Dynamic Capabilities – Multi-locational & Multi-scalar
Attracting Temporary Staff
as Union Members in Germany

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Abstract

As in other organizations, unions are forced to learn how to deal with environmental changes in order to guarantee their further existence. One of these environmental changes is the loss of members; the other the increase in temporary staff. For a long period of time, unions ignored temporary staff, not seeing their potential as new members. In the meanwhile, a learning process has set in. We will show that in Germany this learning process is not spatially inclusive and comprehensive, but evinces regional differences and thus occurs multi-locationaly. Additionally, various levels play a role (multi-scalar) in which both bottom-up and top-down processes are linked to each other. Our prime thesis is that in particular these multi-locational and multi-scalar developments result in dynamic capabilities within an organization and can assist in enabling an organization to acclimatize to the environmental changes taking place and thus further its development.
1. Introduction

Organizations as well as unions must learn how to deal with the changing environmental conditions in order to guarantee their survival. One of the most significant changes facing the trade unions of the German Trade Union Federation (DGB) which we refer to in this paper are the increases in temporary staff. Temporary staff are workers not directly employed by the company but by a temporary employment agency which assigns the workers to the company in question. In other words, the employed are not simply hired for a stated limited time, but are in actuality employees of the temporary employment agency. They cannot be recruited through the traditional union paths. For decades, the German unions were involved in demonizing temporary work. Temporary work was termed “modern slavery”. In 1981, the DGB went so far as to demand that this form of employment be banned (Wölfle 2008: 39). The result was that the DGB turned a blind eye to the concerns of temporary workers.

A further, even more explosive environmental change for the unions has been the general loss of members in the last two decades. This has lead to the unions turning to the potential new members they had been ignoring up to now. One of these groups is temporary workers. This requires a learning process. With the help of the concept of “Dynamic Capabilities”, we wish to demonstrate that the learning process in Germany is not all-encompassing but multi-locational and multi-scalar. Multi-locational means that an organizational entity (the local union or administrative unit) in one region “learns” in a different way from the local union somewhere else. “Multi-scalar” means that the learning processes touch different hierarchical levels and that these levels show a spatial spread. The multi-scalar learning processes proceed both bottom-up and top-down. Our central thesis is that multi-locational and multi-scalar are in no way detrimental to the development of dynamic capabilities but, on the contrary, aid in the necessary adjustment to the changing environment and in further internal development

The interdisciplinary discussion on learning processes within organizations refers in general to commercial enterprises. Unions have seldom been objects of these discussions. We feel that we can benefit from the examples, even if there are fundamental differences which make a one-to-one carry-over of the principles which apply to enterprises to unions difficult: unions are not commercial enterprises. They are organized primarily according to the principle of elections, appointments, acceptance and confirmation, and thus are characterized more strongly as “bottom up”. Enterprises, on the other hand, follow the principles of the market economy and follow the hierarchical or quasi-hierarchical decision-making patterns as decided upon by management (Drinkuth et al. 2003: 446). Nevertheless, unions – as well as enterprises – must continually make adjust-
ments to new environmental situations and live up to the expectations of their “customers”, their members. In addition to this, competing unions can be established or become stronger, resulting in fierce competition. To that end, it appears to be appealing to transfer the concept of organizational theory – such as dynamic capabilities – which was originally intended for commercial enterprises, to the organization “Unions”.

In our paper we will first turn our attention to the concept of “Dynamic Capabilities”, and then will proceed to differentiate between multi-locational and multi-scalar capabilities. After explanations concerning methodology, we will delve into the current environmental changes and the necessity for adjustments thereto for unions in general. From there we will point out the extent to which dynamic capabilities of unions differ regionally and in the multi-scalar development.

2. Dynamic Capabilities

2.1 Attributes of Dynamic Capabilities

For several decades we have been dealing with learning organisations (Argyris/Schön 1978). Our concept of dynamic capabilities depends on the further development of the resource-based view. Resource-based concepts emphasize that it is not the environment of the organisation which influences its internal processes of learning directly and immediately. Nevertheless, the resources which the organisation possesses are important for the reaction of the organisation. A central resource is knowledge or “capabilities”. We prefer to speak of capabilities, because we are not interested in the question as to what an organisation (as a company) knows, but what it can do (and really does) with its knowledge (Morgan 2004: 7). With “capabilities”, we are referring to the complex tasks a company is responsible for and is able to resolve. Such capabilities are dispersed across many individuals in the organisation and as such “embedded” within the company that holds it (Pinch et al. 2003: 377). We will only concentrate on such resources. However, the resource-based view is strongly oriented towards private companies as organisations. With the perspective on the competition for knowledge and with regard to high-tech firms, they accent the “VRIN”, the “valuable, rare, inimitable, non-substitutable competencies” (Schreyögg/Kliesch 2006: 456). Yet, assets as expensive technology or key patents do not explain the competitiveness of a company sufficiently. This is because, on the one hand, some low-tech firms have quite a strong position in global competition (Hirsch-Kreinsen 2005), and, on the other hand, there are companies which, although they possess the VRIN competencies, fail anyway.
Because the resource-based perspective focuses too statically on assets, the concept of dynamic capabilities takes us further along. Dynamic capabilities are the organisational routines which enable the organisation to choose the important resources resp. competencies adequately and recombine them in a way which solves the problem (Schreyögg/Kliesch 2006: 457). Dynamic capabilities are not resources in themselves, but they are the ‘architecture’ for the creation of competencies (Amin/Cohendet 2004), the construction plan which offers the opportunity to select, recombine, broaden and deepen the existing resources. Thus, they permit an organisation to react to the dynamics of its environment (Schreyögg/Kliesch 2006: 457, Teece/Pisano 1994). Such capabilities allow the organisation to extend, to reconfigure and to enlarge their resources resp. competencies (Eisenhardt/Martin 2000). They enable the organisation to solve complicated tasks, not merely everyday or standardized problems.

