

Case Studies

Metal Industry



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Reorganizing work and decentralizing production – More flexible or just worse working conditions ?

Summary of the introductory report

The condensed version of José Ignacio Gil's report was written by Laurent Vogel (TUTB). The full report in Spanish and English can be found on the TUTB website: www.etuc.org/tutb/uk/conference200065.html

I aim to show that the main reason why reorganization of work and production have a material impact on working conditions is that they conspire with other factors like industrial relations to tilt the uneasy balance of capital/labour relations produced by the previous development model. That is a key challenge for workers in the current transitional phase.

Where does a class union stand in all this ? How do we fulfil our remit to go behind the words and lay bare the real meaning of these changes ? What can we do about it ?

My answer to these questions is based on two conclusions.

Against the prevailing spin : change is a choice

The debates surrounding changes in the capitalist economy and the emergence of a new production paradigm tend to focus on the crisis in Fordism. The theory goes that this model of work organization has had its day because standardized mass production fails to address the demand for a wide variety of better quality products more attuned to the full range of individual consumer likes and wants (the personalized consumption myth). With this has gone fiercer competition on increasingly volatile markets, a quickening pace of economic internationalization, and the emergence and development of new technologies.

The spin usually put on these changes focuses on "flexibility" as a kind of new cure-all. Rigidity is the past, old-hat, red tape. Flexibility is now, up-to-date, streamlined.

1. Like it or not, the organization of production systems is already in a very advanced state of change. We are now in a different historical phase from when we started and through which we developed as a class union¹. This is not to say that we are faced with a completed new model. A range of options is open.

2. Not all the changes that have occurred are inherently equally significant in terms of their social consequences and working conditions.

The Comisiones Obreras have not stood apart from the ongoing debates. But we have tended to look at two things separately. For reasonably-sized workplaces, we focus on issues like multi-skilling, shift work, flexible working time, etc., and how trade unions should address the issues they raise. But away from the work organization debates, we have lamentably little influence when it comes to SMEs, temporary employment and job insecurity.

¹ The Comisiones Obreras were founded in the 60s as one of the main forms of labour resistance to the capital/ Franco dictatorship alliance. They acquired legal status only after Franco's death in 1975 (Translator's note).

We must develop linkages between these two realities. Simply put, we are not just up against a new way of organizing production, but a challenge to the survival of the particular kind of trade union we are: a class or general trade union.

That, for me, is the key issue in decentralization of production, which has been defined as "measures designed to downsize large Fordist firms to deliver increased capital efficiency and improved resource use²".

Two variants are often distinguished. The Japanese "Just in Time" model based on a dominant core firm, controlling and decentralizing the entire production process at all stages. This firm is the linchpin for a series of other firms acting as subcontractors or suppliers. The philosophy of the Italian industrial district model is that the benefits of large scale production can also be delivered by area-based groups or networks of small firms with access to a local labour market. In practice, both variants may be found alongside or integrated with one another.

One thing for sure is that farming-out production (decentralization, subcontracting, outsourcing) is now a dominant feature of industrial production. The reality of today's production set-up is not now the sprawling Fordist factory of the Barcelona customs-free zone, but SEAT's Post-Fordist or Martorell's Toyotist plants. The emergence of the "diffuse" factory has created major problems for labour organization.

Fragmentation of the "collective worker" and loss of trade union clout

The first result of production outsourcing is a huge increase in the number of SMEs : the table below shows the trend over the past three decades.

Small firm (< 50 workers) growth in Spain (%)				
	1961	1971	1982	1995
Firms	94.8	93.9	97.4	98.4
Jobs	38	36.8	47.4	54.2

Even the metalworking industry is overwhelmingly dominated by SMEs. The car industry is a significant exception where large firms keep the upper hand. Six of the eight metalworking industry firms with more than 5,000 workers are car

manufacturers. Of the 54 metalworking firms with between 1,000 and 5,000 workers, 11 are car makers.

