sales abroad</li> </ul>	<ul style="list-style-type: none"> <li>• 94 %</li> <li>• 91 %</li> </ul>	<ul style="list-style-type: none"> <li>• 93 %</li> <li>• 89 %</li> </ul>
No. of countries with overseas subsidiaries	40	102
No. of overseas manufacturing plants	14	23
Size of German subsidiary: <ul style="list-style-type: none"> <li>• sales (in Million Euro)</li> <li>• employees</li> </ul>	<ul style="list-style-type: none"> <li>• 243</li> <li>• 1800</li> </ul>	<ul style="list-style-type: none"> <li>• 421</li> <li>• 1822</li> </ul>
Size of UK subsidiary <ul style="list-style-type: none"> <li>• Sales (in Million Euro)</li> <li>• Employees</li> </ul>	<ul style="list-style-type: none"> <li>• 205</li> <li>• 1295</li> </ul>	<ul style="list-style-type: none"> <li>• 120</li> <li>• 800</li> </ul>

Sources: Annual Reports 2001 and interviews by the authors

**Table 2: Key Differences between the Negotiated Approach and the Unilaterally-imposed Approach to Change Management in the 2 Subsidiaries**

	<b>Negotiated Approach</b>	<b>Unilaterally-imposed</b>
Authority sharing	High	Low
Employee Involvement	High	Low
Subsidiary Process Ownership	High	Low
Reliance on subsidiary capabilities	High	Medium-low
Employee Relations	Cooperative	Conflict based
Conflict Levels	Medium-low	High



**Research Paper Series**  
**International Centre for Corporate Social Responsibility**  
**ISSN 1479-5124**

**Editor: Dirk Matten**

The ICCSR Research Papers Series is intended as a first-hand outlet for research output of ICCSR. These include papers presented at symposiums and seminars, first drafts of papers intended for submission in journals and other reports on ongoing or completed research projects.

The objective of the ICCSR Research Papers Series is twofold: First, there is a time goal: Given the quality of ICCSR publication, the targeted journals normally require large time spans between submission and publication. Consequently, the ICCSR Research Papers Series serves as a preliminary airing to working papers of ICCSR staff and affiliates which are intended for subsequent publication. By this, research output can be made available for a selected public which will not only establish ICCSR's lead in advancing and developing innovative research in CSR but will also open the opportunity to expose ideas to debate and peer scrutiny prior to submission and/or subsequent publication. Second, the ICCSR Research Papers Series offers the opportunity of publishing more extensive works of research than the usual space constraints of journals would normally allow. In particular, these papers will include research reports, data analysis, literature reviews, work by postgraduate students etc. which could serve as a primary data resource for further publications. Publication in the ICCSR Research Paper Series does not preclude publication in refereed journals.

The ICCSR Research Papers Series consequently is interested in assuring high quality and broad visibility in the field. The quality aspect will be assured by establishing a process of peer review, which will normally include the Editor of the ICCSR Research Papers Series and one further academic in the field. In order to achieve a reasonable visibility the ICCSR Research Papers Series has full ISSN recognition and is listed in major library catalogues worldwide. All papers can also be downloaded at the ICCSR website.

**Published Papers**

- |             |  |
|-------------|--|
| No. 01-2003 | <i>Wendy Chapple &amp; Richard Harris</i><br>Accounting for solid waste generation in measures of regional productivity growth                                   |
| No. 02-2003 | <i>Christine Coupland</i><br>Corporate identities on the web: An exercise in the construction and deployment of 'morality'                                       |
| No. 03-2003 | <i>David L. Owen</i><br>Recent developments in European social and environmental reporting and auditing practice – A critical evaluation and tentative prognosis |
| No. 04-2003 | <i>Dirk Matten &amp; Andrew Crane</i><br>Corporate Citizenship: Towards an extended theoretical conceptualization  |
| No. 05-2003 | <i>Karen Williams, Mike Geppert &amp; Dirk Matten</i><br>Challenges for the German model of employee relations in the era of globalization                       |
| No. 06-2003 | <i>Iain A. Davies &amp; Andrew Crane</i><br>Ethical Decision Making in Fair Trade Companies  |
| No. 07-2003 | <i>Robert J. Caruana</i><br>Morality in consumption: Towards a sociological perspective  |

- No. 08-2003 *Edd de Coverly, Lisa O'Malley & Maurice Patterson*  
Hidden mountain: The social avoidance of waste
- No. 09-2003 *Eleanor Chambers, Wendy Chapple, Jeremy Moon & Michael Sullivan*  
CSR in Asia: A seven country study of CSR website reporting
- No. 10-2003 *Anita Fernandez Young & Robert Young*  
Corporate Social Responsibility: the effects of the Federal Corporate Sentencing Guidelines on a representative self-interested corporation
- No. 11-2003 *Simon Ashby, Swee Hoon Chuah & Robert Hoffmann*  
Industry self-regulation: A game-theoretic typology of strategic voluntary compliance
- No. 12-2003 *David A. Waldman, Donald Siegel & Mansour Javidan*  
Transformational leadership and CSR: A meso level approach
- No. 13-2003 *Jeremy Moon, Andrew Crane & Dirk Matten*  
Can corporations be citizens? Corporate citizenship as a metaphor for business participation in society (2<sup>nd</sup> Edition)
- No. 14-2003 *Anita Fernandez Young, Jeremy Moon & Robert Young*  
The UK Corporate Social Responsibility consultancy industry: a phenomenological approach
- No. 15-2003 *Andrew Crane*  
In the company of spies: The ethics of industrial espionage