Thus, dynamic capabilities are reproducible. The ‘architecture’ to solve problems means: It is possible to repeatedly access and revitalise former experiences and to apply them to a specific problem. Dynamic capabilities are not brilliant improvisations. Phenomenon, which are constantly being transformed and appear in very different varieties, cannot be called a pattern; they are singularities (Schreyögg/Kliesch 2006: 456-465).

Dynamic capabilities focus on routines. If we refer to routines in the context of the recent discourse about the ‘geographies of knowledge’ (Bridge/Wood 2005) and their dynamics, we usually make associations with the evolutionary approach (Nelson/Winter 1982). However, we have to be careful with the differences between dynamic capabilities and evolution. ‘Evolution’ usually refers to long-term development, maybe over a period of decades (Lambooy/Boschma 2001: 114ff, Rigby/Essletzbichler 2006, 2007); ‘dynamic capabilities’ imply short- or medium-termed time frames. Additionally: Both concepts refer to the socio-economic environment as a driving force for evolution resp. organisational change. Yet, while evolutionary approaches often concentrate on selection in populations, dynamic capabilities give attention to the modality, how the organisation reacts to the changing environment. Furthermore, “routine” has different meanings: In the evolutionary understanding it is solidifications of practices especially to overcome uncertainties which can lead to path dependencies (Grabher 1993a, b, Hassink 2005, Martin/Sunley 2006). “Routines” in the sense of dynamic capabilities are heuristics to solving problems. Such differences do not exclude some cases in which dynamic capabilities are path dependent – or in which they help to triumph over such lock-ins.

In our paper, we will focus on the aspect of dynamic capabilities as architectures to solve problems. This means that the dynamic capabilities bear organisational routines to select, recombine and develop organisational competencies to solve a problem adequately. We are especially interested in the development of such
dynamic capabilities in a spatially differentiated organisation, and thus we follow a multi-locational and multi-scalar perspective.

2.2 Dynamic Capabilities from a Multi-locational and Multi-scalar View

Large organisations are not closed and homogenous entities, but have ‘multiple’ identities. This means that they are differentiated with regard to their formal organisation as well as to their self-conception and their mission statements (Wiesenthal 1995: 152). The organisational parts have diverse environments and resources, and they have dissimilar routines and thus can develop different dynamic capabilities (Dogdson 1993: 384pp.). Consequently, there is no “one size fits all”-strategy (Herod 1998: 26) in an organisation. Processes of learning vary multi-locational (between the different locations of an organisation) and multi-scalar (between the various hierarchical levels, which also have specific spatial extensions). This is true for large multi-plant companies as well as for other organisations, such as trade unions.

There are differences with regard to the levels: The executive board has specific preconditions, because it decides upon the general strategy, spreads new ideas (more or less) organisation-wide and thus frames the preconditions on the lower hierarchical levels. However, as trade unions are based on the principle of elections, the lower hierarchical levels as well are far from being unimportant for building up dynamic capabilities; yet, their potential for spreading new concepts organisation-wide is low.

The different development of dynamic capabilities at the diverse locations and dissimilar levels has different reasons:

1. First, the local, regional and national structures of the labour market and local initiatives reacting to the problems could bear such an important environmental impact that the organisational actors simply have no other choice than to react and to develop dynamic capabilities.

2. Multi-locational and multi-scalar differentiations in dynamic capabilities could also be a result of regionally dissimilar trade union cultures. This means that informal institutional settings and discursive practices vary between regions, and they are embedded in the organisations on the specific spatial level or at the specific location. We can imagine that unlike spatial paths in the units of the trade unions have born different self-concepts. Trade union cultures are part of local, regional or national labour regimes (Castree et al. 2004: 115, Jonas 1996: 325). They reflect the formalised and informal relations between trade unions, works councils and management (Herod 1998: 26, 2003: 119; Lier 2007: 818, Peck 1996: 34, Wills 1996: 367p.).
3. The fact that we find dynamic capabilities at some locations and not at others can be a consequence of the presence of very active persons at the “learning” locations who are change agents and who act in a beneficial organisational context. This implies that the chance of having such a change agent in a favourable context at a location is more important for building up dynamic capabilities than the regional environment. Thus, not the pressing problems of the organisational environment lead to dynamic capabilities, but internal resources anchored in the organisation. We will see in our case study that such competencies are the most important.

In our paper, the way how trade unions develop dynamic capabilities on different scales and in various locations is more important than the reasons mentioned above. However, we will also give some explanations concerning the reasons. Also, the consequences of the multi-locational and multi-scalar structure are to be seen remuneratively: At first glance, the complexity of many co-existent multi-locational and multi-scalar “sub-systems” seems to be a handicap for the organisation because a heterogeneous organisation is unlikely to fulfill the plans of the executive board. Yet, as we will show in chapter 4, the plurality is important for the future development of the organisation because it makes it flexible and adaptable to general changes in the environment. This is true not only for the specific unit of a trade union in a particular location, but also for the trade union as a whole. However, some later problems are linked to the ‘multiple identities’ as well.