Over the past ten years, the share of employment in car and bodywork manufacturers has fallen by nearly 12% (from 68.8% to 57.1%) - the same proportion by which car equipment manufacturers' workforces have risen. So as employment declines in the core firms, it rises in the dependent firms.

A significant change can be seen in the internal organization of large industrial firms - that is the growing service-intensiveness of core firms and their specialization in higher added value, less labour-intensive production processes and stages. The workforce composition of core firms has changed. A survey conducted by our Federation found that "white-collar workers" account for 31.2% of the workforce in firms with 500-plus workers compared to a metalworking industry average of 23.9%. A survey we carried out in 30 large metalworking industry firms (average workforce size 2,300) strikingly shows that in the past twelve years, the total number of electable shop stewards fell by 389 (from 1,677 in 1986). The bulk of these reps (and so the job losses the figures reflect) represent shop floor workers. Between 1986 and 1994, the share of reps elected by technical and administrative staff rose from 24% to 35% of the total.

While overall employment volume has remained all-but unchanged, there has been a mass displacement of manual workers to small and medium-sized firms. As a result, trade unions have lost much of their clout in large industrial workplaces, so we need to boost our white-collar membership as a matter of urgency.

But the real bottom line is the fragmentation which has occurred in the "collective worker". Workers are now in very different situations due to the wide range of variations between individual working conditions, employment contracts, and whether they are employed by core or auxiliary firms.

We carried out a structured analysis of Opel-Spain³. We feel that the survey findings may offer relevant insights into developments in the industry sector⁴.

² Santos Ruesga, J.A., *Sociología del trabajo*, Valencia, 1995.

³ For a detailed examination of the survey, see B. Estrada López, J.I. Gil Pinero, F. Soto Ortega, *¿Dónde empieza y dónde termina la industria del automóvil? Análisis de un caso de externalización productiva: Opel España*, Madrid: Cuadernos de la Federación Minero-metalúrgica de Comisiones Obreras, 1997.

⁴ For the car industry in the EU and Norway as a whole, see *Outsourcing and industrial relations in motor manufacturing*, available on the Internet : www.eurofound.ie/2000/08/study/TN0008201S.html

We selected five equipment manufacturers producing a range of components. Not all are SMEs. Two employ more than 500 workers, the other three between 100 and 500 workers. All are part of multinational corporations and farm out some of their own production to smaller workshops or even borderline-legitimate homeworkers. So our selection relates only to first-tier decentralization. The differences we found in working conditions and work intensity are odds-on to worsen the further down the decentralization pyramid you go.

The divide between workers is clear from the following figures :

- 4% of insecure jobs in Opel, 44% in the auxiliary firms (AFs);
- workers' average age 37 in Opel, 27 in the AFs;
- 4% of women in Opel, 33% in the AFs.

So, the "new" industrial workers are mainly young people, including a high proportion of women and casualized workers. They are also rural. In Belchite's case, the town has a population of 1,682, of whom 750 work in the local factory. All the auxiliary firms are recent. Some are new start-ups, others are the product of acquisition and expansion of existing Opel component suppliers.

Salient working condition indicators are :

- 68% of Opel's workforce is unskilled labour, 78% in the AFs;
- in one year, the 2,230 workers employed in AFs worked 127,444 hours longer than they would have done working normal hours in Opel - 75 full-time worker equivalents;
- pay differentials in the AFs vary from 59% to 22%. Fully aggregated, the differential between these and Opel wages would be equivalent to the total wage bill for 468 workers.

There is significant anecdotal evidence : a group of workers were posted from a wiring manufacturer to the core firm to carry out vehicle-specific end-of-line adjustments (under a just-in-time work organization). Their pay and working conditions were still those of the wiring manufacturer, but they saw themselves as part of an elite because of the various Opel benefits bestowed on them: breaks in the assembly-line work, slower-paced work, a better working environment.

