

Comments on Jörg Abel and Ludger Pries
**“Shifting Patterns of Labor Regulation: Highly Qualified Knowledge Workers in German
New Media Companies”**

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After decades of impressive stability, the German economy is now being transformed by multiple changes, emanating from global economic and financial integration, technological change and the creation of new industries and patterns of employment. This has been affecting all societal and economic institutions but has had a particularly far-reaching effect on Germany’s distinctive system of industrial relations. Whereas the impact of economic globalization has already received much scholarly attention, the effects of technological change in the New Economy and its accompanying shifts in employment, work and industrial relations is only beginning to be explored. This article, based on in-depth qualitative empirical research of patterns of labor regulation of knowledge workers in New Economy firms, is, therefore, an important addition to the literature. Its contribution lies first and foremost in the area of industrial and labor relations but at the same time sheds light on the direction of institutional change within Germany. While this work is focused only on Germany, its insights are applicable to processes of labor regulation among knowledge workers in the new economy of other highly regulated developed economies.

The article provides fascinating and well founded insights for those trying to gauge how ongoing changes in the nature of work and type of employees in the new economy are impacting on the highly regulated German system of labor regulation, embodied in both union and WC structures. It charts the evolution of a new regime of labor regulation, that is, the field of action (structured by norms, interests and power) in which employment, work and participation

relations are negotiated, defined and controlled (Abel and Pries: 5) in knowledge-intensive firms, in the multimedia, software and internet industries and distinguishes this from traditional industrial relations. The work is particularly concerned with distinguishing between collective and individual modes of regulation and whether and how the two may co-exist in a complex and contradictory mix, or whether one might converge into the other. The term 'system of labor regulation' is deliberately chosen in distinction to 'industrial relations', to emphasize the novelty of the emerging individualist mode of employee representation and the accompanying aspirations to participate in strategic decision-making. Although the authors explicitly point out that such negotiation is structured by differing interests and by power relations, in places the subsequent analysis loses sight of the inherent conflict of interests in relations between capital and labor, whatever the level of qualification and mode of involvement in work. Although the old 'us versus them' attitude of manual workers may no longer be prevalent among new economy employees, we should be wary of frequent references to a community of interest and purpose.

Nevertheless, the authors offer convincing evidence that the well-educated employees in the media industry seek mainly individualist negotiation of their conditions of employment and regulation of work and that they disdain the involvement of works councils in company affairs. They maintain a totally instrumental attitude towards them. Despite lack of pay rises and the prevalence of performance-related pay, identification with the enterprise and its goals is seen to remain high. At the same time, these employees aspire to participation in strategic decision-making which would require a collectivist form of organization. Regarding existing industrial relations structures, the authors report that both unions and works councils are seen as outdated bodies of interest representation. Nevertheless, in many New Economy firms works councils

were established and utilized to resolve problems around employment reduction during the last down-turn in the new economy, and employees deemed them to be highly effective in handling this particular task. The authors recognize as problematic the fact that works councils are rejected by employees in principle, but welcomed for the resolution of one particular type of conflict – working out redundancy schemes. But beyond this, it is not viewed as alarming that this negative attitude by both employers and employees might weaken the institution of works councils to such an extent that it will not be available for future conflict resolution. If another ‘new economy’ crisis were to develop which starkly shows the conflict of interests between the two sides of industry it would have to be resolved without this body of effective interest mediation. The question of whether self-representation can effectively deal with opposed interests, even if workers have relatively high bargaining power, is not explicitly confronted, nor is the waning of such power during another economic downturn.

The authors positively report on the setting up of an alternative form of collective interest representation, the *Direktorium*, used to good effect by one company which, significantly, maintained stability throughout the sectoral crisis. They remain ambivalent about whether this form of representation might represent a model for the reform of works councils. The fact that works councils could be adapted to new demands is raised only in the concluding paragraph to this chapter, and the optimistic note struck in this paragraph does neither correspond to the evidence earlier presented nor to the main body of the argument. Given that the legally mandatory nature of works council regulation has afforded German employees much more protection than has been available in voluntarist systems of conflict resolution, found, for example, in the UK, indicates that their reform merits a deeper consideration. It poses the

difficult issue of whether legal regulation and requirements of flexibility can be combined in an effective manner.

The authors' effort to gauge whether the evolving pattern of regulation is an industry-specific institutional innovation or, alternatively, whether it is either displacing or adapting to the established system of industrial relations in the Old Economy cannot be resolved definitively in their study. But the work nevertheless helps the reader to gain a firm bearing in the shifting landscape of industrial and labor relations. It makes us realize that new types of employees need new structures of representation and that reform of existing structures is an urgent task. This sharp focus on convergence or divergence within one economy is highly relevant to the debate among new institutionalists on complementarity between institutions and to the question of whether distinctive and diverse patterns can exist side by side in a new hybrid system of labor regulation.

An additional merit of this chapter is the authors' attempt to confront the question of whether new patterns of work, employment and participation are a transitory phenomenon, due to either the 'newness' of these industries or to a period effect (i.e., recovery after deep crisis), or whether we are witnessing the evolution of an industry-specific trajectory, diverging in significant respects from that present in the old economy. Although the research design permits no definitive answer to this question, the evidence provided suggests that, despite some maturation effects, we are dealing with a more durable phenomenon. If this is the case, then sustained debate on what system of representation would be best both for these industries and for their employees and how the existing system could be adapted to preserve its advantages is called for. This chapter has gone a long way to provide us with evidence and arguments to carry the debate forward.