3. Notes on Methodology

In order to research the dynamic capabilities by taking into consideration the established labour regime, trade union culture and the job market structure as influencing factors, we undertook a research project of the various localities of the industrial relationships (local, regional, and country-wide). We interviewed union functionaries in the administrative units locally, in the district administrations and at the headquarters of the DGB and the individual unions by applying semi-standardized questionnaires. This enabled us to grasp the context of the unique points of view, evaluations and coherences in the decision-making processes of the union activists. The initial interviews were performed in October 2007 and April 2008. An intensive empirical research phase is planned from August through October 2008.
4. The Development of Dynamic Capabilities in Unions

4.1 Overview of Current Situation

The societal and collective bargaining policy strengths of the unions are in direct correlation to the number of members. Thus, attracting members is a vital and necessary reaction to the environmental changes. Employed members’ dues consist of 1% of their income. A strong rate of unionisation strengthens the legitimacy of union politics and allows financial independence, for instance in the case of strikes. Strength varies by region. The federal states with large populations have a high number of union members; the state organizations boasting large membership often serve as trail blazers in determining nation-wide union policies. This is particularly true for North-Rhine Westphalia, the Palatinate, and Baden-Wuerttemberg. The state North-Rhine Westphalia alone accounts for one-fourth of all members of German unions.

Thirty years ago the unions in western industrial countries began losing members (Dølvik/Waddington 2004: 10; Phelan 2007: 16p.). This development hit the DGB, the most important umbrella organization in Germany, from the 80s, reversed itself for a short period after the unification of the two Germanys when membership increased, only to continue with a vengeance after 1992 (Figure 1). Furthermore the loss of members resulted in a loss of political influence.

![Figure 1](image-url): Development of Membership Figures DGB from 1950 to 2007.
Source: Figures released by DGB 2008.
One of the most important reasons for the loss of members is to be found in the structural transition of the economy and the concomitant changes in employment (Pernicka et al. 2005: 12p.): With the continued loss of significance of industrial production, the percentage of employees in those sectors that at one time had been the stronghold of union organizations such as mining declined sharply (Behrens et al. 2003: 26). A further reason for the loss of members is the general societral transition combined with the loss of traditional trade and social ties.

Together with the de-industrialization and the increase in tertiary education for more and more members of society, the increasing numbers of unemployed as well as the general plurality of lifestyles, commonly-held perceptions are dissolving. In addition, there is a kind of “free-riding” attitude, seeing that non-union members profit from the tariff negotiations to the same extent as members. The situation was made considerably worse by the wholesale loss of jobs in the new federal states immediately after the reunification, from the increase of enterprises where tariff agreements do not apply and from the enormous spread of temporary employment.

At the same time the number of members is dropping, the unions are plagued with another environmental change: The number of white-collar workers in non-standard positions is growing, particularly those of temporary staff. Temporary workers are seldom union members (Dörre et al. 2006: 96p.). The development runs parallel to the increase in temporary employment agencies in the Federal Republic (see Figure 2).

Verified figures of the degree of union organization of temporary workers is not obtainable. Estimates in 2003 were of less than 5% (Vitols 2003: 20) and thus far less than the degree of union organization of regular employees with contracts in the private sector (approximately 17%) (Wirtschaftswoche 24.09.2008: 26), in spite of the fact that temporary workers in particular desperately require union support as they often work under worse conditions and receive less remuneration than employees with regular contracts in the companies they are placed in temporarily.
4.2 Dynamic Capabilities in Unions from a Multi-locational and Multi-scalar Perspective

The development of attracting temporary workers and other workers lacking job security as union members now appears as a reversal of the trend. It presently appears that the orientation of unions towards condemning temporary work is in the process of being overcome (Pernicka et al. 2005: 15).

Reversing previous positions is proving to be difficult, as traditional structures of work are diametrically opposed to this. The specific employment conditions of temporary workers is fundamentally different from that of the dominating group of members (Druker/Stanworth 2004: 233). Temporary workers up to the present represent a sector that is not covered in the formally regulated industrial relationships in Germany at the national level in that workers’ participation is tied to the individual enterprise. This means that works councils (and in larger corporations workers’ representatives on the board of directors) exercise the employer co-determination as stipulated by law. Works councils need not be tied to unions, but as a rule they are. The works councils are by law required to look
after the employees of “their” firms, but not the temporary workers, who are only on loan to the companies for a set limited time. This means that the unions can try to convince the works councils as regards the temporary workers but they have no real means of exerting pressure.