Another key aspect of fragmentation is the ability to take collective action.

Only one of the firms studied had a specific collective agreement. The others were covered by a provincial agreement, in some cases supplemented by a workplace agreement. The biggest problem was trade union under-representation. Not uncommonly, there were fewer Comisiones Obreras members than reps elected from its lists.

Two remarks are in order as regards union reps. Many are young people or women who are not time-served trade unionists, but relatively new union members. The reason they take on the job of workplace rep is mainly because they have been asked to by the trade union. The union does not have a strong foothold in the workplace, leaving reps feeling uncertain and isolated. Job insecurity often makes the feeling worse.

By contrast, the typical "shop steward" profile tends to be an older male, with long work and union experience. These are found in core firms, where the union is more firmly entrenched and more closely tied-in to the general structure of trade union organization.

A tentative conclusion : a trade union response - urgently needed, hard to find

Decentralization of production has badly affected cohesion among industrial workers. The divide between workers has undermined their capability for collective action.

Old trade union strongholds are weakening with the flight of jobs to dependent firms. As long as employers keep the whip hand over the production process through perfect synchronization of the network put in place, the arena for collective action will be "Balkanized" - parcelled off into tiny units. That is a significant difference from the past, when workers were concentrated in a single arena for trade union action and influence. That arena was a key element of unification and cohesion.

But this "Balkanization" is more than fragmentation - it is a divide-and-rule policy which fuels tensions between the immediate self-interest of each workforce. So workers in core firms perceive working conditions in dependent firms as a permanent threat.

There is a real danger of general trade unionism turning into a workplace-focused micro-corporatist trade unionism. Before any response can be worked out, the trade union movement must be brought to an awareness of the changes in the making. Solidarity must not just be about fellow-feeling, but about rebuilding the collective defence of workers' interests around shared interests.

Above all, it has to be understood that the system is not unchangeable nor free of inconsistencies. In the case looked at, the union got itself institutionally entrenched in different workplaces through outside intervention (outreach policy) - recruiting candidate trade union reps. Obviously, that alone is not enough to ensure a strong trade union presence and influence. Even so, these new young union reps are becoming cornerstones for the effective unionization of their firms. They now need ongoing preparation and support to firmly enfold them into the trade union organization. Their weaknesses are not just a lack of technical or theoretical understanding of trade union activity, so training courses alone are not enough.

There is no getting away from the fact that the scope for union action in dependent firms is limited by the ever-present employer-boss and singular nature of the employment relationships. So we think that trade union activity has to be taken out of the narrow confines of these workplaces. District reps are one possibility, provided they do not lose immediate, close touch with the rank and file. Reorganization of collective bargaining could be a big help. More fundamentally, trade union set-ups cannot just go on reflecting the decentralization of production while ignoring the integration of production management. An industry structure with a highly flexible set-up, with production activities split up between different workplaces in very different industries (chemicals, metalworking, textiles, ...) but operating under centralized management, can seriously wrong-foot a trade union. An area-based structure may also not be apt for dependent firms located on geographically neighbouring but administratively different territories. Local union branches or workers' reps coordinators can become very useful instruments. The idea is that local branches in core firms can provide linkages, coordination and consistency between different trade unions in the dependent firms.

We also have to get away from the existing dispersed system of collective bargaining and move towards general industry-wide agreements⁵. We need to create a consistent framework for working conditions. At the same time, we need to get negotiations going in business groups to rebuild what the production process has unravelled in collective relations.

The other big issue to look at is worker participation in work organization. This is immeasurably the most important issue in democratizing employment relations. We have to go beyond the strictures of the bygone Franco era that "the work organization is the sole prerogative of company management" and develop trade union activities over a wide range of complex factors like job analysis, performance requirements, workload, skills, training, etc. A trade union presence in company decision-making bodies can be an effective way of getting information about actual circumstances and future plans.

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⁵ Most collective bargaining in Spain is through provincial collective agreements.



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