There is also the fact that beyond the industrial relationships in the labour regime, the trade union culture has difficulty in embedding temporary workers. Up to now, temporary workers in Germany have not been important enough to exert influence on the unions. At the same time, the traditional instruments used by the unions to attract new members did not prove successful in recruiting temporary workers. Strikes, for example, a tried and tested strategy of unions to exert pressure on employers, have no effect, as temporary workers who do not meet the expectations of the employer can be sent back to the agency where there is danger of being made redundant. Classic union practices do not bring the desired effects in the area of temporary employment and prove to be inefficient and unsuitable to the present-day situation. New strategies of problem solving must be worked out. Furthermore, the policy of unions towards temporary workers has been characterized by rejection of temporary employment. From the very beginning of the development in Germany, the unions ignored the concerns of the temporary workers since they were very critical of this form of employment and continually demanded an end to temporary staffing. The normal procedures followed by unions – finalizing tariff agreements as well as the establishment and support of works councils – were not implemented, as this would have signaled an acceptance and recognition of the branch.

In the course of the 90s, the process of a reorientation and the search for a new understanding in the framework of trade union cultures began – a new path is becoming visible. Unions have begun to realize that their rejection of the booming sector which is being politically supported by laws cannot be carried on forever. They have been forced to accept temporary employment as a means of reducing the number of unemployed. They have begun to strive to place stronger limitations and introduce official regulations to fight an overly-heavy workload on employees and have begun to see temporary workers as potential union members.

Since the beginning of this decade, the development of dynamic capabilities in parts of the multi-scalar union organization has begun. Multi-scalar means to unions: unions break down administrative posts into small local units, followed by districts; the headquarters are above them. The organization structure of today was developed after WWII when employee organizations were reestablished in occupied zones and states were newly arranged. Thus up to the present there are some tariff districts which are not identical with the state administrative borders. We also can see regionalization which has arisen through democratic principles of voting.
Upon the reversal of the union position towards temporary employees – resulting in a new model being developed which changed the self-identity of the unions – methods to implement this new direction were sought on the various locational levels of the individual unions and the umbrella organization DGB. The key actors on the decentralized level of the administration posts and districts are in particular the union officials. They are secretaries and salaried employees of the unions responsible for the political and operational business. They are part of a network of actors at local, regional and national level and are in contact with other actors who set up the labour regime and the trade union culture as well as influence the concrete learning strategies: temporary employees as well as temporary workers organizations, union headquarters, other union functionaries, politicians, executives, and works councils of the temporary employee agencies and the firms employing the employees on loan, and to include volunteers, trainers employed in further educations seminars run by the unions, and other union members who voice their opinion through the medium of elections and through active participation.

The development of dynamic capabilities resulted – after the formulation of the new model concerning the union’s stance towards temporary employment by headquarters – not only top down as we know from hierarchical organizations but in a combination of bottom up and top down. As we will demonstrate, the impulse emanated bottom up from individual administrative posts and jumped from there to neighboring and sometimes even distant administrative posts or districts of the union. This process cannot be seen, however, as isolated from the overall top down strategies towards the organization of temporary employment which the DGB and/or individual unions are following. In the process, the traditional strategies of attracting members and representing interests of members such as negotiating tariff agreements must be modified in such a manner that they serve the purpose of recruiting temporary workers. One of the most impressive successes of these learning processes in a district of the IG Metall is the signing of a tariff agreement with a number of temporary employment firms. The pay agreements guarantee the temporary workers a higher wage than they would have been entitled to under the conditions of the region-wide tariff agreements of the temporary workers branch. In this way the deficit of their income compared to that of those permanently employed in firms utilizing temporary workers is somewhat reduced and thus the inequality slightly cushioned (Pernicka et al. 2005: 16pp.).

Simultaneously, the integration of temporary workers in the spectrum of potential members requires the introduction of totally new recruiting methods: innovative strategies must be developed in concert with works councils of both temporary work agencies and the firms utilizing temporary workers and through interaction with temporary workers newly conceived and put to a trial run (Mar-
tin/Morrison 2003: 15). Such a strategy, for example, would be when local administrations or district administrations appoint individual work council members of temporary employment agencies as “representatives of temporary workers” and through training sessions to qualify them to assist temporary workers in the solving of problems in the companies where they are assigned to.

Despite the slight headway made by means of just such strategies in many places in Germany, it is by no means the case that all local administrative posts, district administrations and headquarters of the DGB have turned their attention to temporary workers. Many are lagging behind those who, based on the dramatic increase in temporary workers in 2004, with widely differing approaches and in varying intensities have committed themselves to winning over the temporary workers and devoting themselves to their concerns (Wölfle 2008: 41).

Furthermore, the responses the local administrative posts and district administrations have come up with regarding the strategies and measures which should be applied in regulating temporary employment and in order to attract members from the ranks of temporary workers are quite varied. Herein can be seen a broad spread of diverging political fundamental positions. The local administrative post of IG Metall of Dresden entered a petition to the German parliament in 2007 in which a limitation of one year was to be placed on temporary employment (IGM 2007). This reveals a fundamental rejection of temporary employment. In contrast, the DGB district Front and South Palatinate is one of the founding members of a non-profit temporary employment agency dedicated to finding work for hard-to-place workers, and thus is taking an active part in implementing temporary work.

Our empirical work shows that the place and the way of learning at the sub-national level depends less on specific environmental factors (point 1, p. 4): promoters and regional or local trade union cultures obviously play a larger role (point 2 and 3, p. 4+5). It is true that the employment market structure which falls into the area of responsibility of the local administrative post or district is of importance as here the number of temporary workers or the percentage of temporary workers count.

Nevertheless, in the end whether a learning process sets in and projects are implemented for temporary workers depends on whether committed union functionaries are to be found at the district administration in question who will take it upon themselves to make alterations to the trade union culture, alterations in which the recruiting and representing of temporary workers become their task.

The constellation of agents in the labour regime influence definitively how and where the union broadens its learning process. In particular, the works councils in the firms which employ temporary workers take on importance. Between
them and the functionaries of the unions there is normally a close relationship – at both a formal and informal level. Originally they were founded with the purpose of representing the interests of the permanently employed staff and frequently are the first link between the temporary workers in a company and the union functionaries and serve the functionaries as contact person. Only on the basis of the exchange with the works council (who serve as the initial contact for the temporary workers) in the firms employing temporary workers can union functionaries determine just exactly what the concerns of the temporary workers are and how they can be assisted through union representatives.

Whether unions had previously been able to firmly entrench works councils for the permanent staff in firms which now utilize temporary workers is the determining factor in the implementation of union-run projects for temporary workers. In the areas of responsibility of some local administrative posts, the unions are especially well positioned. On the other hand, in those firms which either have no works council or where the works council ignores the needs of the temporary workers, the union functionaries will not be successful in finding a contact person in the firm.

Thus where and how learning is accomplished in a union depends on several variables: a large percentage of temporary workers or a high number of temporary workers alone will not result in union commitment. Rather, the fulfillment of further requirements in order for the learning process to kick in which in their distinctiveness often vary considerably from location to location are necessary. There must be promoters at hand who will change the self-image of the union. Through their activities, a change of thinking takes place locally after the union has begun to see itself as the representative of the interests of temporary workers. In order to set this learning process in motion, it is also necessary to have works councils established in the firms employing temporary workers; they must evince a need for discussion and with the knowledge they have amassed in their function be capable of demonstrating to unions what options are available.

The fact that the statistically measurable intensity of the employment of temporary workers, which varies greatly from region to region, is not sufficient to explain the Germany-wide differences and the varying intensity of learning processes can be seen in Figure 3 on the basis of the activities of IG Metall.

The loss of members and the large percentage of temporary workers in the new federal states strongly suggests that the unions should place particular value on attracting temporary workers as members in eastern Germany. Leipzig, for example, where 9,520 temporary workers are employed in the automotive industry, proves the point. The local administrative posts have been quite successful in negotiating tariffs applicable to particular firms.
Figure 3: Assigned temporary workers as percentage of all employees subject to payment of social security contributions in 2007 in German municipalities (Date: 30.06.07)
This connection exists, however, in contrast to our expectations, only partially. At the local administrative posts in Bautzen, for instance, where temporary workers number 2,700 and make up 11.5% of the workforce of those in jobs where employer pension contributions are made, a need to take action has not been recognized. And although the number of temporary workers in the area of responsibility of the local administrative post in Stralsund only amounts to 1,600 and a percentage of 3.3% (Bundesagentur für Arbeit 2007) and one could imagine less pressure to take action, in April 2008 there was a local drive against abuse of temporary workers.

In western Germany, too, it is only in some cases a fact that the regions organizing temporary workers are those with a high percentage of temporary workers in relation to those employees with employer pension contributions. In Ulm, for instance, the number of temporary workers is 5,900 and 7.5%. There the local administrative post saw no need to make efforts to organize the temporary workers. In Siegen, on the other hand, a task force was established, although the percentage of temporary workers is only 5.4% (2,300 in numbers) (Federal Employment Office 2007). This comparison proves that the prevalence of temporary workers in some cities as an explanation for union activity is not sufficient.

Other spatial dimensions – as for instance west/east for Germany, typical south/north divergences in connection with economic and job market structures – do not reveal clear links between temporary workers and union initiatives in recruiting these temporary workers. Many local administrative posts and districts in the south – for instance those responsible in the greater Stuttgart and Munich areas – despite temp percentages of up to 5% in some communities, have no plans to initiate steps for temporary workers while at the same time peripheral administrative posts as in Kiel with a percentage of temporary workers of 2.5% excels in this regard. As this example shows, recruiting and representing interests by means of local administrative posts is not tied to north/south generalities nor is it possible to determine a trend in the way of increases or decreases.

Additionally, whether the local administrative post is responsible for an urban or more rural area is also not necessarily a criterion. In general, one can say that in Germany in large cities the percentage of temporary workers is higher than average and in rural areas (Eifel and Westerwald, Mecklenburg-Vorpommern), the number of temporary workers is negligible. Accordingly, temporary employment agencies are concentrated in agglomerations such as Rhine-Ruhr, Rhine-Main, Rhine-Neckar and Stuttgart. From such locations it is possible for the agencies to serve more companies. Nonetheless, the high unemployment rate and the high concentration of temporary employment agencies in urban areas is
no guarantee of union commitment on the part of temporary workers. At the same time, a lower percentage of temporary workers in rural areas is not necessarily concomitant to passivity on the part of the union functionaries as regards temporary workers. In cities in the Ruhr area, the number of temporary workers can reach 5,500 and a percentage of the permanent employees with employer pension contributions of up to 4.7%. However, to date only the local administrative post in Bochum has begun to take an interest in the needs of the temporary workers.

A density of temporary employment agencies and high numbers of unemployed are to be found at some locations such as Wolfsburg and Oldenburg where certain branches of industry (automotive industry and suppliers) are situated with a considerable demand for temporary workers. The marked utilization of temporary workers in northern Lower Saxony is tied to the industrial branches located there – aeronautics and shipbuilding industries in Emden and Leer. In Wolfsburg there have been no campaigns directed at the abuses of temp employment while at the same time in Oldenburg there have been many.

In the north and south, in the east and west, one can find cities where the percentage of temporary workers to those employed in positions with regular pension contributions is very high. The willingness of the unions to recruit members and represent temporary workers varies from place to place. A correlation between temporary workers, urbanity and union activities in the form of efforts to gain members from among the temporary workers cannot be determined either in the industrial areas with high numbers of temporary workers nor in rural regions with low numbers of temporary workers. The same applies to urban regions with either high or low percentages of temporary workers.

In the following Chapter 4.3, relevant spatial units for recruiting members for the IG Metall (Berlin-Brandenburg-Sachsen, North-Rhine Westphalia, Frankfurt and Wiesbaden-Limburg) do not represent outstanding areas where the development of dynamic capabilities is evident. This indicates that rather the “Change Agents”, the promoters, that work in a context of productive “trade union culture” influence the development of dynamic capabilities. In contrast, the “austere” structures of the job market only have a very slight impact.

4.3 The Development of Dynamic Capabilities in Multi-scalar Perspective
Based on the Model of Industrial Union Metall

Below, the reciprocal bottom-up and top-down process using the example of IG Metall is to be demonstrated. The IG Metall is – together with the service industry union Ver.di – the largest union in Germany. The acceptance of temporary
employment on the part of the DGB unions after reversing their position of a demand for a ban manifested itself 2003 in tariff agreements with the three temporary employment agency organizations. This was preceded by legal restructuring of temporary employment in which many stipulations regulating agents of temporary workers were done away with. In a countermove, a law was passed regulating equal treatment according to which equal pay and working conditions for the temporary workers to comparable permanent staff were stipulated. In order to circumvent the principle of equal treatment, the employers in the temporary employment branch pressed for finalization of tariff agreements. When the unions agreed to demands for negotiations with temporary employment organizations, the unions thereby officially recognized temporary employment as an instrument of flexibility and as a method of reducing unemployment. After the tariff agreements of the DGB unions in 2003, a discreet bottom-up process began. Within the IG Metall beginning in 2004, some local administrative posts and districts were the starting points for learning processes. Through localized learning, as early as 2004 the cornerstone was laid for the Recruitment Drive for Temporary workers on a national level which was proclaimed in November 2007. In connection herewith, it is possible to recognize particularly ambitious individuals with a willingness to learn in the local administrative posts in Berlin who performed as key actors and promoters (Dogdson 1993: 384; Heery 2004: 16): They recognized the need for action arising from the employment situation of the temporary workers in their area and took it upon themselves as representatives of the local unions to approach the temporary workers on behalf of the unions. They were strongly supported by their local labour regime: Those work council members in the enterprises in the Berlin administrative post’s area of responsibility who lacked competence in dealing with the newly-formed peripheral staff required efforts on the part of the union functionaries. As the local administrative posts in Berlin had already been in constant contact with the work council representatives in firms employing temporary workers, they had the necessary knowledge to determine just how unions could assist temporary workers.

These participants developed dynamic capabilities in that they conceived new routines in order to structure the available knowledge and to process it so that it could be applied to their problem-related activities. This knowledge was derived from the local “buzz” (Maskell/Malmberg 2007: 607): Participants of the local labour regime played a central role, and they were approached on a personal basis. The promoters in the local administrative posts reverted to established contact to work councils in those enterprises where the core workforce evinced a high degree of union membership and where temporary workers were also being utilized. These work councils saw themselves confronted by the temporary workers with the problems of peripheral staff and their concomitant concerns with which they had not been previously acquainted, and were uncertain as to
whether or not they were responsible for the co-determination of the temporary workers. Additionally, there was uncertainty as to how they could support the temporary workers without putting off the core employees who felt threatened by temporary employment. The facts are that temporary workers cost less and are highly motivated, as they hope to eventually become permanently employed. This placed work councils in firms employing temporary workers in a conflicting situation; on the one hand, being responsible to protect the interests of the core employees and on the other hand ensuring that the concerns of the temporary workers be met. For this reason, the local union functionaries in their attempts to garner information on the topic of the needs and concerns of temporary workers met with an enormous need for dialogue among the work councils in firms employing temporary workers.

This can be termed “learning by interacting“ at a local level. In this way they were able to gather information on the problems peculiar to temporary workers, on the possible contributions of unions to the solving of these problems and ways of recruiting members. They came upon the necessary knowledge concerning the problematic of temporary workers locally and starting points of union strategies. They developed and tested new methods of dealing with the situation and thus began step by step to develop new routines. The new routines made it possible to make use of the many knowledge resources of the organizational units to identify those suitable for problem solving and to combine them according to a systematic pattern that would facilitate effective problem solving. In other words, dynamic capabilities were developed. In the case of the administrative posts in Berlin, the result of the first learning processes was the setting up of a task force “People Employed as Temporary Workers”. The goal of the task force is the exchange of ideas between work councils of both firms employing temporary workers and temporary employment agencies as well as to attract temporary workers to union membership and to support union activities for the organizing and representing of the needs of temporary workers. The organizational activities of the task force thus is aimed at the temporary employment agencies in the form of offering temporary workers support in founding work councils within temporary employment agencies and at the same time in the firms employing temporary workers. The starting point is to sensitize the work councils of the firms employing temporary workers to the problems facing temporary workers and in this way to offer assistance in approaching temporary workers. A further result of the learning process is the training sessions in which administrative posts qualify work councils in the firms employing temporary workers. Also, organizational structures are set up in administrative posts which offer counseling as concerns tariff agreements and laws regulating temporary employment as well as the founding of work councils in temporary employment agencies. Thus the learning process was triggered at the lowest organizational levels bottom up to the district administrations as shown below (Figure 4).
Following the example of the administrative posts in Berlin, the district administrations adopted the routines which had been developed at the local level. This can be termed “demonstration effect” (Herod 1998: 125), since the superordinated level followed the example of the lower level. This brought new promoters to the forefront: The union functionaries at the regional levels of the district administrations became aware of decentrally acquired knowledge and adopted it.

Hereby the adoption of the framework at the district level is a prerequisite. In the end, at the regional levels the recruiting of new members from the ranks of temporary workers is not as central as it is at the local administrative levels where the spatial proximity facilitates it. In contrast, because of the higher level of authority and possibilities for exerting influence at the district level, further-reaching tasks of representing the interests of temporary workers exist, and in order to fulfill these tasks, the knowledge generated at the local level proves to be helpful but at first glance not sufficient. Thus the inherited knowledge needs to be expanded with regard to the various levels and enriched, in particular in those areas where the knowledge of the politics of tariff agreements and regional campaigns are concerned. New dynamic capabilities are again developed due to
the available knowledge achieved because problem-oriented routines are shuffled and modified and then applied to solve problems.

In this way the local “buzz” of the local union level of administrative posts becomes an across-the-board regional “murmur and rustle” which spreads to the district level. This leads – supported by the local proximity of promoters and the close cooperation of union functionaries and work councils of firms employing temporary workers – to a dissemination of the routines within the IG Metal at the district level. Inspired by the initiative of local administrative posts in Berlin, the IG Metall district Berlin-Brandenburg-Saxony kicked off a campaign “Humanizing Temporary Employment” in November 2006. This initiative is aimed at setting up a union support system by means of a permanent position of “Temp Representative” in work councils of firms employing temporary workers.

The new approaches are spreading to other posts and districts and in the process are being altered. In April 2007 the IG Metall North-Rhine Westphalia began a campaign “Equal Wages for Equal Jobs.” With their policy of “Equal Wages for Equal Jobs”, the work councils and staff are striving for fair conditions in the case of employment of temporary workers and at the same time working to limit their employment in companies. This project, too, begins in the temp agencies, but its goal is to attain the same wage for temporary workers as for the permanent employees. This is to be accomplished by means of campaigns run by project leaders appointed by the unions and which are to be carried out over limited time period and directed at the policies of specific agencies. Thus we can speak of dynamic capabilities: The routines which were introduced at a local level and then developed and adapted at a regional level in order to find ways to attract temporary workers as new members and reflected upon and adapted so as to solve problems in a different region – North-Rhine Westphalia.

In the early phases, it is normally personal and accidental contacts – the “buzz”, so to speak – that is responsible for the dissemination of the routines, whereas the later transfer between the various levels and regional units is spread by means of systematic paths inherent to the unions with which learning processes are initiated and cultivated. In this dissemination of problem-solving routines and thus dynamic capabilities, the Hans-Böckler Stiftung, a foundation affiliated to German unions, plays an eminent role. It organizes meetings aimed at recruiting temporary workers as members. This provides an opportunity for participants to come in contact with other activists from more distant localities. Maskell et al. (2006: 997) labels these “short-lived hotspots of intense knowledge exchange, network building and idea generation” temporary clusters. Other union gatherings, whether they be congresses or union conventions, provide union functionaries the possibility of comparing strategies with others so that they can redefine their roles as defensive gatekeepers or as active promoters. In such temporary clusters, unionists can, for example, sound out their peers in order to
determine if their efforts look promising or if they are in danger of falling behind. Also, there is the opportunity of becoming inspired through the strategy-building presented by others. The myriad educational opportunities offered in training centers of the IG Metall are to be seen in this context. The gathering of union functionaries from various local administrations and from different districts together with work councils from temp agencies throughout Germany can be seen as providing an opportunity to exchange experiences and to pass on impulses as concerns organizational learning. Union functionaries as bearers of routines can give impulses regarding learning processes in unions by disseminating these multi-locationaly and/or by moving the routines between various criteria up or down in the sense of “jumping scales” (Herod/Wright 2002: 9; Herod et al. 2007: 257; Jonas 2006: 404).

After it became evident that the new strategies obviously represent lasting dynamic capabilities, the national level of the board adapted the innovative routines, and in the process the new routines were modified and adapted to fit the problems. The two district projects with their strategies and goals were evoked as a nation-wide membership drive directed at temporary workers with the motto “Equal Work – Equal Pay” at a Union Convention of the IG Metall in November 2007 with the two successful campaigns serving as role models. The primary aims of the campaigns are the realization of the principles of equal pay and equal treatment, the reduction of the utilization of temporary workers, as well as achieving a degree of organization in the sector of temporary employment that would enable effective campaigns. The object is the politization of the subject through extensive publicity. In this way the work councils and politicians in general should develop an awareness of the problem. In particular the aims are the introduction of a minimum wage, the reintroduction of a maximum period of time a temp can be employed at a firm, and more co-determination for temporary workers in their place of temporary employment. Specific measures are, for instance, the assignment of representatives of temporary workers in the firm employing temporary workers as well as training of work council members in planning and setting up company campaigns for temporary workers.

With this campaign, an attempt was made to diffuse the dynamic capabilities in the unions at the various scale levels (multi-scalar) from the top down. In the framework of the top down learning process, which Kumbartzki (2002: 163f) terms “induced learning”, the entire organization of unions was requested by the federal board at the union congress in Leipzig to adapt the above-listed goals of the campaign. This final step in the learning process of unions should – in the view of the heads of the union – fill the gaps in the district network and in the network of the local administrative posts nation-wide. The specific measures should from this day forward be introduced multi-scalarly and multi-locationaly (Figure 5). Without a doubt, it will be necessary that in addition to the open bot-
tom-up pattern which represents an early phase in the learning process of the entire organization, a top-down strategy regarding the dissemination of these new routines be fostered by the heads of the unions. When individual learning projects are not integrated in a model and in a superordinate strategy, their organization-wide effect will remain limited. It is a fact that, in line with the new role models, more and more districts are implementing projects and requesting the administrative posts in the areas of their responsibility to set up local task groups for temporary workers. The district administration in Frankfurt, for example, followed the appeal of the federal level and launched a campaign “Better Together” with the identical goals and by implementing the identical measures of the campaign “Equal Work – Equal Pay”. They are to be realized district-wide. This requires the cooperation of local administrative posts. The administrative post Wiesbaden/Limburg, for example, has adapted the goals of the campaign and plans as the first step towards implementation thereof locally the founding of a task force in mid-year 2008.

Figure 5: Flow chart: The development of dynamic capabilities as combined process from bottom-up and top-down learning processes.
Source: Authors’ conception 2008.
5. Concluding Remarks and Perspectives

This study has shown that up to the present the decentralized bottom-up strategy has proven to be beneficial to the development of dynamic capabilities. New routines have been developed; they have continually been tailored to the specific situations. Ultimately they have been adopted by the board of the unions as the new model. In this way the trade union culture in Germany has been altered. Whether these dynamic capabilities are actually “best practices” in the sense of environmental acclimatization cannot yet be determined as we are not aware of all potential strategies. Nevertheless, in reference to economic entities, the equation of dynamic capabilities with success is difficult to prove, even in view of the claim that dynamic capabilities inevitably lead to lasting positive results.

When the positive effects of multiple learning processes are pointed out, it should be emphasized that this applies to observations of recent learning processes. The many locations and the multi-structure of unions could possibly limit the spreading of dynamic capabilities and turn an advantage into a disadvantage. In those situations where at local and district levels union functionaries are not promoters but act as gatekeepers not aware of the necessity for action, such routines will not be implemented. Whether some district and administrative posts will be permanently cut off from learning processes cannot be determined at present. If this should prove to be the case, it would mean that the diversity of the organization “union” which up to now has been able to develop important dynamic capabilities and thereby evince its adaptability to the changing parameters through the bottom-up processes could turn out to be a hindrance. Thus it is important to stress the fact that multi-locational and multi-structural development of organizations can assist but do not necessarily always assist in efforts to acclimatize to the environment and in that way further self-development as stated in the central thesis. The development of dynamic capabilities at an organization-wide level requires efficient top-down processes such as, for example, the power of persuasion.

In weighing the reasons why dynamic capabilities have developed in certain places and not in others, we have emphasized three aspects: Firstly, we have indicated the importance of particularly active people as agents or promoters; secondly, we mentioned trade union cultures; thirdly, the environment. Our qualitative studies show that all three aspects play a role in varying measures. It appears that the aspect first mentioned – the importance of promoters in the context of internal organizational constellation – has a special meaning. This would strengthen the resource-orientated view which comes into play in facilitating the relationships between the environmental forces and the organization.
We believe that this example serves as an important insight as pertains to the economic-geographic discussion, even though there are differences between the organization “union” and the organization “economic enterprise”.

1. In economic geography, the resource-oriented view assists in presenting the link between the forces of the environment and internal organizational occurrences (perceptions, interpretations, decision-making and action patterns) and thus to understand them.

2. The resource-oriented perspective must be extended as it appears to us to be efficient to construct this approach in a more process-oriented way with the help of the concept of dynamic capabilities. Further linking to evolution-oriented approaches – and also clear conceptual differentiations between learning processes and evolution appear to us in particular in the context of the geographical discussion pertaining to information as essential.

3. Thirdly, the multi-scalar and multi-locational levels play an important role in trans-national enterprises. Although union organizations are more strongly bottom-up oriented than economic enterprises, there is an on-going intensive discussion taking place concerning decentralized learning processes in enterprises and as concerns the interleaving of central management and decentralized competence development in economic geography (z.B. Cumbers/Mac Kinnon/McMaster 2003, Fuchs 2005 a, b, Gertler 2003: 84, Holm/Malmberg/Sölvell 2003: 392). The organizational-theoretical consolidation of these spatially differential views towards multi-locational and multi-scalar structures and processes is an important task from the economic-geographical standpoint. This applies both theoretical-conceptionally as well as practice-oriented.
References


